

Strathfield Municipal Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Strathfield Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

65 Homebush Rd
Strathfield NSW 2135

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

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

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

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

Strathfield Municipal 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 ("the 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 Board (AASB's) and requirements as set down by the Office of Local Government (OLG).

About the Statement by Councillors and Management

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 the financial performance that was projected for the year 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

Shows a snapshot of Council's financial position, that is, the value of its assets, liabilities and "net wealth" (or, net assets), as at the balance date (i.e. 30 June).

4. The Statement of Changes in Equity

The overall change for the year of Council's "net wealth".

5. The Statement of Cash Flows

Shows where Council's cash came from and where it was spent. This statement also displays Council's original adopted budgeted cashflows to provide a comparison between what was projected for the year and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater level of 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 Audit Office of NSW.

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.

Strathfield Municipal 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 27 February 2024.



Karen Pensabene
Mayor
27 February 2024



Sandy Reddy
Deputy Mayor
27 February 2024



Michael Mamo
General Manager
27 February 2024



Rodney Sanjivi
Responsible Accounting Officer
27 February 2024

Strathfield Municipal Council

Income Statement

for the year ended 30 June 2023

| <i>Original unaudited budget 2023</i> | <i>\$ '000</i> | | | <i>Actual 2023</i> | <i>Restated Actual 2022 ¹</i> |
|---|--|--|-------|------------------------|--|
| | | | Notes | | |
| | | Income from continuing operations | | | |
| 33,487 | Rates and annual charges | B2-1 | | 33,581 | 32,870 |
| 5,057 | User charges and fees | B2-2 | | 4,712 | 3,192 |
| 2,952 | Other revenue | B2-3 | | 3,010 | 3,937 |
| 2,376 | Grants and contributions provided for operating purposes | B2-4 | | 3,122 | 3,395 |
| 27,756 | Grants and contributions provided for capital purposes | B2-4 | | 13,524 | 9,058 |
| 441 | Interest and investment income | B2-5 | | 1,274 | 414 |
| – | Other income | B2-6 | | 1,078 | 1,007 |
| 651 | Net gain from the disposal of assets | B4-1 | | – | – |
| 72,720 | Total income from continuing operations | | | 60,301 | 53,873 |
| | | Expenses from continuing operations | | | |
| 23,128 | Employee benefits and on-costs | B3-1 | | 23,664 | 20,691 |
| 9,280 | Materials and services | B3-2 | | 20,258 | 16,989 |
| 9,345 | Depreciation and amortisation | B3-3 | | 9,282 | 9,682 |
| 9,688 | Other expenses | B3-4 | | 1,294 | 987 |
| 300 | Net loss from the disposal of assets | B4-1 | | 1,905 | 2,141 |
| 51,741 | Total expenses from continuing operations | | | 56,403 | 50,490 |
| 20,979 | Operating result from continuing operations | | | 3,898 | 3,383 |
| 20,979 | Net operating result attributable to Council | | | 3,898 | 3,383 |
| (6,777) | Net operating result for the year before grants and contributions provided for capital purposes | | | (9,626) | (5,675) |

(¹) Refer to Note F4-2 for details regarding restatement of prior year.

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

Strathfield Municipal Council

Statement of Comprehensive Income

for the year ended 30 June 2023

| \$ '000 | Notes | 2023 | <i>Restated</i> <i>2022 ¹</i> |
|--|-------|-----------------|---|
| Net operating result for the year – from Income Statement | | 3,898 | 3,383 |
| Other comprehensive income: | | | |
| Amounts which will not be reclassified subsequently to the operating result | | | |
| Gain / (loss) on revaluation of infrastructure, property, plant and equipment | C1-6 | (28,078) | 43,178 |
| Total items which will not be reclassified subsequently to the operating result | | (28,078) | 43,178 |
| Other comprehensive income for the year | | (28,078) | 43,178 |
| Total comprehensive income for the year attributable to Council | | (24,180) | 46,561 |

(1) Refer to Note F4-2 for details regarding restatement of prior year.

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

Strathfield Municipal Council

Statement of Financial Position

as at 30 June 2023

| \$ '000 | Notes | 2023 | Restated 2022 ¹ | Restated 1 July 2021 ¹ |
|--|-------|----------------|-------------------------------|--------------------------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | C1-1 | 8,581 | 6,680 | 13,346 |
| Investments | C1-2 | 23,000 | 15,000 | 27,000 |
| Receivables | C1-4 | 3,232 | 4,503 | 3,358 |
| Inventories | C1-5 | 65 | 91 | 74 |
| Other assets (prepayments) | | 390 | 488 | 325 |
| Total current assets | | 35,268 | 26,762 | 44,103 |
| Non-current assets | | | | |
| Investments | C1-2 | 20,000 | 22,000 | — |
| Infrastructure, property, plant and equipment (IPPE) | C1-6 | 481,730 | 508,978 | 465,272 |
| Intangible assets | C1-7 | 1,870 | 2,317 | 2,277 |
| Total non-current assets | | 503,600 | 533,295 | 467,549 |
| Total assets | | 538,868 | 560,057 | 511,652 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Payables | C3-1 | 16,427 | 15,403 | 14,277 |
| Contract liabilities | C3-2 | 8,732 | 6,188 | 5,116 |
| Employee benefit provisions | C3-4 | 3,785 | 4,604 | 4,948 |
| Total current liabilities | | 28,944 | 26,195 | 24,341 |
| Non-current liabilities | | | | |
| Employee benefit provisions | C3-4 | 458 | 216 | 226 |
| Total non-current liabilities | | 458 | 216 | 226 |
| Total liabilities | | 29,402 | 26,411 | 24,567 |
| Net assets | | 509,466 | 533,646 | 487,085 |
| EQUITY | | | | |
| Accumulated surplus | | 218,066 | 214,168 | 210,785 |
| IPPE revaluation reserve | C4-1 | 291,400 | 319,478 | 276,300 |
| Total equity | | 509,466 | 533,646 | 487,085 |
| Total equity | | 509,466 | 533,646 | 487,085 |

(1) Refer to Note F4-2 for details regarding restatement of prior year.

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

Strathfield Municipal Council

Statement of Changes in Equity

for the year ended 30 June 2023

| | Notes | 2023 | | | 2022 ¹ | | |
|---|-------|---------------------|--------------------------|--------------|----------------------------------|---------------------------------------|---------------------------|
| | | Accumulated surplus | IPPE revaluation reserve | Total equity | Accumulated surplus ¹ | IPPE revaluation reserve ¹ | Total equity ¹ |
| | | Restated | Restated | Restated | Restated | Restated | Restated |
| \$ '000 | | | | | | | |
| Opening balance at 1 July | | 214,168 | 319,478 | 533,646 | 213,166 | 283,238 | 496,404 |
| Correction of prior period errors | | – | – | – | (2,381) | (6,938) | (9,319) |
| Restated opening balance | | 214,168 | 319,478 | 533,646 | 210,785 | 276,300 | 487,085 |
| Net operating result for the year | | 3,898 | – | 3,898 | 1,751 | – | 1,751 |
| Correction of prior period errors | | – | – | – | 1,632 | – | 1,632 |
| Restated net operating result for the year | | 3,898 | – | 3,898 | 3,383 | – | 3,383 |
| Other comprehensive income | | | | | | | |
| Correction of prior period errors | | – | – | – | – | 5,836 | 5,836 |
| Gain / (loss) on revaluation of infrastructure, property, plant and equipment | C1-6 | – | (28,078) | (28,078) | – | 37,342 | 37,342 |
| Restated other comprehensive income | | – | (28,078) | (28,078) | – | 43,178 | 43,178 |
| Total comprehensive income | | 3,898 | (28,078) | (24,180) | 3,383 | 43,178 | 46,561 |
| Closing balance at 30 June | | 218,066 | 291,400 | 509,466 | 214,168 | 319,478 | 533,646 |

(1) Refer to Note F4-2 for details regarding restatement of prior year.

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

Strathfield Municipal Council

Statement of Cash Flows

for the year ended 30 June 2023

| <i>Original unaudited budget</i> | | | | <i>Actual</i> | <i>Actual</i> |
|--|---|------|-------|-----------------|---------------|
| 2023 | \$ '000 | | Notes | 2023 | 2022 |
| | Cash flows from operating activities | | | | |
| | Receipts: | | | | |
| 33,487 | Rates and annual charges | | | 33,309 | 33,260 |
| 5,057 | User charges and fees | | | 5,906 | 2,693 |
| 441 | Interest received | | | 1,007 | 273 |
| 30,132 | Grants and contributions | | | 19,011 | 13,527 |
| – | Bonds, deposits and retentions received | | | 1,561 | 1,175 |
| 2,952 | Other income | | | 7,146 | 4,181 |
| | Payments: | | | | |
| (23,128) | Payments to employees | | | (24,349) | (21,729) |
| (18,968) | Payments for materials and services | | | (22,923) | (17,325) |
| – | Other expenses | | | (1,197) | (344) |
| 29,973 | Net cash flows from operating activities | F1-1 | | 19,471 | 15,711 |
| | Cash flows from investing activities | | | | |
| | Receipts: | | | | |
| 651 | Proceeds from sale of IPPE | | | 581 | 494 |
| | Payments: | | | | |
| – | Acquisition of term deposits | | | (6,000) | (10,000) |
| (29,153) | Payments for IPPE | | | (12,151) | (12,426) |
| – | Purchase of intangible assets | | | – | (445) |
| (28,502) | Net cash flows from investing activities | | | (17,570) | (22,377) |
| 1,471 | Net change in cash and cash equivalents | | | 1,901 | (6,666) |
| 3,724 | Cash and cash equivalents at beginning of year | | | 6,680 | 13,346 |
| 5,195 | Cash and cash equivalents at end of year | C1-1 | | 8,581 | 6,680 |
| 39,657 | plus: Investments on hand at end of year | C1-2 | | 43,000 | 37,000 |
| 44,852 | Total cash, cash equivalents and investments | | | 51,581 | 43,680 |

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

Strathfield Municipal Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 27 February 2024. 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 accounting policies have been consistently applied to all the years presented, unless otherwise stated.

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

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

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of infrastructure, property, 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 Note C1-6 and Note D2-1.
- (ii) Employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables - refer to Note C1-4
- (ii) Impairment of infrastructure, property, plant and equipment - refer Note C1-6
- (iii) 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.

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.

Council's consolidated fund is the General Fund. The Consolidated Fund has been included in the financial statements of the Council.

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.

A1-1 Basis of preparation (continued)

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 has various opportunities for volunteers to be involved in various programs. These volunteer services are not recognised in these financial statements on the basis that the service would not be purchased or provided for by Council, if it had not been donated / volunteered.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2022.

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2023. None of these standards had a significant impact on the reported financial position and performance of Council.

B Financial Performance

B1 Functions or activities

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

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

| | <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> |
| <i>\$ '000</i> | | <i>Restated</i> | | <i>Restated</i> | | <i>Restated</i> | | <i>Restated</i> | | <i>Restated</i> |
| Functions or activities | | | | | | | | | | |
| 1. Connectivity | 3,163 | 2,171 | 3,796 | 4,486 | (633) | (2,315) | 4,220 | 3,890 | 205,531 | 239,065 |
| 2. Community Wellbeing | 1,391 | 1,783 | 5,576 | 6,226 | (4,185) | (4,443) | 2,727 | 2,426 | 59,667 | 72,067 |
| 3. Celebrating Culture and Place | 264 | 551 | 1,765 | 1,784 | (1,501) | (1,233) | 273 | 815 | – | – |
| 4. Liveable Neighbourhoods | 32,511 | 21,048 | 20,025 | 15,135 | 12,486 | 5,913 | 9,426 | 5,322 | 187,539 | 158,354 |
| 5. Responsible Leadership | 22,972 | 28,320 | 25,241 | 22,859 | (2,269) | 5,461 | – | – | 86,131 | 90,571 |
| Total functions and activities | 60,301 | 53,873 | 56,403 | 50,490 | 3,898 | 3,383 | 16,646 | 12,453 | 538,868 | 560,057 |

B1-2 Components of functions or activities

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

Council's Community Strategic Plan (CSP) provides long-term direction for the Strathfield Council's Local Government Area (LGA) and is Council's overarching plan in the Integrated Planning and Reporting (IPR) framework.

The CSP provides guidance for the alignment of Council's resources to meet community priorities, responds to state and regional plans and in planning and delivering services in the LGA.

Therefore, all the functions and activities of Council can be categorised under the themes listed below as per Council's CSP:

1. Connectivity

This theme reflects on the centrality and connectivity of the Strathfield LGA to Greater Sydney and beyond through infrastructure, transport and communications. The high levels of connectivity are significant attractors for residents, businesses, students and visitors to the Strathfield LGA. The theme is concerned with planning for and the delivery of regional, state and local infrastructure to meet the needs of increasing populations, ensuring regional and local transport networks are integrated, connected and safe, and that service delivery and information access is optimised through integration of communications and digital technology.

2. Community Wellbeing

This theme concerns supporting Strathfield's culturally diverse and socially cohesive, connected and safe communities with access to public spaces and community facilities, and opportunities to participate in programs and activities. Council plays an important role in facilitating opportunities for participation in learning, recreation, community programs and activities that enhance healthy active lifestyles. Council will enhance the safety and wellbeing of the community by providing safe, clean, healthy and attractive environments and working with Police on community safety and crime prevention.

3. Celebrating Culture and Place

This theme relates to creating vibrant and enticing public domains, especially our town, village and commercial centres, which blend access to services with opportunities for social connectivity. The theme also celebrates Strathfield as a place of learning, culture and creativity supported by events, cultural programs and acknowledgement of civic and community achievements which promote a sense of civic pride and belonging.

4. Liveable Neighbourhoods

This theme concerns ensuring well planned urban design, protection and maintenance of the built and natural environment of the Strathfield LGA. Liveable Neighbourhoods involve high quality, well planned, sustainable, clean and well maintained urban and natural environments that balance new development with the retention and reflection of established local character and healthy thriving and resilient natural environments. Development, changing lifestyles and increasing population also create higher levels of waste, resource usage and pollution, creating pressure on the local area, at a regional and local level, to maintain the high standards of amenity, character and liveability of the Strathfield LGA.

5. Responsible Leadership

The theme of Responsible Leadership is concerned with leadership and accountable Council services directed by the priorities of an engaged and connected community. Responsible leadership requires the community having confidence in the Council to make decisions based on community priorities and values reflecting meaningful and informed community engagement. Effective management of Council's operations is underpinned by transparent, effective and accountable governance which is responsive to the needs of the community.

B2 Sources of income

B2-1 Rates and annual charges

| \$ '000 | 2023 | 2022 |
|---|---------------|---------------|
| Ordinary rates | | |
| Residential | 14,030 | 13,851 |
| Business | 5,864 | 5,780 |
| Less: pensioner rebates (mandatory) | (86) | (87) |
| Less: pensioner rebates (Council policy) | (94) | (95) |
| Less: rates levied on council properties | (68) | (58) |
| Rates levied to ratepayers | 19,646 | 19,391 |
| Pensioner rate subsidies received | 83 | 97 |
| Total ordinary rates | 19,729 | 19,488 |
| Annual charges (pursuant to s496, 496A, 496B, 501 & 611) | | |
| Domestic waste management services | 13,457 | 12,981 |
| Stormwater management services | 309 | 308 |
| Section 611 charges | 142 | 140 |
| Less: pensioner rebates (mandatory) | (54) | (54) |
| Less: pensioner rebates (Council policy) | (54) | (54) |
| Annual charges levied | 13,800 | 13,321 |
| Pensioner annual charges subsidies received: | | |
| – Domestic waste management | 52 | 61 |
| Total annual charges | 13,852 | 13,382 |
| Total rates and annual charges | 33,581 | 32,870 |

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

Accounting policy

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

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

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

B2-2 User charges and fees

| \$ '000 | Timing | 2023 | 2022 |
|--|--------|--------------|--------------|
| Specific user charges (per s502 - specific 'actual use' charges) | | | |
| Domestic waste management services | 2 | 49 | 48 |
| Waste management services (non-domestic) | 2 | 56 | 25 |
| Total specific user charges | | 105 | 73 |
| Other user charges and fees | | | |
| (i) Fees and charges – statutory and regulatory functions (per s608) | | | |
| Planning and building regulation | 2 | 604 | 1,079 |
| Section 10.7 certificates (EP&A Act) | 2 | 122 | 119 |
| Section 603 certificates | 2 | 80 | 92 |
| Health act | 2 | 157 | 156 |
| Total fees and charges – statutory/regulatory | | 963 | 1,446 |
| (ii) Fees and charges – other (incl. general user charges (per s608)) | | | |
| Credit card service fee | 2 | 48 | 46 |
| Library and art gallery | 2 | 39 | 6 |
| Park rents | 2 | 654 | 556 |
| Festivals and events | 2 | 24 | 6 |
| Restoration charges | 2 | 53 | – |
| Hoarding income | 2 | 21 | 312 |
| Hudson park golf course and driving range | 2 | 1,801 | 170 |
| Other property rentals | 2 | 45 | 59 |
| Parking fees | 2 | 63 | 46 |
| Privately funded works and anchor work permits | 2 | 24 | – |
| Road opening permits | 2 | 8 | 4 |
| Work zone parking and standing plant permits | 2 | 593 | 335 |
| Public halls | 2 | 75 | 84 |
| Other | 2 | 1 | 5 |
| Road closure | 2 | 195 | 44 |
| Total fees and charges – other | | 3,644 | 1,673 |
| Total other user charges and fees | | 4,607 | 3,119 |
| Total user charges and fees | | 4,712 | 3,192 |
| Timing of revenue recognition for user charges and fees | | | |
| User charges and fees recognised over time (1) | | – | – |
| User charges and fees recognised at a point in time (2) | | 4,712 | 3,192 |
| Total user charges and fees | | 4,712 | 3,192 |

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 provision of the service, or in some cases the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as joining fees, 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 revenue

| \$ '000 | <i>Timing</i> | 2023 | 2022 |
|---|---------------|--------------|--------------|
| Ex gratia rates | 2 | 180 | 179 |
| Fines – parking | 2 | 2,301 | 1,690 |
| Legal fees recovery – rates and charges (extra charges) | 2 | 35 | 48 |
| Legal fees recovery – other | 2 | 93 | – |
| Diesel rebate | 2 | 41 | 34 |
| Insurance claims recoveries | 2 | 169 | 108 |
| Sale of abandoned vehicles | 2 | 18 | 21 |
| Insurance incentives/rebates | 2 | 64 | 153 |
| Other | 2 | 22 | 69 |
| Other corporate income | 2 | 4 | 1,550 |
| Recycling income (non-domestic) | 2 | 83 | 85 |
| Total other revenue | | 3,010 | 3,937 |

Timing of revenue recognition for other revenue

| | | |
|---|--------------|--------------|
| Other revenue recognised over time (1) | – | – |
| Other revenue recognised at a point in time (2) | 3,010 | 3,937 |
| Total other revenue | 3,010 | 3,937 |

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

| | | Operating 2023 | Operating 2022 Restated | Capital 2023 | Capital 2022 Restated |
|--|---------------|---------------------------|--|-------------------------|--------------------------------------|
| \$ '000 | Timing | | | | |
| General purpose grants and non-developer contributions (untied) | | | | | |
| General purpose (untied) | | | | | |
| Current year allocation | | | | | |
| Financial assistance – general component | 2 | 334 | 531 | – | – |
| Financial assistance – local roads component | 2 | 102 | 161 | – | – |
| Payment in advance - future year allocation | | | | | |
| Financial assistance – general component | 2 | 1,229 | 815 | – | – |
| Financial assistance – local roads component | 2 | 376 | 249 | – | – |
| Amount recognised as income during current year | | 2,041 | 1,756 | – | – |
| Special purpose grants and non-developer contributions (tied) | | | | | |
| Cash contributions | | | | | |
| Community centres | 1 | – | – | 494 | 324 |
| Environmental programs | 1 | 226 | 326 | 60 | 40 |
| Library | 2 | 192 | 155 | – | 191 |
| Road Safety | 2 | 94 | 51 | – | – |
| Parks and open space | 1 | – | – | 2,648 | 2,449 |
| Heritage | 1 | – | 14 | – | – |
| Festivals and events | 1 | 273 | 801 | – | – |
| Emergency Services Levy subsidy | 2 | – | 212 | – | – |
| Street Lighting | 2 | 271 | – | – | – |
| Planning | 2 | 25 | 80 | – | – |
| Other transport (bridges, footpaths, cycleways) | 1 | – | – | 2,693 | 3,027 |
| Transport (Block Grants) | 1 | – | – | 295 | 367 |
| Transport (Roads to Recovery) | 1 | – | – | 179 | 186 |
| Other grants | 1 | – | – | – | 311 |
| Total special purpose grants and non-developer contributions – cash | | 1,081 | 1,639 | 6,369 | 6,895 |
| Total special purpose grants and non-developer contributions (tied) | | 1,081 | 1,639 | 6,369 | 6,895 |
| Total grants and non-developer contributions | | 3,122 | 3,395 | 6,369 | 6,895 |
| Comprising: | | | | | |
| – Commonwealth funding | | 2,041 | 1,756 | 494 | 573 |
| – State funding | | 1,081 | 1,639 | 5,815 | 6,322 |
| – Other funding | | – | – | 60 | – |
| | | 3,122 | 3,395 | 6,369 | 6,895 |

B2-4 Grants and contributions (continued)

Developer contributions

| \$ '000 | Notes | Timing | Operating 2023 | Operating 2022 Restated | Capital 2023 | Capital 2022 Restated |
|---|--------------|---------------|---------------------------|--|-------------------------|--------------------------------------|
| Developer contributions: | | | | | | |
| (s7.4 & s7.11 - EP&A Act, s64 of the LGA): | | | | | | |
| Cash contributions | | | | | | |
| S 7.11 – contributions towards amenities/services | | 2 | – | – | 5,607 | 934 |
| S 7.12 – fixed development consent levies | | 2 | – | – | 1,548 | 1,229 |
| Total developer contributions – cash | | | – | – | 7,155 | 2,163 |
| Total developer contributions | | | – | – | 7,155 | 2,163 |
| Total contributions | | | – | – | 7,155 | 2,163 |
| Total grants and contributions | | | 3,122 | 3,395 | 13,524 | 9,058 |
| Timing of revenue recognition for grants and contributions | | | | | | |
| Grants and contributions recognised over time (1) | | | 499 | 1,141 | 6,369 | 6,704 |
| Grants and contributions recognised at a point in time (2) | | | 2,623 | 2,254 | 7,155 | 2,354 |
| Total grants and contributions | | | 3,122 | 3,395 | 13,524 | 9,058 |

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

| \$ '000 | Operating 2023 | Operating 2022 Restated | Capital 2023 | Capital 2022 Restated |
|---|---------------------------|--|-------------------------|--------------------------------------|
| Unspent grants and contributions | | | | |
| Unspent funds at 1 July | 321 | 189 | 5,668 | 4,709 |
| Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions | 327 | 321 | 8,027 | 5,668 |
| Less: Funds received in prior year but revenue recognised and funds spent in current year | (321) | (189) | (5,668) | (4,709) |
| Unspent funds at 30 June | 327 | 321 | 8,027 | 5,668 |
| Contributions | | | | |
| Unspent funds at 1 July | – | – | 10,730 | 10,436 |
| Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions | – | – | 7,470 | 2,191 |
| Less: contributions recognised as revenue in previous years that have been spent during the reporting year | – | – | (1,204) | (1,897) |
| Unspent contributions at 30 June | – | – | 16,996 | 10,730 |

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include completion of milestone reports. 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 such as the completion of a project or when a report / outcome is provided, whereas over-time recognition is where the control of the services is ongoing throughout the project.

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

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to sufficiently 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 progress towards the completion of the construction project.

For acquisitions of assets (i.e. purchases), 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).

B2-4 Grants and contributions (continued)

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) | 88 | 83 |
| – Cash and investments | 1,186 | 331 |
| Total interest and investment income | 1,274 | 414 |
| Interest and investment income is attributable to: | | |
| Unrestricted investments/financial assets: | | |
| Overdue rates and annual charges (general fund) | 88 | 55 |
| General Council cash and investments | 874 | 331 |
| Restricted investments/funds – external: | | |
| Development contributions | | |
| – Section 7.11 | 312 | 28 |
| Total interest and investment income | 1,274 | 414 |

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 | | | |
| Other lease income | | | |
| Room/Facility Hire | | 862 | 732 |
| Leaseback fees - council vehicles | | 216 | 275 |
| Total other lease income | | 1,078 | 1,007 |
| Total rental income | C2-2 | 1,078 | 1,007 |
| Total other income | | 1,078 | 1,007 |

B3 Costs of providing services

B3-1 Employee benefits and on-costs

| \$ '000 | 2023 | 2022 |
|--|---------------|---------------|
| Salaries and wages | 14,518 | 14,880 |
| Employee termination costs (where material – other than vested leave paid) | 1,237 | 532 |
| Employee leave entitlements (ELE) | 4,072 | 2,610 |
| Superannuation | 1,900 | 1,825 |
| Workers' compensation insurance | 1,471 | 1,413 |
| Fringe benefit tax (FBT) | 136 | 2 |
| Training costs (other than salaries and wages) | 265 | 204 |
| Recruitment costs | 263 | 83 |
| Other | 122 | 83 |
| Total employee costs | 23,984 | 21,632 |
| Less: Capitalised employee costs | (320) | (941) |
| Total employee costs expensed | 23,664 | 20,691 |

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

Capitalised employee costs

Employee costs that are directly attributable to the construction or acquisition of items of Infrastructure, Property Plant and Equipment (IPPE) are capitalised to the cost of the respective items of IPPE in accordance with AASB 16.

B3-2 Materials and services

| \$ '000 | Notes | 2023 | 2022 |
|---|-------|---------------|---------------|
| Raw materials and consumables | | 8,516 | 5,978 |
| Contractor costs | | 1,476 | 704 |
| Street and gutter cleaning | | 816 | 954 |
| Audit Fees | E2-1 | 273 | 207 |
| Infringement notice contract costs (SEINS) | | 295 | 205 |
| Previously other expenses: | | | |
| Councillor and Mayoral fees and associated expenses | E1-2 | 257 | 199 |
| Advertising | | 96 | 54 |
| Bank charges | | 78 | 52 |
| Cleaning | | 399 | 503 |
| Electricity, heating and water | | 266 | 416 |
| Insurance | | 928 | 995 |
| Office expenses (including computer expenses) | | 131 | 170 |
| Postage | | 97 | 145 |
| Printing and stationery | | 94 | 89 |
| Street lighting | | 564 | 534 |
| Subscriptions, memberships and publications | | 316 | 239 |
| Telephone and communications | | 504 | 500 |
| Valuation fees | | 48 | – |
| Other expenses | | 137 | 113 |
| Security | | 56 | 36 |
| Waste disposal – tipping fees | | 4,086 | 3,968 |
| Legal expenses: | | | |
| – Legal expenses: planning and development | | 756 | 862 |
| – Legal expenses: debt recovery | | 29 | 53 |
| – Legal expenses: other | | 12 | – |
| Expenses from short-term leases | | 28 | 13 |
| Total materials and services | | 20,258 | 16,989 |
| Total materials and services | | 20,258 | 16,989 |

Accounting policy

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

B3-3 Depreciation, amortisation and impairment of non-financial assets

| \$ '000 | Notes | 2023 | 2022 Restated |
|---|--------------|--------------|--------------------------|
| Depreciation and amortisation | C1-6, C1-7 | | |
| Plant and equipment | | 1,211 | 1,268 |
| Office equipment | | 741 | 731 |
| Other assets: | | | |
| – Library books | | 109 | 118 |
| Infrastructure: | | | |
| – Buildings and other structures | | 812 | 702 |
| – Roads | | 2,311 | 2,822 |
| – Bridges | | 123 | 129 |
| – Footpaths | | 546 | 568 |
| – Stormwater drainage | | 793 | 865 |
| – Car parks | | 213 | 235 |
| – Other open space/recreational assets | | 1,975 | 1,840 |
| Intangible assets | | 448 | 404 |
| Total gross depreciation and amortisation costs | | 9,282 | 9,682 |
| Total depreciation and amortisation costs | | 9,282 | 9,682 |
| Total depreciation, amortisation and impairment for non-financial assets | | 9,282 | 9,682 |

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 C1-6 for IPPE 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 no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

B3-4 Other expenses

| \$ '000 | Notes | 2023 | 2022 <i>Restated</i> |
|--|-------|--------------|--------------------------------|
| Impairment of receivables | | | |
| User charges and fees | | 128 | 5 |
| Total impairment of receivables | C1-4 | 128 | 5 |
| Other | | | |
| Contributions/levies to other levels of government | | | |
| – Department of planning levy | | 100 | 98 |
| – Emergency services levy (includes FRNSW, SES, and RFS levies) | | 128 | 69 |
| – NSW fire brigade levy | | 874 | 768 |
| Donations, contributions and assistance to other organisations (Section 356) | | 64 | 47 |
| Total other | | 1,166 | 982 |
| Total other expenses | | 1,294 | 987 |

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 plant and equipment | C1-6 | | |
| Proceeds from disposal – plant and equipment | | 581 | 494 |
| Less: carrying amount of plant and equipment assets sold/written off | | (393) | (167) |
| Gain (or loss) on disposal | | 188 | 327 |
| Gain (or loss) on disposal of infrastructure | C1-6 | | |
| Less: carrying amount of road assets written off ^a | | (1,579) | (1,645) |
| Less: carrying amount of footpath assets written off ^b | | (307) | (809) |
| Less: carrying amount of building assets sold/written off | | (200) | – |
| Less: carrying amount of stormwater assets write off | | (7) | (14) |
| Gain (or loss) on disposal | | (2,093) | (2,468) |
| Net gain (or loss) from disposal of assets ⁴ | | (1,905) | (2,141) |

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.

- (4) Net losses from disposal of assets relate to plant and equipment, roads (surface and base) and footpath assets replaced as part of the capital program.
- (a) This includes road surface, road base and kerbs & gutters that were replaced through capital works undertaken during the financial year. The carrying amounts stated is replaced by the new asset value in Council's asset register. The works included Section 7.11, Local Area Traffic Management (LATM), kerbs and gutters replacement program, RMS block grant and stimulus funding. Council budgeted \$0.45 million in disposal of road asset.
- (b) This includes footpaths that were replaced through capital works undertaken during the financial year. The carrying amounts stated is replaced by the new asset value in Council's asset register. There was no budget for this.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 27 June 2023 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 | 33,487 | 33,581 | 94 | 0% F |
| At the start of the financial year, rates and annual charges are levied based on forecasts that have a high degree of certainty. This forecast is primarily determined by two key factors: the property values provided by the NSW Valuer General and the rate in the dollar set through council resolution at the start of the rating year. Once these values are determined, they do not change throughout the year. However, there are instances where Council may issue supplementary valuations, which can increase rates revenue above the forecast. Additionally, valuation objections and changes in property classifications can also impact the final rates revenue collected. | | | | |
| User charges and fees | 5,057 | 4,712 | (345) | (7)% U |
| At the beginning of each financial year, Council fees and charges are established through the annual budgeting process. These user fees and charges (together with its annual revenue forecast) are determined by a variety of factors, including historical data, market trends, economic factors and council decisions. Unlike rates and annual charges, which are largely influenced by property values and fixed rates in the dollars, fees and charges revenue can be impacted by changes in service demand, regulatory updates, and other external factors. These factors can result in fluctuations in the actual revenue collected compared to the initial forecasts. | | | | |
| Other revenue | 2,952 | 3,010 | 58 | 2% F |
| Other income encompasses items such as fine and infringement income, cost recoveries, and other miscellaneous income. Fine and infringement income accounts for more than 70% of other income and arise from penalties imposed for violations of local regulations, traffic offenses, or other infringements. Fine revenue is determined by the balance between the level of non-compliance within the community and the extent of monitoring and enforcement undertaken by Council. | | | | |
| Operating grants and contributions | 2,376 | 3,122 | 746 | 31% F |
| Operating grants and contributions primarily consist of the Financial Assistance Grant (FAG) from the Federal Government, along with other cost subsidies and operating grants from the State Government. While Council endeavours to forecast these grants accurately when setting its annual budget, the actual level of operating grants can vary due to fluctuations in the budgets of either the State or Federal Government and the extent of stimulus included in their fiscal policies. The increase in actual operating grants compared to budgeted amounts is attributed to two main factors: the advance payment of the 2023/2024 Financial Assistance Grant and the successful acquisition of the multicultural "Stronger Together" events grants, which were not originally budgeted for. | | | | |
| Capital grants and contributions | 27,756 | 13,524 | (14,232) | (51)% U |
| Capital grants and contributions primarily consist of funding received for specific capital projects, such as infrastructure development or community facility upgrades. These grants and contributions are often provided by government bodies or external organizations, including developer contributions. While the council aims to forecast these grants and contributions accurately in its annual budget, the actual level of capital grants can vary due to changes in government priorities and funding allocations, as well as the timing of development completions in the case of developer contributions. Additionally, unexpected contributions or grants for specific projects, which were not initially budgeted for, can also contribute to increases in actual capital grants compared to budgeted amounts. One significant factor contributing to these variances is the delay in the negotiations and finalisation of the funding deeds for the WestInvest Grant Program (now called the Western Sydney Infrastructure Grants Program). As a result, Council will receive the related grant funding in FY 2023/2024, impacting the actual amounts received in the current fiscal year. | | | | |
| Interest and investment revenue | 441 | 1,274 | 833 | 189% F |

B5-1 Material budget variations (continued)

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

Interest income refers to the revenue earned from Council's cash investments (i.e. term deposits). These investments are made to generate additional revenue and maximise the use of surplus funds. During the 2022/2023 fiscal year, Council experienced higher-than-expected interest income due to the Reserve Bank of Australia's (RBA) rate hikes. This resulted in a net positive impact on the Council's interest income. The higher interest rates led to increased returns on the council's investments, exceeding the forecasted income.

| | | | | | |
|--|------------|----------|--------------|---------------|----------|
| Net gains from disposal of assets | 651 | – | (651) | (100)% | U |
|--|------------|----------|--------------|---------------|----------|

Council adopts a conservative approach to budgeting, which excludes any anticipation of substantial gains or losses from the disposal of assets. Instead, any gain or loss resulting from the sale of assets is recognised during the quarterly review process. This approach ensures that the budget remains realistic and avoids potential overestimation of revenue or underestimation of expenses.

| | | | | | |
|---------------------|----------|--------------|--------------|----------|----------|
| Other income | – | 1,078 | 1,078 | ∞ | F |
|---------------------|----------|--------------|--------------|----------|----------|

Other revenue primarily consists of rental income. The variance between the budgeted and actual figures is attributed to a classification error in the original budget.

The council's initial budget showed a nil figure for rental income, as this revenue item was intended to be included under the "other revenue" category. However, this misclassification arose due to differences in timing between the preparation of the budget and the release of changes to the classification in the local government code of accounting practice.

Subsequently, this misalignment was rectified through the quarterly review processes. However, for the sake of consistency with the original budget disclosures, the figures were left unchanged to align with the figures adopted by the council in June 2022.

Expenses

| | | | | | |
|---------------------------------------|---------------|---------------|--------------|-------------|----------|
| Employee benefits and on-costs | 23,128 | 23,664 | (536) | (2)% | U |
|---------------------------------------|---------------|---------------|--------------|-------------|----------|

Employee benefits, which encompass staff costs such as salaries, wages, and benefits, have remained on par with the budget primarily due to the stability in Council's staff establishment and the certainty in the legislated award increases applicable via the Local Government (State) Award. The stability in the staff establishment means that there have been no significant fluctuations in the number of employees, resulting in a consistent level of staff costs in line with the budgeted amounts. Additionally, legislated award increases that apply to local government employees have been factored into the budget, ensuring that Council was prepared for the mandated salary and wage adjustments.

| | | | | | |
|-------------------------------|--------------|---------------|-----------------|---------------|----------|
| Materials and services | 9,280 | 20,258 | (10,978) | (118)% | U |
|-------------------------------|--------------|---------------|-----------------|---------------|----------|

Material and Services expenditure primarily consists of costs related to purchasing goods and services for Council operations. The variance between the budgeted and actual figures is attributed to a classification error in the original budget.

The classification of major items of expenditure in Council's original budget is different to the classification of certain expenditures in the financial statements as required by the Code. This is leading to a misalignment between budgeted and actual figures shown.

Subsequently, this misalignment was rectified through the quarterly review processes. However, to maintain consistency with the original budget disclosures, the figures were left unchanged to align with the figures adopted by the council in June 2022.

When we consider "Materials and Services and Other Expenses" on an aggregate basis, there is a 13% variance against budget (i.e. actual expenditure is great than budget by 13%). This increase is largely driven by a substantial increase to costs due to soaring inflation during the financial year as well as other factors such as the increase to the NSW Fire and Safety Levy contributions.

| | | | | | |
|--|--------------|--------------|-----------|-----------|----------|
| Depreciation, amortisation and impairment of non-financial assets | 9,345 | 9,282 | 63 | 1% | F |
|--|--------------|--------------|-----------|-----------|----------|

Depreciation on infrastructure assets has remained on par with the budget and largely in line with the prior year due to the straight-line depreciation method.

The straight-line depreciation method evenly spreads the cost of infrastructure assets over their estimated useful lives. This means that the annual depreciation expense remains relatively constant, unless there is a revaluation, or changes to useful lives or the condition of assets.

| | | | | | |
|-----------------------|--------------|--------------|--------------|------------|----------|
| Other expenses | 9,688 | 1,294 | 8,394 | 87% | F |
|-----------------------|--------------|--------------|--------------|------------|----------|

Refer comments noted for "Material and services" above.

B5-1 Material budget variations (continued)

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

Net losses from disposal of assets

300

1,905

(1,605)

(535)% U

Council adopts a conservative approach to budgeting, which excludes any anticipation of substantial gains or losses from the disposal of assets. Instead, any gain or loss resulting from the sale of assets is recognised during the quarterly review process. This approach ensures that the budget remains realistic and avoids potential overestimation of revenue or underestimation of expenses.

Statement of cash flows

Cash flows from operating activities

29,973

19,471

(10,502)

(35)% U

The lower-than-budgeted cash flows from operating activities can be attributed to several factors related to capital grants and contributions. While Council aims to forecast these grants and contributions accurately in its annual budget, the actual level of capital grants can vary due to changes in government priorities and funding allocations, as well as the timing of development completions in the case of developer contributions.

One significant factor contributing to this variance is the delay in the negotiations and finalisation of the funding deeds for the WestInvest Grant Program (now called the Western Sydney Infrastructure Grants Program). As a result, Council will receive the related grant funding and incur the related grant expenditure in FY 2023/2024, impacting the actual amounts received in the current fiscal year.

Cash flows from investing activities

(28,502)

(17,570)

10,932

(38)% F

Please refer to the comments regarding "Cashflows from operating activities." The variance against the budget in cash flows from investing activities is a result of deferring capital expenditure due to delays in receiving related grant funding.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

| \$ '000 | 2023 | 2022 |
|--|--------------|--------------|
| Cash assets | | |
| Cash on hand and at bank | 876 | 424 |
| Cash equivalent assets | | |
| – Deposits at call | 7,705 | 6,256 |
| Total cash and cash equivalents | 8,581 | 6,680 |

Reconciliation of cash and cash equivalents

| | | |
|---|--------------|--------------|
| Total cash and cash equivalents per Statement of Financial Position | 8,581 | 6,680 |
| Balance as per the Statement of Cash Flows | 8,581 | 6,680 |

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 |
|--|-----------------|---------------------|-----------------|---------------------|
| Debt securities at amortised cost | | | | |
| Term deposits | 23,000 | 20,000 | 15,000 | 22,000 |
| Total | 23,000 | 20,000 | 15,000 | 22,000 |
| Total financial investments | 23,000 | 20,000 | 15,000 | 22,000 |
| Total cash assets, cash equivalents and investments | 31,581 | 20,000 | 21,680 | 22,000 |

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.

C1-2 Financial investments (continued)

Amortised cost

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

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

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

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 | 51,581 | 43,680 |
| Less: Externally restricted cash, cash equivalents and investments | (29,386) | (20,206) |
| Cash, cash equivalents and investments not subject to external restrictions | 22,195 | 23,474 |

External restrictions

External restrictions – included in liabilities

External restrictions included in cash, cash equivalents and investments above comprise:

| | | |
|--|--------------|-------|
| Specific purpose unexpended grants - general fund | 8,354 | 5,685 |
| External restrictions – included in liabilities | 8,354 | 5,685 |

External restrictions – other

External restrictions included in cash, cash equivalents and investments above comprise:

| | | |
|--------------------------------------|---------------|--------|
| Developer contributions – general | 16,996 | 10,730 |
| Stormwater management | 586 | 595 |
| Domestic waste management | 3,450 | 3,196 |
| External restrictions – other | 21,032 | 14,521 |
| Total external restrictions | 29,386 | 20,206 |

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

Internal allocations

At 30 June, Council has internally allocated funds to the following:

| | | |
|--|---------------|--------|
| Plant and vehicle replacement | 1,630 | 1,130 |
| Employees leave entitlement | 1,400 | 1,285 |
| Carry over works | 810 | 38 |
| Deposits, retentions and bonds | 12,956 | 11,395 |
| Adshel (bus shelters) | 270 | 270 |
| Council elections | 250 | 30 |
| Future major expenditure | 2,053 | 2,053 |
| Hudson Park Golf Driving Range | 195 | – |
| Parkscape improvements | 29 | 29 |
| Risk management | 400 | 195 |
| Technology | 134 | 134 |
| Financial Assistance Grant - paid in advance | 1,605 | 815 |
| Total internal allocations | 21,732 | 17,374 |

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

| | 2023 Current | 2023 Non-current | 2022 Current Restated | 2022 Non-current Restated |
|---|-----------------|---------------------|-----------------------------|---------------------------------|
| \$ '000 | | | | |
| Rates and annual charges | 1,566 | – | 1,381 | – |
| Interest and extra charges | 147 | – | 143 | – |
| User charges and fees | 438 | – | 1,298 | – |
| Accrued revenues: | | | | |
| – Interest on investments | 382 | – | 119 | – |
| – Other income accruals | 216 | – | 940 | – |
| Net GST receivable | 506 | – | 560 | – |
| Other debtors | 110 | – | 91 | – |
| Total | 3,365 | – | 4,532 | – |
| Less: provision for impairment | | | | |
| User charges and fees | (133) | – | (29) | – |
| Total provision for impairment – receivables | (133) | – | (29) | – |
| Total net receivables | 3,232 | – | 4,503 | – |
| \$ '000 | | | 2023 | 2022 |
| Movement in provision for impairment of receivables | | | | |
| Balance at the beginning of the year (calculated in accordance with AASB 139) | | | 29 | 32 |
| + new provisions recognised during the year | | | 128 | 5 |
| – amounts already provided for and written off this year | | | (24) | (8) |
| Balance at the end of the year | | | 133 | 29 |

Accounting policy

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

Impairment

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

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

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

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

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

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

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

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

C1-4 Receivables (continued)

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.

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

| \$ '000 | 2023 Current | 2023 Non-current | 2022 Current | 2022 Non-current |
|----------------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|
| (i) Inventories at cost | | | | |
| Stores and materials | 65 | – | 91 | – |
| Total inventories at cost | 65 | – | 91 | – |
| Total inventories | 65 | – | 91 | – |

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Infrastructure, property, plant and equipment

| By aggregated asset class | At 1 July 2022 | | | Asset movements during the reporting period | | | | | | At 30 June 2023 | | |
|--|--|--|--|---|----------------------|-----------------------------|----------------------|---------------|--|-----------------------|---|---------------------|
| | Gross carrying amount <i>Restated</i> | Accumulated depreciation and impairment <i>Restated</i> | Net carrying amount <i>Restated</i> | Additions renewals ¹ | Additions new assets | Carrying value of disposals | Depreciation expense | WIP transfers | Revaluation increments to equity (ARR) | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount |
| \$ '000 | | | | | | | | | | | | |
| Capital work in progress | 6,644 | – | 6,644 | 5,175 | 1,104 | – | – | (3,360) | – | 9,563 | – | 9,563 |
| Plant and equipment | 9,536 | (5,971) | 3,565 | 1,378 | – | (393) | (1,211) | – | – | 10,184 | (6,846) | 3,338 |
| Office equipment | 6,658 | (3,718) | 2,940 | – | 39 | – | (741) | – | – | 6,697 | (4,458) | 2,239 |
| Land: | | | | | | | | | | | | |
| – Operational land | 68,890 | – | 68,890 | – | – | – | – | – | 8,702 | 77,592 | – | 77,592 |
| – Community land | 49,503 | – | 49,503 | – | – | – | – | – | – | 49,503 | – | 49,503 |
| Infrastructure: | | | | | | | | | | | | |
| – Buildings and other structures | 68,617 | (21,534) | 47,083 | 119 | 677 | (200) | (812) | 2,100 | 5,105 | 76,418 | (22,346) | 54,072 |
| – Roads | 195,617 | (42,229) | 153,388 | 2,246 | 187 | (1,579) | (2,311) | 69 | (38,666) | 196,494 | (83,160) | 113,334 |
| – Bridges | 14,181 | (4,421) | 9,760 | – | – | – | (123) | – | (3,662) | 9,458 | (3,483) | 5,975 |
| – Footpaths | 45,614 | (9,453) | 36,161 | 698 | – | (307) | (546) | – | (11,176) | 41,263 | (16,433) | 24,830 |
| – Bulk earthworks (non-depreciable) | 38,641 | – | 38,641 | – | – | – | – | – | (1,800) | 36,841 | – | 36,841 |
| – Stormwater drainage | 86,727 | (36,710) | 50,017 | 28 | 170 | (7) | (793) | – | 6,225 | 93,143 | (37,503) | 55,640 |
| – Car parks | 2,760 | (473) | 2,287 | – | – | – | (213) | – | 3,508 | 7,203 | (1,621) | 5,582 |
| – Other open space / recreational assets | 55,825 | (16,051) | 39,774 | 211 | – | (2) | (1,975) | 1,191 | 3,686 | 60,911 | (18,026) | 42,885 |
| Other assets: | | | | | | | | | | | | |
| – Library books | 2,152 | (1,827) | 325 | 119 | – | – | (109) | – | – | 2,272 | (1,936) | 336 |
| Total infrastructure, property, plant and equipment | 651,365 | (142,387) | 508,978 | 9,974 | 2,177 | (2,488) | (8,834) | – | (28,078) | 677,542 | (195,812) | 481,730 |

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

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

| By aggregated asset class | At 1 July 2021 | | | Asset movements during the reporting period | | | | | | | At 30 June 2022 | | |
|--|--------------------------------|--|------------------------------|---|----------------------|-----------------------------|-------------------------------|---------------|---|---|--------------------------------|--|------------------------------|
| | Gross carrying amount Restated | Accumulated depreciation and impairment Restated | Net carrying amount Restated | Additions renewals ¹ | Additions new assets | Carrying value of disposals | Depreciation expense Restated | WIP transfers | Adjustments and transfers (WIP to Exp) Restated | Revaluation increments / (decrements) to equity (ARR) | Gross carrying amount Restated | Accumulated depreciation and impairment Restated | Net carrying amount Restated |
| \$ '000 | | | | | | | | | | | | | |
| Capital work in progress | 2,798 | — | 2,798 | 3,502 | 1,845 | — | — | (1,501) | — | — | 6,644 | — | 6,644 |
| Plant and equipment | 9,649 | (5,474) | 4,175 | 825 | — | — | (1,268) | — | (167) | — | 9,536 | (5,971) | 3,565 |
| Office equipment | 6,412 | (2,987) | 3,425 | 116 | 108 | — | (731) | 21 | — | — | 6,658 | (3,718) | 2,940 |
| Land: | | | | | | | | | | | | | |
| – Operational land | 64,686 | — | 64,686 | — | — | — | — | — | — | 4,204 | 68,890 | — | 68,890 |
| – Community land | 41,918 | — | 41,918 | — | — | — | — | — | — | 7,585 | 49,503 | — | 49,503 |
| Infrastructure: | | | | | | | | | | | | | |
| – Buildings and other structures | 62,395 | (19,471) | 42,924 | 318 | 974 | — | (702) | 309 | — | 3,262 | 68,617 | (21,534) | 47,083 |
| – Roads | 183,413 | (40,338) | 143,075 | 2,714 | 92 | (1,645) | (2,822) | 44 | — | 11,930 | 195,617 | (42,229) | 153,388 |
| – Bridges | 13,503 | (4,292) | 9,211 | — | — | — | (129) | — | — | 678 | 14,181 | (4,421) | 9,760 |
| – Footpaths | 40,142 | (9,080) | 31,062 | 1,557 | — | (810) | (568) | 564 | — | 4,356 | 45,614 | (9,453) | 36,161 |
| – Bulk earthworks (non-depreciable) | 36,793 | — | 36,793 | — | — | — | — | — | — | 1,848 | 38,641 | — | 38,641 |
| – Stormwater drainage | 78,010 | (35,857) | 42,153 | 248 | — | (14) | (865) | — | — | 8,495 | 86,727 | (36,710) | 50,017 |
| – Car parks | 2,760 | (238) | 2,522 | — | — | — | (235) | — | — | — | 2,760 | (473) | 2,287 |
| – Other open space / recreational assets | 54,429 | (14,231) | 40,198 | 41 | — | (3) | (1,840) | 557 | — | 820 | 55,825 | (16,051) | 39,774 |
| Other assets: | | | | | | | | | | | | | |
| – Library books | 2,042 | (1,709) | 333 | 111 | — | — | (118) | — | — | — | 2,152 | (1,827) | 325 |
| Total infrastructure, property, plant and equipment | 598,950 | (133,677) | 465,273 | 9,432 | 3,019 | (2,472) | (9,278) | (6) | (167) | 43,178 | 651,365 | (142,387) | 508,978 |

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

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

Accounting policy

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

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

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:

| Class of IPPE | Useful Lives |
|---|----------------|
| Plant and equipment (inc. office equipment) | 5 - 20 years |
| Buildings and other structures | 20 - 100 years |
| Roads, bridges and footpaths | 20 - 120 years |
| Stormwater drainage | 80 - 100 years |
| Car parks | 20 - 100 years |
| Other open space / recreational assets | 5 - 20 years |
| Library books | 5 years |

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 five (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. Council does not have any land under road that were acquired after 1 July 2008.

Crown reserves

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

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

C1-7 Intangible assets

Intangible assets are as follows:

| | 2023 | 2022 <i>Restated</i> |
|---|--------------|-------------------------|
| \$ '000 | | |
| Software | | |
| Opening values at 1 July | | |
| Gross book value | 3,609 | 3,164 |
| Accumulated amortisation | (1,292) | (888) |
| Net book value – opening balance | 2,317 | 2,276 |
| Movements for the year | | |
| Purchases | – | 445 |
| Amortisation charges | (447) | (404) |
| Closing values at 30 June | | |
| Gross book value | 3,609 | 3,609 |
| Accumulated amortisation | (1,739) | (1,292) |
| Total software – net book value | 1,870 | 2,317 |
| Total intangible assets – net book value | 1,870 | 2,317 |

Accounting policy

IT development and software

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

C2 Leasing activities

C2-1 Council as a lessee

(i) Council as a lessee

Council has leases over office equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Office and IT equipment

Leases for office and IT equipment are generally for the threshold for low value assets, except for significant items (such as photocopiers). The leases for Council's photocopiers are on a rolling 12 month basis and the payments are fixed, however certain variable payments apply based on usage.

(a) Income Statement

| \$ '000 | 2023 | 2022 |
|--|-----------|-----------|
| Expenses relating to short-term leases | 28 | 13 |
| | 28 | 13 |

(b) Statement of Cash Flows

| | | |
|-------------------------------|-----------|-----------|
| Total cash outflow for leases | 28 | 13 |
| | 28 | 13 |

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

Council has leases at significantly below market value for land which are used for parks and open space.

The leases of these types are generally for terms between 2 and 10 years and require payments of nominal amounts not exceeding \$1,000 per annum.

The use of the right-of-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

Accounting policy

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

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

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

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

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

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

C2-1 Council as a lessee (continued)

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

| \$ '000 | 2023 | 2022 |
|---|--------------|--------------|
| 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 | 760 | 867 |
| 1–2 years | 662 | 653 |
| 2–3 years | 572 | 630 |
| 3–4 years | 501 | 562 |
| 4–5 years | 297 | 497 |
| > 5 years | 2,472 | 2,018 |
| Total undiscounted lease payments to be received ^a | 5,264 | 5,227 |

(a) These leases relate to council owned properties that are leased to external parties and community groups.

Accounting policy

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

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

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

The lease income is recognised on a straight-line basis over the lease term.

C3 Liabilities of Council

C3-1 Payables

| \$ '000 | 2023 Current | 2023 Non-current | 2022 Current Restated | 2022 Non-current |
|--|-------------------------|-----------------------------|--------------------------------------|-----------------------------|
| Payables | | | | |
| Goods and services – operating expenditure | 1,746 | – | 2,256 | – |
| Accrued expenses: | | | | |
| – Salaries and wages | 223 | – | 331 | – |
| – Other expenditure accruals | 1,108 | – | 662 | – |
| Security bonds, deposits and retentions | 12,956 | – | 11,395 | – |
| Government departments and agencies | – | – | 278 | – |
| Prepaid rates | 394 | – | 481 | – |
| Total payables | 16,427 | – | 15,403 | – |
| Total payables | 16,427 | – | 15,403 | – |

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 | 12,956 | 11,395 |
| Total payables | 12,956 | 11,395 |

Accounting policy

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

The financial liabilities of the Council comprise trade payables.

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

| | 2023 Current | 2023 Non-current | 2022 Current Restated | 2022 Non-current Restated |
|---|-----------------|---------------------|-----------------------------|---------------------------------|
| \$ '000 | | | | |
| Grants and contributions received in advance: | | | | |
| Unexpended grants (received prior to performance obligation being satisfied) ¹ | 8,354 | – | 5,989 | – |
| Total grants received in advance | 8,354 | – | 5,989 | – |
| User fees and charges received in advance: | | | | |
| Other ² | 378 | – | 199 | – |
| Total user fees and charges received in advance | 378 | – | 199 | – |
| Total contract liabilities | 8,732 | – | 6,188 | – |

(1) Council receives funding to construct assets including sporting facilities, bridges, library and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months. The contract liability relates to grants received prior to the revenue recognition criteria being satisfied since the performance obligations are ongoing.

(2) This includes fees received in advance for development applications that were not determined as at balance date.

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

Financing arrangements

| \$ '000 | 2023 | 2022 |
|---|-------------|-------------|
| Total facilities | | |
| Credit cards/purchase cards | 70 | 70 |
| Total financing arrangements | 70 | 70 |
| Undrawn facilities | | |
| – Credit cards/purchase cards | 13 | 30 |
| Total undrawn financing arrangements | 13 | 30 |

C3-4 Employee benefit provisions

| \$ '000 | 2023 Current | 2023 Non-current | 2022 Current | 2022 Non-current |
|--|-------------------------|-----------------------------|-------------------------|-----------------------------|
| Annual leave | 1,498 | – | 1,772 | – |
| Sick leave | 16 | – | 18 | – |
| Long service leave | 1,832 | 458 | 2,181 | 216 |
| ELE on-costs | 439 | – | 633 | – |
| Total employee benefit provisions | 3,785 | 458 | 4,604 | 216 |

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 | 1,642 | 2,587 |
| | 1,642 | 2,587 |

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.

C4 Reserves

C4-1 Nature and purpose of reserves

Revaluation reserve

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

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including credit risk, liquidity risk and 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.

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

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.

| | Carrying value 2023 | <i>Carrying value 2022 Restated</i> | Fair value 2023 | <i>Fair value 2022 Restated</i> |
|--|--------------------------------|---|----------------------------|---|
| \$ '000 | | | | |
| Financial assets | | | | |
| Measured at amortised cost | | | | |
| Cash and cash equivalents | 8,581 | 6,680 | 8,581 | 6,680 |
| Receivables (excluding GST receivable) | 2,726 | 3,943 | 2,726 | 3,943 |
| Investments | | | | |
| – Debt securities at amortised cost | 43,000 | 37,000 | 43,000 | 37,000 |
| Total financial assets | 54,307 | 47,623 | 54,307 | 47,623 |
| Financial liabilities | | | | |
| Payables (excluding prepaid rates) | 16,033 | 14,922 | 16,033 | 14,922 |
| Total financial liabilities | 16,033 | 14,922 | 16,033 | 14,922 |

(a) Credit risk

Council's major receivables comprise rates, annual charges, and 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 certain incentives.

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

There are no significant concentrations of credit risk to Council due to the nature of Council operations.

The level of outstanding receivables is reported to Council periodically and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms are considered to be of high credit quality.

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

Council makes suitable provision for doubtful receivables 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.

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

Credit risk profile

Receivables – rates and annual charges

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

| \$ '000 | Not yet overdue | overdue rates and annual charges | | Total |
|-----------------------|--------------------|----------------------------------|-----------|-------|
| | | < 5 years | ≥ 5 years | |
| 2023 | | | | |
| Gross carrying amount | – | 1,566 | – | 1,566 |
| 2022 (restated) | | | | |
| Gross carrying amount | – | 1,381 | – | 1,381 |

Receivables - non-rates and annual charges and contract assets

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

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

| \$ '000 | Not yet overdue | 0 - 30 days | Overdue debts | | | Total |
|------------------------|--------------------|-------------|---------------|--------------|-----------|-------|
| | | | 31 - 60 days | 61 - 90 days | > 91 days | |
| 2023 | | | | | | |
| Gross carrying amount | 1,532 | 42 | 20 | 53 | 152 | 1,799 |
| Expected loss rate (%) | 0.00% | 0.00% | 0.00% | 0.00% | 87.50% | 7.39% |
| ECL provision | – | – | – | – | 133 | 133 |
| 2022 | | | | | | |
| Gross carrying amount | 1,618 | 374 | 76 | 15 | 1,068 | 3,151 |
| Expected loss rate (%) | 0.00% | 0.00% | 0.00% | 0.00% | 2.72% | 0.92% |
| ECL provision | – | – | – | – | 58 | 58 |

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

(b) Liquidity risk

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

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

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.

| \$ '000 | Weighted average interest rate | Subject to no maturity | ≤ 1 Year | payable in: 1 - 5 Years | > 5 Years | Total cash outflows | Actual carrying values |
|---|---|---------------------------------------|-----------------|--|---------------------|--------------------------------|---------------------------------------|
| 2023 | | | | | | | |
| Payables (excluding prepaid rates) | 0.00% | – | 16,033 | – | – | 16,033 | 16,033 |
| Total financial liabilities | | – | 16,033 | – | – | 16,033 | 16,033 |
| 2022 (restated) | | | | | | | |
| Payables (excluding prepaid rates) | 0.00% | – | 14,922 | – | – | 14,922 | 14,922 |
| Total financial liabilities | | – | 14,922 | – | – | 14,922 | 14,922 |

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

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

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

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

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

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

| Fair value measurement hierarchy | | | | | | |
|--|--|------------------|--|------------------|----------------|------------------|
| | Level 2 Significant observable inputs | | Level 3 Significant unobservable inputs | | Total | |
| | 2023 | 2022 Restated | 2023 | 2022 Restated | 2023 | 2022 Restated |
| \$ '000 | | Notes | | | | |
| Recurring fair value measurements | | | | | | |
| Infrastructure, property, plant and equipment | | C1-6 | | | | |
| Plant & equipment | – | – | 3,338 | 3,201 | 3,338 | 3,201 |
| Office equipment | – | – | 2,239 | 2,940 | 2,239 | 2,940 |
| Operational land | 77,592 | 68,890 | – | – | 77,592 | 68,890 |
| Community land | 49,503 | 49,503 | – | – | 49,503 | 49,503 |
| Buildings | – | – | 54,072 | 47,083 | 54,072 | 47,083 |
| Roads | – | – | 113,334 | 153,388 | 113,334 | 153,388 |
| Bridges | – | – | 5,975 | 9,760 | 5,975 | 9,760 |
| Footpaths | – | – | 24,830 | 36,161 | 24,830 | 36,161 |
| Bulk earthworks (non-depreciable) | – | – | 36,841 | 38,641 | 36,841 | 38,641 |
| Stormwater drainage | – | – | 55,640 | 50,017 | 55,640 | 50,017 |
| Car parks | – | – | 5,582 | 2,632 | 5,582 | 2,632 |
| Other open space / recreational assets | – | – | 42,885 | 39,774 | 42,885 | 39,774 |
| Library books | – | – | 336 | 325 | 336 | 325 |
| Total infrastructure, property, plant and equipment | 127,095 | 118,393 | 345,072 | 383,922 | 472,167 | 502,315 |

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment and Office Equipment

The purchase cost of Plant & Equipment and Office Equipment are taken as their fair value. There has been no change to the valuation techniques during the reporting period.

Operational Land

A comprehensive valuation of Council's operational land was undertaken at 30 June 2022 by an external valuer and further followed up with a desktop assesment at 30 June 2023 by the same valuer.

D2-1 Fair value measurement (continued)

Operational land 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.

Since professional judgements were required to determine the inputs, these assets were classified as having been valued using Level 2 valuation inputs. There has been no change to the valuation techniques during the reporting period.

Community Land

Council's community land was valued based on the Land Value (LV) provided by Valuer-General valuation.

Where the Valuer-General did not provide LV an average unit rate based on the LV for similar community land was used, having regard to the highest and best use for the land.

Land Under Roads

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

Buildings

Council's buildings were valued utilising the current replacement cost approach by an external valuer at 30 June 2022.

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

As such, these assets have been valued using Level 2 and 3 inputs. There has been no change to the valuation techniques during the reporting period.

Roads, Bridges, Footpaths

A full external revaluation of Council's transport assets (including roads, bridges, footpaths) were undertaken by an external valuers as at 30 June 2023. An independent firm was engaged to undertake condition assessments.

Roads include carriageway, roadside shoulders, kerbs and gutters, and roadside assets such as bus shelters, round-a-bouts, signs and street furniture. The cost approach using level 3 inputs was used to value this asset class. As no market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

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

Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, headwalls and other water quality devices. The "cost approach" estimates the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres or certain diameter pipes and prices per pit or similar could be supported from extensive professional judgement and market evidence.

A revaluation was undertaken as at 30 June 2020 in-house based on tenderers costs and assumptions by Council's civil design staff, and there has been no change to the valuation process during the reporting period. The valuation has been appropriately indexed during the financial year.

Car Parks

Car parks include surface area and pavement, kerbs and gutters, layback and landscaping. The cost approach using level 3 inputs was used to value this asset class. An external revaluation was undertaken as at 30 June 2023. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

Other Open Space and Recreational Assets

Assets within this class have been valued by an external valuer at fair value comprising of regional sporting and recreational facilities and playgrounds, park furniture, amenities and fittings (picnic tables, shelters, seats, bollards, fences, BBQ's, etc).

Extensive professional judgement has been required to determine the final fair value of assets. Valuation of Council's other open space and recreational assets was undertaken as at 30 June 2021 by an external valuer.

Library Books

Library Books are valued at cost. The carrying amounts of these assets are assumed to approximate fair value due to the nature of the items. There has been no change to the valuation process during the reporting period.

Fair value measurements using significant unobservable inputs (level 3)

D2-1 Fair value measurement (continued)

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

| | 2023 | 2022 <i>Restated</i> |
|--|-----------------|-------------------------|
| \$ '000 | | |
| Opening balance | 383,942 | 355,871 |
| Total gains or (losses) for the period - Revaluation surplus / (decrement) | (29,818) | 31,406 |
| Other movements | | |
| Additions (Purchases) (GBV) | 5,872 | 7,087 |
| Disposals (WDV) | (2,488) | (2,469) |
| Depreciation and impairment | (8,834) | (9,278) |
| Other movement - Transfers from WIP | 3,360 | 1,325 |
| Closing balance | 352,034 | 383,942 |

Highest and best use

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

Community land is being utilised in a manner that differs from its highest and best use due to standing legal restrictions on the permissible usage of the land based on the Local Government Act 1993.

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).

A description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements.

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

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

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

** For 180 Point Members, Employers are required to contribute 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 31 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.

A description of the extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan:

As stated 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.

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

(c) a description of any agreed allocation of a deficit or surplus on:

(i) wind-up of the plan

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

(ii) the entity's withdrawal from the plan

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

D3-1 Contingencies (continued)

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2023 was \$111,371.26. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2022.

The amount of past service contributions in the total employer contribution advised above is \$71,984.64. The expected contributions to the Fund for the next annual reporting period are \$122,196.96.

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

| Defined Benefit Reserves Only* | \$ Millions | Asset Coverage |
|--------------------------------|-------------|----------------|
| Assets | 2,290.9 | |
| Past Service Liabilities | 2,236.1 | 102.4% |
| Vested Benefits | 2,253.6 | 101.7% |

* excluding other accumulation accounts and reserves in both assets and liabilities

The key economic 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 that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review 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.

(iii) StateCover Limited

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

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

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

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

(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.

D3-1 Contingencies (continued)

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

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

| \$ '000 | 2023 | 2022 |
|--------------------------|------------|--------------|
| Compensation: | | |
| Short-term benefits | 728 | 1,924 |
| Post-employment benefits | 70 | 180 |
| Other long-term benefits | 24 | 40 |
| Total | 822 | 2,144 |

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed. There are no other transactions between the Council and the KMP's and their related parties.

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: | | |
| Mayoral fee | 53 | 41 |
| Councillors' fees | 157 | 138 |
| Other Councillors' expenses (including Mayor) | 47 | 20 |
| Total | 257 | 199 |

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 services

Audit of financial statements

| | | |
|--|-----|-----|
| | 143 | 119 |
|--|-----|-----|

Remuneration for audit services

| | | |
|--|-----|-----|
| | 143 | 119 |
|--|-----|-----|

Total Auditor-General remuneration

Non NSW Auditor-General audit firms:

(i) Audit and other assurance services

Internal audit

| | | |
|--|-----|----|
| | 130 | 88 |
|--|-----|----|

Remuneration for audit and other assurance services

| | | |
|--|-----|----|
| | 130 | 88 |
|--|-----|----|

Total remuneration of non NSW Auditor-General audit firms

| | | |
|--|-----|-----|
| | 273 | 207 |
|--|-----|-----|

Total audit fees

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

| | 2023 | 2022 <i>Restated</i> |
|--|---------------|-------------------------|
| \$ '000 | | |
| Net operating result from Income Statement | 3,898 | 3,383 |
| Add / (less) non-cash items: | | |
| Depreciation and amortisation | 9,282 | 9,682 |
| (Gain) / loss on disposal of assets | 1,905 | 2,141 |
| Movements in operating assets and liabilities and other cash items: | | |
| (Increase) / decrease of receivables | 1,167 | (1,142) |
| Increase / (decrease) in provision for impairment of receivables | 104 | (3) |
| (Increase) / decrease of inventories | 26 | (17) |
| (Increase) / decrease of other current assets | 98 | (163) |
| Increase / (decrease) in payables | 1,024 | (1,126) |
| Increase / (decrease) in contract liabilities | 2,544 | 1,072 |
| Increase / (decrease) in employee benefit provision | (577) | (354) |
| Net cash flows from operating activities | 19,471 | 15,711 |

F2-1 Commitments

Capital commitments (exclusive of GST)

| | 2023 | 2022 |
|--|--------------|-------|
| \$ '000 | | |
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: | | |
| Property, plant and equipment | | |
| Road infrastructure | 2,395 | 1,058 |
| Buildings | 306 | 381 |
| Plant and equipment | 162 | 710 |
| Other community infrastructure | 208 | 1,707 |
| Total commitments | 3,071 | 3,856 |
| These expenditures are payable as follows: | | |
| Within the next year | 3,071 | 3,856 |
| Total payable | 3,071 | 3,856 |

Details of capital commitments

Capital commitments represent the committed but unspent component of capital projects that are currently in progress.

F3-1 Events occurring after the reporting date

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

- Subsequent to year end, Council re-declared its activities pertaining to owning and operating a Golf Driving Range at Hudson Park as a category 1 business under the National Competition Policy and Principles of Competitive Neutrality that apply to Local Government in NSW.

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

F4 Changes from prior year statements

F4-1 Correction of errors

Nature of prior period errors

1. Correction in receivables

a. Incorrect classification of receivables between current and non-current receivables

During both the 30 June 2022 and 30 June 2021 financial years, amounts related to rates that were aged more than twelve (12) months were incorrectly classified as "non-current receivables". The balances amount to \$692,000 and \$645,000 respectively as at 30 June 2022 and 30 June 2021 (i.e. 1 July 2021). These receivables balances represented rates debt that had aged more than 12 months and not balances that are expected to be recovered after twelve (12) months.

b. Write off uncollectible amounts from receivables (bad debts)

Council has carried an amount of \$535,000 in its sundry debtors' balance since June 2020, relating to indexed developer contributions. The balance represented an invoice raised to a developer during the financial year 2019/2020 pertaining to the indexed portion of unpaid developer contributions relating to a development completed in 2007.

In 2020, Council called upon a bank guarantee for the original unpaid developer contributions due to the Council in 2007 (amounting to \$1.173 million) and raised an invoice (amounting to \$535,000) to the developer representing the difference between the original developer contributions levied in 2007 and the indexed amount in 2020. This invoice has remained uncollected since.

During the 2022/2023 financial year, Council referred the invoice to its debt collection agency. Upon review, it was identified that the debt had gone past its seven (7) year collection period and was now statute-barred. This meant the Council's invoice amounting to \$535,000 for the indexed amount raised in 2020 was not legally collectible at the time it was raised. Council was however able to recover the original developer contributions by way of bank guarantee.

2. Errors in the recognition of contract liabilities and related grant income

As of 30 June 2022, Council recognised a balance of \$7.525 million related to contract liabilities for unexpended grants where performance obligations had not been satisfied at the balance date.

During 2022/2023, Council reviewed its grants and identified that several grants which had been completed (or expended in line with grant conditions) during the 2021/2022 financial year but were still listed as unexpended grants in Council's contract liability balance as of 30 June 2022.

The review revealed an amount of \$1.840 million was incorrectly accounted for as contract liabilities as of 30 June 2022, which should have been recognised as income during the 2021/2022 financial year.

To correct this error, Council processed a prior period adjustment for the 30 June 2022 balance sheet, reducing the contract liability balance by this amount and recognised this as grant income in the 30 June 2022 income statement.

3. Write off liabilities carried in respect of maternity leave subsidy

Council has carried an amount of \$198,000 its liabilities related to Government subsidies for maternity leave cover for staff who have accessed maternity leave benefits in prior years. While the employee benefits for maternity leave were recognised as an expense in Council's income statement, the subsidies received from the Federal Government relating to the same, were being recognised in the statement of financial position as other liabilities.

These subsidies should have been recognised in the income statement to match the related expenditure in the financial years in which the maternity leave benefits were paid to the respective employees.

To correct this error, Council has written off the liability as a prior period error, allocating \$147,000 to equity in the earliest period presented (i.e., 1 July 2021), and subsequently writing off the balance of \$51,000 for the 2021/2022 financial year to the income statement of that year.

4. Errors in infrastructure, property, plant and equipment (IPPE)

a. Intangible assets (software) incorrectly classified as items of IPPE

It was identified that Council had incorrectly classified several software implementation costs within the "office equipment" asset class in infrastructure, property, plant, and equipment (IPPE).

To correct this error, Council quantified the value of software assets from its fixed assets register and disclosed these costs separately on the face of the statement of financial position as "intangible assets." Related movements, including additions, disposals, and amortization, were also separately disclosed in the notes to the financial statements.

F4-1 Correction of errors (continued)

Council rectified the disclosure error by reclassifying an amount of \$2.227 million as of 1 July 2021, and an amount of \$2.317 million as of 30 June 2022, from IPPE to intangible assets.

b. Capitalisation of domestic waste bins to the cost of IPPE

It was discovered that Council had been capitalising the cost of purchasing domestic waste bins to the cost of infrastructure, property, plant, and equipment (IPPE), under the "other assets" class, and depreciating the cost over a five-year period.

Upon reviewing the arrangement for domestic waste bins, it was evident that while the bins remain the legal property of Council, Council does not retain control over the bins after they are issued to residents. Consequently, they do not meet the control test required for asset recognition.

To rectify this error, Council has written off an amount of \$466,000 relating to capitalized domestic waste bins from its IPPE balance as of 1 July 2021, and an amount of \$611,000 as of 30 June 2022. Additionally, Council reversed an amount of \$87,000 related to depreciation expense in the income statement for 30 June 2022.

c. Write off depreciable land improvements

Council had a practice of capitalising the cost of significant work done on council-owned land for landscaping and earthworks under the category of "depreciable land improvements." These costs were separate from the underlying land assets, which were classified as either community or operational land. The land improvements were being depreciated over 20 years, while the underlying land was being revalued and carried at fair value.

Upon review, it was determined that capitalising the cost of works on the land and depreciating it over 20 years was not justified. This is because the value of the improvements made to the land would already be included in the fair value of the underlying land asset.

Therefore, in order to correct these prior period errors, Council has written off depreciable land improvements amounting to \$1.509 million as at 1 July 2021 and an amount of \$1.569 million as at 30 June 2022.

d. Incorrect land classifications, unrecorded land and errors in valuation of land

During the current year a review of Council's land assets was performed, uncovering numerous discrepancies in the recognition, classification, and valuation of Council-owned land. These discrepancies also affected prior years.

It was discovered that several parcels of Council-owned operational land were incorrectly classified as community land, and vice versa, as of 30 June 2022 and 30 June 2021. Additionally, it was found that as of 30 June 2022, Council's community land had been valued based on an external market-based valuation, which did not appropriately consider the impact of restrictions when determining the fair value. Council restated these land values by using the NSW Valuer General issued land values.

Furthermore, a number of land parcels (both community and operational) were identified that had not been recorded in Council's land asset registers.

The collective impact of correcting these errors on the financial year ending 30 June 2022 and as of 1 July 2021 are as follows:

| | 30 June 2022 <i>Debit / (Credit)</i> | 1 July 2021 <i>Debit / (Credit)</i> |
|----------------------------|--|---|
| Operational Land | (\$2.916 million) | (\$4.489 million) |
| Community Land | \$1.813 million | (\$2.467 million) |
| Revaluation Reserve | \$1.103 million | \$6.956 million |

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2021) and taking the adjustment through to accumulated surplus and asset revaluation reserves (where applicable) at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

F4-1 Correction of errors (continued)

Changes to the opening Statement of Financial Position at 1 July 2021

Statement of Financial Position

| \$ '000 | Original Balance 1 July, 2021 | Impact Increase/ (decrease) | Restated Balance 1 July, 2021 |
|--|--|--|--|
| Receivables | 3,248 | 110 | 3,358 |
| Total current assets | 43,993 | 110 | 44,103 |
| Receivables | 645 | (645) | – |
| Infrastructure, property, plant and equipment (IPPE) | 476,480 | (11,208) | 465,272 |
| Intangible assets | – | 2,277 | 2,277 |
| Total non-current assets | 477,125 | (9,576) | 467,549 |
| Total assets | 521,118 | (9,466) | 511,652 |
| Payables | 14,424 | (147) | 14,277 |
| Total current liabilities | 24,488 | (147) | 24,341 |
| Total non-current liabilities | 226 | – | 226 |
| Total liabilities | 24,714 | (147) | 24,567 |
| Net assets | 496,404 | (9,319) | 487,085 |
| Revaluation reserve | 283,238 | (6,938) | 276,300 |
| Accumulated surplus | 213,166 | (2,381) | 210,785 |
| Total equity | 496,404 | (9,319) | 487,085 |

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 |
|---|---|--|---|
| Receivables | 4,346 | 157 | 4,503 |
| Total current assets | 26,605 | 157 | 26,762 |
| Receivables | 692 | (692) | – |
| Infrastructure property plant and equipment | 514,356 | (5,397) | 508,959 |
| Intangible assets | – | 2,317 | 2,317 |
| Total non-current assets | 537,048 | (3,772) | 533,276 |
| Total assets | 563,653 | (3,615) | 560,038 |
| Payables | 15,611 | 76 | 15,687 |
| Contract liabilities | 7,724 | (1,840) | 5,884 |
| Total current liabilities | 27,939 | (1,764) | 26,175 |
| Total liabilities | 28,155 | (1,764) | 26,391 |
| Net assets | 535,498 | (1,851) | 533,647 |
| Accumulated surplus | 214,918 | (749) | 214,169 |
| Revaluation reserves | 320,580 | (1,102) | 319,478 |
| Total equity | 535,498 | (1,851) | 533,647 |

F4-1 Correction of errors (continued)

Income Statement

| \$ '000 | Original Balance 30 June, 2022 | Impact Increase/ (decrease) | Restated Balance 30 June, 2022 |
|--|---|--|---|
| Grant and contributions provided for operating purposes | 3,412 | (17) | 3,395 |
| Grant and contributions provided for capital purposes | 7,488 | 1,570 | 9,058 |
| Other revenue | 3,940 | (3) | 3,937 |
| Total income from continuing operations | 52,323 | 1,550 | 53,873 |
| Depreciation and amortisation | 9,768 | (87) | 9,681 |
| Other expenses | 982 | 5 | 987 |
| Total expenses from continuing operations | 50,571 | (82) | 50,489 |
| Net operating result for the year before grants and contributions provided for capital purposes | (5,736) | 62 | (5,674) |
| Net operating result for the year | 1,752 | 1,632 | 3,384 |

Statement of Comprehensive Income

| \$ '000 | Original Balance 30 June, 2022 | Impact Increase/ (decrease) | Restated Balance 30 June, 2022 |
|--|---|--|---|
| Net operating result for the year | 1,752 | 1,632 | 3,384 |
| Gain (loss) on the revaluation of IPPE | 37,342 | 5,836 | 43,178 |
| Other comprehensive income | 37,342 | 5,836 | 43,178 |
| Total comprehensive income for the year | 39,094 | 7,468 | 46,562 |

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 | | | | | |
| Parking | 418 | – | – | – | 8 | – | – | 426 | – |
| Community facilities | (948) | 498 | – | – | – | (87) | – | (537) | – |
| Roads and traffic facilities | 393 | 675 | – | – | 13 | (332) | – | 749 | – |
| Major open space | (1,647) | 3,150 | – | – | 28 | – | – | 1,531 | – |
| Local open space | 3,618 | 1,211 | – | – | 86 | (116) | – | 4,799 | – |
| Administration | 317 | 73 | – | – | 6 | (55) | – | 341 | – |
| S7.11 contributions – under a plan | 2,151 | 5,607 | – | – | 141 | (590) | – | 7,309 | – |
| S7.12 levies – under a plan | 7,705 | 1,548 | – | – | 158 | (614) | – | 8,797 | – |
| Total S7.11 and S7.12 revenue under plans | 9,856 | 7,155 | – | – | 299 | (1,204) | – | 16,106 | – |
| S7.11 not under plans | 874 | – | – | – | 16 | – | – | 890 | – |
| Total contributions | 10,730 | 7,155 | – | – | 315 | (1,204) | – | 16,996 | – |

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

F5-2 Developer contributions by plan

| | Opening balance at 1 July 2022 | Contributions received during the year | | Non-cash Other | Interest and investment income earned | Amounts expended | Internal borrowings | Held as restricted asset at 30 June 2023 | Cumulative balance of internal borrowings (to)/from |
|---------------------------------|--------------------------------------|--|---------------|-------------------|---|---------------------|------------------------|--|--|
| \$ '000 | | Cash | Non-cash Land | | | | | | |
| CONTRIBUTION PLAN 2010 – DIRECT | | | | | | | | | |
| Community facilities | (948) | 498 | – | – | – | (87) | – | (537) | – |
| Administration | 317 | 73 | – | – | 6 | (55) | – | 341 | – |
| Roads and traffic facilities | 393 | 675 | – | – | 13 | (332) | – | 749 | – |
| Major open space | (1,647) | 3,150 | – | – | 28 | – | – | 1,531 | – |
| Local open space | 3,618 | 1,211 | – | – | 86 | (116) | – | 4,799 | – |
| Total | 1,733 | 5,607 | – | – | 133 | (590) | – | 6,883 | – |
| CONTRIBUTION PLAN 1993 | | | | | | | | | |
| Parking | 418 | – | – | – | 8 | – | – | 426 | – |
| Total | 418 | – | – | – | 8 | – | – | 426 | – |

S7.12 Levies – under a plan

INDIRECT DEVELOPMENT CONTRIBUTIONS PLAN – 2010

| | | | | | | | | | |
|--------------|--------------|--------------|----------|----------|------------|--------------|----------|--------------|----------|
| General levy | 7,705 | 1,548 | – | – | 158 | (614) | – | 8,797 | – |
| Total | 7,705 | 1,548 | – | – | 158 | (614) | – | 8,797 | – |

F5-3 Contributions not under plans

CONTRIBUTIONS – NOT UNDER A PLAN

| | | | | | | | | | |
|--------------|------------|----------|----------|----------|-----------|----------|----------|------------|----------|
| Parking | 874 | – | – | – | 16 | – | – | 890 | – |
| Total | 874 | – | – | – | 16 | – | – | 890 | – |

F6 Statement of performance measures

F6-1 Statement of performance measures – consolidated results

| | Amounts | Indicator | Indicators | | Benchmark |
|--|----------------|-----------------|------------------|------------------|-----------|
| \$ '000 | 2023 | 2023 | Restated 2022 | Restated 2021 | |
| 1. Operating performance ratio | | | | | |
| Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2} | (7,593) | (16.23)% | (7.87)% | (8.71)% | > 0.00% |
| Total continuing operating revenue excluding capital grants and contributions ¹ | 46,777 | | | | |
| 2. Own source operating revenue ratio | | | | | |
| Total continuing operating revenue excluding all grants and contributions ¹ | 43,655 | 72.40% | 76.88% | 83.48% | > 60.00% |
| Total continuing operating revenue ¹ | 60,301 | | | | |
| 3. Unrestricted current ratio | | | | | |
| Current assets less all external restrictions | 25,882 | 4.32x | 3.31x | 3.32x | > 1.50x |
| Current liabilities less specific purpose liabilities | 5,992 | | | | |
| 4. Debt service cover ratio | | | | | |
| Operating result before capital excluding interest and depreciation/impairment/amortisation ¹ | 1,689 | ∞ | ∞ | ∞ | > 2.00x |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement) | – | | | | |
| 5. Rates and annual charges outstanding percentage | | | | | |
| Rates and annual charges outstanding | 1,713 | 4.86% | 4.39% | 5.08% | < 5.00% |
| Rates and annual charges collectable | 35,228 | | | | |
| 6. Cash expense cover ratio | | | | | |
| Current year's cash and cash equivalents plus all term deposits | 51,581 | 12.77 | 13.30 | 13.21 | > 3.00 |
| Monthly payments from cash flow of operating and financing activities | 4,039 | 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 general purpose financial statements

G Additional Council disclosures (unaudited)

G1-1 Council information and contact details

Principal place of business:

65 Homebush Rd
Strathfield NSW 2135

Contact details**Mailing Address:**

PO Box 120
Strathfield NSW 2135

Telephone: (02) 9748 9999

Facsimile: (02) 9764 1034

Opening hours:

10:00am - 4:00pm
Monday to Friday

Internet: www.strathfield.nsw.gov.au

Email: council@strathfield.nsw.gov.au

Officers**General Manager**

Michael Mamo

Responsible Accounting Officer

Rodney Sanjivi

Public Officer

Melissa Mallos

Auditors

Audit Office NSW
Level 19, Darling Park Tower 2,
201 Sussex Street, Sydney NSW 2000

Elected members (During the financial year)**Mayor**

- Matthew Blackmore (Till 2 March 2023)
- Karen Pensabene (From 3 March 2023)

Councillors

- Karen Pensabene (Mayor from 3 March 2023)
- Benjamin Cai
- Raj Datta
- Nella Hall
- Sharangan Maheswaran
- Sandy Reddy
- Matthew Blackmore (Mayor till 2 March 2023)

Other information

ABN: 52 719 940 263



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Strathfield Municipal Council

To the Councillors of Strathfield Municipal Council

Opinion

I have audited the accompanying financial statements of Strathfield Municipal 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.



Renee Meimaroglou
Delegate of the Auditor-General for New South Wales

7 March 2024
SYDNEY



Mrs Karen Pensabene
Mayor
Strathfield Municipal Council
PO Box 120
STRATHFIELD NSW 2135

Contact: Renee Meimaroglou
Phone no: 02 9275 7389
Our ref: R008-16585809-50927

7 March 2024

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2023
Strathfield Municipal Council**

I have audited the general-purpose financial statements (GPFS) of the Strathfield Municipal 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.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit and did not impact my ability to express an unmodified opinion.

IPPE and Fixed Asset Register data quality issues

As part of our review of IPPE values at 30 June 2023, several data quality issues were identified with the Council's Fixed Asset Register (FAR). These included but are not limited to:

- asset attribute data maintained in Council's separate technical register could not be reconciled to the financial FAR
- asset unit rates and asset conditions in the FAR could not be reconciled to the technical register
- outdated condition ratings were factored into the fair value of IPPE
- assets were assessed to have useful lives that were incorrect
- duplicate assets as well as assets previously unrecorded were identified
- some asset additions and disposals were capitalised and depreciated from dates that were different from their commissioning date.

The above issues meant that insufficient audit evidence was available to support the Council's initial carrying value of IPPE balances, particularly transport assets which included roads, footpaths, bridges and kerb and gutter assets.

In response, Management utilised recently obtained existing asset condition reports (which were externally sourced through independent consultants) to re-determine the fair value of its IPPE portfolio. This involved management performing procedures to ensure the condition reports completely and accurately captured all relevant IPPE data. Audit then performed procedures on a sample basis to gain comfort on the completeness and accuracy of this data.





External consultants were then engaged during late February 2024 to perform a revaluation, using the condition report data for the following assets classes:

- Roads (including kerb and gutter and roadside assets)
- Bridges
- Footpaths
- Bulk earthworks.

Based on the above procedures, the carrying value of IPPE was confirmed as materially correct as at 30 June 2023.

INCOME STATEMENT

Operating result

| | 2023 | 2022* | Variance |
|--|-------|-------|--|
| | \$m | \$m | % |
| Rates and annual charges revenue | 33.6 | 32.9 |  2.1 |
| Grants and contributions revenue | 16.6 | 12.4 |  33.9 |
| Operating result from continuing operations | 3.9 | 3.4 |  14.7 |
| Net operating result before capital grants and contributions | (9.6) | (5.7) |  68.4 |

* The 2022 comparatives have been restated to correct prior period errors. Note F4-1 of the financial statements provides details of the prior period errors.

Rates and annual charges revenue (\$33.6 million) increased by \$0.7 million (2.1 per cent) in 2022–23. This was mainly due to a 1.1 per cent rate peg increase and a \$0.5 million increase in annual charges relating to Domestic waste management services in 2022–23.

Grants and contributions revenue (\$16.6 million) increased by \$4.2 million (33.9 per cent) in 2022–23 mainly due to an increase in s.7.11 contributions towards amenities and services.

The Council's operating result from continuing operations (\$3.9 million) was \$0.5 million higher than the 2021–22 result. The improved operating result was mainly attributable to the increase to capital grants and contributions.

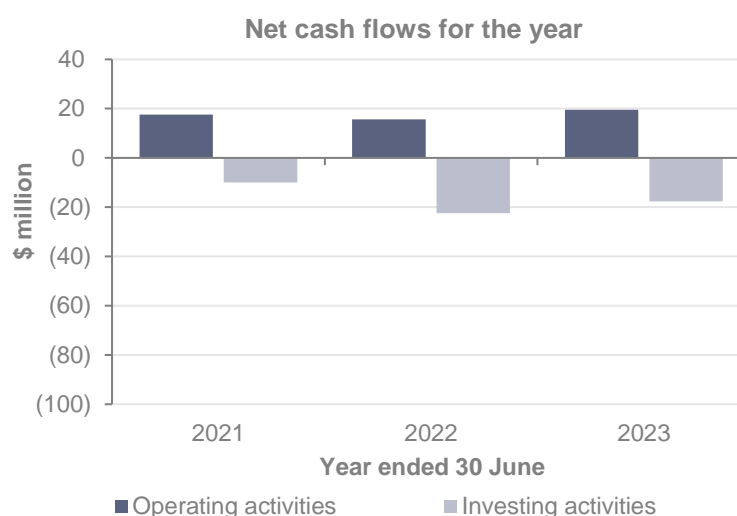
The net operating result before capital grants and contributions (\$9.6 million deficit) was \$3.9 million higher than the 2021–22 deficit, mainly due to higher operating expenses, particularly a \$3.2 million growth in materials and services and \$3.0 million in employee benefits and on-costs.

STATEMENT OF CASH FLOWS

Net cash provided by operating activities increased by \$3.8 million from prior year. This is mainly due to additional capital grant funding, including developer contributions received, as well as the advance payment of the financial assistance grant of \$1.6 million in June 2023.

Net cash used in investing activities decreased by \$4.8 million from 2021–22, primarily due to less investment in term deposits.

The Council does not have any cashflows from financing activities.



FINANCIAL POSITION

Cash and investments

| Cash and investments | 2023 | 2022 | Commentary |
|--|-------------|-------------|---|
| | \$m | \$m | |
| Total cash, cash equivalents and investments | 51.6 | 43.7 | Externally restricted balances comprise of developer contributions, stormwater management and domestic waste funds. These funds saw an overall increase of \$9.2 million mainly due to higher level of developer contributions collected during the year. |
| Restricted and allocated cash, cash equivalents and investments: | | | Internal allocations are determined by council policies or decisions, which are subject to change. The allocations increased by \$4.4 million mainly due to the Financial Assistance Grant (paid in advance) and increase in deposits/bonds. |
| • External restrictions | 29.4 | 20.2 | |
| • Internal allocations | 21.7 | 17.4 | |

PERFORMANCE

Performance measures

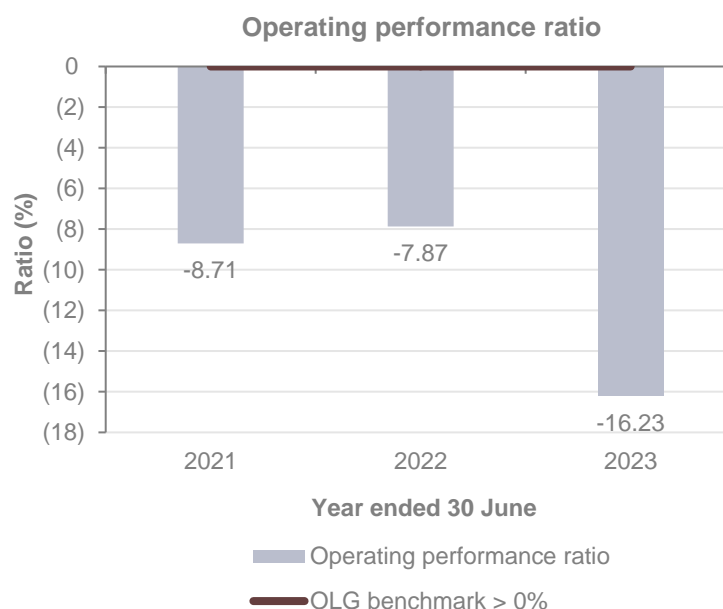
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

The Council did not meet the benchmark for the current reporting period. This was mainly due to increase in operating expenses relating to employee benefits and raw materials and consumables.

The 2021/2022 ratio was restated from negative 8.2 per cent to a negative 7.9 per cent. This was due to a correction of a prior period error.

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 exceeded the benchmark for the current reporting period.

The 2021 / 2022 ratio was restated to correct a prior period error. Previously management reported 79.17 per cent, however this was revised to 76.88 per cent.

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.



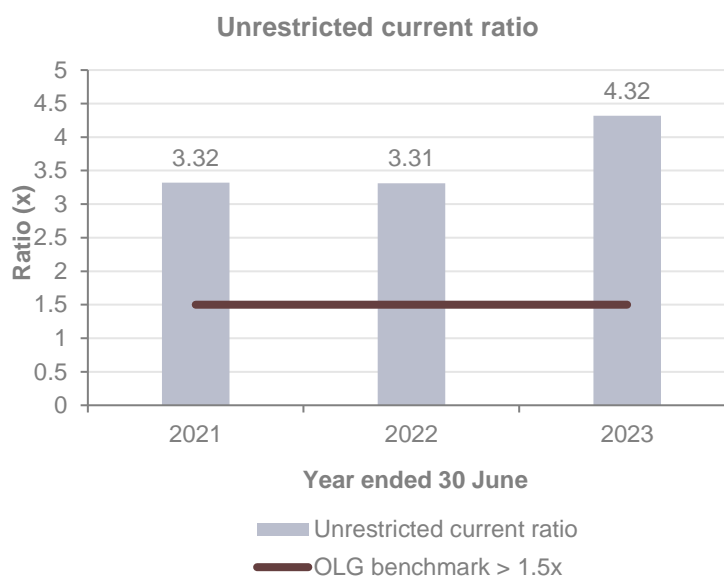
Unrestricted current ratio

The Council exceeded the benchmark for the current reporting period.

The 2023 unrestricted current ratio is 4.32, which is higher than 2022 ratio of 3.31, mainly due to an \$8 million increase in current term deposits invested by the Council.

The 2022 ratio was restated to correct a prior period error from 2.97 to 3.31.

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.



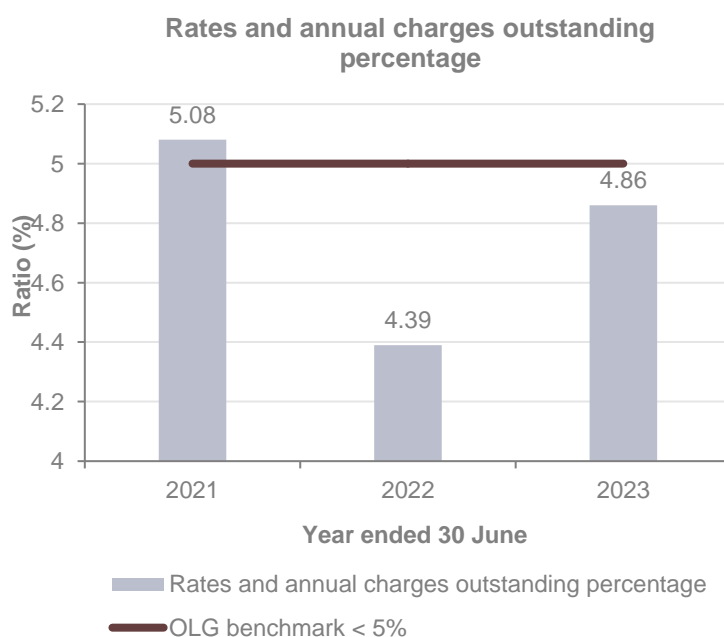
Debt service cover ratio

Similarly, to the prior year, the Council does not have any external debts or borrowings. This ratio measures the operating cash to service debt including interest, principal, and lease payments.

Rates and annual charges outstanding percentage

The Council met 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.

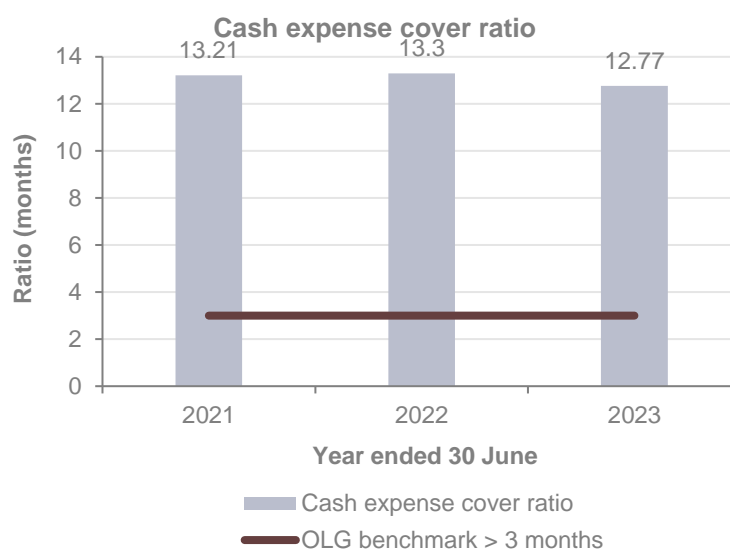


Cash expense cover ratio

The Council exceeded the benchmark for the current reporting period.

The ratio indicates the Council holds enough cash to meet expenditure for the next 12.77 months without additional cash inflow.

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

The Council's infrastructure renewal expenditure in 2022–23 was \$3.3 million. This is mainly due to the additional capital work in progress spent on projects as part of the following projects including Powells Creek Bridges, Strathfield Park, Airey Park, Begnell Field and Hudson Park.

OTHER MATTERS

Legislative compliance

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

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

Renee Meimaroglou
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Strathfield Municipal Council

SPECIAL SCHEDULES
for the year ended 30 June 2023



Strathfield Municipal Council

Special Schedules

for the year ended 30 June 2023

| Contents | Page |
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| Special Schedules: | |
| Permissible income for general rates | 3 |
| Report on infrastructure assets as at 30 June 2023 | 4 |

Strathfield Municipal 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 | 19,596 | 19,903 |
| Plus or minus adjustments ² | b | 108 | 62 |
| Notional general income | $c = a + b$ | 19,704 | 19,965 |
| Permissible income calculation | | | |
| Special variation percentage ³ | d | 0.00% | 35.10% |
| Or rate peg percentage | e | 1.10% | 0.00% |
| Plus special variation amount | $h = d \times (c + g)$ | — | 7,008 |
| Or plus rate peg amount | $i = e \times (c + g)$ | 217 | — |
| Sub-total | $k = (c + g + h + i + j)$ | 19,921 | 26,973 |
| Plus (or minus) last year's carry forward total | l | 15 | — |
| Less valuation objections claimed in the previous year | m | (33) | — |
| Sub-total | $n = (l + m)$ | (18) | — |
| Total permissible income | $o = k + n$ | 19,903 | 26,973 |
| Less notional general income yield | p | 19,903 | 27,003 |
| Catch-up or (excess) result | $q = o - p$ | — | (31) |
| Plus income lost due to valuation objections claimed ⁴ | r | — | 32 |
| Carry forward to next year ⁶ | $t = q + r + s$ | — | 1 |

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)*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable, the Crown land adjustment.
- (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

Strathfield Municipal Council

To the Councillors of Strathfield Municipal Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Strathfield 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.

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.



Renee Meimaroglou
Delegate of the Auditor-General for New South Wales

7 March 2024
SYDNEY

Strathfield Municipal Council

Report on infrastructure assets as at 30 June 2023

| Asset Class | Asset Category | Estimated cost to bring assets to satisfactory standard | | Estimated cost to bring to the agreed level of service set by Council | 2022/23 Required maintenance ^a | 2022/23 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost | | | | |
|----------------------------------|--|---|---------|---|---|----------------------------|---------------------|------------------------------|---|-------|-------|-------|---|
| | | \$ '000 | \$ '000 | | \$ '000 | \$ '000 | \$ '000 | \$ '000 | 1 | 2 | 3 | 4 | 5 |
| Buildings | Buildings and other structures | 3,455 | 5,629 | 764 | 505 | 54,072 | 76,418 | 28.7% | 33.3% | 30.6% | 2.4% | 5.0% | |
| | Sub-total | 3,455 | 5,629 | 764 | 505 | 54,072 | 76,418 | 28.7% | 33.3% | 30.6% | 2.4% | 5.0% | |
| Roads & Car Parks | Roads, bridges, footpaths, kerb & gutter, bulk earthworks (non-depreciable). | 10,691 | 48,799 | 2,544 | 1,210 | 180,980 | 284,056 | 0.6% | 7.7% | 46.3% | 29.0% | 16.4% | |
| | Sub-total | 10,691 | 48,799 | 2,544 | 1,210 | 180,980 | 284,056 | 0.6% | 7.7% | 46.3% | 29.0% | 16.4% | |
| Stormwater drainage | Stormwater drainage (Pits, Pipes, & Conduits) | 260 | 260 | 931 | 172 | 55,640 | 93,143 | 1.0% | 17.0% | 82.0% | 0.0% | 0.0% | |
| | Sub-total | 260 | 260 | 931 | 172 | 55,640 | 93,143 | 1.0% | 17.0% | 82.0% | 0.0% | 0.0% | |
| Open Space & Recreational Assets | Other open space / recreational assets | 8,937 | 8,937 | 609 | 1,473 | 42,885 | 60,911 | 59.5% | 15.7% | 23.2% | 1.6% | 0.0% | |
| | Sub-total | 8,937 | 8,937 | 609 | 1,473 | 42,885 | 60,911 | 59.5% | 15.7% | 23.2% | 1.6% | 0.0% | |
| Total – all assets | | 23,343 | 63,625 | 4,848 | 3,360 | 333,577 | 514,528 | 11.8% | 14.1% | 47.7% | 16.6% | 9.8% | |

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

Infrastructure asset condition assessment 'key'

| # | Condition | Integrated planning and reporting (IP&R) description |
|---|---------------------|--|
| 1 | Excellent/very good | No work required (normal maintenance) |
| 2 | Good | Only minor maintenance work required |
| 3 | Satisfactory | Maintenance work required |
| 4 | Poor | Renewal required |
| 5 | Very poor | Urgent renewal/upgrading required |

Strathfield Municipal Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

| | Amounts | Indicator | Indicators | | Benchmark |
|--|---------|-----------|------------------|------------------|-----------|
| \$ '000 | 2023 | 2023 | Restated 2022 | Restated 2021 | |
| Buildings and infrastructure renewals ratio | | | | | |
| Asset renewals ¹ | 3,302 | 48.75% | 70.18% | 114.65% | > 100.00% |
| Depreciation, amortisation and impairment | 6,773 | | | | |
| Infrastructure backlog ratio | | | | | |
| Estimated cost to bring assets to a satisfactory standard | 23,343 | 6.69% | 4.21% | 0.39% | < 2.00% |
| Net carrying amount of infrastructure assets | 348,722 | | | | |
| Asset maintenance ratio | | | | | |
| Actual asset maintenance | 3,360 | 69.31% | 126.09% | 148.95% | > 100.00% |
| Required asset maintenance | 4,848 | | | | |
| Cost to bring assets to agreed service level | | | | | |
| Estimated cost to bring assets to an agreed service level set by Council | 63,625 | 12.37% | 11.15% | 0.29% | |
| Gross replacement cost | 514,528 | | | | |

(*) 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.