



2022-23

# Financial Statements

# Randwick City Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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## General Purpose Financial Statements

for the year ended 30 June 2023

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### Overview

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

30 Frances Street  
Randwick NSW 2031

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

# Randwick City Council

## General Purpose Financial Statements

for the year ended 30 June 2023

## Understanding Council's Financial Statements

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### Introduction

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

### What you will find in the Statements

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

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

### About the Councillor/Management Statement

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

### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

#### 1. The Income Statement

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

#### 2. The Statement of Comprehensive Income

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

#### 3. The Statement of Financial Position

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

#### 4. The Statement of Changes in Equity

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

#### 5. The Statement of Cash Flows

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

### About the Notes to the Financial Statements

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

### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

### Who uses the Financial Statements?

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

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

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

# Randwick City Council

## General Purpose Financial Statements

for the year ended 30 June 2023

### Understanding Council's Financial Statements (continued)

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#### Key Events of 2022-23

##### Heffron Centre Project

The Heffron Centre project commenced construction in October 2021, it has now been completed & opened to the public in June 2023.

The Heffron Centre is a new indoor multi-purpose sporting facility, gymnastics facility and Community High Performance Centre (CHPC) which forms a major part of the ongoing upgrade works in Heffron Park.

The Heffron Centre has added \$56 million to Council's Assets Register for the Financial Year.

##### Asset Revaluation

Council undertook a revaluation of its Infrastructure Asset categories. This was undertaken by external valuers being Scott Fullarton Valuations (Land & Buildings) & Morrison Low & Associates (other Infrastructure assets except for Stormwater Drainage which was revalued in 2022).

The net movement from the revaluation was an increase to the IPPE Revaluation Reserve of \$67.613m.

# Randwick City Council

## General Purpose Financial Statements

for the year ended 30 June 2023

### Statement by Councillors and Management

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

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

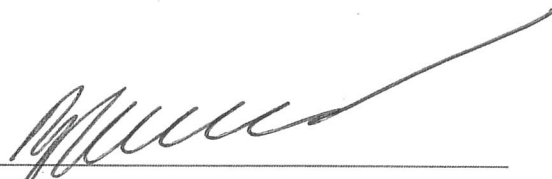
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

Signed in accordance with a resolution of Council made on 22 August 2023.



Dylan Parker

Mayor

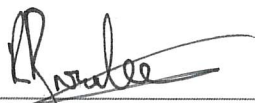
22 August 2023



Rafaela Pandolfini

Councillor

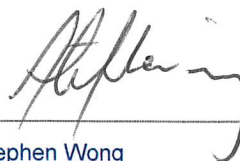
22 August 2023



Ray Brownlee

General Manager

22 August 2023



Stephen Wong

Responsible Accounting Officer

22 August 2023



# Randwick City Council

## Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Revenue from continuing operations</b>				
135,771	Rates and annual charges	B2-1	<b>135,706</b>	132,430
20,555	User charges and fees	B2-2	<b>23,832</b>	17,262
6,212	Other revenues	B2-3	<b>8,571</b>	5,866
7,250	Grants and contributions provided for operating purposes	B2-4	<b>13,579</b>	10,851
7,350	Grants and contributions provided for capital purposes	B2-4	<b>11,813</b>	12,607
1,470	Interest and investment income	B2-5	<b>4,436</b>	1,345
4,012	Other income	B2-6	<b>4,219</b>	3,033
<b>182,620</b>	<b>Total Revenue from continuing operations</b>		<b>202,156</b>	183,394
<b>Expenses from continuing operations</b>				
76,305	Employee benefits and on-costs	B3-1	<b>73,675</b>	67,481
61,078	Materials and services	B3-2	<b>69,080</b>	61,205
693	Borrowing costs	B3-3	<b>786</b>	379
29,965	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>27,795</b>	28,314
4,596	Other expenses	B3-5	<b>4,615</b>	4,605
—	Net loss from the disposal of assets	B4-1	<b>3,455</b>	2,958
<b>172,637</b>	<b>Total expenses from continuing operations</b>		<b>179,406</b>	164,942
<b>9,983</b>	<b>Operating result from continuing operations</b>		<b>22,750</b>	18,452
<b>9,983</b>	<b>Net operating result for the year attributable to Council</b>		<b>22,750</b>	18,452
<b>2,633</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>10,937</b>	5,845

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

# Randwick City Council

## Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Net operating result for the year – from Income Statement</b>		<b>22,750</b>	18,452
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<b>67,613</b>	(13,581)
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>67,613</b>	(13,581)
<b>Total other comprehensive income for the year</b>		<b>67,613</b>	(13,581)
<b>Total comprehensive income for the year attributable to Council</b>		<b>90,363</b>	4,871

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



# Randwick City Council

## Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	Restated 2022	Restated 1 July 2021
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	8,007	13,519	18,332
Investments	C1-2	143,064	131,401	77,375
Receivables	C1-4	12,792	13,473	10,490
Other	C1-7	1,277	858	644
Inventories	C1-5	605	680	825
<b>Total current assets</b>		<b>165,745</b>	<b>159,931</b>	<b>107,666</b>
<b>Non-current assets</b>				
Receivables	C1-4	626	674	592
Infrastructure, property, plant and equipment (IPPE)	C1-6	1,969,268	1,874,852	1,873,900
Right of use assets	C2-1	227	231	235
Investments accounted for using the equity method	D2-2	–	–	7
<b>Total non-current assets</b>		<b>1,970,121</b>	<b>1,875,757</b>	<b>1,874,734</b>
<b>Total assets</b>		<b>2,135,866</b>	<b>2,035,688</b>	<b>1,982,400</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	19,959	21,334	15,005
Income received in advance	C3-1	2,437	2,258	2,169
Contract liabilities	C3-2	7,682	6,057	4,253
Lease liabilities	C2-1	5	5	5
Borrowings	C3-3	3,129	3,061	–
Employee benefit provisions	C3-4	21,437	20,496	21,756
<b>Total current liabilities</b>		<b>54,649</b>	<b>53,211</b>	<b>43,188</b>
<b>Non-current liabilities</b>				
Income received in advance	C3-1	21,870	10,424	893
Lease liabilities	C2-1	237	237	237
Borrowings	C3-3	25,805	28,934	–
Employee benefit provisions	C3-4	711	651	722
<b>Total non-current liabilities</b>		<b>48,623</b>	<b>40,246</b>	<b>1,852</b>
<b>Total liabilities</b>		<b>103,272</b>	<b>93,457</b>	<b>45,040</b>
<b>Net assets</b>		<b>2,032,594</b>	<b>1,942,231</b>	<b>1,937,360</b>
<b>EQUITY</b>				
Accumulated surplus	C4-1	894,106	871,356	852,904
IPPE revaluation reserve	C4-1	1,138,488	1,070,875	1,084,456
<b>Council equity interest</b>		<b>2,032,594</b>	<b>1,942,231</b>	<b>1,937,360</b>
<b>Total equity</b>		<b>2,032,594</b>	<b>1,942,231</b>	<b>1,937,360</b>

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

# Randwick City Council

## Statement of Changes in Equity

for the year ended 30 June 2023

		2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000	Notes				Restated	Restated	Restated
Opening balance at 1 July		871,356	1,070,875	1,942,231	848,273	1,084,456	1,932,729
Correction of prior period errors	F3-1	–	–	–	4,631	–	4,631
<b>Restated opening balance</b>		<b>871,356</b>	<b>1,070,875</b>	<b>1,942,231</b>	<b>852,904</b>	<b>1,084,456</b>	<b>1,937,360</b>
Net operating result for the year		22,750	–	22,750	18,452	–	18,452
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	67,613	67,613	–	(13,581)	(13,581)
<b>Other comprehensive income</b>		<b>–</b>	<b>67,613</b>	<b>67,613</b>	<b>–</b>	<b>(13,581)</b>	<b>(13,581)</b>
<b>Total comprehensive income</b>		<b>22,750</b>	<b>67,613</b>	<b>90,363</b>	<b>18,452</b>	<b>(13,581)</b>	<b>4,871</b>
<b>Closing balance at 30 June</b>		<b>894,106</b>	<b>1,138,488</b>	<b>2,032,594</b>	<b>871,356</b>	<b>1,070,875</b>	<b>1,942,231</b>

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

# Randwick City Council

## Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
135,814	Rates and annual charges		137,811	131,464
20,563	User charges and fees		35,625	25,723
1,586	Interest received		3,051	854
14,589	Grants and contributions		27,784	24,373
196	Bonds, deposits and retentions received		2,048	1,876
10,899	Other		24,841	17,694
<b>Payments:</b>				
(76,002)	Payments to employees		(72,715)	(68,985)
(61,031)	Payments for materials and services		(73,589)	(68,048)
(693)	Borrowing costs		(786)	(379)
—	Bonds, deposits and retentions refunded		(1,555)	(1,302)
(4,532)	Other		(16,156)	(562)
41,389	<b>Net cash flows from operating activities</b>	G1-1	<b>66,359</b>	<b>62,708</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
72,147	Sale of investments		99,000	78,013
2,502	Proceeds from sale of IPPE		821	1,137
—	Distributions received from joint ventures and associates		—	7
<b>Payments:</b>				
(45,400)	Purchase of investments		(110,500)	(132,745)
(65,729)	Payments for IPPE		(58,131)	(45,928)
(36,480)	<b>Net cash flows from investing activities</b>		<b>(68,810)</b>	<b>(99,516)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
—	Proceeds from borrowings		—	33,500
<b>Payments:</b>				
(3,454)	Repayment of borrowings		(3,061)	(1,505)
(3,454)	<b>Net cash flows from financing activities</b>		<b>(3,061)</b>	<b>31,995</b>
1,455	<b>Net change in cash and cash equivalents</b>		<b>(5,512)</b>	<b>(4,813)</b>
11,301	Cash and cash equivalents at beginning of year		13,519	18,332
12,756	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>8,007</b>	<b>13,519</b>
—	plus: Investments on hand at end of year	C1-2	143,064	131,401
12,756	<b>Total cash, cash equivalents and investments</b>		<b>151,071</b>	<b>144,920</b>

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

# Randwick City Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 22 August 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (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 infrastructure, property, plant and equipment and investment property.

#### **Significant accounting estimates and judgements**

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

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

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) employee benefit provisions – refer Note C3-4.

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

- (i) Impairment of receivables

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

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

#### **The Consolidated Fund**

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

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

- General purpose operations

#### **The Trust Fund**

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

No trust funds are currently held by the Council.

## A1-1 Basis of preparation (continued)

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### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Council does not have material dependence on volunteer services. Volunteers are utilised in Library Services, Aquatic Services, Cultural Events & Sustainability. These services are not recognised due to their nature as a large percentage of services would not go ahead should there not be volunteers to undertake the roles and their non-material value.

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

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

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2023 reporting period.

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

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

### New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective for the first time at 30 June 2023.

Those newly adopted standards did not have an impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.



## B Financial Performance

### B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
\$ '000										Restated
<b>Functions or activities</b>										
Strategic Planning	8,636	5,963	2,042	2,039	6,594	3,924	8,238	5,561	4,305	3,255
Development Assessment	2,347	2,725	4,392	4,371	(2,045)	(1,646)	–	150	4,305	3,255
Community Development	1,513	1,584	3,737	3,331	(2,224)	(1,747)	857	888	11,264	8,457
Economic Development and Placemaking	835	563	4,626	3,257	(3,791)	(2,694)	252	281	42,720	35,535
Environmental Sustainability	128	157	2,073	1,668	(1,945)	(1,511)	106	153	88,751	82,701
Health, Building & Regulatory Services	1,899	1,586	4,421	4,026	(2,522)	(2,440)	–	–	37,653	35,616
Library Services	643	540	5,200	4,746	(4,557)	(4,206)	494	471	27,626	22,063
Recreation Business Services	8,772	5,118	7,800	6,515	972	(1,397)	–	–	48,478	41,854
Waste, Cleansing and Public Safety	47,422	45,063	49,914	47,216	(2,492)	(2,153)	18	545	246,368	229,909
Integrated Transport	2,870	1,960	1,749	1,645	1,121	315	85	95	180,831	194,568
Infrastructure Services	13,393	10,323	27,947	22,072	(14,554)	(11,749)	8,363	7,523	1,190,158	1,139,630
Technical Services	1,769	1,010	26,761	26,787	(24,992)	(25,777)	1,537	748	11,429	10,373
Customer Service & Governance Management	4,917	3,928	14,221	14,312	(9,304)	(10,384)	2	–	14,362	11,561
People Management	76	82	2,423	2,120	(2,347)	(2,038)	75	82	4,317	3,266
Finance	106,651	102,493	8,377	7,695	98,274	94,798	5,280	6,877	170,677	163,859
Information Management and Technology Services	285	299	11,588	10,696	(11,303)	(10,397)	85	84	42,795	42,058
Communications	–	–	1,656	1,557	(1,656)	(1,557)	–	–	4,307	3,257
Change and Performance Service	–	–	479	889	(479)	(889)	–	–	5,521	4,471
<b>Total functions and activities</b>	<b>202,156</b>	<b>183,394</b>	<b>179,406</b>	<b>164,942</b>	<b>22,750</b>	<b>18,452</b>	<b>25,392</b>	<b>23,458</b>	<b>2,135,866</b>	<b>2,035,688</b>

## B1-2 Components of functions or activities

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

### Strategic Planning

- Strategic land use planning
- Creation of land use and development controls
- Implementation of land use and development controls

### Development Assessment

- Assessment of Development Applications
- Assessment of other Development Related Applications

### Community Development

- Community capacity building
- Community support

### Economic Development and Placemaking

- Economic Development
- Placemaking

### Environmental Sustainability

- Environmental Sustainability

### Health, Building & Regulatory Services

- Regulation and Compliance
- Approvals & Certification
- Prevention of crime and anti-social behaviour

### Library Services

- Information services
- Library spaces

### Recreation Business Services

- Leisure Centre Facilities Management
- Leisure Centre Programs and Service

### Waste, Cleansing and Public Safety

- Waste and Recycling Services
- Public Place Cleansing
- Plant & Fleet Management
- Public Safety

### Integrated Transport

- Transport Planning & Facilities

### Infrastructure Services

- Asset construction
- Asset Maintenance
- Emergency Management
- Tree & Plant Management

### Technical Services

- Asset Lifecycle Planning
- Asset Management & Control
- Floodplain Management

### Customer Service & Governance Management

- Property and Land Management
- Customer Service Management
- Procurement Management
- Governance Management
- Enterprise Risk Management

### People Management

- Employee On-board Management
- Employee Development and Retention Management

### Finance

- Accounting
- Financial Management and Control

### Information Management and Technology Services

- Information Management
- Technology Management

### Communications

- Community engagement

### Change and Performance Service

- Performance Management
- Change Management
- Internal Audit

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2023	2022
<b>Ordinary rates</b>		
Residential	71,611	69,812
Business	20,183	19,730
Less: pensioner rebates (mandatory)	(667)	(696)
<b>Rates levied to ratepayers</b>	<b>91,127</b>	<b>88,846</b>
Pensioner rate subsidies received	366	384
<b>Total ordinary rates</b>	<b>91,493</b>	<b>89,230</b>
<b>Special rates</b>		
Environmental	5,117	4,992
Less: pensioner rebates (Council policy)	(101)	(106)
<b>Rates levied to ratepayers</b>	<b>5,016</b>	<b>4,886</b>
<b>Total special rates</b>	<b>5,016</b>	<b>4,886</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	38,343	37,492
Stormwater management services	1,139	1,140
Section 611 charges	162	149
Less: pensioner rebates (mandatory)	(320)	(333)
Less: pensioner rebates (Council policy)	(304)	(317)
<b>Annual charges levied</b>	<b>39,020</b>	<b>38,131</b>
Pensioner annual charges subsidies received:		
– Domestic waste management	177	183
<b>Total annual charges</b>	<b>39,197</b>	<b>38,314</b>
<b>Total rates and annual charges</b>	<b>135,706</b>	<b>132,430</b>

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
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>			
Waste management services (non-domestic)	2	1,488	1,416
<b>Total specific user charges</b>		<b>1,488</b>	<b>1,416</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Planning and building regulation	2	2,215	2,288
Regulatory/ statutory fees	2	2,207	2,121
Alignment fees	2	74	91
Construction zones	2	1,605	880
Other	2	52	44
<b>Total fees and charges – statutory/regulatory</b>		<b>6,153</b>	<b>5,424</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Leaseback fees – Council vehicles	2	486	504
Bus shelter advertising fees	2	392	426
Cemetery fees	2	38	48
Child care centre fees	2	488	516
Community facilities and park hire	2	2,647	1,256
Enquiries	2	64	107
Filming permits	2	150	88
Home maintenance services	2	50	41
Leisure centre fees	1	7,621	4,510
Library	2	8	2
Microfilm prints & Photocopying	2	236	241
Parking meters	2	1,025	822
Parking schemes and traffic management	2	152	163
Road and other infrastructure reinstatements	2	2,061	841
Sale of recycled materials	2	102	372
Shrub and tree sales	2	325	198
Other	2	346	287
<b>Total fees and charges – other</b>		<b>16,191</b>	<b>10,422</b>
<b>Total other user charges and fees</b>		<b>22,344</b>	<b>15,846</b>
<b>Total user charges and fees</b>		<b>23,832</b>	<b>17,262</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised at a point in time (2)		16,216	12,752
User charges and fees recognised over time (1)		7,616	4,510
<b>Total user charges and fees</b>		<b>23,832</b>	<b>17,262</b>

## B2-2 User charges and fees (continued)

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### **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 14 days of the provision of the service or in some cases such as facility hire, casual gym or swim activities, 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 for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

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

## B2-3 Other revenues

\$ '000	Timing	2023	2022
Fines – parking	2	6,623	4,607
Fines – other	2	450	208
Legal fees recovery – rates and charges	2	239	–
Legal fees recovery – other	2	66	223
Commissions and agency fees	2	64	60
Insurance claims recoveries	2	4	20
Premature Insurance Pool Closure Distribution	2	–	81
Other	2	221	253
Aquatic centre kiosk and merchandise sales	2	904	414
<b>Total other revenue</b>		<b>8,571</b>	<b>5,866</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	8,571	5,866
<b>Total other revenue</b>	<b>8,571</b>	<b>5,866</b>

### Accounting policy for other revenue

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

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

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

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	167	1,206	–	–
Financial assistance – local roads component	2	1,053	1,038	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance	2	4,989	3,449	–	–
<b>Amount recognised as income during current year</b>		<b>6,209</b>	<b>5,693</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
<b>Previously specific grants:</b>					
<b>Pensioners' rates subsidies:</b>					
Child care	2	407	443	–	–
Community centres	2	–	–	83	1,474
Environmental programs	2	206	386	–	–
Food Organics & Garden Organics (FOGO)	2	–	369	–	–
Community services	2	374	370	–	–
Library	2	494	471	–	–
Street lighting	2	442	406	–	–
Transport (roads to recovery)	2	436	617	–	–
Recreation and culture	2	–	–	903	305
Transport (other roads and bridges funding)	2	–	–	92	1,064
Local Community & Roads Infrastructure	2	–	–	1,403	1,409
Greening Our City Tree Planting	2	757	–	–	–
NSW Severe Weather and Flooding Recovery Grant	2	1,000	–	–	–
Streets as Shared Spaces	2	250	250	–	–
Emergency Service Levy	2	–	612	–	–
Faster Regionally Significant DA Pilot Program	2	–	150	–	–
At the Heart of the Village - Clovelly & Carrington Rd Plaza	2	–	–	254	–
At the Heart of the Village - Waratah Ave	2	–	–	196	107
Regional and Local Roads Repair Program	2	1,965	–	357	–
Other specific grants	2	126	125	–	78
<b>Previously contributions:</b>					
Driveways	2	268	273	14	27
Ex gratia rates	2	20	20	–	–
Tree amenity income	2	69	58	–	–
Transport for NSW contributions (regional roads, block grant)	2	427	432	273	986
Paid parental leave scheme	2	75	81	–	–
Interest free loan for IT devices	2	40	84	–	–
Other contributions	2	14	11	–	144
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>7,370</b>	<b>5,158</b>	<b>3,575</b>	<b>5,594</b>
<b>Non-cash contributions</b>					
Drainage	2	–	–	–	1,452
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>1,452</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>7,370</b>	<b>5,158</b>	<b>3,575</b>	<b>7,046</b>



**B2-4 Grants and contributions (continued)**

<b>\$ '000</b>	<b>Timing</b>	<b>Operating 2023</b>	<b>Operating 2022</b>	<b>Capital 2023</b>	<b>Capital 2022</b>
<b>Total grants and non-developer contributions</b>		<b>13,579</b>	<b>10,851</b>	<b>3,575</b>	<b>7,046</b>
<b>Comprising:</b>					
– Commonwealth funding		<b>7,249</b>	6,986	<b>1,403</b>	1,409
– State funding		<b>5,416</b>	3,324	<b>1,434</b>	4,077
– Other funding		<b>914</b>	541	<b>738</b>	1,560
		<b>13,579</b>	<b>10,851</b>	<b>3,575</b>	<b>7,046</b>

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 “over time”,  
 (2) indicates income recognised under AASB 15 or AASB 1058 “at a point in time”.

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Developer contributions:</b>						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
<b>Cash contributions</b>						
s7.4 – Voluntary Planning Agreements - General		2	–	–	700	–
s7.4 – Voluntary Planning Agreements - Affordable Housing		2	–	–	345	38
s7.12 – Fixed development consent levies - General		2	–	–	5,690	5,523
s7.12 - Fixed development consent levies - K2K Infrastructure			–	–	1,503	–
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>8,238</b>	<b>5,561</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>8,238</b>	<b>5,561</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>8,238</b>	<b>5,561</b>
<b>Total grants and contributions</b>			<b>13,579</b>	<b>10,851</b>	<b>11,813</b>	<b>12,607</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			13,579	10,851	11,813	12,607
<b>Total grants and contributions</b>			<b>13,579</b>	<b>10,851</b>	<b>11,813</b>	<b>12,607</b>

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 "over time",  
(2) indicates income recognised under AASB 15 or AASB 1058 "at a point in time".

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	2,117	2,509	782	814
<b>Add:</b> funds recognised as revenue in the current period but not yet spent	3,173	446	–	116
<b>Less:</b> funds recognised in a previous reporting period now spent	(174)	(838)	(293)	(148)
<b>Unspent funds at 30 June</b>	<b>5,116</b>	<b>2,117</b>	<b>489</b>	<b>782</b>
<b>Contributions</b>				
Unspent funds at 1 July	–	–	15,764	11,440
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	8,282	5,588
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(4,038)	(1,264)
<b>Unspent contributions at 30 June</b>	<b>–</b>	<b>–</b>	<b>20,008</b>	<b>15,764</b>

### 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 agreements. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

#### Capital grants

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

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

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

#### Developer contributions

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

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

## B2-4 Grants and contributions (continued)

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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
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	289	318
– Cash and investments	4,147	1,027
<b>Total interest and investment income (losses)</b>	<b>4,436</b>	<b>1,345</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	205	227
General Council cash and investments	4,066	967
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.12 fixed development consent levies	14	11
– Section 7.2 affordable housing	30	16
Domestic waste management operations	20	18
Domestic waste management operations – overdue annual charges	82	89
Stormwater management operations – overdue annual charges	2	2
<b>Restricted investments/funds – internal:</b>		
Internally restricted assets	17	15
<b>Total interest and investment income</b>	<b>4,436</b>	<b>1,345</b>

### 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
<b>Rental income</b>			
Lease Income		4,056	3,033
<b>Total lease income</b>		<b>4,056</b>	<b>3,033</b>
<b>Total rental income</b>	C2-2	<b>4,056</b>	<b>3,033</b>
<b>Fair value increment on investments</b>			
Fair value increment on investments (other)		163	–
<b>Total Fair value increment on investments</b>		<b>163</b>	<b>–</b>
<b>Total other income</b>		<b>4,219</b>	<b>3,033</b>

## B3 Costs of providing services

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

\$ '000	2023	2022
Salaries and wages	57,947	55,645
Travel expenses	59	41
Employee leave entitlements (ELE)	6,753	4,195
Superannuation – defined contribution plans	5,831	4,805
Superannuation – defined benefit plans	847	956
Workers' compensation insurance	1,363	2,025
Fringe benefits tax (FBT)	355	257
Training costs (other than salaries and wages)	654	496
Other	507	563
<b>Total employee costs</b>	<b>74,316</b>	<b>68,983</b>
Less: capitalised costs	(641)	(1,502)
<b>Total employee costs expensed</b>	<b>73,675</b>	<b>67,481</b>
Number of 'full-time equivalent' employees (FTE) at year end	553	546

#### Accounting policy

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

#### Retirement benefit obligations

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

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

#### Superannuation plans

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

## B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		5,888	4,269
Contractor and consultancy costs			
– Garbage and recycling contracts		21,271	19,480
– Other contractor and consultancy costs		26,867	23,876
Audit Fees	E2-1	95	97
Infringement notice contract costs (SEINS)		981	585
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	E1-2	907	583
Election expenses		–	838
Electricity and heating		1,291	1,030
Insurance		3,078	2,754
Street lighting		2,230	1,864
Subscriptions and publications		671	693
Telephone and communications		1,266	1,227
Valuation fees		174	166
Animal pest control		72	35
Bank charges, investment charges and payments to council collection		459	402
Community events and functions		1,681	1,215
Other expenses		228	273
Vehicle registration fees		237	217
Water and sewerage		549	436
<b>Legal expenses:</b>			
– Legal expenses: planning and development		524	945
– Legal expenses: other		611	220
<b>Total materials and services</b>		<b>69,080</b>	<b>61,205</b>

## B3-3 Borrowing costs

### (i) Interest bearing liability costs

Interest on leases	4	7
Interest on loans	782	372
<b>Total borrowing costs expensed</b>	<b>786</b>	<b>379</b>

### Accounting policy

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



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

\$ '000	Notes	2023	2022
<b>Depreciation and amortisation</b>			
Plant and equipment		2,847	2,851
Office equipment		2,250	2,468
Furniture and fittings		494	485
Land improvements (depreciable)		565	568
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		1,670	1,849
– Buildings – specialised		2,605	2,479
– Roads		9,943	9,852
– Footpaths		2,493	2,532
– Stormwater drainage		2,367	2,737
– Swimming pools		106	106
– Other open space/recreational assets		2,194	2,128
Right of use assets	C2-1	4	4
<b>Other assets:</b>			
– Library books		257	255
<b>Total depreciation and amortisation costs</b>		<b>27,795</b>	<b>28,314</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>27,795</b>	<b>28,314</b>

### Accounting policy

#### Depreciation and amortisation

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

## B3-5 Other expenses

\$ '000	Notes	2023	2022
<b>Impairment of receivables</b>			
Other		3	8
<b>Total impairment of receivables</b>	C1-4	<b>3</b>	<b>8</b>
<b>Fair value decrement on investments</b>			
Fair value decrement on investments through profit and loss		–	706
<b>Total Fair value decrement on investments</b>	C1-2	<b>–</b>	<b>706</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Department of planning levy		296	291
– Emergency services levy (includes FRNSW, SES, and RFS levies)		419	228
– NSW fire brigade levy		2,778	2,411
Donations, contributions and assistance to other organisations (Section 356)		1,119	961
<b>Total other</b>		<b>4,612</b>	<b>3,891</b>
<b>Total other expenses</b>		<b>4,615</b>	<b>4,605</b>

### Accounting policy

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

Impairment expenses are recognised when identified.

## B4 Gains or losses

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

\$ '000	Notes	2023	2022
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-6		
Proceeds from disposal – plant and equipment		821	1,137
Less: carrying amount of plant and equipment assets sold/written off		(376)	(602)
<b>Gain (or loss) on disposal</b>		<b>445</b>	<b>535</b>
<b>Gain (or loss) on disposal of infrastructure</b>	C1-6		
Less: carrying amount of infrastructure assets sold/written off		(3,900)	(3,493)
<b>Gain (or loss) on disposal</b>		<b>(3,900)</b>	<b>(3,493)</b>
<b>Gain (or loss) on disposal of investments</b>	C1-2		
Proceeds from disposal/redemptions/maturities – investments		99,000	78,013
Less: carrying amount of investments sold/redeemed/matured		(99,000)	(78,013)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(3,455)</b>	<b>(2,958)</b>

#### Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 28 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	<b>135,771</b>	<b>135,706</b>	<b>(65)</b>	<b>0% U</b>
<b>User charges and fees</b>	<b>20,555</b>	<b>23,832</b>	<b>3,277</b>	<b>16% F</b>
The major contributors to the favourable original budget variation to User Charges & Fees include increased income in the following areas:				
<ul style="list-style-type: none"> <li>Article on Road Fee</li> <li>Work Zone Fees</li> <li>Parking Meters</li> <li>Road &amp; Infrastructure Reinstatements</li> <li>Community Facilities and Parks Hire Fees</li> </ul>				
<b>Other revenues</b>	<b>6,212</b>	<b>8,571</b>	<b>2,359</b>	<b>38% F</b>
The major contributors to the favourable original budget variation to Other Revenues include an increase in revenue to the following:				
<ul style="list-style-type: none"> <li>Parking Fines</li> <li>Legal Fees Recovery</li> </ul>				
<b>Operating grants and contributions</b>	<b>7,250</b>	<b>13,579</b>	<b>6,329</b>	<b>87% F</b>
The favourable original budget variation to Grants & Contributions - Operating is due to the advanced payment of the 2023-24 Financial Assistance Grant from the Department of Infrastructure, Transport, Regional Development, Communications and the Arts.				
<b>Capital grants and contributions</b>	<b>7,350</b>	<b>11,813</b>	<b>4,463</b>	<b>61% F</b>
The major contributors to the favourable budget variation to Grants & Contributions - Capital include:				
<ul style="list-style-type: none"> <li>Affordable housing K2K Contributions \$2.2m</li> <li>Local Roads &amp; Community Infrastructure grant \$1.4m</li> <li>Maroubra Junction Central Oasis grant of \$900k</li> </ul>				
<b>Interest and investment revenue</b>	<b>1,470</b>	<b>4,436</b>	<b>2,966</b>	<b>202% F</b>
Interest revenue is higher than current budgeted due to timing of capital projects and effective cashflow management.				
<b>Other income</b>	<b>4,012</b>	<b>4,219</b>	<b>207</b>	<b>5% F</b>

## B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	<b>76,305</b>	<b>73,675</b>	<b>2,630</b>	<b>3% F</b>
<b>Materials and services</b>	<b>61,078</b>	<b>69,080</b>	<b>(8,002)</b>	<b>(13)% U</b>
The major contributors to the unfavourable original budget variation to Materials & Contracts is largely due to the following:				
<ul style="list-style-type: none"> <li>• Higher volume of reactive operations worked needed by Facilities Management (\$1.2m), Sportfields (\$538k), Horticultural (\$750k)</li> <li>• Unbudgeted capital replacement of aging Plant &amp; Fleet (\$800k) delayed replacement due to stock availability</li> <li>• Expenses allocated to Works Depot stores for unbudgeted material costs (\$500k)</li> <li>• Domestic Waste Development unbudgeted expenses (\$750k) (this is offset with Domestic Waste Levy)</li> </ul>				
<b>Borrowing costs</b>	<b>693</b>	<b>786</b>	<b>(93)</b>	<b>(13)% U</b>
Interest paid was more than originally budgeted.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	<b>29,965</b>	<b>27,795</b>	<b>2,170</b>	<b>7% F</b>
The major contributors to the favourable original budget variation to Depreciation include:				
<ul style="list-style-type: none"> <li>- Decrease in Road Surface depreciation due to increase in useful life from 25 to 35 years.</li> <li>- Decrease in Stormwater Drainage depreciation due to the revaluation in 2021-22.</li> <li>- Heffron Centre depreciation start date was later than budgeted.</li> </ul>				
<b>Other expenses</b>	<b>4,596</b>	<b>4,615</b>	<b>(19)</b>	<b>0% U</b>
<b>Net losses from disposal of assets</b>	<b>–</b>	<b>3,455</b>	<b>(3,455)</b>	<b>∞ U</b>
This includes the written down value of fleet assets sold, and the movement in residual value of infrastructure assets. Council does not budget for these movements. The budget reflects the proceeds received from the sale of assets only.				
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	<b>41,389</b>	<b>66,359</b>	<b>24,970</b>	<b>60% F</b>
The variance is due to additional grants and contributions and Other Revenues.				
<b>Cash flows from investing activities</b>	<b>(36,480)</b>	<b>(68,810)</b>	<b>(32,330)</b>	<b>89% U</b>
Council invested more than budgeted as a result of cashflow management and timing of capital projects.				
<b>Cash flows from financing activities</b>	<b>(3,454)</b>	<b>(3,061)</b>	<b>393</b>	<b>(11)% F</b>
Budget in excess of loan repayments				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2023	2022
<b>Cash assets</b>		
Cash on hand and at bank	202	1,047
Cash equivalent assets		
– Deposits at call	7,805	12,472
<b>Total cash and cash equivalents</b>	<b>8,007</b>	<b>13,519</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	8,007	13,519
<b>Balance as per the Statement of Cash Flows</b>	<b>8,007</b>	<b>13,519</b>

#### Accounting policy

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

## C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Long term deposits	116,500	–	105,000	–
NCD's, FRN's (with maturities > 3 months)	26,564	–	26,401	–
<b>Total</b>	<b>143,064</b>	<b>–</b>	<b>131,401</b>	<b>–</b>
<b>Total financial investments</b>	<b>143,064</b>	<b>–</b>	<b>131,401</b>	<b>–</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>151,071</b>	<b>–</b>	<b>144,920</b>	<b>–</b>

### 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.

### Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in floating rate notes in the Statement of Financial Position.



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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>151,071</b>	144,920
Less: Externally restricted cash, cash equivalents and investments	(51,051)	(40,019)
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>100,020</b>	104,901

### External restrictions

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

Developer contributions – general	20,008	15,764
Specific purpose unexpended grants (recognised as revenue) – general fund	5,605	2,899
Stormwater management	2,214	2,214
Environmental levy	5,880	4,437
Domestic waste management	17,344	14,705
<b>Total external restrictions</b>	<b>51,051</b>	40,019

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		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>100,020</b>	104,901
Less: Internally restricted cash, cash equivalents and investments	(95,441)	(95,042)
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>4,579</b>	9,859

### Internal allocations

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

Plant and vehicle replacement	11,403	9,520
Employees leave entitlement	8,792	8,292
Carry over works	27,079	16,620
Deposits, retentions and bonds	3,266	3,266
Affordable housing rental scheme	1,069	1,069
Building Levy	807	3,008
Community Connect	30	30
Community Creative	111	111
Community Partnerships	17	16
Des Renford Leisure Centre	285	285
Economic Development	465	465
Education & Training	88	88
Election of Councillors	360	10
Financial Assistance Grant advance payment	4,989	–
Heffron Centre loan	–	4,079
Information and communication technology	1,280	580
Infrastructure loan	5,859	12,150
Infrastructure reserve	13,428	16,156
Insurance claims / risk management	1,546	172
Kingsford & Kensington Town Centre's - Public Domain	1,645	1,700

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

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
La Perouse Museum	774	774
Light rail support plan	89	89
Lionel Bowen Library	111	111
Our Community Our Future	9,510	7,720
Prince Henry Centre	62	62
Property development	1,404	1,404
Randwick Environmental Park	914	1,053
Randwick Literary Institute	35	35
Strategic Planning	23	23
The Heffron Centre	—	6,154
<b>Total internal allocations</b>	<b>95,441</b>	<b>95,042</b>

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

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>(c) Unrestricted and unallocated</b>		
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>4,579</b>	<b>9,859</b>

## C1-4 Receivables

<b>\$ '000</b>	<b>2023 Current</b>	<b>2023 Non-current</b>	<b>2022 Current</b>	<b>2022 Non-current</b>
Rates and annual charges	3,231	462	5,311	487
Interest and extra charges	369	53	357	54
User charges and fees	4,658	–	3,942	–
Accrued revenues				
– Interest on investments	1,929	–	555	–
– Fines Receivable	751	111	647	133
– Other income accruals	713	–	1,223	–
Government grants and subsidies	87	–	633	–
Net GST receivable	1,422	–	1,270	–
<b>Total</b>	<b>13,160</b>	<b>626</b>	<b>13,938</b>	<b>674</b>
<b>Less: provision for impairment</b>				
User charges and fees	(368)	–	(465)	–
<b>Total provision for impairment – receivables</b>	<b>(368)</b>	<b>–</b>	<b>(465)</b>	<b>–</b>
<b>Total net receivables</b>	<b>12,792</b>	<b>626</b>	<b>13,473</b>	<b>674</b>
<b>Externally restricted receivables</b>				
Domestic waste management	978	130	1,611	136
<b>Total external restrictions</b>	<b>978</b>	<b>130</b>	<b>1,611</b>	<b>136</b>
<b>Unrestricted receivables</b>	<b>11,814</b>	<b>496</b>	<b>11,862</b>	<b>538</b>
<b>Total net receivables</b>	<b>12,792</b>	<b>626</b>	<b>13,473</b>	<b>674</b>

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	465	471
+ new provisions recognised during the year	96	21
– amounts already provided for and written off this year	(97)	(12)
– amounts provided for but recovered during the year	(96)	(15)
<b>Balance at the end of the year</b>	<b>368</b>	<b>465</b>

## C1-4 Receivables (continued)

### Accounting policy

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

### Impairment

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

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

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

The Council uses the 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.

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.

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

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
<b>Inventories at cost</b>				
Stores and materials	403	–	446	–
Trading stock	202	–	234	–
<b>Total inventories at cost</b>	<b>605</b>	<b>–</b>	<b>680</b>	<b>–</b>
<b>Total inventories</b>	<b>605</b>	<b>–</b>	<b>680</b>	<b>–</b>

### Externally restricted assets

There are no restrictions applicable to the above assets.

### 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	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	40,480	–	40,480	6,624	5,332	–	–	(30,364)	–	–	–	22,072	–	22,072
Plant and equipment	25,306	(14,213)	11,093	–	2,230	(376)	(2,847)	–	–	–	–	24,883	(14,783)	10,100
Office equipment	36,249	(28,787)	7,462	–	1,025	–	(2,250)	–	–	–	–	37,274	(31,037)	6,237
Furniture and fittings	10,566	(7,122)	3,444	–	475	–	(494)	2	–	–	–	11,042	(7,615)	3,427
<b>Land:</b>														
– Operational land	240,239	–	240,239	–	–	–	–	–	–	–	1,841	242,080	–	242,080
– Community land	159,604	–	159,604	–	–	–	–	–	–	–	30,873	190,477	–	190,477
– Crown land	189,801	–	189,801	–	–	–	–	–	–	(2,187)	–	187,614	–	187,614
– Land under roads (post 30/6/08)	4,075	–	4,075	–	–	–	–	–	–	–	–	4,075	–	4,075
Land improvements – depreciable	31,962	(10,873)	21,089	26	–	–	(565)	–	(185)	–	11,484	34,483	(2,634)	31,849
<b>Infrastructure:</b>														
– Buildings – non-specialised	124,835	(61,679)	63,156	236	–	(93)	(1,670)	–	(21)	–	18,138	149,385	(69,639)	79,746
– Buildings – specialised	190,577	(71,641)	118,936	–	29,103	(1,694)	(2,605)	23,253	21	–	14,370	256,705	(75,321)	181,384
– Roads	1,057,755	(461,395)	596,360	4,096	784	(1,344)	(9,943)	195	4,056	–	7,648	906,456	(304,604)	601,852
– Footpaths	177,520	(56,866)	120,654	1,592	273	(295)	(2,493)	592	(4,319)	(17,426)	–	131,693	(33,115)	98,578
– Stormwater drainage	305,644	(87,581)	218,063	153	–	(5)	(2,367)	562	–	–	–	306,351	(89,945)	216,406
– Swimming pools	8,529	(1,556)	6,973	6	–	–	(106)	–	–	(530)	–	9,635	(3,292)	6,343
– Other open space/recreational assets	89,264	(19,183)	70,081	6,470	–	(285)	(2,194)	5,601	448	–	3,402	91,782	(8,259)	83,523
<b>Other assets:</b>														
– Heritage collections	2,564	–	2,564	–	165	(184)	–	159	–	–	–	2,704	–	2,704
– Library books	8,535	(7,757)	778	–	280	–	(257)	–	–	–	–	8,815	(8,014)	801
<b>Total infrastructure, property, plant and equipment</b>	<b>2,703,505</b>	<b>(828,653)</b>	<b>1,874,852</b>	<b>19,203</b>	<b>39,667</b>	<b>(4,276)</b>	<b>(27,791)</b>	<b>–</b>	<b>–</b>	<b>(20,143)</b>	<b>87,756</b>	<b>2,617,526</b>	<b>(648,258)</b>	<b>1,969,268</b>

(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	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	15,114	–	15,114	1,094	30,928	–	–	(6,656)	–	–	–	40,480	–	40,480
Plant and equipment	24,907	(12,717)	12,190	–	2,301	(602)	(2,851)	55	–	–	–	25,306	(14,213)	11,093
Office equipment	34,406	(26,319)	8,087	–	1,705	–	(2,468)	138	–	–	–	36,249	(28,787)	7,462
Furniture and fittings	10,367	(6,644)	3,723	–	225	(19)	(485)	–	–	–	–	10,566	(7,122)	3,444
<b>Land:</b>														
– Operational land	210,320	–	210,320	–	–	–	–	–	–	–	29,919	240,239	–	240,239
– Community land	159,604	–	159,604	–	–	–	–	–	–	–	–	159,604	–	159,604
– Crown land	189,801	–	189,801	–	–	–	–	–	–	–	–	189,801	–	189,801
– Land under roads (post 30/6/08)	4,075	–	4,075	–	–	–	–	–	–	–	–	4,075	–	4,075
Land improvements – depreciable	32,045	(10,364)	21,681	96	–	(120)	(568)	–	–	–	–	31,962	(10,873)	21,089
<b>Infrastructure:</b>														
– Buildings – non-specialised	124,695	(59,915)	64,780	314	–	(89)	(1,849)	–	–	–	–	124,835	(61,679)	63,156
– Buildings – specialised	173,789	(64,689)	109,100	834	–	(1,018)	(2,479)	2,397	–	–	10,102	190,577	(71,641)	118,936
– Roads	1,056,496	(452,828)	603,668	2,479	613	(1,070)	(9,852)	522	–	–	–	1,057,755	(461,395)	596,360
– Footpaths	174,957	(54,688)	120,269	1,689	70	(505)	(2,532)	1,663	–	–	–	177,520	(56,866)	120,654
– Stormwater drainage	359,699	(87,113)	272,586	296	133	(358)	(2,737)	293	1,452	(53,602)	–	305,644	(87,581)	218,063
– Swimming pools	8,498	(1,450)	7,048	31	–	–	(106)	–	–	–	–	8,529	(1,556)	6,973
– Other open space/recreational assets	85,849	(17,309)	68,540	1,503	892	(314)	(2,128)	1,588	–	–	–	89,264	(19,183)	70,081
<b>Other assets:</b>														
– Heritage collections	2,502	–	2,502	–	62	–	–	–	–	–	–	2,564	–	2,564
– Library books	8,315	(7,503)	812	–	221	–	(255)	–	–	–	–	8,535	(7,757)	778
<b>Total infrastructure, property, plant and equipment</b>	<b>2,675,439</b>	<b>(801,539)</b>	<b>1,873,900</b>	<b>8,336</b>	<b>37,150</b>	<b>(4,095)</b>	<b>(28,310)</b>	<b>–</b>	<b>1,452</b>	<b>(53,602)</b>	<b>40,021</b>	<b>2,703,505</b>	<b>(828,653)</b>	<b>1,874,852</b>

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

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

### Accounting policy

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

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

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

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

<b>Plant and equipment</b>	<b>Years</b>	<b>Open Space assets</b>	<b>Years</b>
Office equipment	5 to 10	Ocean Pools	100
Office furniture	10 to 20	Swimming pools	50
Computer equipment	3 to 10	Playground equipment	15
Vehicles	5 to 7	Irrigation system	6 to 20
Heavy plant/road making equipment	7	Park furniture	15
Other plant and equipment	2 to 20	Skate park	50
		Cricket nets	10
		Turf cricket wicket	15
<b>Transportation assets</b>		Fencing	20
Road formation	Infinite	Lighting	20
Road pavement	120	Scoreboards	30
Road surface	35	Signage and flagpoles	20
Kerb and Gutter	100	Water tank	15 to 50
Footpaths	25 to 80		
Road furniture	10		
Retaining walls	80	<b>Buildings</b>	
		Buildings: masonry	100
<b>Stormwater assets</b>		Buildings: other	20 to 100
Pits	100		
Pipes/conduit	100 to 150		
<b>Library resources</b>			
Library resources	5		

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

### Land under roads

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

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

### Crown reserves

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

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



## C1-7 Other

### Other assets

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Prepayments	1,277	–	858	–
<b>Total other assets</b>	<b>1,277</b>	<b>–</b>	<b>858</b>	<b>–</b>

## C2 Leasing activities

### C2-1 Council as a lessee

Council has one lease for the asset class buildings. Information relating to the leases in place and associated balances and transactions is provided below.

#### Buildings

Council leases a portion of a building facility for one of its library branches; the lease is for 80 years and the renewal option to allow Council to renew is not specific.

The building lease contains an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

#### Office and IT equipment

Council does not lease any office or IT equipment.

#### Extension options

The extension option of the lease has not been specified, therefore extension options are not able to be calculated

#### (a) Right of use assets

\$ '000	Buildings	Total
<b>2023</b>		
Opening balance at 1 July	231	231
Depreciation charge	(4)	(4)
<b>Balance at 30 June</b>	<b>227</b>	<b>227</b>
<b>2022</b>		
Opening balance at 1 July	235	235
Depreciation charge	(4)	(4)
<b>Balance at 30 June</b>	<b>231</b>	<b>231</b>

#### (b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	5	237	5	237
<b>Total lease liabilities</b>	<b>5</b>	<b>237</b>	<b>5</b>	<b>237</b>

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

### (c) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2023</b>					
Cash flows	5	27	507	539	242
<b>2022</b>					
Cash flows	5	26	497	528	242

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

### (d) Income Statement

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

\$ '000	2023	2022
Interest on lease liabilities	4	7
Depreciation of right of use assets	4	4
	<b>8</b>	<b>11</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	6	6
	<b>6</b>	<b>6</b>

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

#### Accounting policy

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

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

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

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

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

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

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

#### Exceptions to lease accounting

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

#### Leases at significantly below market value / Concessionary leases

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

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties to community groups; these leases have been classified as operating leases for financial reporting purposes.

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

\$ '000	2023	2022
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The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below

### Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	4,056	3,033
<b>Total income relating to operating leases for Council assets</b>	<b>4,056</b>	<b>3,033</b>

### 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	2,201	2,257
1–2 years	1,414	1,881
2–3 years	847	1,205
3–4 years	618	751
4–5 years	567	593
> 5 years	23,539	19,691
<b>Total undiscounted lease payments to be received</b>	<b>29,186</b>	<b>26,378</b>

### Accounting policy

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

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

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

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

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	5,493	–	3,214	–
Goods and services – capital expenditure	1,235	–	496	–
Accrued expenses:				
– Salaries and wages	2,048	–	1,953	–
– Other expenditure accruals	2,319	–	7,300	–
Security bonds, deposits and retentions	8,864	–	8,371	–
<b>Total payables</b>	<b>19,959</b>	<b>–</b>	<b>21,334</b>	<b>–</b>
<b>Income received in advance</b>				
Payments received in advance	2,437	–	2,258	–
Rent received in advance - Heffron High Performance Centre	–	21,870	–	10,424
<b>Total income received in advance</b>	<b>2,437</b>	<b>21,870</b>	<b>2,258</b>	<b>10,424</b>
<b>Total payables</b>	<b>22,396</b>	<b>21,870</b>	<b>23,592</b>	<b>10,424</b>

### Payables relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Externally restricted assets</b>				
Domestic waste management	4,777	–	3,995	–
Payables relating to externally restricted assets	4,777	–	3,995	–
<b>Total payables relating to restricted assets</b>	<b>4,777</b>	<b>–</b>	<b>3,995</b>	<b>–</b>
<b>Total payables relating to unrestricted assets</b>	<b>17,619</b>	<b>21,870</b>	<b>19,597</b>	<b>10,424</b>
<b>Total payables</b>	<b>22,396</b>	<b>21,870</b>	<b>23,592</b>	<b>10,424</b>

### 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	5,995	5,662
<b>Total payables</b>	<b>5,995</b>	<b>5,662</b>

### Accounting policy

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

### Payables

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

## C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	7,529	–	5,857	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	153	–	200	–
<b>Total grants received in advance</b>		<b>7,682</b>	<b>–</b>	<b>6,057</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>7,682</b>	<b>–</b>	<b>6,057</b>	<b>–</b>

### Notes

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

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

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

\$ '000	2023	2022
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	2,087	1,674
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>2,087</b>	<b>1,674</b>

### Significant changes in contract liabilities

This contractual liability for Council has been finalised as at the end of financial year. The associated performance obligations have been satisfied and the revenue recognised accordingly.

### Accounting policy

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable. When an amount of 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

<b>\$ '000</b>	<b>2023 Current</b>	<b>2023 Non-current</b>	<b>2022 Current</b>	<b>2022 Non-current</b>
Loans – secured <sup>1</sup>	<b>3,129</b>	<b>25,805</b>	3,061	28,934
<b>Total borrowings</b>	<b>3,129</b>	<b>25,805</b>	<b>3,061</b>	<b>28,934</b>

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

The following borrowings, even though classified as current, are not expected to be settled in the next 12 months.

#### Financing arrangements

##### Total facilities

Bank overdraft facilities <sup>1</sup>	<b>400</b>	400
<b>Total financing arrangements</b>	<b>400</b>	<b>400</b>

##### Undrawn facilities

– Bank overdraft facilities	<b>400</b>	400
<b>Total undrawn financing arrangements</b>	<b>400</b>	<b>400</b>

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



## C3-4 Employee benefit provisions

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Annual leave	6,090	–	6,333	–
Sick leave	1,255	–	1,257	–
Long service leave	13,845	711	12,666	651
Gratuities	185	–	179	–
Other leave	62	–	61	–
<b>Total employee benefit provisions</b>	<b>21,437</b>	<b>711</b>	<b>20,496</b>	<b>651</b>

### 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	14,672	13,745
	<b>14,672</b>	<b>13,745</b>

### Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	Other employee benefits	
<b>2023</b>					
At beginning of year	6,333	1,257	13,317	240	21,147
Additional provisions and payments (net)	(243)	(2)	1,239	7	1,001
<b>Total ELE provisions at end of year</b>	<b>6,090</b>	<b>1,255</b>	<b>14,556</b>	<b>247</b>	<b>22,148</b>
<b>2022</b>					
At beginning of year	6,319	1,472	14,439	248	22,478
Additional provisions and payments (net)	14	(215)	(1,122)	(8)	(1,331)
<b>Total ELE provisions at end of year</b>	<b>6,333</b>	<b>1,257</b>	<b>13,317</b>	<b>240</b>	<b>21,147</b>

## C3-4 Employee benefit provisions (continued)

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### 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

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#### IPPE Revaluation reserve

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

## D Risks and accounting uncertainties

### D1-1 Risks relating to financial instruments held

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

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

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

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

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

\$ '000	Carrying value 2023	Carrying value 2022	Fair value 2023	Fair value 2022
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	8,007	13,519	8,007	13,519
Receivables	13,418	14,147	13,418	14,147
<b>Fair value through profit and loss</b>				
Term Deposits	116,500	105,000	116,500	105,000
NCD's and FRN's	26,564	26,401	26,564	26,401
<b>Total financial assets</b>	<b>164,489</b>	<b>159,067</b>	<b>164,489</b>	<b>159,067</b>
<b>Financial liabilities</b>				
Payables	19,959	21,334	19,959	21,334
Loans/advances	28,934	31,995	28,934	31,995
<b>Total financial liabilities</b>	<b>48,893</b>	<b>53,329</b>	<b>48,893</b>	<b>53,329</b>

Fair value is determined as follows:

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

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

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

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

The risks associated with the instruments held are:

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

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

- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

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

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

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	<b>1,372</b>	1,203
Impact of a 10% movement in price of investments		
– Equity / Income Statement	<b>2,656</b>	2,640

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

### (b) Credit risk

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

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

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

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

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

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

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.

#### 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 < 5 years	≥ 5 years	Total
<b>2023</b>				
Gross carrying amount	–	2,677	1,016	3,693
<b>2022</b>				
Gross carrying amount	–	4,845	953	5,798

##### 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 31 - 60 days	61 - 90 days	> 91 days	Total
<b>2023</b>						
Gross carrying amount	8,237	819	97	105	835	10,093
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	44.07%	3.65%
<b>ECL provision</b>	–	–	–	–	368	368
<b>2022</b>						
Gross carrying amount	6,251	741	116	117	1,589	8,814
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	29.26%	5.28%
<b>ECL provision</b>	–	–	–	–	465	465

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

### (c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2023</b>							
Payables	0.00%	8,864	11,095	–	–	19,959	19,959
Borrowings	2.22%	–	3,129	13,230	12,575	28,934	28,934
<b>Total financial liabilities</b>		<b>8,864</b>	<b>14,224</b>	<b>13,230</b>	<b>12,575</b>	<b>48,893</b>	<b>48,893</b>
<b>2022</b>							
Payables	0.00%	8,371	12,963	–	–	21,334	21,334
Borrowings	2.22%	–	3,061	16,359	12,575	31,995	31,995
<b>Total financial liabilities</b>		<b>8,371</b>	<b>16,024</b>	<b>16,359</b>	<b>12,575</b>	<b>53,329</b>	<b>53,329</b>

## 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
- Financial assets and liabilities

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

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

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

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

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

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss		143,064	131,401	–	–	143,064	131,401
Total financial assets		143,064	131,401	–	–	143,064	131,401
Infrastructure, property, plant and equipment							
	C1-6						
Plant & Equipment		–	–	10,100	11,093	10,100	11,093
Office Equipment		–	–	6,237	7,462	6,237	7,462
Furniture & Fittings		–	–	3,427	3,444	3,427	3,444
Operational Land		–	–	242,080	240,239	242,080	240,239
Community Land		–	–	190,477	159,604	190,477	159,604
Crown Land		–	–	187,614	189,801	187,614	189,801
Land Under Roads		–	–	4,075	4,075	4,075	4,075
Depreciable Land Improvements		–	–	31,849	21,089	31,849	21,089
Buildings – Non Specialised		–	–	79,746	63,156	79,746	63,156
Buildings – Specialised		–	–	181,384	118,936	181,384	118,936
Roads		–	–	601,852	596,360	601,852	596,360
Footpaths		–	–	98,578	120,654	98,578	120,654
Stormwater Drainage		–	–	216,406	218,063	216,406	218,063
Swimming Pools		–	–	6,343	6,973	6,343	6,973
Other Open Space/Recreational Assets		–	–	83,523	70,081	83,523	70,081
Heritage Collections		–	–	2,704	2,564	2,704	2,564
Library Books		–	–	801	778	801	778
Total infrastructure, property, plant and equipment		–	–	1,947,196	1,834,372	1,947,196	1,834,372

### Non-recurring fair value measurements

### Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

## D2-1 Fair value measurement (continued)

### Valuation techniques

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

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

#### Financial assets

At fair value through profit and loss are represented by Floating Rate Notes, Covered Bonds and Term Deposits. Council obtains valuations from its Investment Advisor on a monthly basis and at the end of each accounting period to ensure the financial statements reflect the most up to date valuation. The valuations of Floating Rate Notes are sourced from UBS based on mid-market prices. That is, valuations are marked at the mid-point of the bid and ask prices in the secondary market. This price represents a general market value for the asset. There has been no change to the valuation techniques during the reporting period.

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

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

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

#### Operational Land

The desktop valuation of Council's Operational Land was undertaken at 30 June 2023 by Scott Fullarton Valuations Pty Ltd, FAPI, Certified Practising Valuer, Registration No. VAL2144.

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, including but not limited to:

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

Level 2 inputs were used to value land held in freehold title and those with special use, which are restricted under the zoning objectives. Sale prices of comparable land parcels in close proximity were adjusted for differences in key attributes such as size and configuration. The most significant inputs into this valuation approach are price per square metre.

There may, also, be special use parcels where there was no observable market evidence. This land was valued utilising Level 3 inputs, with the valuer using professional judgement to adjust the rate per square metre from the sales evidence available.

#### Community Land

The valuation of Council's Community Land was undertaken at 30 June 2023 by Scott Fullarton Valuations Pty Ltd, FAPI, Certified Practising Valuer, Registration No. VAL2144.

Community 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, including but not limited to:

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

Level 2 inputs were used to value land held in freehold title and those with special use, which are restricted under the zoning objectives. Sale prices of comparable land parcels in close proximity were adjusted for differences in key attributes such as size and configuration. The most significant inputs into this valuation approach are price per square metre.

There may, also, be special use parcels where there was no observable market evidence. This land was valued utilising Level 3 inputs, with the valuer using professional judgement to adjust the rate per square metre from the sales evidence available.

#### Crown Land

The valuation of Council's crown land was undertaken at 30 June 2023 by Scott Fullarton Valuations Pty Ltd, FAPI, Certified Practising Valuer, Registration No. VAL2144.



## D2-1 Fair value measurement (continued)

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, including but not limited to:

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

Level 2 inputs were used to value land held in freehold title and those with special use, which are restricted under the zoning objectives. Sale prices of comparable land parcels in close proximity were adjusted for differences in key attributes such as size and configuration. The most significant inputs into this valuation approach are price per square metre.

There are, also, parks, reserves and other special use parcels where there was no observable market evidence.

This land was valued utilising Level 3 inputs, with the valuer using professional judgement to adjust the rate per square metre from the sales evidence available.

### Land Under Roads

Land Under Roads acquired post 1 July 2008 have been valued using the square meter rates of adjacent Community Land having regard to the highest and best use for the land. There has been no change to the valuation techniques during the reporting period.

### Buildings: Non-specialised and Specialised

Council's buildings were valued utilising the cost approach by Scott Fullarton Valuations Pty Ltd (SFV) at 30 June 2023.

SFV's schedule provides the Gross Carrying Amount of each building, which is obtained by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology.

Specialised buildings were valued utilising the cost approach by professionally qualified Registered Valuers. Council has determined there was a material movement for Specialised Buildings using PPI indexation as at 30 June 2023 and has recognised the movement accordingly.

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 (Level 2 inputs), 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 3 inputs.

### Roads

The valuation of Council's roads was undertaken at 30 June 2023 by Morrison Low Consultants Pty Ltd. The roads asset classes that were revalued on this date were: Road Formation, Road Pavement, Road Surface, Retaining Walls, Bridges, Carparks, Kerb and Gutter, Traffic Facilities and Footpaths.

The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were based primarily on unit rates derived from SSROC rates and Councils schedule of rates tender. Other inputs (such as estimates pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets.

### Stormwater Drainage

The valuation of Council's stormwater drainage assets was undertaken at 30 June 2022 using the cost approach by in-house staff comprising of Council engineers and asset management staff.

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

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

## D2-1 Fair value measurement (continued)

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### Swimming Pools

The valuation of Council's swimming pools was undertaken at 30 June 2023 by Morrison Low Consultants Pty Ltd using the cost approach.

Assets within this class comprise the Des Renford Leisure Centre Pools and also Council's rockpools. The approach estimated the replacement cost for each pool by componentising its significant parts.

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

### Open Space Assets

The valuation of Council's open space assets was undertaken at 30 June 2023 by Morrison Low Consultants Pty Ltd using the cost approach.

Assets within this class comprise Tennis Courts, Synthetic Surfaces, BBQs, Regional Sporting Facilities and Playgrounds. While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

## D2-1 Fair value measurement (continued)

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

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

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

\$ '000	Fair value (30/6/23) 2023	Valuation technique/s	Unobservable inputs
<b>Financial assets</b>			
Investments	143,064	Advisor report	* Unit price
<b>Infrastructure, property, plant and equipment</b>			
Plant & Equipment, Other Equipment & Furniture & Fittings	19,764	Depreciated historical cost used to approximate fair value	* Gross replacement cost * Remaining useful life
Operational Land	242,080	Independent valuer report	* Price per square metre
Community Land	190,477	Independent valuer report	* Price per square metre
Crown Land	187,614	Independent valuer report	* Price per square metre
Land Under Roads	4,075	Average municipal rate, determined by the NSW Valuer-General, after applying 90% discount to reflect restricted nature of asset.	* VG value (price per square metre)
Depreciable Land Improvement	31,849	Independent valuer report Unit rates per m2 or length	* Gross replacement cost * Asset condition * Remaining useful life
Buildings	261,130	Non-Specialised Buildings: market value Specialised Buildings: replacement cost	* Gross replacement cost * Asset condition * Remaining useful life
Roads & Footpaths	700,430	Independent valuer report Unit rates per m2 or length	* Gross replacement cost * Asset condition * Remaining useful life
Stormwater Drainage	216,406	Unit rates per m2 or length	* Gross replacement cost * Asset condition * Remaining useful life

## D2-1 Fair value measurement (continued)

<b>\$ '000</b>	<b>Fair value (30/6/23) 2023</b>	<b>Valuation technique/s</b>	<b>Unobservable inputs</b>
Swimming Pools	6,343	Independent valuer report Unit rates per m2 or length	* Gross replacement cost * Asset condition * Remaining useful life
Other Open Space/Recreational Assets	83,523	Independent valuer report	* Gross replacement cost * Asset condition * Remaining useful life
Library Books	801	Cost used to approximate fair value	* Gross replacement cost * Remaining useful life
Heritage Collections	2,704	Cost used and market values used to approximate fair value	* Gross replacement cost (monuments) * Market value (fine arts)

## 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:

\$ '000	Plant and equipment, other equipment, furniture and fittings		Land		Depreciable land improvement		Buildings	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>21,999</b>	24,000	<b>593,719</b>	563,800	<b>21,089</b>	21,681	<b>182,092</b>	173,881
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	2	193	–	–	(185)	–	23,252	2,396
Purchases (GBV)	3,730	4,231	–	–	26	96	29,339	1,148
Disposals (WDV)	(377)	(621)	–	–	–	(120)	(1,787)	(1,107)
Depreciation and impairment	(5,590)	(5,804)	–	–	(565)	(568)	(4,274)	(4,328)
Revaluation increments / (decrements)	–	–	30,527	29,919	11,484	–	32,508	10,102
<b>Closing balance</b>	<b>19,764</b>	21,999	<b>624,246</b>	593,719	<b>31,849</b>	21,089	<b>261,130</b>	182,092

\$ '000	Infrastructure		Other assets		Total	
	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>1,012,131</b>	1,072,111	<b>3,342</b>	3,314	<b>1,834,372</b>	1,858,787
Transfers from/(to) another asset class	7,135	4,066	159	–	30,363	6,655
Purchases (GBV)	13,373	7,706	444	283	46,912	13,464
Disposals (WDV)	(1,930)	(2,247)	(183)	–	(4,277)	(4,095)
Depreciation and impairment	(17,102)	(17,355)	(257)	(255)	(27,788)	(28,310)
Revaluation increments / (decrements)	(6,905)	(53,602)	–	–	67,614	(13,581)
Equity adjustment	–	1,452	–	–	–	1,452
<b>Closing balance</b>	<b>1,006,702</b>	1,012,131	<b>3,505</b>	3,342	<b>1,947,196</b>	1,834,372

### Highest and best use

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

## D3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### (i) 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.

##### (ii) Defined benefit plans

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

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

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

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

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

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

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

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

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

## D3-1 Contingencies (continued)

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$ 672,852.43. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$302,150.16. Council's expected contribution to the plan for the next annual reporting period is \$631,821.84

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 member accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 1.51%

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

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

Investment return	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI	6.0% for FY 22/23 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, which will be a triennial actuarial investigation will be completed by December 2023.

### 2. Other liabilities

#### (i) Third party claims

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

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

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

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

## D3-1 Contingencies (continued)

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

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

### **ASSETS NOT RECOGNISED**

#### **(i) Land under roads**

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



## 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.

Council has identified Councillors, the General Manager and Directors as KMP.

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

\$ '000	2023	2022
<b>Compensation:</b>		
Short-term benefits	2,100	1,828
Post-employment benefits	184	110
Termination benefits <sup>1</sup>	147	–
<b>Total</b>	<b>2,431</b>	<b>1,938</b>

(1) Termination benefits are annual leave and long service leave paid out on termination

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

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

Nature of the transaction	Ref	Transactions during the year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
<b>2023</b>						
Supply of IT&C Managed Colocation Services	1	–	–	30 days	–	–
<b>2022</b>						
Supply of IT&C Managed Colocation Services	1	58	–	30 days	–	–

1 NTT Communications ICT Solutions P/L was awarded the contract by Council through a tender process. A family member of a KMP of Council works for the organisation. The KMP was not involved in the voting of the tender and is no longer a KMP as at 30 June 22.

## 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	71	69
Councillors' fees	403	374
Councillors' Superannuation	50	—
Other Councillors' expenses (including Mayor)	383	140
<b>Total</b>	<b>907</b>	<b>583</b>

## E2 Other relationships

### E2-1 Audit fees

\$ '000	2023	2022
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

#### Auditors of the Council - NSW Auditor-General:

##### (i) Audit and other assurance services

Audit and review of financial statements

	95	97
<b>Remuneration for audit and other assurance services</b>	<b>95</b>	<b>97</b>
<b>Total Auditor-General remuneration</b>	<b>95</b>	<b>97</b>
<b>Total audit fees</b>	<b>95</b>	<b>97</b>

## F Other matters

### F1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
<b>Net operating result from Income Statement</b>	<b>22,750</b>	18,452
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	<b>27,795</b>	28,314
(Gain) / loss on disposal of assets	<b>3,455</b>	2,958
Non-cash capital grants and contributions	<b>–</b>	(1,452)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value'	<b>(163)</b>	706
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	<b>826</b>	(3,059)
Increase / (decrease) in provision for impairment of receivables	<b>(97)</b>	(6)
(Increase) / decrease of inventories	<b>75</b>	(36)
(Increase) / decrease of other current assets	<b>(419)</b>	(33)
Increase / (decrease) in payables	<b>2,279</b>	(692)
Increase / (decrease) in other accrued expenses payable	<b>(4,886)</b>	6,889
Increase / (decrease) in other liabilities	<b>12,118</b>	10,194
Increase / (decrease) in contract liabilities	<b>1,625</b>	1,804
Increase / (decrease) in employee benefit provision	<b>1,001</b>	(1,331)
<b>Net cash flows from operating activities</b>	<b>66,359</b>	<b>62,708</b>

## F2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2023	2022
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

#### Property, plant and equipment

Buildings	9,519	26,117
Plant and equipment	9,219	1,081
Open Space	507	4,006
Roads	14,055	1,348
Drainage	11,338	551
<b>Total commitments</b>	<b>44,638</b>	<b>33,103</b>

#### These expenditures are payable as follows:

Within the next year	44,638	33,103
<b>Total payable</b>	<b>44,638</b>	<b>33,103</b>

#### Sources for funding of capital commitments:

Unrestricted general funds	12,089	3,878
Externally restricted reserves	9,078	18,455
Internally restricted reserves	23,471	10,770
<b>Total sources of funding</b>	<b>44,638</b>	<b>33,103</b>

#### Details of capital commitments

The Council has committed to a number of projects including Waratah Avenue Plaza and Matraville Youth & Cultural Hall. Orders have also been placed for Council's ongoing plant replacement program.

## F3 Changes from prior year statements

### F3-1 Correction of errors

#### Nature of prior period error

As a result of a comprehensive Buildings revaluation for the 2022-23 financial year, Council identified assets that were not recognised in the year of acquisition (dedication) or disposal.

The errors identified have been corrected by restating the balance at the beginning of the earliest period presented (1 July 2021).

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

#### Statement of Financial Position

\$ '000	Original Balance 1 July, 2021	Impact Increase/ (decrease)	Restated Balance 1 July, 2021
Infrastructure, property, plant and equipment	1,869,269	4,631	1,873,900
<b>Total non-current assets</b>	<b>1,870,103</b>	<b>4,631</b>	<b>1,874,734</b>
<b>Total assets</b>	<b>1,977,769</b>	<b>4,631</b>	<b>1,982,400</b>
<b>Total liabilities</b>	<b>45,040</b>	<b>–</b>	<b>45,040</b>
<b>Net assets</b>	<b>1,932,729</b>	<b>4,631</b>	<b>1,937,360</b>
Accumulated surplus	848,273	4,631	852,904
IPPE revaluation reserve	1,084,456	–	1,084,456
<b>Total equity</b>	<b>1,932,729</b>	<b>4,631</b>	<b>1,937,360</b>

\$ '000	Original Balance 30 June 2022	Impact Increase/ (decrease)	Restated Balance 30 June 2022
Infrastructure, property, plant and equipment	1,870,221	4,631	1,874,852
<b>Total non-current assets</b>	<b>1,871,126</b>	<b>4,631</b>	<b>1,875,757</b>
<b>Total assets</b>	<b>2,031,057</b>	<b>4,631</b>	<b>2,035,688</b>
<b>Total liabilities</b>	<b>93,457</b>	<b>–</b>	<b>93,457</b>
<b>Net assets</b>	<b>1,937,600</b>	<b>4,631</b>	<b>1,942,231</b>
Accumulated surplus	866,725	4,631	871,356
IPPE revaluation reserve	1,070,875	–	1,070,875
<b>Total equity</b>	<b>1,937,600</b>	<b>4,631</b>	<b>1,942,231</b>

## F4 Statement of developer contributions as at 30 June 2023

### F4-1 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					
<b>S7.12 levies – under a plan</b>	10,152	<b>5,690</b>	–	–	<b>14</b>	<b>(4,038)</b>	–	<b>11,818</b>	–
<b>Total S7.11 and S7.12 revenue under plans</b>	10,152	<b>5,690</b>	–	–	<b>14</b>	<b>(4,038)</b>	–	<b>11,818</b>	–
s7.4 Voluntary Planning Agreements (Affordable Housing)	5,405	<b>345</b>	–	–	<b>30</b>	–	–	<b>5,780</b>	–
K2K Infrastructure	157	<b>1,503</b>	–	–	–	–	–	<b>1,660</b>	–
s7.4 Voluntary Planning Agreements (General)	50	<b>700</b>	–	–	–	–	–	<b>750</b>	–
<b>Total contributions</b>	<b>15,764</b>	<b>8,238</b>	–	–	<b>44</b>	<b>(4,038)</b>	–	<b>20,008</b>	–

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

## F5 Statement of performance measures

### F5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	2022	Indicators 2021	2020	Benchmark
<b>1. Operating performance ratio</b>						
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>14,232</b>	<b>7.48%</b>	5.57%	4.49%	4.16%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>190,180</b>					
<b>2. Own source operating revenue ratio</b>						
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>176,601</b>	<b>87.43%</b>	87.21%	90.31%	83.72%	> 60.00%
Total continuing operating revenue	<b>201,993</b>					
<b>3. Unrestricted current ratio</b>						
Current assets less all external restrictions	<b>113,716</b>	<b>3.89x</b>	3.97x	3.98x	3.95x	> 1.50x
Current liabilities less specific purpose liabilities	<b>29,205</b>					
<b>4. Debt service cover ratio</b>						
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>42,813</b>	<b>11.13x</b>	20.28x	6,059.67x	5,786.17x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>3,847</b>					
<b>5. Rates and annual charges outstanding percentage</b>						
Rates and annual charges outstanding	<b>4,115</b>	<b>2.89%</b>	4.50%	3.80%	4.84%	< 5.00%
Rates and annual charges collectable	<b>142,443</b>					
<b>6. Cash expense cover ratio</b>						
Current year's cash and cash equivalents plus all term deposits	<b>124,507</b>	<b>8.90 months</b>	10.10 months	5.65 months	4.67 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>13,988</b>					

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

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

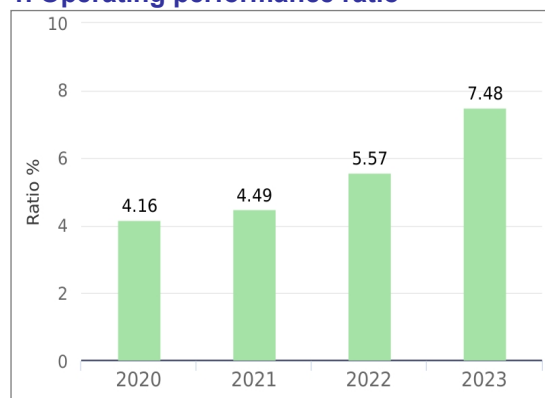
End of the audited financial statements



## G Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



##### Purpose of operating performance ratio

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

##### Commentary on 2022/23 result

2022/23 ratio 7.48%

The Operating Performance Ratio of 7.48% is a strong positive result compare to last financial year and above the 0% industry benchmark set by the Office of Local Government.

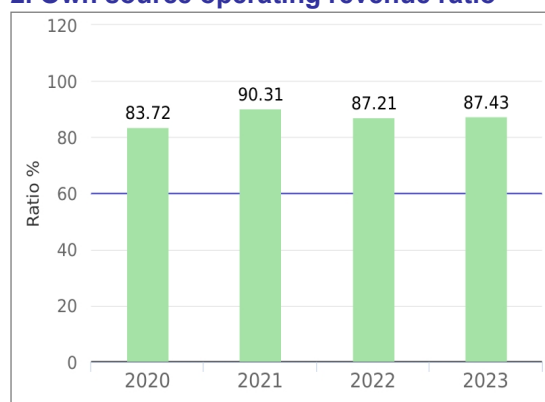
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



##### Purpose of own source operating revenue ratio

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

##### Commentary on 2022/23 result

2022/23 ratio 87.43%

The ratio remains well in excess of the 60% benchmark, with Council's reliance on external funding one of the lowest of all Councils in NSW.

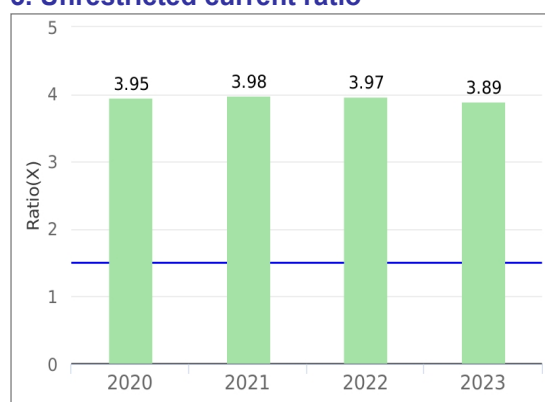
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



##### Purpose of unrestricted current ratio

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

##### Commentary on 2022/23 result

2022/23 ratio 3.89x

Council's liquidity remains strong and is well above the 1.5 benchmark consistent with prior years.

Benchmark: — > 1.50x

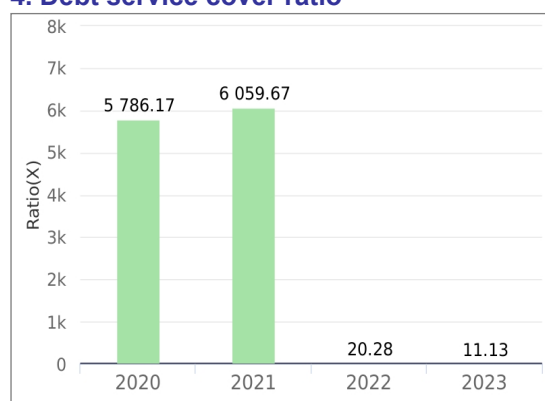
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

### 4. Debt service cover ratio



#### Purpose of debt service cover ratio

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

#### Commentary on 2022/23 result

2022/23 ratio 11.13x

Council's ability to service its debt ratio is 11.13, well above the benchmark and includes a remaining loan balance of \$28.934m. Prior to the 2022 financial year, Council had no other debts beside lease payments.

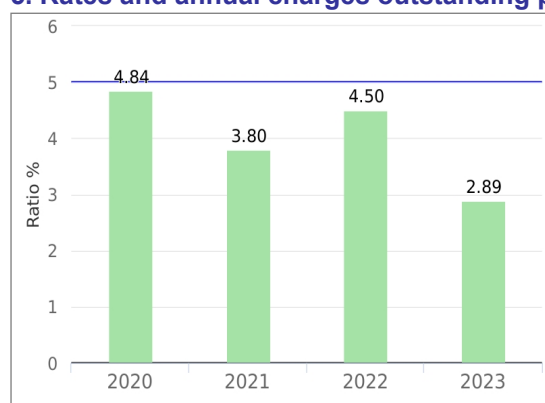
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



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

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

#### Commentary on 2022/23 result

2022/23 ratio 2.89%

The outstanding rates and charges ratio of 2.89% is well below the benchmark of 5% not withstanding the continuing effect of the current economic climate on Council residents and businesses.

Benchmark: — < 5.00%

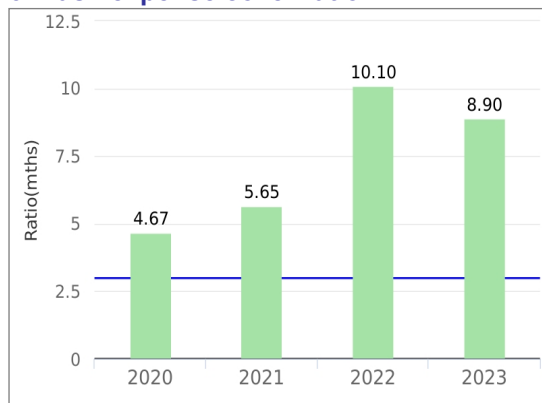
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

### 6. Cash expense cover ratio



Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

#### Purpose of cash expense cover ratio

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

#### Commentary on 2022/23 result

2022/23 ratio 8.90 months

The cash balance as at 30 June 2023 would support the operations of Council for a period 8.90 months should no other cash be received by Council. This is well above the industry benchmark and reflects Council's effective cashflow management.

Ratio achieves benchmark

Ratio is outside benchmark

## G1-2 Council information and contact details

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**Principal place of business:**

30 Frances Street  
Randwick NSW 2031

**Contact details****Mailing Address:**

30 Frances Street  
Randwick NSW 2031

**Telephone:** 02 9093 6000

**Facsimile:** 02 9319 1510

**Opening hours:**

Mon to Fri  
8:30am to 5.00pm

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

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

**Officers****General Manager**

Ray Brownlee

**Responsible Accounting Officer**

Stephen Wong

**Public Officer**

David Kelly

**Auditors**

Auditor General  
The Audit Office of New South Wales  
Level 19, 201 Sussex Street, Darling Park Tower 2,  
Sydney, NSW 2000  
GPO Box 12, Sydney, NSW 2001

**Elected members****Mayor**

Dylan Parker

**Councillors**

Rafaela Pandolfini (Deputy Mayor)  
Daniel Rosenfeld  
Alexandra Luxford  
Joanne McCafferty  
Michael Olive  
Marea Wilson  
Christine Hamilton  
Kym Chapple  
Bill Burst  
Danny Said  
Andrew Hay  
Kathy Neilson  
Noel D'Souza  
Philipa Veitch

**Other information**

**ABN:** 77 362 844 121



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Randwick City Council

To the Councillors of Randwick City Council

### Opinion

I have audited the accompanying financial statements of Randwick City Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

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

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



Manuel Moncada  
Delegate of the Auditor-General for New South Wales

4 October 2023  
SYDNEY



Cr Philipa Veitch  
Mayor  
Randwick City Council  
30 Frances Street  
Randwick NSW 2031

Contact: Manuel Moncada  
Phone no: 02 9275 7333  
Our ref: R008-16585809-44798

4 October 2023

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2023  
Randwick City Council**

I have audited the general purpose financial statements (GPFS) of the Randwick City Council (the Council) for the year ended 30 June 2023 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2023 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

## INCOME STATEMENT

### Operating result

	2023 \$m	2022 \$m	Variance %
Rates and annual charges revenue	135.7	132.4	↑ 2.5
Grants and contributions revenue	25.4	23.5	↑ 8.1
Operating result from continuing operations	22.8	18.5	↑ 23.2
Net operating result before capital grants and contributions	10.9	5.8	↑ 87.9



Council's operating result (\$22.8 million including the effect of depreciation and amortisation expense of \$27.8 million) was \$4.3 million higher than the 2021–22 result. This was mainly due to increased revenue from rates, grants and contributions.

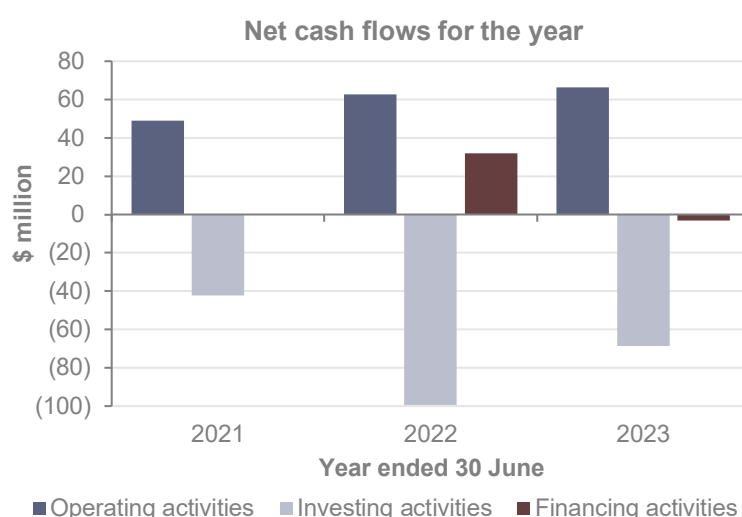
The net operating result before capital grants and contributions (\$10.9 million) was \$5.1 million higher than the 2021–22 result. This was mainly due to the increased revenue from rates and operating grants.

Rates and annual charges revenue (\$135.7 million) increased by \$3.3 million (2.5 per cent) in 2022–2023.

Grants and contributions revenue (\$25.4 million) increased by \$1.9 million (8.1 per cent) in 2022–2023. This was primarily due to the recognition of revenue from the Regional and Local Roads Repair Program.

## STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash decreased by \$5.5 million to \$8 million at the close of the year.
- the decrease can be attributed to holding more funds in longer term investments.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>151.1</b>	<b>144.9</b>	<ul style="list-style-type: none"> <li>External restrictions include unspent specific purpose grants, developer contributions, domestic waste management stormwater charges, and environmental levies.</li> <li>Balances are internally allocated due to Council policy or decisions for forward plans including works program.</li> </ul>
Restricted cash and investments:			
• External restrictions	51.1	40.0	
• Internal allocations	95.4	95.0	

### Debt

After repaying principal and interest of \$3.8 million during the financial year, total debt as at 30 June 2023 was \$28.9 million (2022: \$32 million).

## PERFORMANCE

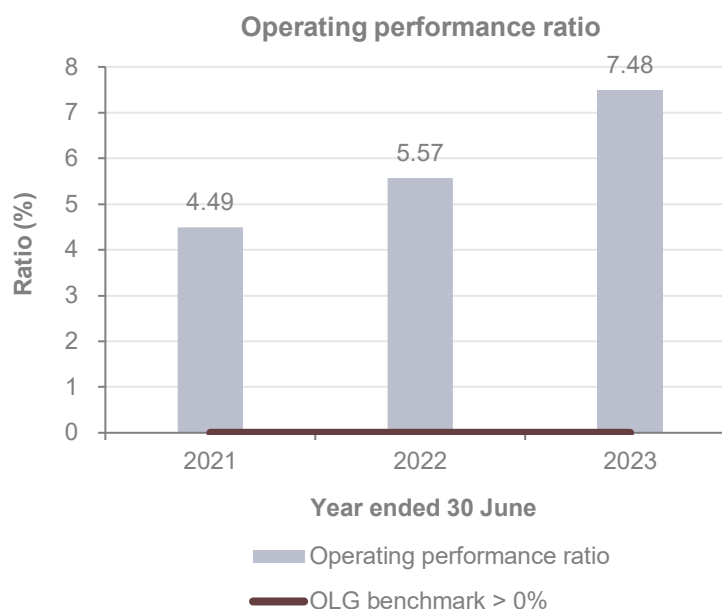
### Performance measures

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

#### Operating performance ratio

The Council met the OLG benchmark for the current reporting period.

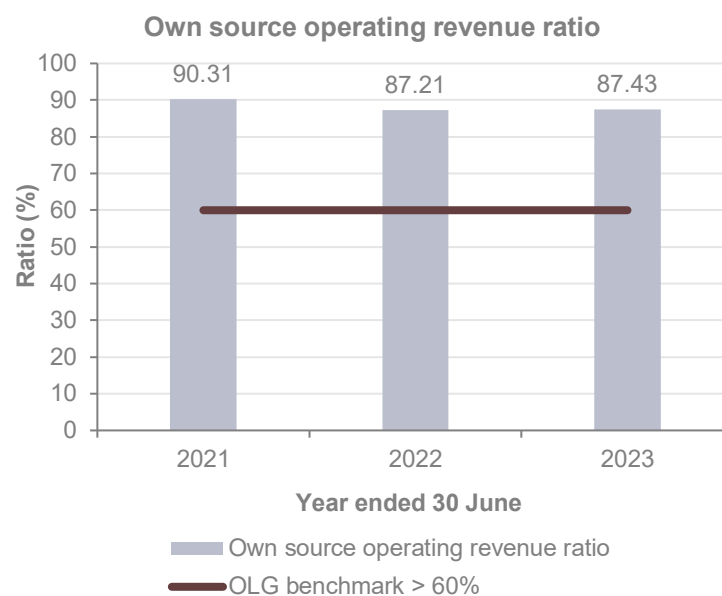
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



#### Own source operating revenue ratio

The Council met the OLG benchmark for the current reporting period.

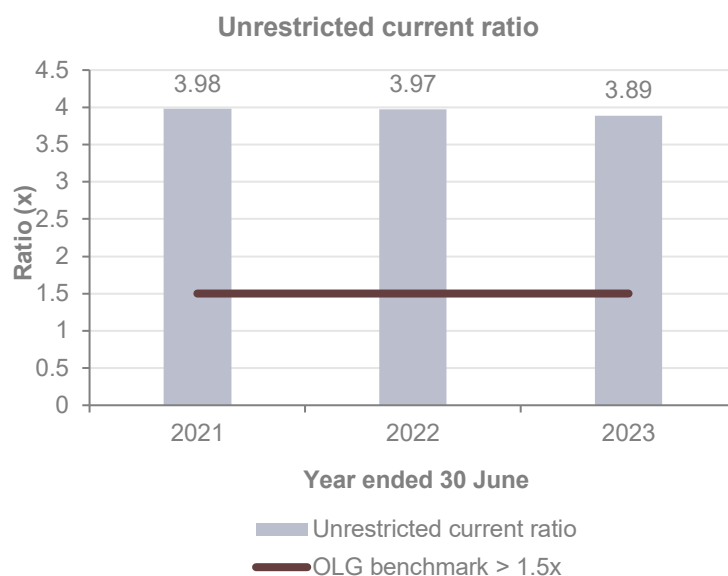
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

The Council met the OLG benchmark for the current reporting period.

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

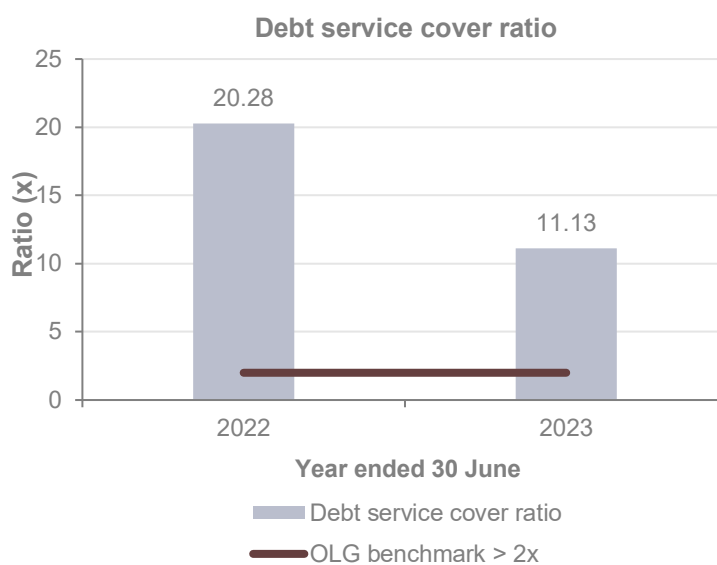


### Debt service cover ratio

The Council met the OLG benchmark for the current reporting period.

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

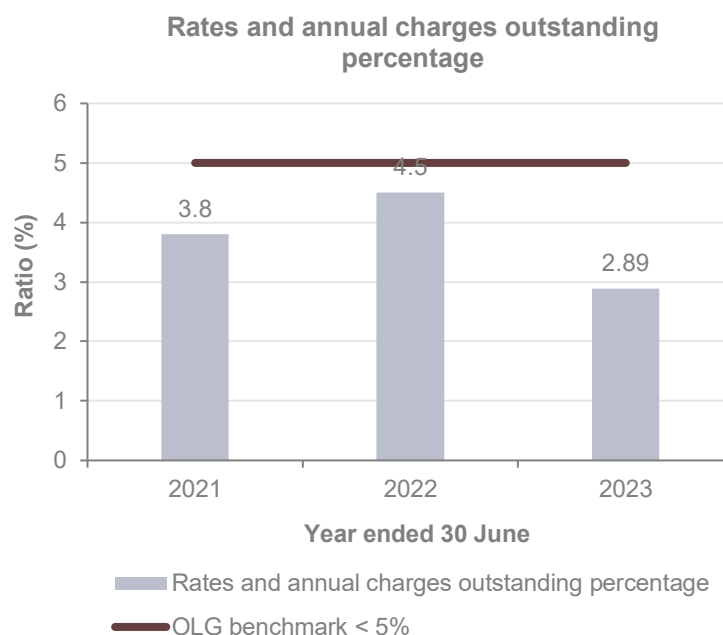
Council had no borrowings prior to 2021-22.



## Rates and annual charges outstanding percentage

The Council met the OLG benchmark for the current reporting period.

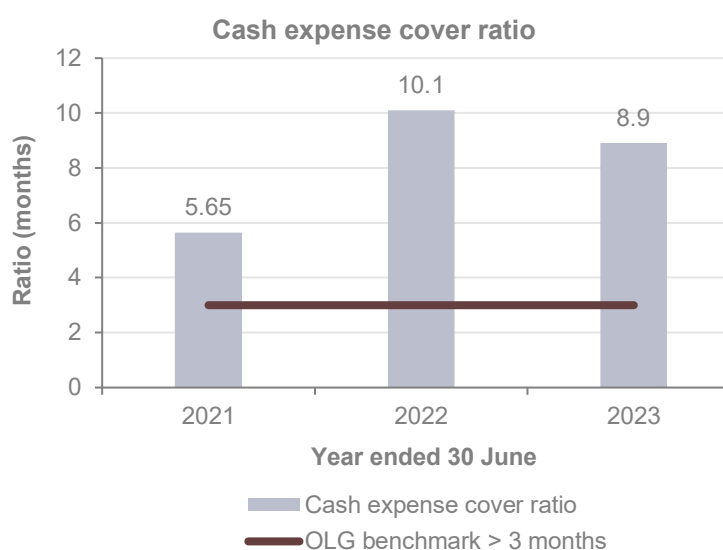
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



## Cash expense cover ratio

The Council met the OLG benchmark for the current reporting period.

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



## Infrastructure, property, plant and equipment renewals

- Council's asset renewal additions in 2022-23 were \$19.2 million compared \$8.3 million for the prior year
- Renewals primarily consisted of transport and other infrastructure assets
- The level of asset renewals in 2022-23 represented 69 per cent of the total depreciation expense (\$27.8 million) for the year.

## 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.

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.

A handwritten signature in black ink, appearing to read 'Manuel Moncada', with a stylized flourish extending from the bottom left.

Manuel Moncada  
Delegate of the Auditor-General for New South Wales

# Randwick City Council

SPECIAL SCHEDULES  
for the year ended 30 June 2023

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Contents	Page
<b>Special Schedules:</b>	
Permissible income for general rates	89
Report on infrastructure assets as at 30 June 2023	92

# Randwick City Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	94,717	97,137
Plus or minus adjustments <sup>2</sup>	b	64	105
<b>Notional general income</b>	c = a + b	<b>94,781</b>	<b>97,242</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.50%	3.70%
Or plus rate peg amount	i = e x (c + g)	2,370	3,598
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>97,151</b>	<b>100,840</b>
Plus (or minus) last year's carry forward total	l	3	3
Less valuation objections claimed in the previous year	m	(31)	(17)
<b>Sub-total</b>	n = (l + m)	<b>(28)</b>	<b>(14)</b>
<b>Total permissible income</b>	o = k + n	<b>97,123</b>	<b>100,826</b>
Less notional general income yield	p	97,137	100,823
<b>Catch-up or (excess) result</b>	q = o - p	<b>(14)</b>	<b>2</b>
Plus income lost due to valuation objections claimed <sup>3</sup>	r	17	1
<b>Carry forward to next year <sup>4</sup></b>	t = q + r + s	<b>3</b>	<b>3</b>

### Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) 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.
- (4) 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 Local Government Act 1993. 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

#### Randwick City Council

To the Councillors of Randwick City Council

### Opinion

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

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code) and is in accordance with the books and records of the Council.

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

### Other Information

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

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Schedule**

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

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

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

My objectives are to:

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

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

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

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

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



Manuel Moncada  
Delegate of the Auditor-General for New South Wales

4 October 2023  
SYDNEY

# Randwick City 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 <sup>a</sup>	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 – non-specialised	148	148	1,387	575	79,745	149,385	15.0%	21.0%	64.0%	0.0%	0.0%
	Buildings – specialised	234	234	1,065	1,249	181,384	256,705	65.0%	6.0%	27.0%	2.0%	0.0%
	<b>Sub-total</b>	<b>382</b>	<b>382</b>	<b>2,452</b>	<b>1,824</b>	<b>261,130</b>	<b>406,090</b>	<b>46.6%</b>	<b>11.5%</b>	<b>40.6%</b>	<b>1.3%</b>	<b>0.0%</b>
Roads	Sealed roads	2,198	2,198	1,177	3,133	118,703	234,992	23.0%	36.0%	23.0%	11.0%	7.0%
	Footpaths	429	429	505	1,434	98,578	131,693	27.0%	40.0%	30.0%	3.0%	0.0%
	Other road assets	1,476	1,476	1,307	1,318	483,146	671,464	19.0%	71.0%	7.0%	3.0%	0.0%
	<b>Sub-total</b>	<b>4,103</b>	<b>4,103</b>	<b>2,989</b>	<b>5,885</b>	<b>700,430</b>	<b>1,038,149</b>	<b>20.9%</b>	<b>59.1%</b>	<b>13.5%</b>	<b>4.8%</b>	<b>1.7%</b>
Stormwater drainage	Stormwater drainage	856	856	1,075	2,183	216,406	306,351	13.0%	68.0%	18.0%	1.0%	0.0%
	<b>Sub-total</b>	<b>856</b>	<b>856</b>	<b>1,075</b>	<b>2,183</b>	<b>216,406</b>	<b>306,351</b>	<b>13.0%</b>	<b>68.0%</b>	<b>18.0%</b>	<b>1.0%</b>	<b>0.0%</b>
Open space / recreational assets	Swimming pools	–	–	72	18	6,343	9,635	41.0%	5.0%	54.0%	0.0%	0.0%
	Other Open Space / Recreational Assets	578	578	305	2,101	83,523	91,782	50.0%	40.0%	8.0%	2.0%	0.0%
	<b>Sub-total</b>	<b>578</b>	<b>578</b>	<b>377</b>	<b>2,119</b>	<b>89,866</b>	<b>101,417</b>	<b>49.1%</b>	<b>36.7%</b>	<b>12.4%</b>	<b>1.8%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>5,919</b>	<b>5,919</b>	<b>6,893</b>	<b>12,011</b>	<b>1,267,832</b>	<b>1,852,007</b>	<b>26.8%</b>	<b>48.9%</b>	<b>20.1%</b>	<b>3.2%</b>	<b>1.0%</b>

(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

# Randwick City Council

## Report on infrastructure assets as at 30 June 2023

### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2023	Indicator 2023	2022	Indicators 2021	2020	Benchmark
<b>Buildings and infrastructure renewals ratio</b>						
Asset renewals <sup>1</sup>	<b>19,176</b>					
Depreciation, amortisation and impairment	<b>21,378</b>	<b>89.70%</b>	62.76%	122.44%	66.09%	> 100.00%
<b>Infrastructure backlog ratio</b>						
Estimated cost to bring assets to a satisfactory standard	<b>5,919</b>					
Net carrying amount of infrastructure assets	<b>1,321,753</b>	<b>0.45%</b>	0.48%	0.48%	0.50%	< 2.00%
<b>Asset maintenance ratio</b>						
Actual asset maintenance	<b>12,011</b>					
Required asset maintenance	<b>6,893</b>	<b>174.25%</b>	179.13%	192.57%	174.22%	> 100.00%
<b>Cost to bring assets to agreed service level</b>						
Estimated cost to bring assets to an agreed service level set by Council	<b>5,919</b>	<b>0.32%</b>	0.31%	0.31%	0.31%	
Gross replacement cost	<b>1,852,007</b>					

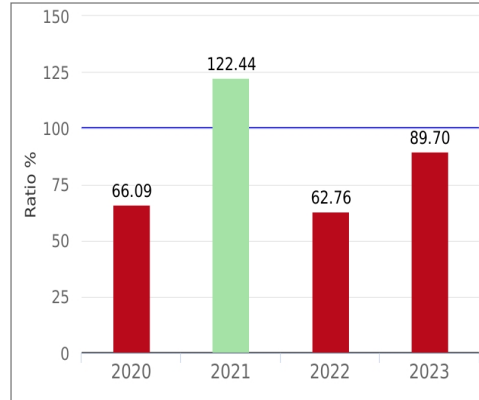
(\*) All asset performance indicators are calculated using classes identified in the previous table.

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

# Randwick City Council

## Report on infrastructure assets as at 30 June 2023

### Buildings and infrastructure renewals ratio



**Buildings and infrastructure renewals ratio**

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

**Commentary on result**

**22/23 ratio 89.70%**

2022/23 was a great year for Council in infrastructure works delivery, with the successful completion and opening of the new state of the art, multi-activity community sporting facility Heffron Centre ~\$56m. In 2022/23, ~\$77m in infrastructure assets was capitalised with ~\$59m of infrastructure capital works delivered. This ratio does not include major upgraded or new assets that replaced old assets such as the Heffron Centre.

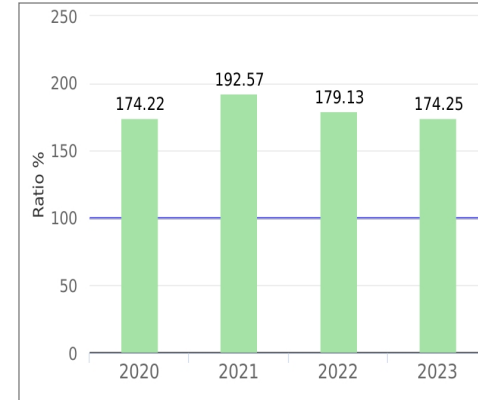
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### Asset maintenance ratio



**Asset maintenance ratio**

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

**Commentary on result**

**22/23 ratio 174.25%**

Council continues to sufficiently fund the maintenance of its assets ensuring assets are kept in a satisfactory condition for the community.

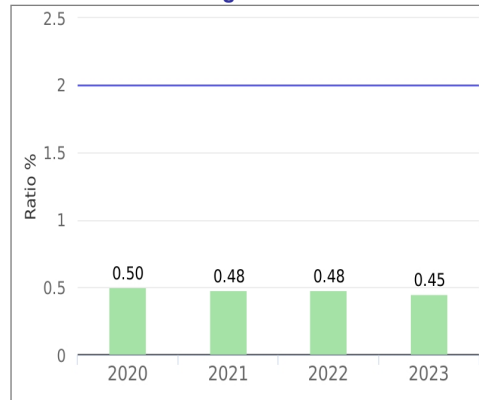
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### Infrastructure backlog ratio



**Infrastructure backlog ratio**

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

**Commentary on result**

**22/23 ratio 0.45%**

Council's infrastructure backlog ratio remains below the benchmark.

Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### Cost to bring assets to agreed service level



**Cost to bring assets to agreed service level**

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

**Commentary on result**

**22/23 ratio 0.32%**

Council's continual high level of asset renewals means that Council has a low cost to bring assets to agreed service level ratio.

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