

Inner West Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2023



Inner West Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Inner West Council

General Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Understanding Council's Financial Statements	3
Statement by Councillors and Management	4
Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	72
On the Financial Statements (Sect 417 [3])	73

Overview

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

2-14 Fisher Street
Petersham NSW 2049

Council's guiding principles are detailed in Chapter 3 of the Local Government Act 1993 (NSW) 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.innerwest.nsw.gov.au

Inner West Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2023.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report. The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

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

Inner West Council

General Purpose Financial Statements

for the year ended 30 June 2023

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:

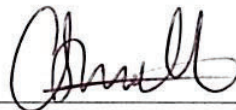
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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 10 October 2023.



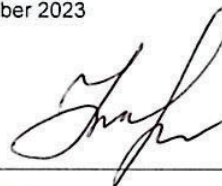
Darcy Byrne
Mayor
10 October 2023



Chloe Smith
Deputy Mayor
10 October 2023



Peter Gainsford
General Manager
10 October 2023



Aigul Utegenova
Responsible Accounting Officer
10 October 2023

Inner West Council

Income Statement

for the year ended 30 June 2023

<i>Original unaudited budget</i> 2023	\$ '000			<i>Actual</i> 2023	<i>Actual</i> 2022
			Notes		
	Income from continuing operations				
165,444	Rates and annual charges		B2-1	166,293	162,153
52,007	User charges and fees		B2-2	55,874	41,357
24,139	Other revenues		B2-3	16,543	10,737
9,310	Grants and contributions provided for operating purposes		B2-4	13,828	15,368
27,872	Grants and contributions provided for capital purposes		B2-4	29,209	30,772
3,450	Interest and investment income		B2-5	10,966	3,309
–	Other income		B2-6	5,529	4,306
282,222	Total income from continuing operations			298,242	268,002
	Expenses from continuing operations				
127,200	Employee benefits and on-costs		B3-1	124,862	112,062
79,360	Materials and services		B3-2	99,950	87,368
860	Borrowing costs		B3-3	859	970
33,104	Depreciation, amortisation and impairment of non-financial assets		B3-4	33,172	34,142
12,988	Other expenses		B3-5	11,818	10,970
1,582	Net loss from the disposal of assets		B4-1	4,860	2,462
255,094	Total expenses from continuing operations			275,521	247,974
27,128	Operating result from continuing operations			22,721	20,028
27,128	Net operating result for the year attributable to Council			22,721	20,028
(744)	Net operating result for the year before grants and contributions provided for capital purposes			(6,488)	(10,744)

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

Inner West Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	<i>Restated 2022</i>
Net operating result for the year – from Income Statement		22,721	20,028
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	331,858	112,664
Total items which will not be reclassified subsequently to the operating result		331,858	112,664
Total other comprehensive income for the year		331,858	112,664
Total comprehensive income for the year attributable to Council		354,579	132,692

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

Inner West Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	Restated 2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	75,413	75,586
Investments	C1-2	104,500	154,200
Receivables	C1-4	43,197	38,401
Inventories	C1-5	216	198
Contract assets and contract cost assets	C1-6	–	219
Prepayments		3,153	2,838
Total current assets		226,479	271,442
Non-current assets			
Investments	C1-2	120,506	124,457
Infrastructure, property, plant and equipment (IPPE)	C1-7	2,780,684	2,421,272
Investment property	C1-8	54,878	–
Intangible assets	C1-9	6,173	6,945
Right of use assets	C2-1	229	836
Total non-current assets		2,962,470	2,553,510
Total assets		3,188,949	2,824,952
LIABILITIES			
Current liabilities			
Payables	C3-1	49,994	44,128
Contract liabilities	C3-2	35,770	29,009
Lease liabilities	C2-1	82	187
Borrowings	C3-3	2,447	2,600
Employee benefit provisions	C3-4	31,891	29,850
Total current liabilities		120,184	105,774
Non-current liabilities			
Contract liabilities	C3-2	778	1,972
Lease liabilities	C2-1	159	661
Borrowings	C3-3	32,788	35,234
Employee benefit provisions	C3-4	1,443	2,293
Total non-current liabilities		35,168	40,160
Total liabilities		155,352	145,934
Net assets		3,033,597	2,679,018
EQUITY			
Accumulated surplus		2,405,335	2,382,614
IPPE revaluation reserve		628,262	296,404
Total equity		3,033,597	2,679,018

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

Inner West Council

Statement of Changes in Equity

for the year ended 30 June 2023

		2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve Restated	Total equity Restated
\$ '000	Notes						
Opening balance at 1 July		2,382,614	296,404	2,679,018	2,362,586	183,740	2,546,326
Net operating result for the year		22,721	–	22,721	20,028	–	20,028
Other comprehensive income							
Restated gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	331,858	331,858	–	112,664	112,664
Other comprehensive income		–	331,858	331,858	–	112,664	112,664
Total other comprehensive income		22,721	331,858	354,579	20,028	112,664	132,692
Closing balance at 30 June		2,405,335	628,262	3,033,597	2,382,614	296,404	2,679,018

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

Inner West Council

Statement of Cash Flows

for the year ended 30 June 2023

<i>Original unaudited budget 2023</i>	<i>\$ '000</i>		<i>Actual 2023</i>	<i>Actual 2022</i>
		Notes		
Cash flows from operating activities				
Receipts:				
165,444	Rates and annual charges		163,614	163,537
52,007	User charges and fees		63,310	35,425
3,450	Interest received		8,301	3,329
37,182	Grants and contributions		45,968	62,229
–	Bonds, deposits and retentions received		4,958	3,020
24,139	Other		31,321	26,038
Payments:				
(127,200)	Payments to employees		(124,448)	(112,691)
(79,360)	Payments for materials and services		(116,622)	(95,430)
(860)	Borrowing costs		(874)	(983)
(12,988)	Other		(7,161)	(9,764)
61,814	Net cash flows from operating activities	F1-1	68,367	74,710
Cash flows from investing activities				
Receipts:				
256,003	Sale of investments		292,700	252,284
2,763	Proceeds from sale of IPPE		2,820	1,006
Payments:				
(238,571)	Purchase of investments		(238,949)	(314,849)
(80,907)	Purchase of investment property		(54,878)	–
(95,425)	Payments for IPPE		(67,415)	(43,057)
–	Purchase of intangible assets		(140)	(353)
(156,137)	Net cash flows from investing activities		(65,862)	(104,969)
Cash flows from financing activities				
Payments:				
(2,600)	Repayment of borrowings		(2,599)	(3,062)
–	Principal component of lease payments		(79)	(199)
(2,600)	Cash flows from financing activities		(2,678)	(3,261)
(96,923)	Net change in cash and cash equivalents		(173)	(33,520)
184,080	Cash and cash equivalents at beginning of year		75,586	109,106
87,157	Cash and cash equivalents at end of year	C1-1	75,413	75,586

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

Inner West Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

A About Council and these financial statements	12
A1-1 Basis of preparation	12
B Financial Performance	16
B1 Functions or activities	16
B1-1 Functions or activities – income, expenses and assets	16
B1-2 Components of functions or activities	17
B2 Sources of income	18
B2-1 Rates and annual charges	18
B2-2 User charges and fees	19
B2-3 Other revenues	20
B2-4 Grants and contributions	21
B2-5 Interest and investment income	24
B2-6 Other income	24
B3 Costs of providing services	25
B3-1 Employee benefits and on-costs	25
B3-2 Materials and services	26
B3-3 Borrowing costs	26
B3-4 Depreciation, amortisation and impairment of non-financial assets	27
B3-5 Other expenses	27
B4 Gains or losses	28
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	28
B5 Performance against budget	29
B5-1 Material budget variations	29
C Financial position	31
C1 Assets we manage	31
C1-1 Cash and cash equivalents	31
C1-2 Financial investments	31
C1-3 Restricted and allocated cash, cash equivalents and investments	33
C1-4 Receivables	34
C1-5 Inventories	36
C1-6 Contract assets and Contract cost assets	36
C1-7 Infrastructure, property, plant and equipment	37
C1-8 Investment properties	40
C1-9 Intangible assets	41
C2 Leasing activities	42
C2-1 Council as a lessee	42
C2-2 Council as a lessor	44
C3 Liabilities of Council	46
C3-1 Payables	46
C3-2 Contract Liabilities	46
C3-3 Borrowings	47
C3-4 Employee benefit provisions	49

Inner West Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

D Risks and accounting uncertainties	50
D1-1 Risks relating to financial instruments held	50
D2-1 Fair value measurement	54
D3-1 Contingencies	58
E People and relationships	61
E1 Related party disclosures	61
E1-1 Key management personnel (KMP)	61
E1-2 Councillor and Mayoral fees and associated expenses	61
E2 Other relationships	62
E2-1 Audit fees	62
F Other matters	63
F1-1 Statement of Cash Flows information	63
F2-1 Commitments	64
F3-1 Events occurring after the reporting date	64
F4 Changes from prior year statements	64
F4-1 Correction of errors	64
F5 Statement of developer contributions as at 30 June 2023	66
F5-1 Summary of developer contributions	66
F5-2 Developer contributions by plan	67
F6 Statement of performance measures	69
F6-1 Statement of performance measures – consolidated results	69
G Additional Council disclosures (unaudited)	70
G1-1 Statement of performance measures – consolidated results (graphs)	70

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 10/10/2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and *Local Government (General) Regulation 2021* (Regulation), and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

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

- Income statement
- Statement of cash flows
- Note B5-1 – Material Budget Variations

Historical cost convention

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

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

- (i) fair values of infrastructure, property, plant and equipment – refer Notes C1-7 and D2-1.
- (ii) employee benefit provisions – refer Note C3-4.
- (iii) fair values of investment properties – refer note C1-8

Significant judgements in applying the Council's accounting policies

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

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- General purpose operations

A1-1 Basis of preparation (continued)

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, a separate and distinct Trust Fund is maintained to account for all money and 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. Trust monies and other assets subject to Council's control have been included in these reports.

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council is supported by volunteer services in its community support programs. All volunteer services are not material and therefore have not been recognised in the income statement.

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 2023 reporting period. Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

These standards include:

Pronouncement	AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date
Nature of change in accounting policy	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.
Effective date	Annual reporting period beginning on or after 1 January 2023.
Expected impact on council financial statements	Little impact expected but Councils will consider the appropriate classification of liabilities as current or non-current.
Pronouncement	AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]

A1-1 Basis of preparation (continued)

Nature of change in accounting policy	<p>This Standard amends a number of standards as follows:</p> <p>AASB 7 to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;</p> <p>AASB 101 to require entities to disclose their material accounting policy information rather than their significant accounting policies;</p> <p>AASB 108 to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;</p> <p>AASB 134 to identify material accounting policy information as a component of a complete set of financial statements; and</p> <p>AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p>
Effective date	Annual reporting period beginning on or after 1 January 2023.
Expected impact on council financial statements	No impact on reported financial performance or position.
Pronouncement	AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback
Nature of change in accounting policy	<p>This Standard amends AASB 16 to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 Revenue from Contracts with Customers to be accounted for as a sale.</p> <p>AASB 16 already requires a seller-lessee to recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The amendments made by this Standard ensure that a similar approach is applied by also requiring a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains.</p>
Effective date	Annual reporting periods beginning on or after 1 January 2024.
Expected impact on council financial statements	Unlikely to be significant impact for councils, however requirements should be reviewed if councils are entering into sale and lease back arrangements.

A1-1 Basis of preparation (continued)

The following pronouncements are issued but not yet effective and are not expected to have relevance to councils but have been included for completeness:

Pronouncement	Nature of change in accounting policy	Effective date
AASB2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. AASB2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128. AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	The amendments address an acknowledged inconsistency between the requirements in AASB10, and those in AASB128 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	Annual reporting periods beginning on or after 1 January 2025.
AASB 17 Insurance Contracts and associated amendments	Changes to insurance accounting	Annual reporting periods beginning on or after 1 January 2023.
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transactions [AASB 1 and AASB 112]	Clarification of the accounting for deferred tax when the transaction on initial adoption gives rise to equal taxable and deductible temporary differences.	Annual reporting periods beginning on or after 1 January 2023.

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 for the first time at 30 June 2023.

- **AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15.**
- **AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and other Amendments.**

None of the standards had a significant impact on 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	<i>Income</i>		<i>Expenses</i>		<i>Operating result</i>		<i>Grants and contributions</i>		<i>Carrying amount of assets</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
Functions or activities										
General Manager	1,003	83	13,160	8,006	(12,157)	(7,923)	–	–	–	–
Community	20,267	17,946	44,443	40,760	(24,176)	(22,814)	1,843	2,725	358	318
Corporate	154,276	142,378	50,478	55,537	103,798	86,841	6,743	9,421	1,234,969	1,151,967
Infrastructure	82,663	72,172	111,410	79,082	(28,747)	(6,910)	31,960	26,060	1,587,059	1,089,532
Planning	40,033	35,423	56,030	64,589	(15,997)	(29,166)	2,491	7,934	366,563	469,862
Other	–	–	–	–	–	–	–	–	–	113,273
Total functions and activities	298,242	268,002	275,521	247,974	22,721	20,028	43,037	46,140	3,188,949	2,824,952

B1-2 Components of functions or activities

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

General Manager

- Legal Services
- People and Culture
- Strategic and Corporate Communications

Community

- Children's Services
- Community Centres
- Community Venues
- Community and Wellbeing
- Corporate Strategy and Engagement
- Events
- Libraries and History
- Living Arts
- Social and Cultural Planning

Corporate

- Customer Service
- Finance
- Governance and Risk
- Information and Communication Technology
- Procurement
- Property and Strategic Investments
- Service Transformation

Infrastructure

- Capital Works
- Civil Maintenance
- Engineering Services
- Facilities and Management
- Fleet
- Parks and Streetscapes operations
- Resource Recovery Operations
- Traffic and Transport Planning
- Urban Forest

Planning

- Aquatic Services
- Building Certification
- Development Assessment
- Economic Development
- Environmental Health and Building Regulation
- Parking and Ranger Services
- Parks Planning and Recreation
- Resource Recovery Planning
- Strategic Planning
- Urban Ecology
- Urban Sustainability

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	91,539	89,558
Business	37,519	36,593
Less: pensioner rebates (mandatory)	(1,619)	(1,683)
Rates levied to ratepayers	127,439	124,468
Pensioner rate subsidies received	887	942
Total ordinary rates	128,326	125,410
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	38,863	37,701
Stormwater management services	1,785	1,782
Section 611 charges	122	128
Less: pensioner rebates (Council policy)	(2,803)	(2,868)
Total annual charges	37,967	36,743
Total rates and annual charges	166,293	162,153

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

Accounting policy

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area .

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

B2-2 User charges and fees

\$ '000	Timing	2023	2022
Specific user charges (per s502 - specific 'actual use' charges)			
Domestic waste management services	2	243	198
Waste management services (non-domestic)	2	461	441
Total specific user charges		704	639
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Building services – other	2	1,287	935
Private works – section 67	2	5,370	2,653
Regulatory/ statutory fees	2	844	816
Section 10.7 certificates (EP&A Act)	2	595	558
Town planning	2	4,095	5,363
Regulatory – compliance	2	2,037	1,482
Total fees and charges – statutory/regulatory		14,228	11,807
(ii) Fees and charges – other (incl. general user charges (per s608))			
Child care	1	17,482	14,712
Community centres	1	729	359
Leisure centre	1	7,609	3,779
Park rents	1	1,195	1,041
Parking fees	2	3,147	2,183
Hoarding fees	2	991	1,295
Pool (admissions)	2	9,739	5,524
Other	2	50	18
Total fees and charges – other		40,942	28,911
Total other user charges and fees		55,170	40,718
Total user charges and fees		55,874	41,357
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		27,015	25,415
User charges and fees recognised at a point in time (2)		28,859	15,942
Total user charges and fees		55,874	41,357

Accounting policy

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for Council in relation to refunds or returns.

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

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

B2-3 Other revenues

\$ '000	<i>Timing</i>	2023	2022
Fines – parking	2	11,023	8,594
Bus shelter income	2	1,118	970
Fines – other	2	1,059	386
Legal fees recovery – other	2	772	(210)
Ex gratia rates	2	336	329
Credit card transaction fee	2	107	84
Recycling income (non-domestic)	2	52	71
Diesel rebate	2	39	37
Insurance and tax recoveries	2	749	130
Other	2	1,288	346
Total other revenue		16,543	10,737

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	16,543	10,737
Total other revenue	16,543	10,737

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	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant				
Relating to current year	2,677	3,024	–	–
Prepayment received in advance for subsequent year	5,456	4,649	–	–
Amount recognised as income during a year	8,133	7,673	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Bushfire and emergency services	–	2,037	–	–
Child care	833	1,882	–	–
Community services	162	162	–	–
Greenway	–	–	3,640	–
Environmental programs	774	227	–	–
Floodplain management	80	32	–	–
Library	626	591	–	–
LIRS subsidy	51	73	–	–
Local Roads and Community Infrastructure Program	–	–	5,896	2,925
Recreation and culture	20	1	1,973	3,146
Street lighting	670	665	–	–
Transport (other roads and bridges funding)	1,114	1,727	1,631	3,098
Transport (roads to recovery)	–	–	857	857
Urban Amenity Improvement Program	–	–	2,140	8,198
Other specific grants	1,354	288	2,881	2,548
Total special purpose grants and non-developer contributions – cash	5,684	7,685	19,018	20,772
Non-cash contributions				
Recreation and culture	–	–	–	1,081
Total other contributions – non-cash	–	–	–	1,081
Total special purpose grants and non-developer contributions (tied)	5,684	7,685	19,018	21,853
Total grants and non-developer contributions	13,817	15,358	19,018	21,853
Comprising:				
– Commonwealth funding	8,323	8,498	1,714	3,782
– State funding	5,492	5,631	13,701	16,902
– Other funding	2	1,229	3,603	1,169
	13,817	15,358	19,018	21,853

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions:					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.4 – contributions using planning agreements		11	10	1,828	2,130
S 7.11 – contributions towards amenities/services		–	–	8,363	6,789
Total developer contributions – cash		11	10	10,191	8,919
Total developer contributions		11	10	10,191	8,919
Total grants and contributions		13,828	15,368	29,209	30,772
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		48	49	2,241	8,712
Grants and contributions recognised at a point in time		13,780	15,319	26,968	22,060
Total grants and contributions		13,828	15,368	29,209	30,772

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 2023	Operating 2022	Capital 2023	Capital 2022
Unspent funds at 1 July	4,124	4,058	6,486	4,214
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,118	1,057	5,157	2,534
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,652)	(991)	(5,680)	(262)
Transfer: Amounts re-classified as capital grants	–	–	–	–
Unspent funds at 30 June	3,590	4,124	5,963	6,486

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 the provisioning of public artworks on non-Council owned property. 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 childcare 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

B2-4 Grants and contributions (continued)

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	801	778
– Cash and investments	8,269	694
– Other	1,896	1,837
Total interest and investment income (losses)	10,966	3,309

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2023	2022
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		1,380	–
Total Investment properties		1,380	–
Other lease income			
Leaseback fees - council vehicles		587	533
Other Council Properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		3,462	4,117
Lease income relating to variable lease payments not dependent on an index or a rate		–	4
Total other lease income		4,049	4,654
Total rental income	C2-2	5,429	4,654
Fair value increment on investments			
Fair value increment/ (decrement) on investments (other)		100	(348)
Total Fair value increment/ (decrement) on investments		100	(348)
Total other income		5,529	4,306

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	99,938	90,977
Employee termination costs	745	182
Employee leave entitlements (ELE)	12,133	7,030
Superannuation	11,531	10,164
Workers' compensation insurance	3,211	2,743
Fringe benefit tax (FBT)	766	663
Other	1,314	771
Total employee costs	129,638	112,530
Less: capitalised costs	(4,776)	(468)
Total employee costs expensed	124,862	112,062
Number of 'full-time equivalent' employees (FTE) at year end	1,019	1,113

Accounting policy

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

Retirement benefit obligations

Council provides retirement, disability, and death benefits to eligible employees. It offers both defined benefit plans and defined contribution plans, making contributions on behalf of its employees.

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Cost of sales		363	213
Raw materials and consumables		8,148	6,318
Agency Staff		9,589	7,345
Consultants		4,322	3,186
Contractors		35,819	33,121
Infringement notice contract costs (SEINS)		1,551	1,184
Legal Fees		4,279	1,248
IT Expenses		5,932	6,051
Insurance		3,013	2,819
Street lighting		1,261	1,228
Electricity		3,683	3,156
Subscriptions and publications		883	821
Election expenses		–	1,137
Telephone and communications		579	500
Postage, Printing and stationery		1,232	846
Vehicle Costs		2,193	1,748
Bank charges		789	662
Audit Fees	E2-1	555	505
Councillor and Mayoral fees and associated expenses	E1-2	628	526
Water rates		1,042	1,101
Tipping fees		10,101	10,433
Gas		660	377
Other expenses		2,060	1,537
Expenses from short-term leases		153	122
Expenses from leases of low value assets		1,115	1,184
Total materials and services		99,950	87,368

Accounting policy

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

B3-3 Borrowing costs

\$ '000	2023	2022
(i) Interest bearing liability costs		
Interest on leases	6	10
Interest on loans	853	960
Total interest bearing liability costs	859	970
Total interest bearing liability costs expensed	859	970

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	2023	2022
Depreciation and amortisation			
Infrastructure, property, plant and equipment	C1-7	32,181	33,033
Right of use assets	C2-1	79	205
Intangible assets	C1-9	912	904
Total depreciation and amortisation costs		33,172	34,142

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets, Note C1-9 for intangible assets and Note C2-1 for right of use assets.

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2023	2022
Impairment of receivables	C1-4	325	215
Donations, contributions and assistance to other organisations (Section 356)		1,157	1,539
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES and RFS levies)		4,773	3,985
– Waste levy		5,563	5,231
Total other expenses		11,818	10,970

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	2023	2022
Gain (or loss) on disposal of infrastructure, property, plant and equipment	C1-7		
Proceeds from disposal		2,820	1,006
Less: carrying amount of infrastructure, property, plant and equipment		(7,680)	(3,468)
Gain (or loss) on disposal		(4,860)	(2,462)

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 14 June 2022 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	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	165,444	166,293	849	1% F
User charges and fees	52,007	55,874	3,867	7% F
Increase in restoration fees and construction zone fees during the 2022/23 financial year higher than anticipated.				
Other revenues	24,139	16,543	(7,596)	(31)% U
Less than anticipated fine infringement revenue for 2022/23 financial year and actual lease revenue included under 'other income'.				
Operating grants and contributions	9,310	13,828	4,518	49% F
Early payment of full 2023/24 Financial Assistance Grant received in 2022/23 financial year and one off grants received during the financial year.				
Capital grants and contributions	27,872	29,209	1,337	5% F
Interest and investment revenue	3,450	10,966	7,516	218% F
2022/23 budget was projected prior to the RBA interest rate rises that started in May 2022 and increased progressively each month.				
Other income	–	5,529	5,529	∞ F
Budget included under 'Other Revenues'.				
Expenses				
Employee benefits and on-costs	127,200	124,862	2,338	2% F
Materials and services	79,360	99,950	(20,590)	(26)% U
Over spend in agency costs offset by under spend in employee costs. Remaining variances in relation to additional reactive maintenance costs on Council buildings and capital expenditure classified as operational expenditure due to the nature of works.				
Borrowing costs	860	859	1	0% F
Depreciation, amortisation and impairment of non-financial assets	33,104	33,172	(68)	0% U
Other expenses	12,988	11,818	1,170	9% F
Under budgeted Emergency Services Levy as expected subsidy from State Government not provided for 2022/23 financial year.				
Net losses from disposal of assets	1,582	4,860	(3,278)	(207)% U

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----
----------------	------------------------	------------------------	--------------------------------------

Higher than expected losses from assets due to the asset revaluation completed for the last two financial years.

Statement of cash flows

Cash flows from operating activities	61,814	68,367	6,553	11%	F
Cash flows from investing activities	(156,137)	(65,862)	90,275	(58)%	F
Cash flows from financing activities	(2,600)	(2,678)	(78)	3%	U

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	75,413	75,586
Total cash and cash equivalents	75,413	75,586

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Financial assets at fair value through the profit and loss				
Mortgage backed securities	–	1,022	–	1,058
Other long term financial assets (Civic Risk)	–	2,984	–	2,899
Total	–	4,006	–	3,957
Debt securities at amortised cost				
Term deposits	104,500	3,000	142,000	7,000
NCD's, FRN's (with maturities > 3 months)	–	102,200	12,200	102,200
Fixed bonds (ADIs)	–	11,300	–	11,300
Total	104,500	116,500	154,200	120,500
Total financial investments	104,500	120,506	154,200	124,457

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.

C1-2 Financial investments (continued)

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

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

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

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income 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 Mortgage-Backed Securities and an investment in CivicRisk Mutual in the Statement of Financial Position.

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	300,419	354,243
Less: Externally restricted cash, cash equivalents and investments	(115,026)	(119,407)
Cash, cash equivalents and investments not subject to external restrictions	185,393	234,836
External restrictions		
Developer contributions – general	63,886	66,466
Specific purpose unexpended grants (recognised as revenue) – general fund	9,553	10,610
Stormwater management	3,336	2,848
Special Rate Variation Income	13,331	11,870
Mainstreet levy	240	240
3.5% levy reserve	1,121	1,121
Domestic waste management	23,559	26,252
Total external restrictions	115,026	119,407

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

\$ '000	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	185,393	234,836
Less: Internally restricted cash, cash equivalents and investments	(163,076)	(214,107)
Unrestricted and unallocated cash, cash equivalents and investments	22,317	20,729
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Employees leave entitlement	14,315	15,830
Deposits, retentions and bonds	28,306	23,303
Financial Assistance Grant reserve	–	4,649
Investment Property Reserve	24,928	80,907
Infrastructure Renewal Reserve	19,446	19,446
Depreciation Contra Reserve	76,081	69,972
Total internal allocations	163,076	214,107

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates and annual charges	14,251	–	13,935	–
Interest and extra charges	1,677	–	641	–
User charges and fees	19,619	–	21,528	–
Accrued revenues				
– Interest on investments	1,937	–	297	–
– Other income accruals	443	–	(1,306)	–
Fines	6,580	–	4,999	–
Net GST receivable	2,236	–	1,718	–
Other receivables	246	–	76	–
Total	46,989	–	41,888	–
Less: provision for impairment				
Rates and annual charges	(356)	–	(503)	–
Interest and extra charges	(42)	–	(31)	–
User charges and fees	(2,251)	–	(1,822)	–
Fines	(1,143)	–	(1,131)	–
Total provision for impairment – receivables	(3,792)	–	(3,487)	–
Total net receivables	43,197	–	38,401	–

\$ '000	2023	2022
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 9)	3,487	3,471
+ new provisions recognised during the year	302	2,328
– amounts already provided for and written off this year	–	(2,312)
Balance at the end of the year	3,789	3,487

C1-4 Receivables (continued)

Accounting policy

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

Impairment

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

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

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 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 (i.e. these charges are secured against the property). For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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

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

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

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Stores, materials and trading stock	216	–	198	–
Total inventories at cost	216	–	198	–
Total inventories	216	–	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.

C1-6 Contract assets and Contract cost assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	–	–	219	–
Total contract assets and contract cost assets	–	–	219	–

Contract assets

Work relating to infrastructure grants	–	–	219	–
Total contract assets	–	–	219	–

Accounting policy

Contract assets

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

Contract assets arise when amounts recognised as revenue are not yet billed because the billing is based on the achievement of various milestones established in the contract with the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount <i>Restated</i>	Accumulated depreciation and impairment	Net carrying amount <i>Restated</i>	Additions/trans fers renewals ¹	Additions/trans fers new assets	Carrying value of disposals	Depreciation expense	WIP additions	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	75,304	–	75,304	(35,184)	(8,593)	–	–	68,482	(564)	–	99,445	–	99,445
Plant and equipment	29,342	(19,899)	9,443	–	4,043	(670)	(2,317)	–	–	–	31,052	(20,553)	10,499
Domestic waste vehicles	5,244	(1,699)	3,545	–	–	(256)	(388)	–	(565)	–	3,953	(1,616)	2,337
Office equipment	4,246	(3,373)	873	–	241	–	(261)	–	–	–	4,486	(3,633)	853
Furniture and fittings	2,167	(1,813)	354	–	–	–	(115)	–	–	–	2,167	(1,928)	239
Land:													
- Crown Land	105,130	–	105,130	–	–	–	–	–	(10,697)	38,054	132,487	–	132,487
– Operational land	394,950	–	394,950	–	–	–	–	–	(936)	105,172	499,186	–	499,186
– Community land	152,560	–	152,560	–	–	–	–	–	11,633	61,647	225,840	–	225,840
Land improvements – non-depreciable	4,286	–	4,286	–	–	–	–	–	–	–	4,286	–	4,286
Land improvements – depreciable	130,586	(40,877)	89,709	9,131	1,227	(1,330)	(3,694)	–	(3,769)	–	133,314	(42,040)	91,274
Car parks – non-depreciable	17,714	–	17,714	–	–	–	–	–	–	–	17,714	–	17,714
Car parks – depreciable	10,786	(3,634)	7,152	6	7	–	(359)	–	4,246	–	14,850	(3,797)	11,053
Infrastructure:													
– Buildings	378,047	(114,881)	263,166	3,417	1,012	–	(7,947)	–	(148)	51,211	422,039	(111,328)	310,711
– Buildings and Aquatic Centres surrounding assets	–	–	–	–	–	–	(137)	–	2,582	9,724	12,168	–	12,168
– Aquatic Centres	102,112	(17,192)	84,920	451	109	–	(2,440)	–	269	8,266	109,557	(17,982)	91,575
– Roads	426,804	(202,293)	224,511	9,490	–	(522)	(6,631)	–	(2,913)	9,706	359,477	(125,836)	233,641
– Bridges	15,995	(6,061)	9,934	–	–	–	(180)	–	13	–	15,995	(6,228)	9,767
– Footpaths	229,390	(88,494)	140,896	5,470	1,684	(704)	(3,258)	–	(34)	12,676	251,612	(94,882)	156,730
– Kerb and gutter	224,359	(91,860)	132,499	1,363	237	(427)	(1,404)	–	–	–	213,648	(81,380)	132,268
– Other road assets	35,520	(6,498)	29,022	1,840	33	(3,521)	(1,154)	–	(1,334)	–	30,251	(5,365)	24,886
– Bulk earthworks (non-depreciable)	525,843	–	525,843	55	–	–	–	–	–	35,402	561,300	–	561,300
– Sea walls	38,211	(13,126)	25,085	–	–	–	(395)	–	1,123	–	40,700	(14,887)	25,813
– Wharves	6,374	(2,069)	4,305	–	–	–	(62)	–	(9)	–	6,360	(2,127)	4,233
– Stormwater drainage	179,340	(59,269)	120,071	3,961	–	(251)	(1,439)	–	37	–	182,766	(60,387)	122,379
Total infrastructure, property, plant and equipment	3,094,310	(673,038)	2,421,272	–	–	(7,681)	(32,181)	68,482	(1,066)	331,858	3,374,653	(593,969)	2,780,684

(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 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions/transfers renewals ^{1, 2}	Additions/transfers new assets	Carrying value of disposals	Depreciation expense	WIP additions	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR) ₂	Gross carrying amount ²	Accumulated depreciation and impairment	Net carrying amount ²
\$ '000				Restated							Restated	Restated		Restated
Restated Capital work in progress ²	69,308	–	69,308	(23,022)	(14,999)	–	–	44,036	(19)	–	–	75,304	–	75,304
Plant and equipment	26,984	(17,823)	9,161	3,508	–	(520)	(2,706)	–	–	–	–	29,342	(19,899)	9,443
Office equipment	4,156	(3,002)	1,154	–	58	–	(339)	–	–	–	–	4,246	(3,373)	873
Furniture and fittings	2,167	(1,684)	483	–	–	–	(129)	–	–	–	–	2,167	(1,813)	354
Domestic waste vehicles	4,996	(1,458)	3,538	–	564	(146)	(411)	–	–	–	–	5,244	(1,699)	3,545
Land:														
– Operational land	394,950	–	394,950	–	–	–	–	–	–	–	–	394,950	–	394,950
– Community land	162,352	–	162,352	–	–	–	–	–	(9,792)	–	–	152,560	–	152,560
– Crown land	95,338	–	95,338	–	–	–	–	–	9,792	–	–	105,130	–	105,130
Land improvements – non-depreciable	4,286	–	4,286	–	–	–	–	–	–	–	–	4,286	–	4,286
Land improvements – depreciable	124,396	(38,029)	86,367	1,207	6,852	(751)	(3,966)	–	–	–	–	130,586	(40,877)	89,709
Car parks – non-depreciable	3,547	–	3,547	–	–	–	–	–	–	–	14,167	17,714	–	17,714
Car parks – depreciable	13,128	(3,451)	9,677	124	–	(25)	(213)	–	–	(2,411)	–	10,786	(3,634)	7,152
Infrastructure:														
– Buildings	378,002	(106,971)	271,031	–	–	–	(7,910)	45	–	–	–	378,047	(114,881)	263,166
– Restated Roads ²	361,126	(178,613)	182,513	14,274	25	(658)	(7,290)	–	(1,322)	–	36,968	426,804	(202,293)	224,511
– Bridges	15,995	(5,881)	10,114	–	–	–	(180)	–	–	–	–	15,995	(6,061)	9,934
– Footpaths	133,763	(40,811)	92,952	988	–	(293)	(1,708)	–	–	–	48,957	229,390	(88,494)	140,896
– Other road assets (including bulk earthworks)	54,484	(12,086)	42,398	–	–	–	(2,294)	–	1,340	(12,422)	–	35,520	(6,498)	29,022
– Bulk earthworks (non-depreciable)	516,148	–	516,148	–	–	–	–	–	–	–	9,695	525,843	–	525,843
– Stormwater drainage	178,177	(57,910)	120,267	369	946	(88)	(1,423)	–	–	–	–	179,340	(59,269)	120,071
– Aquatic Centres	95,529	(14,677)	80,852	–	6,583	–	(2,515)	–	–	–	–	102,112	(17,192)	84,920
– Kerb and gutter	195,618	(79,536)	116,082	547	–	(321)	(1,519)	–	–	–	17,710	224,359	(91,860)	132,499
– Sea walls	37,424	(12,757)	24,667	758	29	–	(369)	–	–	–	–	38,211	(13,126)	25,085
– Wharves	6,077	(2,291)	3,786	1,247	–	(666)	(61)	–	–	–	–	6,374	(2,069)	4,305
Total infrastructure, property, plant and equipment	2,877,951	(576,980)	2,300,971	–	58	(3,468)	(33,033)	44,081	(1)	(14,833)	127,497	3,094,310	(673,038)	2,421,272

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

(2) Council had performed a valuation of some of its infrastructure assets in the financial year 2021/22. At 30 June 2022, Council's Statement of Financial Position included \$9.9 million in work-in-progress related to Road assets that were carried at cost. The incorrect inclusion of the \$9.9 million WIP balance within revalued assets, while also being carried as WIP at cost, led to an overstatement of the IPPE and assets revaluation reserve. Council restated the IPPE and revaluation reserve balances by \$9.9 million at the end of the year 2021/22 in the Statement of Financial Position. In addition, the 2021/22 gain on revaluation of infrastructure, property, plant and equipment within the Statement of Comprehensive Income was restated to \$112.6 million from \$122.6 million.

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

Accounting policy

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

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

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

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

Useful lives of IPPE

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

Plant and equipment	Years	Property Assets	Years
Office equipment	5 to 20	Buildings	9 to 190
Office furniture	2 to 10	Aquatic Centres	10 to 120
Plant and Fleet	2 to 10		
Domestic Waste Vehicles	3 to 10	Play Spaces and Sporting Fields	Years
		Land Improvements Parks (Depreciable)	5 to 124
Transport Assets	Years	Seawalls	20 to 141
Roads	25 to 100	Wharves	20 to 80
Road Formation/Bulk Earthworks	Not depreciable		
Bridges	15 to 162		
Footpaths	10 to 100		
Kerb and Gutter	85 to 200		
Traffic Devices	20 to 80		
Other Road assets	5 to 100		
Car Parks (Non Depreciable)	Not Depreciable		
Car Parks (Depreciable)	25 to 100		
Stormwater Drainage	15 - 196		

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Increases in the carrying amounts arising on revaluation are credited to the IPPE revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to 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. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

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

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

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

Rural Fire Service assets

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

At present, Council does not have any rural fire service assets.

C1-8 Investment properties

Owned investment property

\$ '000	2023	2022
At fair value		
Opening balance at 1 July	—	—
Acquisitions	54,500	—
Capitalised subsequent expenditure	378	—
Closing balance at 30 June	54,878	—

Accounting policy

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

For the additional disclosures refer to the C2-2 Council as a Lessor and D2-1 Fair Value Measurement

C1-9 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
Software		
Opening values at 1 July		
Gross book value	7,902	7,991
Accumulated amortisation	(2,909)	(2,041)
Software work in progress (WIP) balance	1,952	1,951
Net book value – opening balance	6,945	7,901
Movements for the year		
Other movements	140	(52)
Amortisation charges	(912)	(904)
Closing values at 30 June		
Gross book value	9,279	7,902
Accumulated amortisation	(3,821)	(2,909)
Software work in progress (WIP) balance	715	1,952
Total software – net book value	6,173	6,945
Total intangible assets – net book value	6,173	6,945

Accounting policy

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 ten 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.

C2 Leasing activities

C2-1 Council as a lessee

Council leases a diverse range of equipment, including IT, Office, and Sports equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Office, IT and Sport equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 1 and 5 years with no renewal option and the payments are fixed.

(a) Right of use assets

\$ '000	<i>Plant & Equipment</i>	<i>Buildings</i>	<i>Office, IT and Sport Equipment</i>	<i>Total</i>
2023				
Opening balance at 1 July	316	318	202	836
Additions to right-of-use assets	–	88	18	106
Depreciation charge	–	(22)	(57)	(79)
Other movement	(316)	(318)	–	(634)
Balance at 30 June	–	66	163	229
2022				
Opening balance at 1 July	458	8	27	493
Additions to right-of-use assets	–	329	219	548
Depreciation charge	(142)	(19)	(44)	(205)
Other movement	–	–	–	–
Balance at 30 June	316	318	202	836

C2-1 Council as a lessee (continued)

(b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	82	159	187	661
Total lease liabilities	82	159	187	661

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2023					
Cash flows	82	159	–	241	241
2022					
Cash flows	187	661	–	848	848

(d) Income Statement

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

\$ '000	2023	2022
Interest on lease liabilities	6	10
Depreciation of right of use assets	79	205
Expenses relating to short-term leases	153	122
Expenses relating to low-value leases	1,115	1,184
	1,353	1,521

(e) Statement of Cash Flows

Total cash outflow for leases	(83)	(208)
	(83)	(208)

Accounting policy

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

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

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

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

C2-1 Council as a lessee (continued)

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

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

Exceptions to lease accounting

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-8) and/or IPP&E (refer note c1-7) in the Statement of Financial Position.

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

\$ '000	2023	2022
---------	------	------

(i) Assets held as investment property

Lease income relating to variable lease payments not dependent on an index or a rate

Direct operating expenses from property that generated rental income

Direct operating expenses from property that generated rental income

	(74)	–
--	------	---

Lease income (excluding variable lease payments not dependent on an index or rate)	1,380	–
--	-------	---

Total income relating to operating leases for investment property assets	1,306	–
---	--------------	----------

(ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	3,462	4,117
--	-------	-------

Lease income relating to variable lease payments not dependent on an index or a rate	–	4
--	---	---

Leaseback fees - council vehicles	587	533
-----------------------------------	-----	-----

Total income relating to operating leases for Council assets	4,049	4,654
---	--------------	--------------

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

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

< 1 year	1,147	1,147
----------	-------	-------

1–2 years	730	1,147
-----------	-----	-------

2–3 years	–	730
-----------	---	-----

Total undiscounted lease payments to be received	1,877	3,024
---	--------------	--------------

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.

C2-2 Council as a lessor (continued)

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepaid rates	–	–	2,216	–
Goods and services – operating expenditure	7,615	–	10,989	–
Accrued expenses:				
– Borrowings	272	–	287	–
– Salaries and wages	910	–	1,387	–
– Other expenditure accruals	11,189	–	5,774	–
Security bonds, deposits and retentions	27,901	–	22,943	–
Other	2,107	–	532	–
Total payables	49,994	–	44,128	–

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	24,536	14,224
Total payables	24,536	14,224

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Grants and contributions received in advance:				
Unexpended capital grants (to construct Council controlled assets) ⁱ	23,399	–	21,130	–
Total grants received in advance	23,399	–	21,130	–
Income in Advance	12,371	778	7,879	1,972
Total user fees and charges received in advance	12,371	778	7,879	1,972
Total contract liabilities	35,770	778	29,009	1,972

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

Accounting policy

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

C3-3 Borrowings

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Loans – secured ¹	2,447	32,788	2,600	35,234
Total borrowings	2,447	32,788	2,600	35,234

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note D1-1.

(a) Changes in liabilities arising from financing activities

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Remeasurement of Lease Liability	Closing balance
Loans – secured	37,834	(2,599)	–	–	–	–	35,235
Lease liability (Note C2-1b)	848	(607)	–	–	–	–	241
Total liabilities from financing activities	38,682	(3,206)	–	–	–	–	35,476

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Remeasurement of Lease Liability	Closing balance
Loans – secured	40,896	(3,062)	–	–	–	–	37,834
Lease liability (Note C2-1b)	499	349	–	–	–	–	848
Total liabilities from financing activities	41,395	(2,713)	–	–	–	–	38,682

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Bank overdraft facilities ¹	1,000	1,000
Credit cards/purchase cards	274	274
Total financing arrangements	1,274	1,274
Undrawn facilities		
– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	274	274
Total undrawn financing arrangements	1,274	1,274

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.

C3-3 Borrowings (continued)

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	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Annual leave	9,799	–	9,778	–
Sick leave	213	–	208	–
Long service leave	18,959	1,355	17,133	2,157
Other leave	537	–	542	–
Employee Leave Entitlements on-costs	2,383	88	2,189	136
Total employee benefit provisions	31,891	1,443	29,850	2,293

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	22,530	21,089
	22,530	21,089

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.

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

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

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

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

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

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

\$ '000	Carrying value 2023	Carrying value 2022	Fair value 2023	Fair value 2022
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	75,413	75,586	75,413	75,586
Receivables	43,197	38,401	43,199	38,401
Investments				
– Debt securities at amortised cost	221,000	274,700	221,000	274,700
Fair value through profit and loss				
Investments				
– Held for trading	4,006	1,058	3,921	1,058
Other financial assets	–	2,899	–	2,899
Total financial assets	343,616	392,644	343,533	392,644
Financial liabilities				
Payables	49,994	44,128	49,994	44,128
Loans/advances	35,235	37,834	35,235	37,834
Total financial liabilities	85,229	81,962	85,229	81,962

Fair value is determined as follows:

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

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

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

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

The risks associated with the instruments held are:

- Price risk – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

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

- Interest rate risk – the risk that movements in interest rates could affect returns and income.
- Liquidity risk – the risk that Council will not be able to pay its debts as and when they fall due.
- Credit risk – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

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

(a) Market risk – interest rate and price risk

\$ '000	2023	2022
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	1,276	1,309
Impact of a 10% movement in price of investments		
– Equity / Income Statement	5,867	396

(b) Credit risk

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

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

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

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 expected credit loss as required and carries out credit checks on most non-rate debtors.

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

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to 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.

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
2023				
Gross carrying amount	–	12,204	2,047	14,251
2022				
Gross carrying amount	–	10,451	3,484	13,935

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

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors 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	<i>Not yet overdue</i>	<i>0 - 30 days</i>	<i>Overdue debts</i>			<i>Total</i>
			<i>31 - 60 days</i>	<i>61 - 90 days</i>	<i>> 91 days</i>	
2023						
Gross carrying amount	10,886	834	854	9,238	–	21,812
Expected loss rate (%)	0.66%	0.03%	0.03%	0.28%	0.00%	0.45%
2022						
Gross carrying amount	5,931	5,844	4,250	4,284	7,863	28,172
Expected loss rate (%)	1.00%	1.00%	3.00%	23.00%	43.00%	16.37%

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2023							
Payables	0.00%	27,901	—	—	—	27,901	49,994
Borrowings	0.00%	—	2,447	7,623	25,165	35,235	35,235
Total financial liabilities		27,901	2,447	7,623	25,165	63,136	85,229
2022							
Payables	0.00%	22,943	—	—	—	22,943	44,128
Borrowings	4.86%	—	2,600	10,069	25,165	37,834	37,834
Total financial liabilities		22,943	2,600	10,069	25,165	60,777	81,962

D2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investments
- Investment property

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

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

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

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

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

D2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy							
		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022 Restated	2023	2022 Restated	2023	2022
Recurring fair value measurements									
Financial assets									
Financial investments	C1-2								
At fair value through profit or loss		–	–	1,022	1,058	2,984	2,899	4,006	3,957
Total financial assets		–	–	1,022	1,058	2,984	2,899	4,006	3,957
Investment property									
Investment Property	C1-8	–	–	–	–	54,666	–	54,666	–
Infrastructure, property, plant and equipment									
	C1-7								
Crown Land		–	–	–	–	132,487	105,130	132,487	105,130
Operational land		–	–	499,186	394,950	–	–	499,186	394,950
Community land		–	–	–	–	225,840	152,560	225,840	152,560
Land improvements – non-depreciable		–	–	–	–	4,286	4,286	4,286	4,286
Land improvements – depreciable		–	–	–	–	91,274	89,709	91,274	89,709
Car parks – non-depreciable		–	–	–	–	17,714	17,714	17,714	17,714
Car parks – depreciable		–	–	–	–	11,053	7,152	11,053	7,152
Buildings		–	–	–	–	310,711	263,166	310,711	263,166
Buildings and Aquatic Centres surrounding assets		–	–	–	–	12,168	–	12,168	–
Aquatic Centres		–	–	–	–	91,575	84,920	91,575	84,920
Roads		–	–	–	–	233,641	224,511	233,641	224,511
Bridges		–	–	–	–	9,767	9,934	9,767	9,934
Footpaths		–	–	–	–	156,730	140,896	156,730	140,896
Kerb and Gutter		–	–	–	–	132,268	132,499	132,268	132,499
Other road assets		–	–	–	–	24,886	29,021	24,886	29,021
Bulk earthworks (non-depreciable)		–	–	–	–	561,300	525,843	561,300	525,843
Sea walls		–	–	–	–	25,813	25,085	25,813	25,085
Wharves		–	–	–	–	4,233	4,305	4,233	4,305
Stormwater drainage		–	–	–	–	122,379	120,071	122,379	120,071
Total infrastructure, property, plant and equipment		–	–	499,186	394,950	2,168,125	1,936,802	2,667,311	2,331,752

D2-1 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:

Investment property

In January 2023, Council successfully acquired a commercial office building. The determination of the building's value was achieved through a comprehensive valuation conducted by an independent Valuer on November 15, 2022. The basis of the valuation is Market Value as defined in the International Valuation Standards Committee (IVSC) standards and used several approaches including a thorough analysis of recent sales and leasing transactions and capitalisation.

Due to the brief period since the last valuation and the absence of significant changes in the leasing and sales prices of comparable properties, it is considered that the value of the property remains unchanged as of June 30, 2023.

Infrastructure, property, plant and equipment (IPPE)

Buildings, Aquatic Centres and surrounding assets

As of March 31, 2023, Knowledge Asset Management Pty Ltd conducted a valuation of the Buildings assets, including Aquatic Centres and surrounding assets owned by the council.

The valuation process involved a physical inspection and measurement of the assets. This approach aimed to maximize the use of observable inputs, which are readily available and can be directly observed in the market, while minimising the use of unobservable inputs.

Based on the nature of the valuation inputs used, the assets were classified as having been valued using Level 3 valuation inputs. Level 3 inputs typically involve significant unobservable inputs, requiring judgment and estimation to determine the fair value.

It is mentioned that there have been no changes to the valuation process during the reporting period, indicating consistency in the approach and methodology employed for valuing the council's buildings

Community & Crown Land

Valuation of all Council's Community Land and Council managed land were based on the land values provided by the Valuer-General as at 30th June 2019. As these rates were not considered to be observable market evidence they have been classified as Level 3.

Operational Land

The valuation of Council's operational land was undertaken as at 31 March 2023 by Knowledge Asset Management Pty Ltd.

Operational has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price, including but not limited to

- The land's description and/or dimensions;
- Planning and other constraints on development; and
- The potential for alternative use.

There has been no change to the valuation process during the reporting period.

Transport Assets

Council undertook the valuation of the transport assets (roads, footpaths, kerb&gutter and other road assets) as at 30 June 2022. The valuation was conducted by the Infrastructure Management Group Pty Ltd.

All infrastructure assets were valued using Level 3 valuation inputs using the cost approach. This approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and considering a range of factors.

While the unit rates are based on quantitative dimensional units such as square metres or lineal metres and can be supported from market evidence (level 2) other inputs (such as estimates of useful lives, remaining life profiles and asset

D2-1 Fair value measurement (continued)

conditions) required extensive professional judgement which impacts significantly on the final determination of the assets fair value.

Based on the Fair Value assessment conducted by Insight Valuations, the council has carried out an indexation valuation for the Roads, Footpath, and Bulk Earthworks asset classes as of 30 June 2023. This adjustment aims to align the asset costs with the changes in construction costs

All assets valued at fair value are being used for their highest and best use.

All Other Infrastructure, property, plant and equipment (IPP&E)

The cost approach has been utilised where the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted on the final determination of fair value. As such these assets are classified as having been valued using Level 3 valuation inputs.

There has been no change to the valuation process during the reporting period.

Fair value measurements using significant unobservable inputs (level 3)

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

\$ '000	Level 2 Operational land		Level 3 Remaining assets		Total	
	2023	2022	2023	2022	2023	2022
Opening balance	396,008	396,039	1,939,701	1,825,634	2,335,709	2,221,673
Total gains or losses for the period						
Recognised in other comprehensive income – revaluation surplus	105,172	–	226,686	112,664	331,858	112,664
Other movements						
Transfers from/(to) another asset class	(936)	–	999	62	63	62
Purchases (GBV)	–	–	94,244	33,949	94,244	33,949
Disposals (WDV)	(36)	(31)	(6,755)	(3,160)	(6,791)	(3,191)
Depreciation and impairment	–	–	(29,100)	(29,448)	(29,100)	(29,448)
Closing balance	500,208	396,008	2,225,775	1,939,701	2,725,983	2,335,709

Highest and best use

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

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

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

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

* For 180 Point Members, Employers are required to contribute 8.0% of salaries for the year ending 30 June 2023. (increasing to 8.5% 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 \$20.0 million per annum for 1 January 2022 to 30 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

The amount of employer contributions to the defined benefit section of the Scheme and recognised as an expense for the year ending 30 June 2023 was \$498,971.

Council's expected contribution to the plan for the next annual reporting period is \$523,706.40

D3-1 Contingencies (continued)

The last valuation of the Scheme was performed by Richard Boyfield, Fellow of the Institute of Actuaries of Australia and covers the year ended 30 June 2023.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2023 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,290.9	
Past Service Liabilities	2,336.1	102.4%
Vested Benefits	2,253.6	101.7%

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

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

Investment return	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI	6.0% for FY22/23 2.5% per annum thereafter

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 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 will be completed by December 2023.

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30 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. The contingent liability is not quantifiable.

(iii) StateCover Limited

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

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

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA. The contingent liability is not quantifiable.

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

D3-1 Contingencies (continued)

(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 30/6/2008.

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

- Mayor (1)
- Councillors (14)
- General Manager (1)
- Directors (4)

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	1,992	1,956
Post-employment benefits	154	123
Termination benefits	362	338
Total	2,508	2,417

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Councillor expenses – mayoral fee (incl deputy mayor)	101	77
Councillors' fees	508	443
Other Councillors' expenses (including Mayor)	19	6
Total	628	526

E2 Other relationships

E2-1 Audit fees

\$ '000	2023	2022
---------	------	------

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

	303	243
Remuneration for audit and other assurance services	303	243

Remuneration for non-assurance services

	—	—
Total Auditor-General remuneration	303	243

Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Internal Audit Services

	252	262
Remuneration for audit and other assurance services	252	262

Total remuneration of non NSW Auditor-General audit firms	252	262
--	------------	------------

Total audit fees	555	505
-------------------------	------------	------------

F Other matters

F1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
Net operating result from Income Statement	22,721	20,028
Add / (less) non-cash items:		
Depreciation and amortisation	33,172	34,142
(Gain) / loss on disposal of assets	4,860	2,462
Non-cash capital grants and contributions	–	(1,081)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(100)	348
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(5,101)	(8,717)
Increase / (decrease) in provision for impairment of receivables	305	16
(Increase) / decrease of inventories	(18)	26
(Increase) / decrease of other current assets	(315)	74
(Increase) / decrease of contract asset	219	(219)
Increase / (decrease) in payables	(3,374)	3,297
Increase / (decrease) in accrued interest payable	(15)	(13)
Increase / (decrease) in other accrued expenses payable	4,938	3,178
Increase / (decrease) in other liabilities	4,317	3,400
Increase / (decrease) in contract liabilities	5,567	18,797
Increase / (decrease) in employee benefit provision	1,191	(1,028)
Net cash flows from operating activities	68,367	74,710

(b) Non-cash investing and financing activities

Other Contributions	–	1,081
Total non-cash investing and financing activities	–	1,081

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	1,247	109
Plant and equipment	3,737	3,531
Infrastructure	52,199	19,834
ICT	83	158
Parks	2,965	5,606
Total commitments	60,231	29,238
These expenditures are payable as follows:		
Within the next year	60,231	29,238
Total payable	60,231	29,238
Sources for funding of capital commitments:		
Unrestricted general funds	60,231	29,238
Total sources of funding	60,231	29,238

F3-1 Events occurring after the reporting date

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

F4 Changes from prior year statements

F4-1 Correction of errors

Council had performed a valuation of some of its infrastructure assets in the financial year 2021/22. At 30 June 2022, Council's Statement of Financial Position included \$9.9 million in work-in-progress related to Road assets that were carried at cost. The incorrect inclusion of the \$9.9 million WIP balance within revalued assets, while also being carried as WIP at cost, led to an overstatement of the IPPE and assets revaluation reserve. Council restated the IPPE and revaluation reserve balances by \$9.9 million at the end of the year 2021/22 in the Statement of Financial Position.

In addition, the 2021/22 gain on revaluation of infrastructure, property, plant and equipment within the Statement of Comprehensive Income was restated to \$1122.6 million from \$122.6 million.

Adjustments to the comparative figures for the year ended 30 June 2022

Statement of Financial Position

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Infrastructure, property, plant and equipment	2,431,213	(9,941)	2,421,272
Total non-current assets	2,563,451	(9,941)	2,553,510
Total assets	2,834,893	(9,941)	2,824,952
Net assets	2,688,959	(9,941)	2,679,018
Accumulated Surplus	2,382,614	–	2,382,614

F4-1 Correction of errors (continued)

\$ '000	<i>Original Balance 30 June, 2022</i>	<i>Impact Increase/ (decrease)</i>	<i>Restated Balance 30 June, 2022</i>
Revaluation reserve	306,345	(9,941)	296,404
Total equity	2,688,959	(9,941)	2,679,018

F5 Statement of developer contributions as at 30 June 2023

F5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	–	1	–	–	–	–	–	1	–
Roads	792	105	–	–	26	–	–	923	–
Traffic facilities	1,417	662	–	–	61	(159)	–	1,981	–
Parking	85	5	–	–	3	–	–	93	–
Open space	29,103	5,305	–	–	1,003	(8,936)	–	26,475	–
Community facilities	4,385	528	–	–	144	(227)	–	4,830	–
Open space and recreation	5,853	826	–	–	206	(2,607)	–	4,278	–
Community services and facilities	1,315	172	–	–	45	(108)	–	1,424	–
Transport and access	4,855	17	–	–	153	(403)	–	4,622	–
Administration	74	95	–	–	4	(334)	–	(161)	–
Plan preparation	881	77	–	–	30	(334)	–	654	–
Levy	–	444	–	–	1	–	–	445	–
S7.11 contributions – under a plan	48,760	8,237	–	–	1,676	(13,108)	–	45,565	–
S7.12 levies – under a plan	6,565	1,830	–	–	189	(368)	–	8,216	–
Total S7.11 and S7.12 revenue under plans	55,325	10,067	–	–	1,865	(13,476)	–	53,781	–
S7.4 planning agreements	11,141	–	–	–	28	(1,064)	–	10,105	–
Total contributions	66,466	10,067	–	–	1,893	(14,540)	–	63,886	–

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

F5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN NUMBER 1 - Open Space and Recreation (former Leichhardt)									
Effective 18 January 2005	5,853	826	—	—	206	(2,607)	—	4,278	—
Total	5,853	826	—	—	206	(2,607)	—	4,278	—
CONTRIBUTION PLAN NUMBER 2 - Community Services and Facilities (former Leichhardt)									
Effective 23 August 2005	1,315	172	—	—	45	(108)	—	1,424	—
Total	1,315	172	—	—	45	(108)	—	1,424	—
CONTRIBUTION PLAN NUMBER 3 - Transport and Access (former Leichhardt)									
Effective 3 November 1999	4,855	11	—	—	153	(403)	—	4,616	—
Total	4,855	11	—	—	153	(403)	—	4,616	—
2004 S94 Developer Contributions Plan (former Marrickville)									
Roads	154	—	—	—	5	—	—	159	—
Open space	824	—	—	—	47	—	—	871	—
Total	978	—	—	—	52	—	—	1,030	—
2014 S94 Developer Contributions Plan (former Marrickville)									
Traffic facilities	560	574	—	—	32	(159)	—	1,007	—
Open space	19,756	3,587	—	—	658	(7,365)	—	16,636	—
Community facilities	2,915	430	—	—	96	(227)	—	3,214	—
Administration	74	91	—	—	4	(334)	—	(165)	—
Total	23,305	4,682	—	—	790	(8,085)	—	20,692	—
S94 CONTRIBUTION PLAN (former Ashfield)									
Roads	638	105	—	—	21	—	—	764	—
Traffic facilities	857	88	—	—	29	—	—	974	—
Parking	85	5	—	—	3	—	—	93	—
Open space	8,523	1,506	—	—	298	(1,571)	—	8,756	—
Community facilities	1,470	70	—	—	48	—	—	1,588	—
Plan preparation	881	77	—	—	30	(334)	—	654	—
Total	12,454	1,851	—	—	429	(1,905)	—	12,829	—
Contribution Plan Inner West Council									
IWC Drainage	—	1	—	—	—	—	—	1	—
IWC Open space	—	212	—	—	—	—	—	212	—
IWC Community facilities	—	28	—	—	—	—	—	28	—
IWC Plan administration	—	4	—	—	—	—	—	4	—
IWC Transport	—	6	—	—	—	—	—	6	—
Levy	—	444	—	—	1	—	—	445	—
Total	—	695	—	—	1	—	—	696	—

F5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
S7.12 Levies – under a plan									
CONTRIBUTION PLAN (former Marrickville)									
s94A Levies	3,258	715	–	–	113	(368)	–	3,718	–
Total	3,258	715	–	–	113	(368)	–	3,718	–
CONTRIBUTION PLAN (former Ashfield)									
S94A	2,192	378	–	–	74	–	–	2,644	–
Total	2,192	378	–	–	74	–	–	2,644	–
CONTRIBUTIONS PLAN (former Leichhardt)									
S7.12	1,115	737	–	–	2	–	–	1,854	–
Total	1,115	737	–	–	2	–	–	1,854	–

F6 Statement of performance measures

F6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 20222021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(1,403)	(0.52)%	(3.25)%	3.27%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	268,933				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	255,105	85.56%	82.81%	85.08%	> 60.00%
Total continuing operating revenue ¹	298,142				
3. Unrestricted current ratio					
Current assets less all external restrictions	226,479	3.10x	3.85x	5.61x	> 1.50x
Current liabilities less specific purpose liabilities	73,118				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	32,628	9.22x	6.47x	9.51x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	3,537				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	15,530	8.57%	7.91%	8.45%	< 5.00%
Rates and annual charges collectable	181,136				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	182,913	8.72	12.13	12.46	> 3.00
Monthly payments from cash flow of operating and financing activities	20,982	months	months	months	months

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

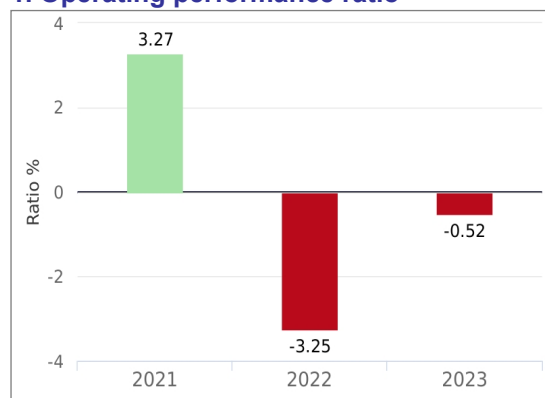
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

G Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio (0.52)%

The ratio has improved and has come close to the OLG benchmark primarily as a result of rebounding from the COVID-19 pandemic compared to the previous year.

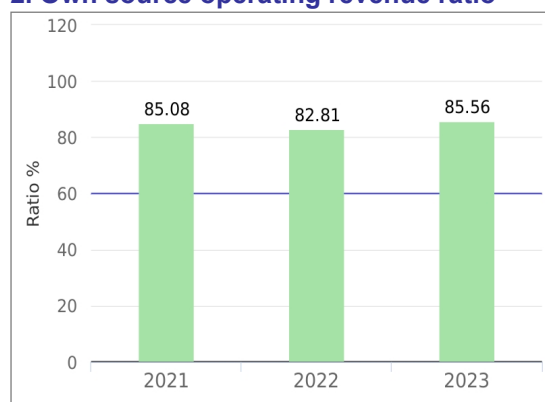
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2022/23 result

2022/23 ratio 85.56%

The ratio slightly improvement compared to the previous year and continues to maintain a stable position above the OLG benchmark.

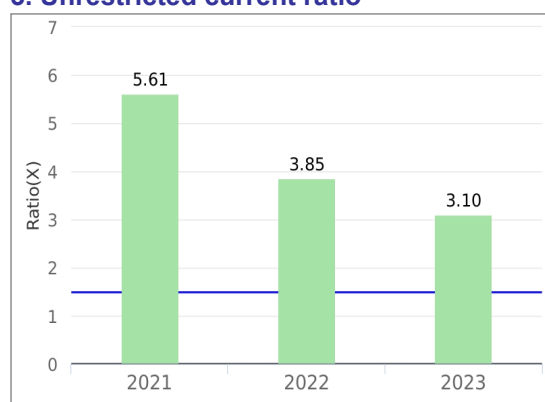
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2022/23 result

2022/23 ratio 3.10x

After considering both internal and external restrictions, Council still has the capacity to fulfil its obligations. The Unrestricted Current Ratio consistently remains higher than the benchmark.

Benchmark: — > 1.50x

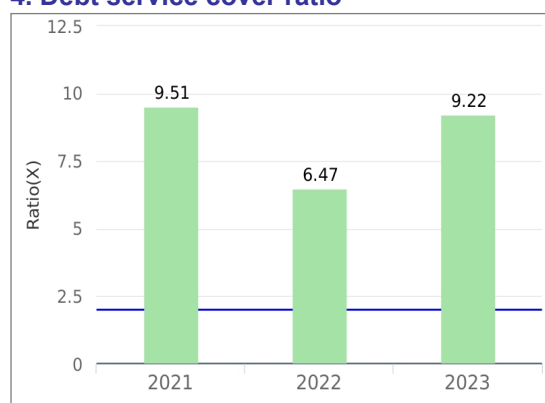
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 9.22x

The ratio remains significantly above the benchmark and demonstrates its continuing ability to service its debts.

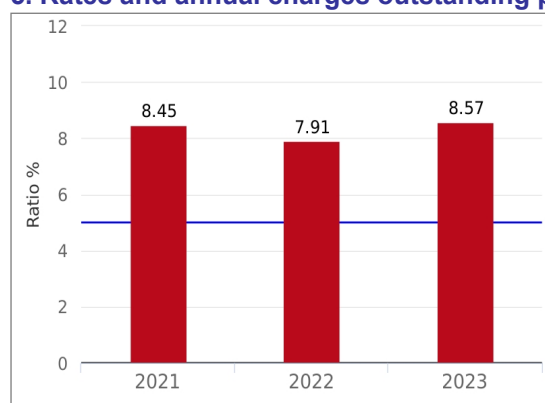
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

2022/23 ratio 8.57%

The ratio deteriorated in comparison to the prior year and does not meet the OLG benchmark. This is still due to the restart of interest rate charges and the recovery from the COVID-19 impact, during which the Council did not chase the payments.

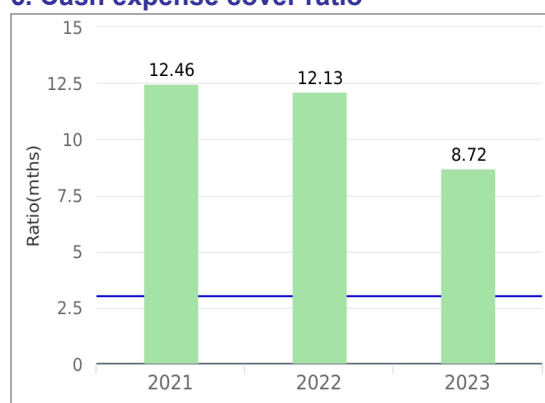
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 8.72 months

The ratio remains comfortably higher than the OLG benchmark. The decrease is due to using cash for the purchase of an investment property in the 2022/23 financial year.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Inner West Council

To the Councillors of Inner West Council

Opinion

I have audited the accompanying financial statements of Inner West 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 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2023, 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).

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

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 2023 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 Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



David Daniels
Delegate of the Auditor-General for New South Wales

16 October 2023

SYDNEY



Clr Darcy Byrne
Mayor
Inner West Council
2 -14 Fisher Street
PETERSHAM NSW 2049

Contact: David Daniels
Phone no: 02 9275 7103
Our ref: R008-16585809-45143

16 October 2023

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2023
Inner West Council**

I have audited the general purpose financial statements (GPFS) of the Inner West Council (the Council) for the year ended 30 June 2023 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 2023 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

	2023 \$m	2022 \$m	Variance %
Rates and annual charges revenue	166.3	162.2	2.5
Grants and contributions revenue	43.0	46.2	6.9
Operating result from continuing operations	22.7	20.0	13.5
Net operating result before capital grants and contributions	(6.5)	(10.7)	39.3

The Council's operating result from continuing operations of \$22.7 million (including depreciation and amortisation costs of \$33.2 million) was \$2.7 million higher than the 2021–22 result.

Total income from continuing operations in the current year increased by \$30 million to \$298 million, reflecting increases in user charges and fees of \$14.4 million following the impact of COVID-19 in the prior year, and improved interest and investment income of \$7.7 million.

Compared to 2021–22, expenditure in the current year increased by \$28.0 million to \$276 million, primarily due to a \$12.9 million increase in employee benefits and on-costs, and a \$12.6 million increase in materials and services.

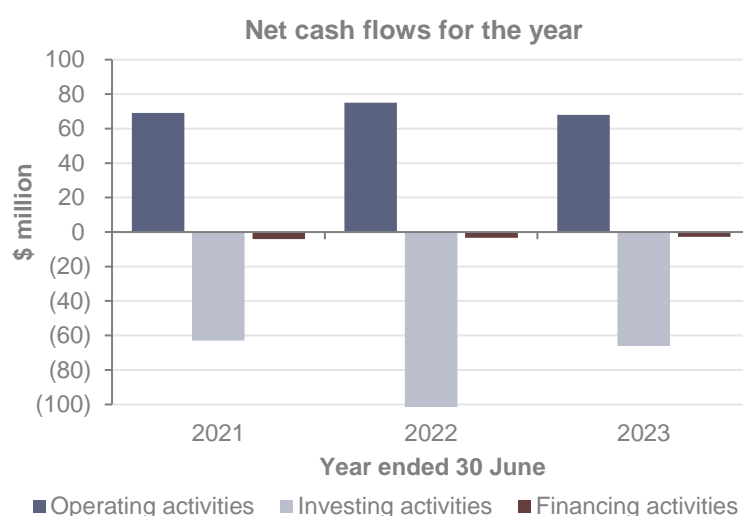
Rates and annual charges revenue increased by \$4.1 million compared to 2021–22, mainly due to the rate peg increase.

STATEMENT OF CASH FLOWS

Cash flows from operating activities decreased by \$6.3 million compared to 2021–22, primarily due to higher payments to employees, and for materials and services. This was partially offset by increased receipts from user charges and fees.

Cash outflows from investing activities decreased by \$39.1 million primarily due to higher sales of investments and lower purchase of investments.

Cash flows from financing activities did not change significantly compared to 2021–22.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	300.4	354.2	
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	115.0	119.4	External restrictions include developer contributions, unspent specific purpose grants, stormwater management charges and unspent levies. The decrease in external restrictions of \$4.4 million compared to 2021–22, is mainly due to lower general developer contributions and domestic waste management levies, partially offset by an increase in special rate variation income.
• Internal allocations	163.1	214.1	
			Balances are internally allocated due to Council policy or decisions for forward plans including the works program. The decrease in internal allocations mainly reflects less funds being set aside in the investment property reserve.

Debt

Total borrowings (\$35.2 million) decreased by \$2.6 million (6.9 per cent) in 2022–23 due to repayments made during the year.

PERFORMANCE

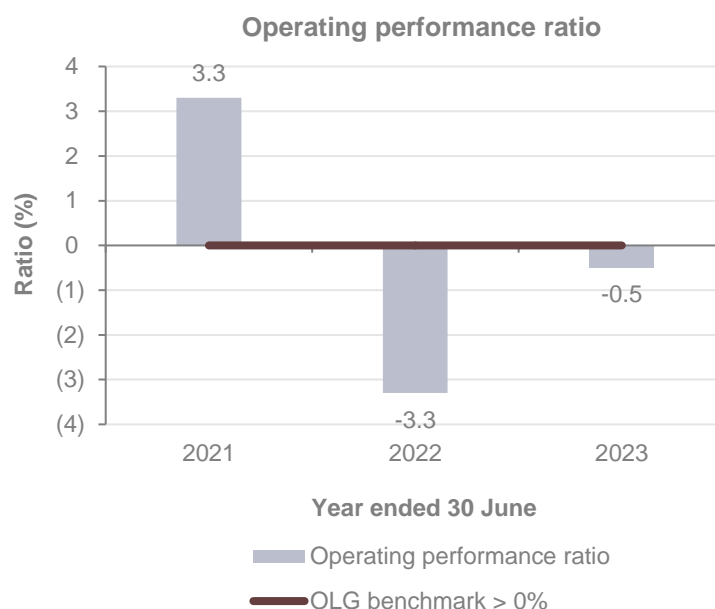
Performance measures

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

Operating performance ratio

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

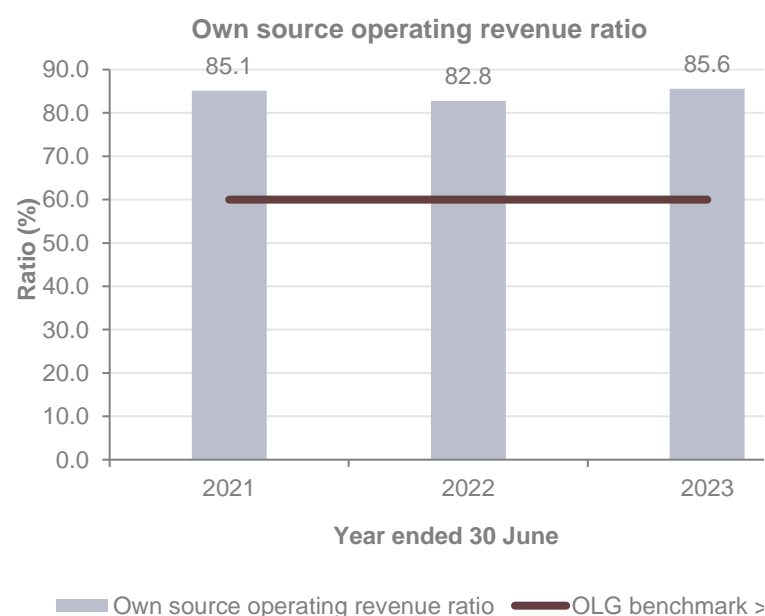
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

The Council continues to exceed the benchmark for the current reporting period.

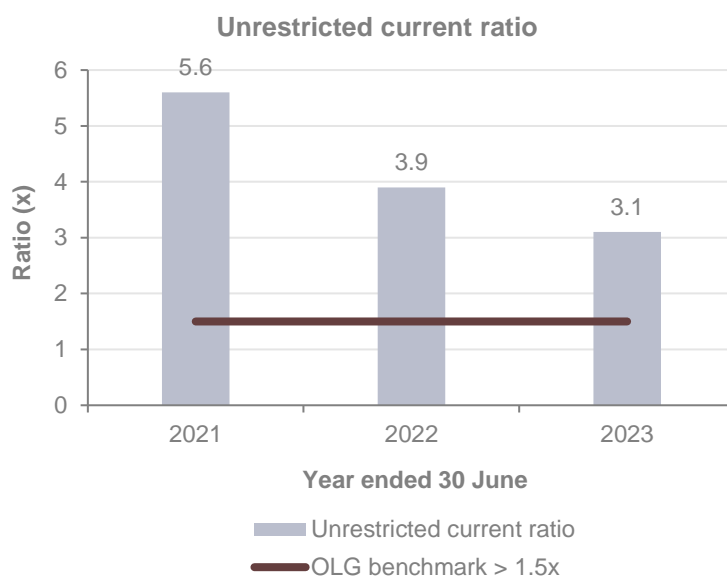
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

The Council met the benchmark for the current reporting period. This ratio indicates that Council currently has \$3.10 of unrestricted current assets available to service every \$1.00 of its unrestricted current liabilities.

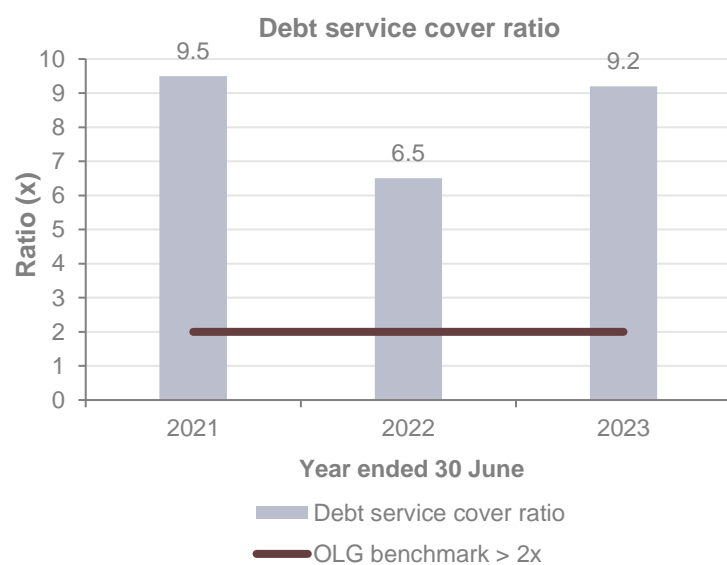
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The Council met the benchmark for the current reporting period.

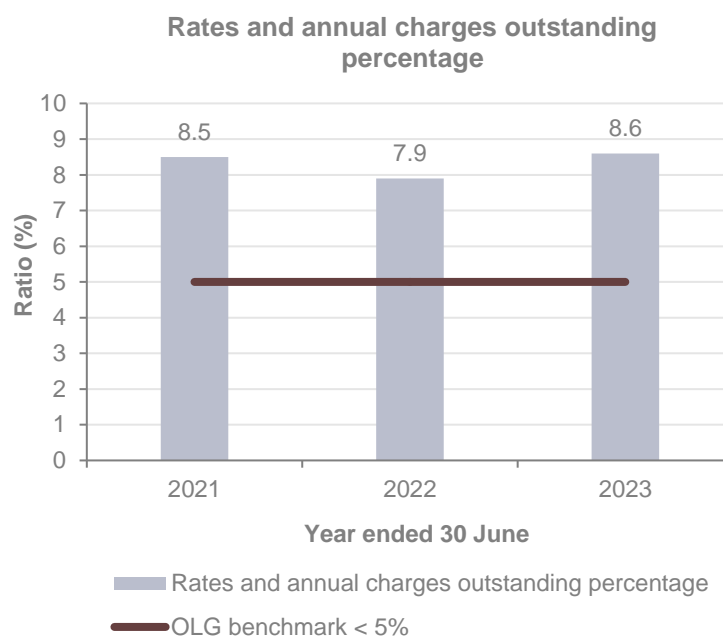
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

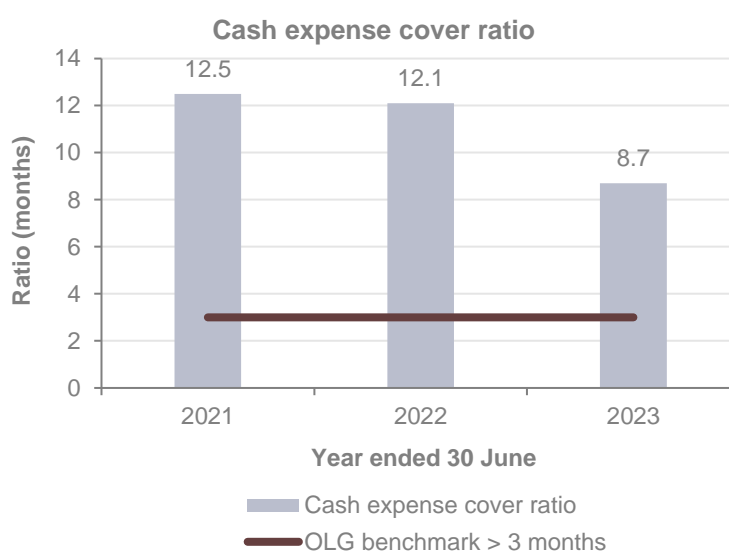
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



Cash expense cover ratio

The Council met the benchmark for the current reporting period.

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 renewed \$35.2 million of infrastructure, property, plant and equipment during the 2022–23 financial year. This was mainly spent on land improvements, buildings, roads, footpaths and stormwater drainage.

OTHER MATTERS

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.



David Daniels
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Peter Gainsford, General Manager
Ilona Meyer, Acting Chair of Audit, Risk and Improvement Committee
Michael Cassel, Secretary of the Department of Planning and Environment

Inner West Council

SPECIAL SCHEDULES
for the year ended 30 June 2023



Inner West Council

Special Schedules

for the year ended 30 June 2023

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2023	5

Inner West Council

Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
Notional general income calculation ¹			
Last year notional general income yield	a	126,512	128,943
Plus or minus adjustments ²	b	(25)	332
Notional general income	$c = a + b$	126,487	129,275
Permissible income calculation			
Or rate peg percentage	e	2.00%	3.70%
Or plus rate peg amount	$i = e \times (c + g)$	2,530	4,783
Sub-total	$k = (c + g + h + i + j)$	129,017	134,058
Plus (or minus) last year's carry forward total	l	66	112
Less valuation objections claimed in the previous year	m	(28)	—
Sub-total	$n = (l + m)$	38	112
Total permissible income	$o = k + n$	129,055	134,170
Less notional general income yield	p	128,943	134,176
Catch-up or (excess) result	$q = o - p$	112	(6)
Plus income lost due to valuation objections claimed ⁴	r	—	6
Carry forward to next year ⁶	$t = q + r + s$	112	—

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

Inner West Council

To the Councillors of Inner West Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Inner West Council (the Council) for the year ending 30 June 2024.

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 2022–23 (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).

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

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 2023 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, and Special Schedule 'Report on infrastructure assets as at 30 June 2023'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



David Daniels
Delegate of the Auditor-General for New South Wales

16 October 2023
SYDNEY

Inner West Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard ¹	Estimated cost to bring assets to agreed level of service set by Council ²	2022/23 Required maintenance ³	2022/23 Actual maintenance ⁴	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000			1	2	3	4	5
Buildings	Buildings	8,799	8,799	9,531	10,418	310,711	422,039	33.7%	27.6%	29.3%	8.3%	1.1%
	Sub-total	8,799	8,799	9,531	10,418	310,711	422,039	33.7%	27.6%	29.3%	8.3%	1.1%
Roads	Roads	8,035	8,035	17,003	17,032	197,329	313,109	14.0%	41.3%	32.2%	11.6%	0.9%
	Traffic Devices	108	108	—	—	36,312	46,368	24.0%	60.7%	14.2%	1.0%	0.1%
	Bridges	175	175	—	—	9,767	15,995	18.7%	55.9%	20.6%	4.1%	0.7%
	Kerb and gutter	254	254	—	—	132,268	213,648	1.5%	14.0%	83.8%	0.7%	0.0%
	Car parks - Depreciable	205	205	—	—	11,052	14,850	29.5%	40.5%	24.6%	4.4%	1.0%
	Car Parks - Non Depreciable	—	—	—	—	17,714	17,714	100.0%	0.0%	0.0%	0.0%	0.0%
	Footpaths	4,362	4,362	2,906	5,566	156,730	251,612	10.6%	22.4%	58.0%	8.6%	0.4%
	Other road assets	52	52	—	—	24,886	30,251	59.3%	32.6%	7.1%	1.0%	0.0%
	Bulk earthworks	—	—	—	—	561,300	561,300	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	13,191	13,191	19,909	22,598	1,147,358	1,464,847	47.0%	18.3%	30.1%	4.2%	0.4%
Stormwater drainage	Stormwater drainage	1,746	1,746	1,380	1,699	122,380	182,766	11.0%	67.9%	16.8%	3.8%	0.5%
	Sub-total	1,746	1,746	1,380	1,699	122,380	182,766	11.0%	67.9%	16.8%	3.8%	0.5%
Open space / recreational assets	Aquatic Centres	168	168	2,946	4,146	91,575	109,557	48.0%	45.4%	5.9%	0.5%	0.2%
	Sub-total	168	168	2,946	4,146	91,575	109,557	48.0%	45.4%	5.9%	0.5%	0.2%
Other infrastructure assets	Seawalls	323	323	5	1	25,813	40,700	22.7%	49.4%	25.9%	0.9%	1.1%
	Wharves	147	147	—	—	4,233	6,360	35.0%	29.8%	22.0%	13.2%	0.0%
	Building & Aquatics Land Improvements Depreciable	261	261	—	—	12,168	18,447	11.9%	44.1%	39.1%	3.5%	1.4%
	Land Improvements - Depreciable	660	660	14,135	14,099	91,274	133,314	55.0%	31.1%	11.5%	2.3%	0.1%
	Land Improvements - Non Depreciable	—	—	—	—	4,286	4,286	93.2%	0.0%	6.8%	0.0%	0.0%
	Sub-total	1,391	1,391	14,140	14,100	137,774	203,107	44.8%	35.3%	17.1%	2.4%	0.4%
	Total – all assets	25,295	25,295	47,906	52,961	1,809,798	2,382,316	41.8%	26.5%	26.7%	4.6%	0.4%

(1) "Satisfactory Standard" refers to the estimated cost for the renewal of Condition 4 and 5 assets i.e., the replacement value of Condition 4 and 5 assets to Condition 3.

(2) As there are no agreed levels of service set by Inner West Council, the "Agreed Level" refers to the estimated cost for the renewal of individual asset categories as either condition 4 & 5 determined by the criticality of the asset category to condition 3. This figure will be refined as future agreed service levels are formulated by Council in consultation with the community

Inner West Council

Report on infrastructure assets as at 30 June 2023 (continued)

(3) "Required Maintenance" for Roads and Stormwater Drainage is the amount identified for maintenance including related operational costs in Council's budget. For Other Infrastructure Assets it is the amount identified for maintenance including related operational costs plus a minor adjustment to the Required Maintenance.

(4) "Actual Maintenance" is the amount of maintenance and related operational expenditure spent in the current year to maintain Council's assets.

Infrastructure asset condition assessment 'key'

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

Inner West Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	35,184	120.43%	32.51%	223.04%	> 100.00%
Depreciation, amortisation and impairment	29,215				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	25,295	1.46%	1.40%	2.35%	< 2.00%
Net carrying amount of infrastructure assets	1,734,761				
Asset maintenance ratio					
Actual asset maintenance	52,961	110.55%	100.71%	92.58%	> 100.00%
Required asset maintenance	47,906				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	25,295	1.06%	0.89%	1.81%	
Gross replacement cost	2,382,316				

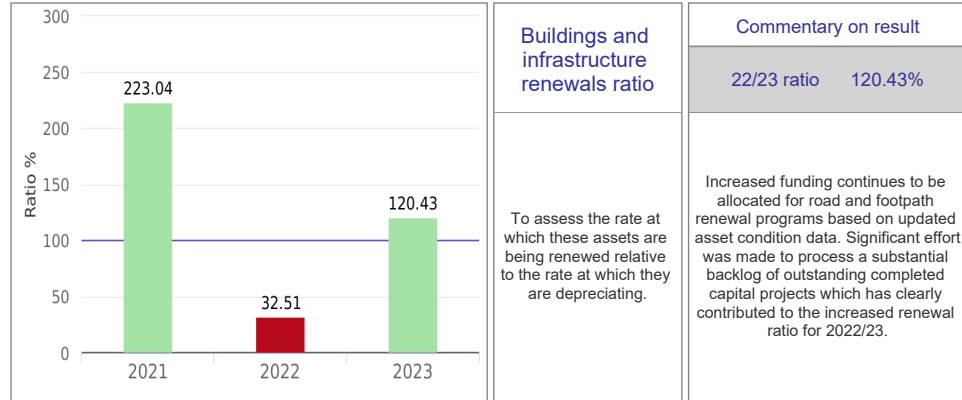
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Inner West Council

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio



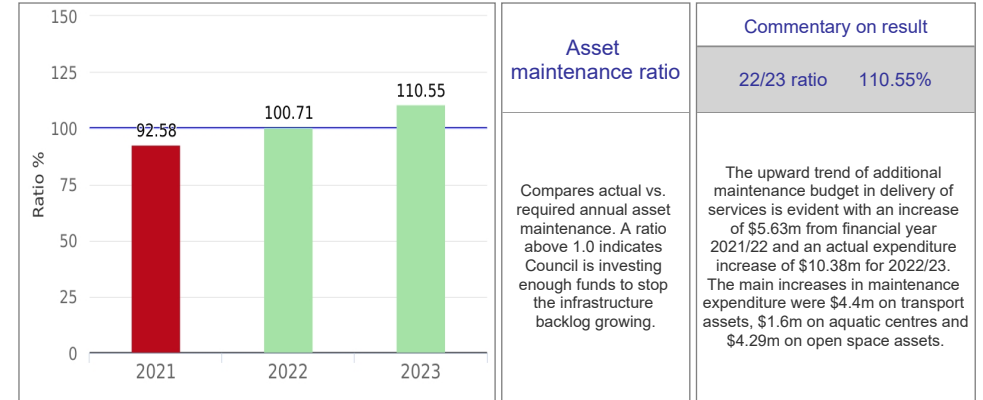
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



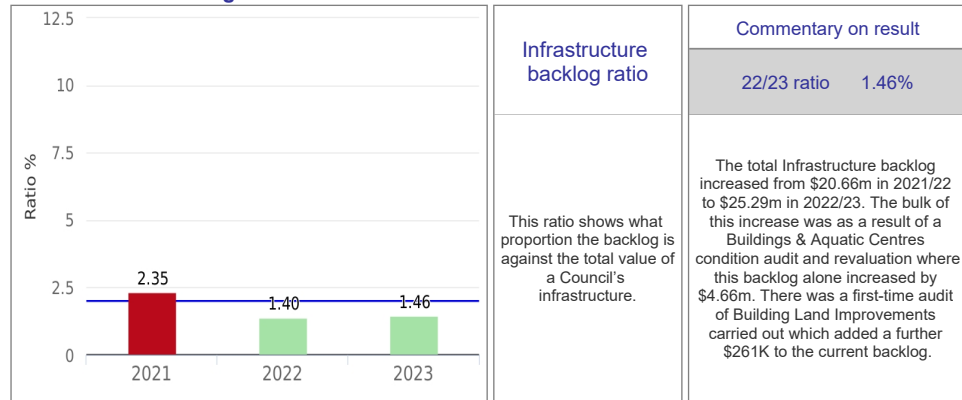
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio



Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Cost to bring assets to agreed service level

