

# Annual Financial Statements

For the financial year ended 30 June 2023

**Incorporating:** General Purpose Financial Statements, Special Purpose Financial Statements, Special Schedules

waverley.nsw.gov.au



# Waverley Council

## GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2023

---

*Connecting the city and the sea. A welcoming and cohesive community that celebrates and enhances our spectacular coastline, vibrant places, and rich cultural heritage.*



# Waverley Council

## General Purpose Financial Statements

for the year ended 30 June 2023

---

Contents	Page
<b>Understanding Council's Financial Statements</b>	<b>5</b>
<b>Statement by Councillors and Management</b>	<b>6</b>
<b>Primary Financial Statements:</b>	
Income Statement	7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
<b>Notes to the Financial Statements</b>	<b>12</b>
<b>Independent Auditor's Reports:</b>	
On the Financial Statements (Sect 417 [2])	81
On the Financial Statements (Sect 417 [3])	84

---

### Overview

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

55 Spring Street  
Bondi Junction NSW 2022

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

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

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

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

# Waverley Council

## General Purpose Financial Statements

for the year ended 30 June 2023

### Executive Summary

The high inflation rate, high interest rates, supply chain disruptions and a tight labour market, not experienced for many years, impacted the Council's financial performance in 2022/23.

Council continued the capital works program with an investment of \$36.6M against the current budget of \$43.5M.

The Council has continued to operate successfully during the year despite challenging circumstances. It has achieved a net operating result for the 2022/23 financial year of \$17.0M surplus (2021/22: \$18.0M surplus) and a net operating result before Capital Grants and Contributions of \$1.2M deficit (2021/22: \$6.2M deficit).

Despite the challenging times, the Council remains agile and resilient to deliver its broader goals, such as its sustainability commitment.

### Sustainability

Waverley Council's scope 1 and 2 greenhouse gas emissions reduced from 3,511 tonnes CO2 emissions in 2021/22 to 1,715 tonnes CO2 emissions in 2022/23. This significant achievement is attributed to Council's new 100% renewable electricity service agreement with Zen Energy. This moves Council closer to achieving the adopted net zero by 2030 target for Council's own operations.

Council has a community net zero target by 2035 for the whole of the LGA. A key milestone to achieving this was made through the adoption of a new Development Control Plan (DCP) 2022 which includes updated controls for the provision of electric vehicle chargers in apartments, gas free residential kitchens and improved thermal performance of residential buildings.

The ongoing management of bushland sites in Waverley occurred including the protection and conservation of the threatened species plants *Acacia Terminalis* (subs. Eastern Suburbs) at Dover Heights and the management of the Endangered Ecological Community Eastern Suburbs *Banksia Scrub* at York Rd, Centennial Park.

Council's public Electrical Vehicle charging network continued to expand with new chargers installed at Grafton St, Bondi Junction, Castlefield St, Bondi and Trafalgar St Bronte Beach. These are 22KW AC chargers.

Over 280 households have now participated in the Living Connections program which provides local residents with native seedlings to improve native habitat in the Waverley area for animals such as birds, insects and reptiles.

### Financial Results

Net operating result for the year was a \$17.0M surplus compared to the prior year's \$18.0M surplus. This decline in result is predominately attributed to the fair value adjustments and capital grants/contributions. Normalised operating result, adding back fair valuation adjustment, gain or loss on disposal of assets and capital grants & contributions, showed a surplus in FY2022/23 of \$2.6M versus \$3.3M deficit for the year prior, a \$5.9M improvement. This was a result of a combination of cost reduction and revenue improvement.

	22/23	21/22
<b>Surplus/(Deficit)</b>	<b>17.0</b>	<b>18.0</b>
<b>Add Back</b>		
Capital Grants/Contributions	(18.1)	(24.2)
Fair Value (increment)/decrement on Investment Properties	0.3	(4.0)
Fair Value (increment)/decrement of financial investments	(1.5)	1.6
Asset Disposal (gain)/loss	4.9	5.3
<b>Underlying Operating Surplus/(Deficit)</b>	<b>2.6</b>	<b>(3.3)</b>

The high inflation rate, disruption of the supply chains and a tight labour market have increased various service costs and delayed several capital projects, consequently the project's cost increased materially more than the original contract prices.

Overall income has increased by **0.5% (\$0.7M)** compared to the previous year to **\$162.4M**, while operating expense has increased by 1.2% (\$1.8M) to \$145.5M, plus a \$36.4M investment to renew and upgrade the Council's infrastructure assets, plant and office equipment in 2022/23.

## Waverley Council

### General Purpose Financial Statements

for the year ended 30 June 2023

The Council met all the Office of Local Government (OLG) benchmarks for financial sustainability measures, as summarised in the following table:

Indicator	Waverley	Industry
<b>Statement Performance Measures</b>	<b>2022-23</b>	<b>Benchmark</b>
Operating Performance Ratio	1.74% ✓	> 0.00%
Own Source Operating Revenue Ratio	81.62% ✓	> 60%
Unrestricted current ratio	5.50x ✓	> 1.50x
Debt Service Cover ratio	24.41x ✓	> 2x
Rates and Annual Charges outstanding percentage	4.42% ✓	< 5%
Cash expense cover ratio	9.64 mths ✓	> 3 mths
<b>Infrastructure asset performance indicators</b>	<b>2022-23</b>	<b>Benchmark</b>
Building and infrastructure renewals ratio	220.29% ✓	>= 100%
Infrastructure backlog ratio	1.09% ✓	< 2%
Asset maintenance ratio	102.90% ✓	> 100%
Cost to bring assets to agreed service level	0.33%	N/A

#### Cash, Cash Equivalents and Investments

Cash, Cash Equivalents and Investments totalled \$130.0M as at 30 June 2023, an increase of \$3.0M from the 2021/22 closing balance of \$127.0M. This is principally attributed to the early receipt of Federal and State Government grants and additional interest income.

# Waverley Council

## General Purpose Financial Statements

for the year ended 30 June 2023

### Understanding Council's Financial Statements

---

#### Introduction

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

#### What you will find in the Statements

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

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

#### 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.

## Waverley Council

### General Purpose Financial Statements

for the year ended 30 June 2023

---

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

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

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

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

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

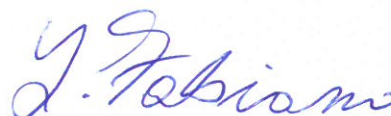
We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 12 September 2023.



---

Paula Masselos  
Mayor  
12 September 2023



---

Ludovico Fabiano  
Deputy Mayor  
12 September 2023



---

Emily Scott  
General Manager  
12 September 2023



---

Teena Su  
Responsible Accounting Officer  
12 September 2023

## Waverley Council

### Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Income from continuing operations</b>				
67,796	Rates and annual charges	B2-1	<b>67,748</b>	66,595
40,560	User charges and fees	B2-2	<b>39,579</b>	38,965
12,900	Other revenues	B2-3	<b>13,152</b>	11,045
9,650	Grants and contributions provided for operating purposes	B2-4	<b>11,453</b>	10,048
15,969	Grants and contributions provided for capital purposes	B2-4	<b>18,129</b>	24,238
1,090	Interest and investment income	B2-5	<b>3,790</b>	1,016
7,709	Other income	B2-6	<b>8,574</b>	9,772
1,265	Net gain from the disposal of assets	B4-1	-	-
156,939	<b>Total income from continuing operations</b>		<b>162,425</b>	161,679
<b>Expenses from continuing operations</b>				
70,666	Employee benefits and on-costs	B3-1	<b>73,121</b>	69,239
38,591	Materials and services	B3-2	<b>47,392</b>	41,898
53	Borrowing costs	B3-3	<b>61</b>	73
21,998	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>16,466</b>	22,752
3,198	Other expenses	B3-5	<b>3,516</b>	4,437
-	Net loss from the disposal of assets	B4-1	<b>4,894</b>	5,266
134,506	<b>Total expenses from continuing operations</b>		<b>145,450</b>	143,665
<b>22,433</b>	<b>Operating result from continuing operations</b>		<b>16,975</b>	18,014
<b>22,433</b>	<b>Net operating result for the year attributable to Council</b>		<b>16,975</b>	18,014
<b>6,464</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(1,154)</b>	(6,224)

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



## Waverley 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>16,975</b>	18,014
<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	C1-5	<u>139,148</u>	<u>116,954</u>
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>139,148</b>	116,954
<b>Total other comprehensive income for the year</b>		<b>139,148</b>	116,954
<b>Total comprehensive income for the year attributable to Council</b>		<b>156,123</b>	134,968

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

## Waverley Council

### Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	28,448	21,768
Investments	C1-2	95,581	97,281
Receivables	C1-4	12,553	14,061
Other		835	600
<b>Total current assets</b>		<b>137,417</b>	<b>133,710</b>
<b>Non-current assets</b>			
Investments	C1-2	6,000	8,000
Receivables	C1-4	1,842	1,985
Infrastructure, property, plant and equipment (IPPE)	C1-5	1,287,909	1,133,515
Investment property	C1-6	115,023	115,090
Right of use assets	C2-1	86	345
<b>Total non-current assets</b>		<b>1,410,860</b>	<b>1,258,935</b>
<b>Total assets</b>		<b>1,548,277</b>	<b>1,392,645</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	33,822	31,950
Income received in advance	C3-1	389	610
Contract liabilities	C3-2	3,577	4,859
Lease liabilities	C2-1	143	255
Borrowings	C3-3	472	460
Employee benefit provisions	C3-4	15,515	15,665
<b>Total current liabilities</b>		<b>53,918</b>	<b>53,799</b>
<b>Non-current liabilities</b>			
Lease liabilities	C2-1	–	144
Borrowings	C3-3	1,108	1,581
Employee benefit provisions	C3-4	1,136	1,129
<b>Total non-current liabilities</b>		<b>2,244</b>	<b>2,854</b>
<b>Total liabilities</b>		<b>56,162</b>	<b>56,653</b>
<b>Net assets</b>		<b>1,492,115</b>	<b>1,335,992</b>
<b>EQUITY</b>			
Accumulated surplus	C4-1	709,383	692,408
IPPE revaluation reserve	C4-1	782,732	643,584
<b>Council equity interest</b>		<b>1,492,115</b>	<b>1,335,992</b>
<b>Total equity</b>		<b>1,492,115</b>	<b>1,335,992</b>

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

## Waverley Council

### Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
<b>Opening balance at 1 July</b>		<b>692,408</b>	<b>643,584</b>	<b>1,335,992</b>	674,394	526,630	1,201,024
<b>Net operating result for the year</b>		<b>16,975</b>	<b>–</b>	<b>16,975</b>	18,014	–	18,014
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	–	<b>139,148</b>	<b>139,148</b>	–	116,954	116,954
<b>Other comprehensive income</b>		<b>–</b>	<b>139,148</b>	<b>139,148</b>	–	116,954	116,954
<b>Total comprehensive income</b>		<b>16,975</b>	<b>139,148</b>	<b>156,123</b>	18,014	116,954	134,968
<b>Closing balance at 30 June</b>		<b>709,383</b>	<b>782,732</b>	<b>1,492,115</b>	692,408	643,584	1,335,992

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

## Waverley 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>				
67,454	Rates and annual charges		<b>68,016</b>	66,264
45,766	User charges and fees		<b>38,881</b>	39,994
948	Interest received		<b>2,624</b>	1,134
21,975	Grants and contributions		<b>29,889</b>	35,093
–	Bonds, deposits and retentions received		<b>1,215</b>	477
19,190	Other		<b>29,561</b>	25,403
<b>Payments:</b>				
(66,423)	Payments to employees		<b>(73,257)</b>	(69,947)
(29,340)	Payments for materials and services		<b>(46,381)</b>	(46,381)
(66)	Borrowing costs		<b>(64)</b>	(76)
–	Bonds, deposits and retentions refunded		<b>(346)</b>	(356)
(21,976)	Other		<b>(10,555)</b>	(9,609)
37,528	<b>Net cash flows from operating activities</b>	G1-1	<b>39,583</b>	41,996
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
8,806	Sale of investments		<b>78,950</b>	106,600
1,265	Proceeds from sale of IPPE		<b>93</b>	534
<b>Payments:</b>				
(3,555)	Purchase of investments		<b>(73,737)</b>	(89,165)
–	Purchase of investment property		<b>(191)</b>	(259)
(45,260)	Payments for IPPE		<b>(37,300)</b>	(65,386)
(38,744)	<b>Net cash flows from investing activities</b>		<b>(32,185)</b>	(47,676)
<b>Cash flows from financing activities</b>				
<b>Payments:</b>				
(460)	Repayment of borrowings		<b>(462)</b>	(446)
–	Principal component of lease payments		<b>(256)</b>	(436)
(460)	<b>Net cash flows from financing activities</b>		<b>(718)</b>	(882)
(1,676)	<b>Net change in cash and cash equivalents</b>		<b>6,680</b>	(6,562)
29,772	Cash and cash equivalents at beginning of year		<b>21,768</b>	28,330
28,096	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>28,448</b>	21,768
85,287	plus: Investments on hand at end of year	C1-2	<b>101,581</b>	105,281
113,383	<b>Total cash, cash equivalents and investments</b>		<b>130,029</b>	127,049

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

# Waverley Council

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

<b>A About Council and these financial statements</b>	<b>14</b>
A1-1 Basis of preparation	14
<b>B Financial Performance</b>	<b>16</b>
<b>B1 Functions or activities</b>	<b>16</b>
B1-1 Functions or activities – income, expenses and assets	16
B1-2 Components of functions or activities	17
<b>B2 Sources of income</b>	<b>20</b>
B2-1 Rates and annual charges	20
B2-2 User charges and fees	21
B2-3 Other revenues	21
B2-4 Grants and contributions	23
B2-5 Interest and investment income	26
B2-6 Other income	26
<b>B3 Costs of providing services</b>	<b>28</b>
B3-1 Employee benefits and on-costs	28
B3-2 Materials and services	29
B3-3 Borrowing costs	29
B3-4 Depreciation, amortisation and impairment of non-financial assets	30
B3-5 Other expenses	31
<b>B4 Gains or losses</b>	<b>32</b>
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	32
<b>B5 Performance against budget</b>	<b>33</b>
B5-1 Material budget variations	33
<b>C Financial position</b>	<b>35</b>
<b>C1 Assets we manage</b>	<b>35</b>
C1-1 Cash and cash equivalents	35
C1-2 Financial investments	36
C1-3 Restricted and allocated cash, cash equivalents and investments	37
C1-4 Receivables	39
C1-5 Infrastructure, property, plant and equipment	41
C1-6 Investment properties	44
<b>C2 Leasing activities</b>	<b>45</b>
C2-1 Council as a lessee	45
C2-2 Council as a lessor	46
<b>C3 Liabilities of Council</b>	<b>48</b>
C3-1 Payables	48
C3-2 Contract Liabilities	49
C3-3 Borrowings	50
C3-4 Employee benefit provisions	51
<b>C4 Reserves</b>	<b>54</b>
C4-1 Nature and purpose of reserves	54

# Waverley Council

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

<b>D Council structure</b>	<b>55</b>
<b>D1 Interests in other entities</b>	<b>55</b>
D1-1 Interests in joint arrangements	55
<b>E Risks and accounting uncertainties</b>	<b>55</b>
E1-1 Risks relating to financial instruments held	55
E2-1 Fair value measurement	58
E3-1 Contingencies	64
<b>F People and relationships</b>	<b>69</b>
<b>F1 Related party disclosures</b>	<b>69</b>
F1-1 Key management personnel (KMP)	69
F1-2 Councillor and Mayoral fees and associated expenses	70
<b>F2 Other relationships</b>	<b>71</b>
F2-1 Audit fees	71
<b>G Other matters</b>	<b>72</b>
G1-1 Statement of Cash Flows information	72
G2-1 Commitments	73
G3-1 Events occurring after the reporting date	74
<b>G4 Statement of developer contributions as at 30 June 2023</b>	<b>75</b>
G4-1 Summary of developer contributions	75
<b>G5 Statement of performance measures</b>	<b>76</b>
G5-1 Statement of performance measures – consolidated results	76
<b>H Additional Council disclosures (unaudited)</b>	<b>77</b>
H1-1 Statement of performance measures – consolidated results (graphs)	77
H1-2 Financial review	79
H1-3 Council information and contact details	80

## A About Council and these financial statements

### A1-1 Basis of preparation

---

These financial statements were authorised for issue by Council on 12 September 2023 Council has the power to amend and reissue these financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 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 investment properties – refer Note C1-6
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-5
- (iii) employee benefit provisions – refer Note C3-4.

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

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

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

#### **The Consolidated Fund**

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

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

- General purpose operations

## A1-1 Basis of preparation (continued)

---

### The Trust Fund

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

Trust monies and property subject to Council's control have been included in these reports.

The following Trust monies and properties are held by Council but not considered to be under the control of Council and therefore are excluded from these financial statements:

- Staff Charitable Funds

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

### Goods and Services Tax (GST)

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

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

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

### 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 from the first time at 30 June 2023.

Those newly adopted standards had no material 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.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Functions or activities</b>										
Asset Management Services	26,106	30,676	3,745	12,463	22,361	18,213	14,528	15,679	299,677	373,491
Beach Services, Maintenance & Safety	906	259	8,357	8,557	(7,451)	(8,298)	344	–	388	275
Cemetery Services	2,447	1,670	2,504	1,690	(57)	(20)	9	–	65,810	54,892
Child Care Services	8,401	8,371	10,463	10,391	(2,062)	(2,020)	3,766	3,703	10,375	9,884
Community Services	514	447	2,478	2,176	(1,964)	(1,729)	498	400	243,398	167,312
Corporate Support Services	55,785	54,680	20,528	17,793	35,257	36,887	2,390	2,305	77,017	75,131
Cultural Services	364	46	4,872	3,938	(4,508)	(3,892)	–	–	–	–
Customer Services & Communication	1,733	1,537	1,024	612	709	925	–	–	–	–
Development, Building & Health Services	14,783	20,017	22,397	18,382	(7,614)	1,635	6,536	10,546	22,771	22,109
Emergency Management Services	39	101	317	224	(278)	(123)	67	–	863	831
Environmental Services	583	870	3,023	2,987	(2,440)	(2,117)	546	119	27	149
Governance, Integrated Planning & Community Engagement	15	–	2,537	2,030	(2,522)	(2,030)	–	874	–	–
Library Services	369	214	6,000	4,937	(5,631)	(4,723)	324	194	46,617	45,331
Parking Services	24,662	18,593	12,758	11,550	11,904	7,043	353	330	17,668	16,006
Parks Services & Maintenance	1,107	110	9,549	10,932	(8,442)	(10,822)	7	7	179,949	159,278
Place Management	225	66	485	204	(260)	(138)	77	–	–	1
Recreation Services	13	2	355	127	(342)	(125)	–	–	267	264
Regulatory Services	349	323	2,324	2,054	(1,975)	(1,731)	–	–	17	24
Social & Affordable Housing	887	1,179	2,074	2,260	(1,187)	(1,081)	–	–	67,646	70,452
Traffic & Transport Services	37	129	145	173	(108)	(44)	132	129	59,505	46,323
Urban Open Space Maintenance & Accessibility	36	551	6,700	7,681	(6,664)	(7,130)	–	–	433,260	330,126
Waste Services	23,064	21,838	22,815	22,504	249	(666)	5	–	23,022	20,766
<b>Total functions and activities</b>	<b>162,425</b>	<b>161,679</b>	<b>145,450</b>	<b>143,665</b>	<b>16,975</b>	<b>18,014</b>	<b>29,582</b>	<b>34,286</b>	<b>1,548,277</b>	<b>1,392,645</b>

## B1-2 Components of functions or activities

---

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

### Asset Management Services

This service includes planning for renewal of assets, financial management and project delivery of works on vital infrastructure. The Service contributes to every aspect of Council's operations, to our ability to deliver our services cost effectively and to the community's social, environmental and economic well being.

### Beach Services, Maintenance & Safety

This service includes beach safety, beach maintenance and cleaning and also supports voluntary surf lifesaving clubs.

### Cemetery Services

This service currently includes interment of ashes and remains at two sites, Waverley and South Head. Waverley Cemetery is a fully operational Cemetery with sales in excess of \$1million per annum.

### Child Care Services

Providing quality, affordable long day care and family day care for children aged 0-5 as well as parenting programs and counselling for families.

### Community Services

Council provides a range of community services within Waverley in addition to supporting a broad range of community organisations. Our services and support for other groups and agencies ensure that the community has access to relevant, accessible and affordable facilities, spaces, programs and activities.

### Corporate Support Services

This service includes a range of professional support services for financial planning and management, workforce planning, organisational development and performance management, business systems improvement, risk management and insurance, procurement, telecommunications and IT and special projects to support the Executive in customer service and organisational review.

### Cultural Services

Council provides and supports a range of activities that celebrate and strengthen an appreciation of our cultural heritage and diversity.

### Customer Services & Communication

This area is responsible for ensuring that customer service is provided in a professional, friendly and timely way, and that our community is informed about Council's plans, initiatives, services and activities.

### Development, Building & Health Services

This service involves preparing new Local Environmental Plans, Development Control Plans and Planning Strategies relating to future land use planning and heritage conservation.

It also assesses and determines development applications in accordance with the EP&A Act and provides Council with a digital mapping service.

### Emergency Management Services

Waverley Council and Woollahra Council have a joint relationship in funding and supporting the local SES unit. It is a requirement under the NSW State Emergency Act.

### Environmental Services

This is a growing service area covering all aspects of the aquatic, biological and air environments. Its subservices are specifically geared to meet the requirements of our Environmental Action Plan (EAP). EAP is a key element of Waverley's resourcing strategy for Waverley Community Strategic Plan.

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

---

### Governance, Integrated Planning & Community Engagement

This service is designed to ensure we can engage with our community in an open and responsive way, discussing and making decisions with them about their future on the basis of sound and balanced judgement and policies. It also ensures that we can be properly held to account for planning decisions and for the efficiency and effectiveness of the services we deliver.

### Library Services

The Library offers information, recreation and entertainment as well as opportunities for people to train, learn or simply interact with neighbours and friends. The Library is a major education and community capacity building resource.

### Parking Services

This service provides substantial community safety and amenity by ensuring that our very limited supply of public parking opportunities (limited relative to demand) is shared fairly by all. This service is more effectively delivered if its implemented in close conjunction with Environmental Services and Traffic and Transport Services.

### Parks Services & Maintenance

This service maintains and cares for Council's 99 parks. The park and reserves are divided into a number of categories including regional parks, coastal reserves, small parks, pocket parks, linkages and remnant vegetation.

### Place Management

Bondi Beach and Bondi Junction are important places for Waverley residents and for the wider Sydney community. They contain a world famous beach and one of Sydney's most vibrant retail precincts and play a significant role in delivering recreational and commercial experiences to the region. A Place Management approach has been adopted to allow Council to give special focus to these areas, as well as ensuring that our smaller retail villages continue thrive.

An ongoing challenge for the Place Managers is to find the right balance between the needs of visitors, residents and the business sector.

### Recreation Services

This includes all aspects of sport and active leisure, from broad LGA-wide planning, through to the detailed design and construction of specific facilities. A newly emerging area is sports facilities management, programming and maintenance.

### Regulatory Services

In the summer season there is an increased demand for this service due to the large influx of visitors. Core areas of focus are:

- Monitoring building sites to ensure adequate pollution control is in place
- Ensuring companion animals are effectively and responsibly managed and cared for in accordance with the Companion Animals Act and Regulation
- Providing education material and information to the public investigating reports of abandoned vehicles and removing them in accordance with Impounding Act
- The quantitative volume of noise, time, place and the frequency of the noise

### Social & Affordable Housing

This service includes creating and managing secure housing for local people on very low incomes in addition to providing medium term accommodation at subsidised rents to those on low-to-middle income levels.

### Traffic & Transport Services

This service helps ensure that traffic flows as smoothly, efficiently and safely in Waverley as is possible, given the very small amount of road space we have to share, relative to the very high demand of the residents and visitors who use it.

The service also functions to help provide as many alternatives as possible to private car use including planning and design of pedestrian and cycling routes, and negotiation with the community and other levels of government for improved traffic and parking distribution systems such as residential preferred parking schemes.

### Urban Open Space Maintenance & Accessibility

This service maintains the roads, footpaths, drains, trees and grass along the 123.46 km of local and regional roads within Waverley Council.

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

---

### **Waste Services**

This service provides waste and recycling collection services to 29,753 residential properties as well as a commercial collection to businesses within Waverley Council.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2023	2022
<b>Ordinary rates</b>		
Residential	35,179	34,931
Business	13,038	12,432
Less: pensioner rebates (mandatory)	(253)	(264)
Less: pensioner rebates (Council policy)	(80)	(84)
<b>Rates levied to ratepayers</b>	<b>47,884</b>	<b>47,015</b>
Pensioner rate subsidies received	137	145
<b>Total ordinary rates</b>	<b>48,021</b>	<b>47,160</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	19,217	18,928
Stormwater Management Services	532	531
Section 611 charges	46	49
Less: pensioner rebates (mandatory)	(149)	(158)
<b>Annual charges levied</b>	<b>19,646</b>	<b>19,350</b>
Pensioner annual charges subsidies received:		
– Domestic waste management	81	85
<b>Total annual charges</b>	<b>19,727</b>	<b>19,435</b>
<b>Total rates and annual charges</b>	<b>67,748</b>	<b>66,595</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	3,241	2,864
<b>Total specific user charges</b>		<b>3,241</b>	<b>2,864</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	2,833	3,040
Section 10.7 certificates (EP&A Act)	2	249	247
Section 603 certificates	2	126	164
Hoarding/crane permits	1	3,360	6,278
<b>Total fees and charges – statutory/regulatory</b>		<b>6,568</b>	<b>9,729</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Cemeteries	2	1,972	1,251
Child care	2	4,536	4,580
Leaseback fees – Council vehicles	2	177	176
Park rents	1	456	300
Restoration charges	2	919	2,421
Room/facility hires	1	862	320
Admission and service fees	1	228	106
Bus shelter fees	1	575	1,482
Car parking fees	2	4,455	3,854
Car parking meter income	2	10,637	7,562
Road opening permits	2	492	333
Temporary truck zone permit	1	2,272	2,114
Other	2	2,189	1,873
<b>Total fees and charges – other</b>		<b>29,770</b>	<b>26,372</b>
<b>Total other user charges and fees</b>		<b>36,338</b>	<b>36,101</b>
<b>Total user charges and fees</b>		<b>39,579</b>	<b>38,965</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		7,753	10,600
User charges and fees recognised at a point in time (2)		31,826	28,365
<b>Total user charges and fees</b>		<b>39,579</b>	<b>38,965</b>

### Accounting policy

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

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

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

## B2-3 Other revenues

\$ '000	Timing	2023	2022
Ex gratia rates	2	25	24
Fines	2	315	203
Fines – parking	2	10,731	8,192
Legal fees recovery – rates and charges (extra charges)	2	–	3
Legal fees recovery – other	2	223	421
Insurance claims recoveries	2	115	2

**B2-3 Other revenues (continued)**

<b>\$ '000</b>	Timing	<b>2023</b>	2022
Recycling income (non-domestic)	2	<b>83</b>	109
Sale of abandoned vehicles	2	<b>24</b>	33
Sales – general	2	<b>4</b>	1
Other	2	<b>1,632</b>	2,057
<b>Total other revenue</b>		<b>13,152</b>	<b>11,045</b>

**Timing of revenue recognition for other revenue**

Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		<b>13,152</b>	11,045
<b>Total other revenue</b>		<b>13,152</b>	<b>11,045</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>Current year allocation</b>					
Financial assistance – general component	2	393	1,006	–	–
Financial assistance – local roads component	2	126	75	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	1,797	1,290	–	–
Financial assistance – local roads component	2	533	372	–	–
<b>Amount recognised as income during current year</b>		<b>2,849</b>	<b>2,743</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
Child care	2	3,668	3,703	–	–
Community care	2	280	235	–	–
Employment and training programs	2	–	10	–	–
Environmental programs	2	84	582	–	–
Library	2	117	59	–	–
Library – per capita	2	207	135	–	–
Street lighting	2	196	193	–	–
Transport (roads to recovery)	2	278	278	–	–
Transport (other roads and bridges funding)	1	–	–	11,040	13,394
Transport (other roads and bridges funding)	2	1,335	–	–	–
Other specific grants	2	507	158	–	–
Community services	2	628	561	–	–
Other councils – joint works/services	2	934	978	–	–
Recreation and culture	2	16	105	–	–
Roads and bridges	2	354	308	–	–
Other contributions	2	–	–	828	574
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>8,604</b>	<b>7,305</b>	<b>11,868</b>	<b>13,968</b>
<b>Total grants and non-developer contributions</b>		<b>11,453</b>	<b>10,048</b>	<b>11,868</b>	<b>13,968</b>
<b>Comprising:</b>					
– Commonwealth funding		3,429	3,204	3,091	1,547
– State funding		2,852	1,674	7,949	11,847
– Other funding		5,172	5,170	828	574
		<b>11,453</b>	<b>10,048</b>	<b>11,868</b>	<b>13,968</b>



## B2-4 Grants and contributions (continued)

## Developer contributions

\$ '000	Notes	Timing	<b>Operating 2023</b>	Operating 2022	<b>Capital 2023</b>	Capital 2022
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act):</b>	G4					
<b>Cash contributions</b>						
S 7.4 – contributions using planning agreements		2	–	–	2,294	2,415
S 7.12 – fixed development consent levies		2	–	–	3,967	2,691
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>6,261</b>	<b>5,106</b>
<b>Non-cash contributions</b>						
S 7.4 – contributions using planning agreements			–	–	–	5,164
<b>Total developer contributions non-cash</b>			<b>–</b>	<b>–</b>	<b>–</b>	<b>5,164</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>6,261</b>	<b>10,270</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>6,261</b>	<b>10,270</b>
<b>Total grants and contributions</b>			<b>11,453</b>	10,048	<b>18,129</b>	24,238
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			–	–	11,040	13,950
Grants and contributions recognised at a point in time (2)			11,453	10,048	7,089	10,288
<b>Total grants and contributions</b>			<b>11,453</b>	<b>10,048</b>	<b>18,129</b>	<b>24,238</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	322	501	4,642	1,730
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,652	216	–	–
<b>Add:</b> Funds received and not recognised as revenue in the current year	–	–	3,293	4,642
Add: operating grant Received for the provision of goods and services in a future	–	63	–	–
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(152)	(458)	–	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(63)	–	(4,642)	(1,730)
<b>Unspent funds at 30 June</b>	<b>1,759</b>	<b>322</b>	<b>3,293</b>	<b>4,642</b>
<b>Contributions</b>				
Unspent funds at 1 July	–	–	22,508	24,579
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	6,261	5,106
<b>Add:</b> contributions received and not recognised as revenue in the current year	–	–	576	–
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(6,574)	(7,177)
<b>Unspent contributions at 30 June</b>	<b>–</b>	<b>–</b>	<b>22,771</b>	<b>22,508</b>

### Accounting policy

#### Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied.

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.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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.

#### Grant income

Assets arising from grants in the scope of AASB 1058 are recognised at the asset's 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

## B2-4 Grants and contributions (continued)

### Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which is enforceable 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 as there is no profit margin.

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

### 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*.

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

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

## 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)	163	146
– Cash and investments	3,627	870
<b>Total interest and investment income (losses)</b>	<b>3,790</b>	<b>1,016</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	163	146
General Council cash and investments	2,418	870
<b>Restricted investments/funds – external:</b>		
Domestic waste management operations	579	–
Other externally restricted assets	630	–
<b>Total interest and investment income</b>	<b>3,790</b>	<b>1,016</b>

### Accounting policy

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

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

## B2-6 Other income

\$ '000	Notes	2023	2022
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties		–	4,046
<b>Total fair value increment on investment properties</b>	C1-6	<b>–</b>	<b>4,046</b>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income		3,110	2,607
<b>Total Investment properties</b>		<b>3,110</b>	<b>2,607</b>

## B2-6 Other income (continued)

\$ '000	Notes	2023	2022
<b>Other lease income</b>			
Other		3,951	3,119
<b>Total other lease income</b>		<b>3,951</b>	<b>3,119</b>
<b>Total rental income</b>	C2-2	<b>7,061</b>	<b>5,726</b>
<b>Fair value increment on investments</b>			
Fair value increment on investments through profit and loss		1,513	–
<b>Total Fair value increment on investments</b>		<b>1,513</b>	<b>–</b>
<b>Total other income</b>		<b>8,574</b>	<b>9,772</b>

## B3 Costs of providing services

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

\$ '000	2023	2022
Salaries and wages	58,597	56,826
Employee leave entitlements (ELE)	6,469	5,076
Superannuation	6,639	6,008
Workers' compensation insurance	2,882	3,135
Fringe benefit tax (FBT)	154	152
Other	471	223
<b>Total employee costs</b>	<b>75,212</b>	<b>71,420</b>
Less: capitalised costs	(2,091)	(2,181)
<b>Total employee costs expensed</b>	<b>73,121</b>	<b>69,239</b>
Number of 'full-time equivalent' employees (FTE) at year end	627	600
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	718	697

#### Accounting policy

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

#### *Retirement benefit obligations*

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

#### *Superannuation plans*

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

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

## B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		6,973	5,745
Contractor costs		10,226	7,954
Contractor and consultancy costs (temporary staff)		1,345	695
Audit Fees	F2-1	94	115
Infringement notice contract costs (SEINS)		1,562	1,281
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	467	362
Advertising		550	538
Bank charges		741	620
Cleaning		1,985	1,812
Computer software charges		2,386	1,975
Election expenses		–	384
Electricity and heating		612	489
Insurance		1,770	1,496
Office expenses (including computer expenses)		201	228
Postage		205	236
Printing and stationery		389	300
Street lighting		840	801
Subscriptions and publications		539	417
Telephone and communications		127	145
Valuation fees		97	93
Abandonment of fines by office of state debt recovery		1,234	929
Car park levy		149	141
Family day care subsidy		605	755
Land tax – crown land		771	659
Waste disposal charges		7,152	7,379
Water rates and charges		246	255
Strata Levy		342	352
Training costs (other than salaries and wages)		416	357
Other expenses		773	784
<b>Legal expenses:</b>			
– Legal expenses: planning and development		746	1,235
– Legal expenses: other		1,607	1,006
Variable lease expense relating to usage (IT Network Data and Cloud Charges)		1,554	1,871
<b>Operating leases expense:</b>			
Other (fuel and gas)		688	580
<b>Total materials and services</b>		<b>47,392</b>	<b>41,898</b>

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	2023	2022
<b>(i) Interest bearing liability costs</b>		
Interest on leases	11	10
Interest on loans	50	63
<b>Total interest bearing liability costs</b>	<b>61</b>	<b>73</b>
<b>Total interest bearing liability costs expensed</b>	<b>61</b>	<b>73</b>
<b>Total borrowing costs expensed</b>	<b>61</b>	<b>73</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		1,452	1,803
Office equipment		315	284
<b>Infrastructure:</b>	C1-5		
– Buildings – non-specialised		2,746	3,046
– Buildings – specialised		2,431	3,977
– Other structures		925	869
– Roads		4,493	5,931
– Footpaths		895	1,815
– Stormwater drainage		603	1,131
– Other open space/recreational assets		2,006	3,115
Right of use assets	C2-1	260	431
<b>Other assets:</b>			
– Library books		226	224
– Other		114	126
<b>Total depreciation and amortisation costs</b>		<b>16,466</b>	<b>22,752</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>16,466</b>	<b>22,752</b>

### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-5 for IPPE assets.

During the financial year, Council undertook a detailed review of its infrastructure assets' useful lives. This review has improved the accuracy of assets' useful lives, resulting in adjustments to the depreciation.

Depreciation is capitalised where in-house assets have contributed to new assets.

#### Impairment of non-financial assets

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

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

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

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

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

## B3-5 Other expenses

\$ '000	Notes	2023	2022
<b>Fair value decrement on investment properties</b>			
Fair value decrement on investment properties		258	–
<b>Total fair value decrement on investment properties</b>	C1-6	<b>258</b>	<b>–</b>
<b>Fair value decrement on investments</b>			
Fair value decrement on investments through profit and loss		–	1,561
<b>Total Fair value decrement on investments</b>	C1-2	<b>–</b>	<b>1,561</b>
<b>Other</b>			
Contributions/levies to other levels of government		3	26
– Department of planning levy		524	533
– Emergency services levy (includes FRNSW, SES, and RFS levies)		199	109
– NSW fire brigade levy		1,801	1,586
Donations, contributions and assistance to other organisations (Section 356)		731	622
<b>Total other expenses</b>		<b>3,516</b>	<b>4,437</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>	C1-5		
Proceeds from disposal – plant and equipment		93	534
Less: carrying amount of plant and equipment assets sold/written off		(42)	(233)
<b>Gain (or loss) on disposal</b>		<b>51</b>	<b>301</b>
<b>Gain (or loss) on disposal of infrastructure</b>	C1-5		
Less: carrying amount of infrastructure assets sold/written off		(4,945)	(5,567)
<b>Gain (or loss) on disposal</b>		<b>(4,945)</b>	<b>(5,567)</b>
<b>Gain (or loss) on disposal of investments</b>	C1-2		
Proceeds from disposal/redemptions/maturities – investments		78,950	106,600
Less: carrying amount of investments sold/redeemed/matured		(78,950)	(106,600)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(4,894)</b>	<b>(5,266)</b>

#### Accounting policy

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

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 21 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>	67,796	67,748	(48)	0% <b>U</b>
<b>User charges and fees</b>	40,560	39,579	(981)	(2)% <b>U</b>
<b>Other revenues</b>	12,900	13,152	252	2% <b>F</b>
<b>Operating grants and contributions</b>	9,650	11,453	1,803	19% <b>F</b>
Higher operating grants and contributions are mainly attributed to the receipt of the 2023/24 financial assistance grant and the regional and local roads repair program grant.				
<b>Capital grants and contributions</b>	15,969	18,129	2,160	14% <b>F</b>
Higher capital grants and contributions are mainly due to the additional grants for several capital works program projects that were not anticipated in the the original budget				
<b>Interest and investment revenue</b>	1,090	3,790	2,700	248% <b>F</b>
Unforeseen increases in RBA cash rates over the last 12 months and higher cash balances resulted in higher returns.				
<b>Net gains from disposal of assets</b>	1,265	-	(1,265)	(100)% <b>U</b>
The original budget was for plant replacement program disposal, not accounted for infrastructure asset write-off. The Plant Replacement program have been revised throughout the year and the gain from disposal of Plant replacement was \$51k, however the net gain from asset disposal was a loss and hence showing under Net loss from disposal of assets.				
<b>Other income</b>	7,709	8,574	865	11% <b>F</b>
Fair value increment on investments not budgeted				
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	70,666	73,121	(2,455)	(3)% <b>U</b>
<b>Materials and services</b>	38,591	47,392	(8,801)	(23)% <b>U</b>
Higher materials and services spent mainly due to several capital works program projects, and the ICT program costs are not capitalisable and had to be recognised as an operating expense when they occurred (\$3.6m). Higher contractors, agency temporary hires, legal expenses and stores & materials are higher than anticipated due to various factors, including supply chain disruptions, high inflation and tight labour market conditions.				
<b>Borrowing costs</b>	53	61	(8)	(15)% <b>U</b>
Interest expense on leased assets was not budgeted.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	21,998	16,466	5,532	25% <b>F</b>

## B5-1 Material budget variations (continued)

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

A lower-than-budgeted depreciation expense is predominately attributed to the infrastructure assets' useful life review.

<b>Other expenses</b>	3,198	3,516	(318)	(10)%	U
-----------------------	-------	-------	-------	-------	---

Higher other expenses is mainly due to the fair valuation decrement movement on investment properties.

<b>Net losses from disposal of assets</b>	-	4,894	(4,894)	∞	U
---	---	-------	---------	---	---

Net losses from disposal of assets are primarily from the replaced infrastructure assets write-off as a result of the renewal/upgrade works.

### Statement of cash flows

<b>Cash flows from operating activities</b>	37,528	39,583	2,055	5%	F
---	--------	--------	-------	----	---

Higher investment income as a result of higher interest rates throughout the year and higher grants and contributions received compared to budget.

<b>Cash flows from investing activities</b>	(38,744)	(32,185)	6,559	(17)%	F
---	----------	----------	-------	-------	---

Capital works projects expenditures were lower than anticipated with numerous projects deferred to 23-24 financial year.

<b>Cash flows from financing activities</b>	(460)	(718)	(258)	56%	U
---	-------	-------	-------	-----	---

Principal component of lease payments not in the budget.

## 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	2,029	1,040
Cash equivalent assets		
– Deposits at call	12,327	5,677
– Managed funds	14,092	15,051
<b>Total cash and cash equivalents</b>	<b>28,448</b>	<b>21,768</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	28,448	21,768
<b>Balance as per the Statement of Cash Flows</b>	<b>28,448</b>	<b>21,768</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	2023	2022	2022
	Current	Non-current	Current	Non-current
<b>Financial assets at fair value through the profit and loss</b>				
NCD's, FRN's	24,581	–	32,781	–
<b>Total</b>	<b>24,581</b>	<b>–</b>	<b>32,781</b>	<b>–</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	71,000	6,000	64,500	8,000
<b>Total</b>	<b>71,000</b>	<b>6,000</b>	<b>64,500</b>	<b>8,000</b>
<b>Total financial investments</b>	<b>95,581</b>	<b>6,000</b>	<b>97,281</b>	<b>8,000</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>124,029</b>	<b>6,000</b>	<b>119,049</b>	<b>8,000</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.

### Amortised cost

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

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

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

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

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

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

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

### Financial assets through profit or loss

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

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

## C1-2 Financial investments (continued)

Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>130,029</b>	127,049
Less: Externally restricted cash, cash equivalents and investments	<u>(45,827)</u>	<u>(41,452)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>84,202</b>	85,597
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>3,293</u>	4,705
<b>External restrictions – included in liabilities</b>	<b>3,293</b>	4,705
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	22,771	22,508
Specific purpose unexpended grants (recognised as revenue) – general fund	1,759	259
Stormwater management	1,264	835
Domestic waste management	16,740	13,145
<b>External restrictions – other</b>	<b>42,534</b>	36,747
<b>Total external restrictions</b>	<b>45,827</b>	41,452

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>84,202</b>	85,597
Less: Internally restricted cash, cash equivalents and investments	<u>(74,535)</u>	<u>(78,852)</u>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>9,667</b>	6,745

### Internal allocations

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

Plant and vehicle replacement	5,495	5,703
SAMP Infrastructure	4,011	4,525
Employees leave entitlements	5,208	5,270
Carry over works	4,482	9,311
Deposits, retentions and bonds	22,717	19,365
Affordable housing	1,864	1,946
Cemeteries	1,841	898
Election	330	165

continued on next page ...

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

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
Centralised reserve	<b>2,266</b>	4,085
IT Information	<b>3,934</b>	375
Property Investment strategy	<b>13,098</b>	17,829
Parking meters	<b>2,169</b>	1,894
Car Park Parking	<b>2,373</b>	1,994
Social housing	<b>591</b>	546
Other	<b>4,156</b>	4,946
<b>Total internal allocations</b>	<b>74,535</b>	<b>78,852</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>9,667</b>	<b>6,745</b>

## C1-4 Receivables

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Rates and annual charges	1,908	866	2,116	858
Interest and extra charges	172	201	152	184
User charges and fees	1,741	–	1,157	–
Accrued revenues				
– Interest on investments	1,293	–	164	–
– Other income accruals	465	–	1,710	–
Government grants and subsidies	3,426	–	5,145	–
Net GST receivable	1,216	–	1,514	–
Parking fines	2,410	2,158	2,204	2,326
<b>Total</b>	<b>12,631</b>	<b>3,225</b>	<b>14,162</b>	<b>3,368</b>
<b>Less: provision for impairment</b>				
User charges and fees	(78)	–	(101)	–
Parking fines	–	(1,383)	–	(1,383)
<b>Total provision for impairment – receivables</b>	<b>(78)</b>	<b>(1,383)</b>	<b>(101)</b>	<b>(1,383)</b>
<b>Total net receivables</b>	<b>12,553</b>	<b>1,842</b>	<b>14,061</b>	<b>1,985</b>
<b>Externally restricted receivables</b>				
Domestic waste management	1,099	386	1,134	400
<b>Total external restrictions</b>	<b>1,099</b>	<b>386</b>	<b>1,134</b>	<b>400</b>
<b>Unrestricted receivables</b>	<b>11,454</b>	<b>1,456</b>	<b>12,927</b>	<b>1,585</b>
<b>Total net receivables</b>	<b>12,553</b>	<b>1,842</b>	<b>14,061</b>	<b>1,985</b>

\$ '000	2023	2022
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	1,484	1,440
– amounts already provided for and written off this year	(2)	(10)
– Provision recognised/(reduced) during the year	(21)	54
<b>Balance at the end of the year</b>	<b>1,461</b>	<b>1,484</b>

### Accounting policy

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

### 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 presumption 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.



## C1-4 Receivables (continued)

---

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, or when the receivables are over one years past due, whichever occurs first.

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.

### **Accounting policy under AASB 139**

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

Rates and annual charges outstanding are secured against the property.

## C1-5 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 increments/ (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	80,426	–	80,426	15,012	2,673	(1,575)	–	(58,009)	–	–	38,527	–	38,527
Plant and equipment	21,587	(14,801)	6,786	–	1,564	(42)	(1,452)	–	–	–	22,582	(15,726)	6,856
Office equipment	11,719	(10,488)	1,231	–	884	–	(315)	4	(80)	–	8,885	(7,161)	1,724
<b>Land:</b>													
– Crown land	156,201	–	156,201	–	–	–	–	–	–	16,576	172,777	–	172,777
– Operational land	113,575	–	113,575	–	–	–	–	–	–	(1,744)	111,831	–	111,831
– Community land	101,142	–	101,142	–	–	–	–	–	–	21,987	123,129	–	123,129
<b>Infrastructure:</b>													
– Buildings – non-specialised	135,705	(25,304)	110,401	303	–	–	(2,746)	132	–	3,571	147,927	(36,266)	111,661
– Buildings – specialised	111,125	(51,932)	59,193	5,271	–	–	(2,431)	47,890	18	1,386	150,727	(39,400)	111,327
– Other structures	35,540	(11,703)	23,837	2,203	–	(96)	(925)	3,352	62	1,689	39,854	(9,732)	30,122
– Roads	494,008	(238,600)	255,408	2,330	–	(2,045)	(4,493)	4,785	–	50,193	494,693	(188,515)	306,178
– Footpaths	72,787	(31,401)	41,386	3,331	–	(569)	(895)	409	–	12,213	79,534	(23,659)	55,875
– Stormwater drainage	141,709	(58,065)	83,644	1,004	–	(149)	(603)	123	–	9,334	129,095	(35,742)	93,353
– Other open space/recreational assets	176,842	(81,308)	95,534	1,201	–	(511)	(2,006)	292	–	23,943	185,470	(67,017)	118,453
<b>Other assets:</b>													
– Library books	4,386	(3,242)	1,144	–	222	–	(226)	–	–	–	4,524	(3,384)	1,140
– Other	6,219	(2,612)	3,607	400	41	–	(114)	1,022	–	–	7,681	(2,725)	4,956
<b>Total infrastructure, property, plant and equipment</b>	<b>1,662,971</b>	<b>(529,456)</b>	<b>1,133,515</b>	<b>31,055</b>	<b>5,384</b>	<b>(4,987)</b>	<b>(16,206)</b>	<b>–</b>	<b>–</b>	<b>139,148</b>	<b>1,717,236</b>	<b>(429,327)</b>	<b>1,287,909</b>

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

## C1-5 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 increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	45,118	–	45,118	40,336	4,960	(486)	–	(9,502)	–	–	80,426	–	80,426
Plant and equipment	21,774	(13,569)	8,205	–	617	(233)	(1,803)	–	–	–	21,587	(14,801)	6,786
Office equipment	11,083	(10,203)	880	3	626	–	(284)	6	–	–	11,719	(10,488)	1,231
<b>Land:</b>													
– Operational land	78,811	–	78,811	–	–	–	–	–	–	34,764	113,575	–	113,575
– Community land	101,142	–	101,142	–	–	–	–	–	–	–	101,142	–	101,142
– Crown land	156,201	–	156,201	–	–	–	–	–	–	–	156,201	–	156,201
<b>Infrastructure:</b>													
– Buildings – non-specialised	126,022	(49,987)	76,035	392	5,164	–	(3,046)	29	(23)	31,850	135,705	(25,304)	110,401
– Buildings – specialised	129,815	(74,832)	54,983	172	–	(69)	(3,977)	101	(233)	8,216	111,125	(51,932)	59,193
– Other structures	28,631	(10,360)	18,271	4,796	137	(179)	(869)	252	233	1,196	35,540	(11,703)	23,837
– Roads	441,091	(212,651)	228,440	4,272	–	(3,401)	(5,931)	7,165	23	24,840	494,008	(238,600)	255,408
– Footpaths	63,506	(27,075)	36,431	2,486	–	(444)	(1,815)	720	–	4,008	72,787	(31,401)	41,386
– Stormwater drainage	127,411	(51,950)	75,461	2,120	–	(94)	(1,131)	–	–	7,288	141,709	(58,065)	83,644
– Other open space/recreational assets	165,120	(74,690)	90,430	3,092	–	(894)	(3,115)	1,229	–	4,792	176,842	(81,308)	95,534
<b>Other assets:</b>													
– Library books	4,185	(3,018)	1,167	–	201	–	(224)	–	–	–	4,386	(3,242)	1,144
– Other	6,197	(2,486)	3,711	22	–	–	(126)	–	–	–	6,219	(2,612)	3,607
<b>Total infrastructure, property, plant and equipment</b>	<b>1,506,107</b>	<b>(530,821)</b>	<b>975,286</b>	<b>57,691</b>	<b>11,705</b>	<b>(5,800)</b>	<b>(22,321)</b>	<b>–</b>	<b>–</b>	<b>116,954</b>	<b>1,662,971</b>	<b>(529,456)</b>	<b>1,133,515</b>

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

## C1-5 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. When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 150
Other plant and equipment	5 to 15	Buildings: other	20 to 100
<b>Other Assets</b>		<b>Stormwater assets</b>	
Library Books	5 to 10	Drains	82 to 150
Other	5 to 100	Culverts	50 to 80
		Flood control structures	80 to 100
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	20	Bulk earthworks	20
Sealed roads: structure	60	Swimming pools	100
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	50
Bridge: other	50	Other infrastructure	30
Road pavements	60	Seawall	120
Kerb, gutter and footpaths	75		

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

### Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

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

### Crown reserves

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

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

## Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/23			as at 30/06/22		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Domestic waste management</b>						
Plant and equipment	15,162	9,143	6,019	15,107	8,924	6,183
<b>Total domestic waste management</b>	<b>15,162</b>	<b>9,143</b>	<b>6,019</b>	<b>15,107</b>	<b>8,924</b>	<b>6,183</b>
Total restricted infrastructure, property, plant and equipment	<b>15,162</b>	<b>9,143</b>	<b>6,019</b>	<b>15,107</b>	<b>8,924</b>	<b>6,183</b>

## C1-6 Investment properties

\$ '000	2023	2022
<b>Owned investment property</b>		
Investment property on hand at fair value	115,023	115,090
<b>Total owned investment property</b>	<b>115,023</b>	<b>115,090</b>
<b>Owned investment property</b>		
<b>At fair value</b>		
Opening balance at 1 July	115,090	110,785
Capitalised subsequent expenditure	191	259
Net gain/(loss) from fair value adjustments	(258)	4,046
<b>Closing balance at 30 June</b>	<b>115,023</b>	<b>115,090</b>

### Accounting policy

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

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over a range of assets including land and buildings for staff office and sub-depots. Information relating to the leases in place and associated balances and transactions is provided below.

#### Terms and conditions of leases

These leases have between 1 and 5 years.

#### (a) Right of use assets

\$ '000	Property, Plant & Equipment	Total
<b>2023</b>		
Opening balance at 1 July	345	345
Depreciation charge	(260)	(260)
<b>Balance at 30 June</b>	<b>86</b>	<b>86</b>
<b>2022</b>		
Opening balance at 1 July	777	777
Depreciation charge	(431)	(431)
<b>Balance at 30 June</b>	<b>345</b>	<b>345</b>

#### (b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	143	–	255	144
<b>Total lease liabilities</b>	<b>143</b>	<b>–</b>	<b>255</b>	<b>144</b>

#### (c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2023</b>					
Cash flows	267	148	–	415	143
<b>2022</b>					
Cash flows	447	415	–	862	399

#### (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	11	10
Variable lease payments based on usage not included in the measurement of lease liabilities	1,554	1,871

continued on next page ...

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

\$ '000	2023	2022
Depreciation of right of use assets	260	431
	<b>1,825</b>	<b>2,312</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	(256)	(436)
	<b>(256)</b>	<b>(436)</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; these leases have been classified as operating leases for financial reporting purposes.

\$ '000	2023	2022
<b>(i) Assets held as investment property</b>		
The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below		
Lease income (excluding variable lease payments not dependent on an index or rate)	<b>3,110</b>	2,607

continued on next page ...

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

\$ '000	2023	2022
<b>Total income relating to operating leases for investment property assets</b>	<b>3,110</b>	2,607
<b>Operating lease expenses</b>		
Direct operating expenses that generated rental income	<b>(2,464)</b>	(2,257)
Direct operating expenses that did not generate rental income	<b>(531)</b>	(437)
<b>Total expenses relating to operating leases</b>	<b>(2,995)</b>	(2,694)

**(ii) Assets held as property, plant and equipment**

Lease income (excluding variable lease payments not dependent on an index or rate)	<b>3,951</b>	3,119
<b>Total income relating to operating leases for Council assets</b>	<b>3,951</b>	3,119

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

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

< 1 year	<b>5,549</b>	3,937
1–2 years	<b>5,346</b>	2,567
2–3 years	<b>5,093</b>	2,368
3–4 years	<b>4,591</b>	2,166
4–5 years	<b>1,019</b>	1,983
> 5 years	<b>4,652</b>	5,227
<b>Total undiscounted lease payments to be received</b>	<b>26,250</b>	18,248

**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	5,072	–	4,061	–
Goods and services – capital expenditure	4,722	–	5,583	–
Accrued expenses:				
– Borrowings	10	–	13	–
– Salaries and wages	388	–	381	–
– Other expenditure accruals	59	–	1,829	–
Security bonds, deposits and retentions	2,579	–	1,710	–
Builders deposits	20,137	–	17,655	–
Other	165	–	96	–
Prepaid rates	690	–	622	–
<b>Total payables</b>	<b>33,822</b>	<b>–</b>	<b>31,950</b>	<b>–</b>
<b>Income received in advance</b>				
Payments received in advance	389	–	610	–
<b>Total income received in advance</b>	<b>389</b>	<b>–</b>	<b>610</b>	<b>–</b>
<b>Total payables</b>	<b>34,211</b>	<b>–</b>	<b>32,560</b>	<b>–</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	441	–	474	–
Payables relating to externally restricted assets	441	–	474	–
<b>Total payables relating to restricted assets</b>	<b>441</b>	<b>–</b>	<b>474</b>	<b>–</b>
<b>Total payables relating to unrestricted assets</b>	<b>33,770</b>	<b>–</b>	<b>32,086</b>	<b>–</b>
<b>Total payables</b>	<b>34,211</b>	<b>–</b>	<b>32,560</b>	<b>–</b>

## C3-1 Payables (continued)

### 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	20,137	17,655
<b>Total payables</b>	<b>20,137</b>	<b>17,655</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)	3,207	–	4,642	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	86	–	63	–
<b>Total grants received in advance</b>		<b>3,293</b>	<b>–</b>	<b>4,705</b>	<b>–</b>
Upfront fees	(iii)	284	–	154	–
<b>Total user fees and charges received in advance</b>		<b>284</b>	<b>–</b>	<b>154</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>3,577</b>	<b>–</b>	<b>4,859</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) Operating grants received in advance. The revenue is expected to be recognised in the next 12 months.

(iii) These are mainly from upfront income for roads restorations, car parks, library and bus shelter.

### Contract liabilities relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Externally restricted assets</b>				
Unspent grants held as contract liabilities	3,293	–	4,705	–
<b>Contract liabilities relating to externally restricted assets</b>	<b>3,293</b>	<b>–</b>	<b>4,705</b>	<b>–</b>

### C3-2 Contract Liabilities (continued)

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
<b>Total contract liabilities relating to restricted assets</b>	<b>3,293</b>	<b>–</b>	<b>4,705</b>	<b>–</b>
<b>Total contract liabilities relating to unrestricted assets</b>	<b>284</b>	<b>–</b>	<b>154</b>	<b>–</b>
<b>Total contract liabilities</b>	<b>3,577</b>	<b>–</b>	<b>4,859</b>	<b>–</b>

#### 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)	<b>4,642</b>	1,730
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>4,642</b>	<b>1,730</b>

#### Accounting policy

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

### C3-3 Borrowings

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	<b>472</b>	<b>1,108</b>	460	1,581
<b>Total borrowings</b>	<b>472</b>	<b>1,108</b>	<b>460</b>	<b>1,581</b>

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

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

#### Borrowings relating to restricted assets

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
<b>Total borrowings relating to restricted assets</b>	<b>472</b>	<b>1,108</b>	<b>460</b>	<b>1,581</b>
<b>Total borrowings</b>	<b>472</b>	<b>1,108</b>	<b>460</b>	<b>1,581</b>

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

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

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

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	2,041	(461)	–	–	–	–	<b>1,580</b>
Lease liability (Note C2-1b)	399	(256)	–	–	–	–	<b>143</b>

### C3-3 Borrowings (continued)

<b>Total liabilities from financing activities</b>	<b>2,440</b>	<b>(717)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,723</b>
--	--------------	--------------	----------	----------	----------	----------	--------------

	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
<b>\$ '000</b>							
Loans – secured	2,487	(446)	-	-	-	-	2,041
Lease liability (Note C2-1b)	836	(437)	-	-	-	-	399
<b>Total liabilities from financing activities</b>	<b>3,323</b>	<b>(883)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,440</b>

#### (b) Financing arrangements

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	<b>250</b>	250
Credit cards/purchase cards	<b>30</b>	30
<b>Total financing arrangements</b>	<b>280</b>	<b>280</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	<b>250</b>	250
– Credit cards/purchase cards	<b>30</b>	30
<b>Total undrawn financing arrangements</b>	<b>280</b>	<b>280</b>

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

#### Accounting policy

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

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

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

### C3-4 Employee benefit provisions

<b>\$ '000</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Annual leave	<b>6,312</b>	-	6,801	-
Sick leave	<b>1,272</b>	-	1,355	-
Long service leave	<b>7,388</b>	<b>1,136</b>	6,992	1,129
Gratuities	<b>303</b>	-	331	-
Time off in lieu	<b>240</b>	-	186	-
<b>Total employee benefit provisions</b>	<b>15,515</b>	<b>1,136</b>	<b>15,665</b>	<b>1,129</b>

## C3-4 Employee benefit provisions (continued)

### Employee benefit provisions relating to restricted assets

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Domestic Waste Management	1,083	217	1,103	217
Employee benefit provisions relating to externally restricted assets	1,083	217	1,103	217
<b>Total employee benefit provisions relating to restricted assets</b>	<b>1,083</b>	<b>217</b>	<b>1,103</b>	<b>217</b>
<b>Total employee benefit provisions relating to unrestricted assets</b>	<b>14,432</b>	<b>919</b>	<b>14,562</b>	<b>912</b>
<b>Total employee benefit provisions</b>	<b>15,515</b>	<b>1,136</b>	<b>15,665</b>	<b>1,129</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	11,443	11,578
	<b>11,443</b>	<b>11,578</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	6,801	1,355	8,121	517	16,794
Additional provisions	4,330	–	1,957	182	6,469
Amounts used (payments)	(4,819)	(83)	(1,554)	(156)	(6,612)
Total ELE provisions at end of year	<b>6,312</b>	<b>1,272</b>	<b>8,524</b>	<b>543</b>	<b>16,651</b>
<b>2022</b>					
At beginning of year	6,652	1,532	9,167	532	17,883
Additional provisions	4,337	–	598	141	5,076
Amounts used (payments)	(4,188)	(177)	(1,644)	(156)	(6,165)
Total ELE provisions at end of year	<b>6,801</b>	<b>1,355</b>	<b>8,121</b>	<b>517</b>	<b>16,794</b>

### 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

## C3-4 Employee benefit provisions (continued)

---

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

---

#### **IPPE Revaluation reserve**

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

## D Council structure

### D1 Interests in other entities

#### D1-1 Interests in joint arrangements

##### (i) Joint operations

	Principal activity
<b>(a) Council is involved in the following joint operations (JO's)</b>	
<b>Name of joint operation:</b> Bourke Road Integrated Facility	Council main depot operation is a shared operations facility with Woollahra Council

##### Council assets employed in the joint operations

\$ '000	2023	2022
<b>Council's own assets employed in the operations</b>		
<b>Current assets:</b>		
Receivables	323	317
<b>Non-current assets</b>		
Property, plant and equipment	25,238	24,550
<b>Total assets – Council owned</b>	<b>25,561</b>	<b>24,867</b>
<b>Total net assets employed – Council and jointly owned</b>	<b>25,561</b>	<b>24,867</b>

##### Accounting policy

The council has determined that it has only joint operations.

##### Joint operations:

In relation to its joint operations, where the Council has the rights to the individual assets and obligations arising from the arrangement, the Council has recognised:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

These figures are incorporated into the relevant line item in the primary statements.

## E Risks and accounting uncertainties

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

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

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

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

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

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



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

\$ '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	28,448	21,768	28,448	21,768
Receivables	14,395	16,046	14,395	16,046
Investments				
– Debt securities at amortised cost	77,000	72,500	77,000	72,500
<b>Fair value through profit and loss</b>				
Investments				
– Available for sale	24,581	32,781	24,581	32,781
<b>Total financial assets</b>	<b>144,424</b>	<b>143,095</b>	<b>144,424</b>	<b>143,095</b>
<b>Financial liabilities</b>				
Payables	33,822	31,950	33,822	31,950
Loans/advances	1,580	2,041	1,580	2,041
<b>Total financial liabilities</b>	<b>35,402</b>	<b>33,991</b>	<b>35,402</b>	<b>33,991</b>

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 its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

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

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

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

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

\$ '000	2023	2022
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,304	1,273
Impact of a 10% movement in price of investments		
– Equity / Income Statement	2,458	3,278

## E1-1 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, whether through exposure to individual customers, specific industry sectors and/or regions.

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

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

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 rates and annual charges			Total
	overdue	< 5 years	≥ 5 years	
<b>2023</b>				
Gross carrying amount	–	2,774	–	2,774
2022				
Gross carrying amount	–	2,974	–	2,974

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

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2023</b>						
Gross carrying amount	7,056	2,650	131	104	3,141	13,082
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	46.50%	11.16%
<b>ECL provision</b>	–	–	–	–	1,461	1,461
2022						
Gross carrying amount	10,426	717	27	101	3,285	14,556
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	37.16%	8.39%
<b>ECL provision</b>	–	–	–	–	1,484	1,484

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

### (c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2023</b>							
Payables	0.00%	–	9,797	24,025	–	33,822	33,822
Borrowings	2.68%	–	472	1,108	–	1,580	1,580
<b>Total financial liabilities</b>		–	<b>10,269</b>	<b>25,133</b>	–	<b>35,402</b>	<b>35,402</b>
<b>2022</b>							
Payables	0.00%	–	9,644	22,306	–	31,950	31,950
Borrowings	2.68%	–	460	1,581	–	2,041	2,041
<b>Total financial liabilities</b>		–	<b>10,104</b>	<b>23,887</b>	–	<b>33,991</b>	<b>33,991</b>

### Loan agreement breaches

No breaches to loan agreements which have occurred during the reporting year.

## Fair value measurement

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

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

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.

## E2-1 Fair value measurement (continued)

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

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
<b>Recurring fair value measurements</b>							
<b>Financial assets</b>							
Financial investments	C1-2						
At fair value through profit or loss		<b>24,581</b>	32,781	–	–	<b>24,581</b>	32,781
<b>Investment property</b>							
Investment properties	C1-6	<b>115,023</b>	115,090	–	–	<b>115,023</b>	115,090
<b>Total investment property</b>		<b>115,023</b>	<b>115,090</b>	<b>–</b>	<b>–</b>	<b>115,023</b>	<b>115,090</b>
<b>Infrastructure, property, plant and equipment</b>							
Buildings – non-specialised	C1-5	–	–	<b>111,661</b>	110,401	<b>111,661</b>	110,401
Buildings special		–	–	<b>111,327</b>	59,193	<b>111,327</b>	59,193
Community land		–	–	<b>123,129</b>	101,142	<b>123,129</b>	101,142
Crown Land		–	–	<b>172,777</b>	156,201	<b>172,777</b>	156,201
Operational land		–	–	<b>111,831</b>	113,575	<b>111,831</b>	113,575
Footpaths		–	–	<b>55,875</b>	41,386	<b>55,875</b>	41,386
Roads		–	–	<b>306,178</b>	255,408	<b>306,178</b>	255,408
Stormwater drainage		–	–	<b>93,353</b>	83,644	<b>93,353</b>	83,644
Office equipment and furniture		–	–	<b>1,724</b>	1,231	<b>1,724</b>	1,231
Plant and equipment		–	–	<b>6,856</b>	6,786	<b>6,856</b>	6,786
Open space and recreation		–	–	<b>118,453</b>	95,534	<b>118,453</b>	95,534
Library books and resources		–	–	<b>1,140</b>	1,144	<b>1,140</b>	1,144
Other structures		–	–	<b>30,122</b>	23,837	<b>30,122</b>	23,837
Other assets		–	–	<b>4,956</b>	3,607	<b>4,956</b>	3,607
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>–</b>	<b>1,249,382</b>	<b>1,053,089</b>	<b>1,249,382</b>	<b>1,053,089</b>

### 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 base 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.

#### Investment property

The valuation of Council's investment properties was undertaken at June 2023 by APV Valuers & Asset Management, RICS Registered Valuer - 1169941.

Investment properties such as commercial units, commercial terraces and retail shops have been valued as market value, having regard to the "highest and best use", taking in consideration the criteria of physical possibility, legal permissibility

## E2-1 Fair value measurement (continued)

and financial feasibility. Implied within these criteria is the recognition of the contribution of that specific use to community environment or to community development goals, in addition to wealth maximisation to the individual owner.

The valuation technique utilised is Level 2 inputs (observable inputs), where applicable, included:

- Current rental income
- Rent reviews
- Capitalisation rate
- Price per square metre
- Direct comparison to sales evidence
- Zoning
- Location
- Land area and configuration
- Planning controls

Other investment properties such as public car park and shopping centre office space have been valued using Cost approach with Level 3 valuation inputs in the past.

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

#### Operational Land

The asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The last valuation was undertaken at June 2023 by APV Valuers & Asset Management, RICS Registered Valuer – 1169941.

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.

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.

Since extensive professional judgements were required to determine the inputs these assets were classified as having been valued using Level 3 valuation input. There has been no change to the valuation process during the reporting period.

#### Community Land and Crown Land

Valuations of all Council's Community Land and Council managed land were based on either the land value provided by the Valuer-General or an average unit rate based on land value for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3. There has been no change to the valuation process during the reporting period.

#### Buildings – Non Specialised and Specialised

Council's buildings are valued at June 2023 by APV Valuers & Asset Management, RICS Registered Valuer – 1169941.

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

#### Roads

The roads asset class includes roads, defined as the trafficable portion of a road, between but not including the kerb and gutter. It also includes "other roads" assets including Bridges, Carparks, Kerb and Gutter and Traffic facilities.

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 the Councils schedule of rates tender. Other inputs (such as estimated pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to

## E2-1 Fair value measurement (continued)

limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

### Footpaths

The 'Cost Approach' using Level 3 inputs was used to value footpaths. Valuation for the footpath was based primarily on unit rates derived from the Councils schedule of rates tender. Other inputs (such as estimated pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

### Stormwater Drainage

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

Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

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

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

- Plant and Equipment      Trucks, tractors, ride on mowers, street sweepers, earthmoving equipment, buses and motor vehicles
- Office Equipment              Refrigerators, electronic appliances, flat-screen monitors and computer equipment
- Furniture & Fittings            Chairs, desks and display systems.

The key unobservable inputs to the valuation are the remaining useful life and residual value. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

### Other Open Space / Recreational Assets

Assets within this class comprise Soft Fall Surfaces, BBQs, Regional Sporting Facilities, Playgrounds and Seawalls. All assets in this class were valued in-house by experienced engineering & asset management staff. While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

## E2-1 Fair value measurement (continued)

---

### Library Books and Resources

Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

### Other Structures

This asset class comprises Mall Light, Shade Structure, Flag Pole, Planter Boxes and Garden Beds.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. 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. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

### Other Assets

This asset class comprises other miscellaneous assets.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. 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. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

## E2-1 Fair value measurement (continued)

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

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

	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>		
Buildings	Non-Specialised Buildings: Market Value Specialised Buildings: Depreciated replacement cost	* Gross replacement cost * Asset Condition * Remaining useful life
Community Land and Crown Land	Land values obtained from the NSW Valuer-General	* Price Per square metre
Operational Land	Market Value	* Price Per square metre
Footpaths	Unit rates per m2 or length	* Gross replacement cost * Asset Condition * Remaining useful life
Roads	Unit rates per m2 or length	* Gross replacement cost * Asset Condition * Remaining useful life
Stormwater Drainage	Unit rates per m2 or length	* Gross replacement cost * Asset Condition * Remaining useful life
Plant & Equipment	Historical Cost	* Gross replacement cost * Remaining useful life
Office Equipment	Historical Cost	* Gross replacement cost * Remaining useful life
Open Space & Recreation	Depreciated replacement cost	* Gross replacement cost * Asset Condition * Remaining useful life
Library Books	Historical Cost	* Gross replacement cost * Remaining useful life
Other Structures	Depreciated replacement cost	* Gross replacement cost * Asset Condition * Remaining useful life
Other Assets	Historical Cost	* Gross replacement cost * Remaining useful life



## E2-1 Fair value measurement (continued)

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

\$ '000	Buildings		Land		Plant & equipment		Infrastructure	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>169,594</b>	131,018	<b>370,918</b>	336,154	<b>8,017</b>	9,085	<b>499,809</b>	449,033
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income	<b>244</b>	40,065	<b>36,819</b>	34,764	<b>(80)</b>	–	<b>97,372</b>	42,124
<b>Other movements</b>								
Purchases (GBV)	<b>58,328</b>	5,859	–	–	<b>2,452</b>	1,252	<b>19,091</b>	26,525
Disposals (WDV)	–	(325)	–	–	<b>(42)</b>	(233)	<b>(3,370)</b>	(5,012)
Depreciation and impairment	<b>(5,178)</b>	(7,023)	–	–	<b>(1,767)</b>	(2,087)	<b>(8,921)</b>	(12,861)
<b>Closing balance</b>	<b>222,988</b>	169,594	<b>407,737</b>	370,918	<b>8,580</b>	8,017	<b>603,981</b>	499,809

\$ '000	Other assets		Total	
	2023	2022	2023	2022
<b>Opening balance</b>	<b>4,751</b>	4,878	<b>1,053,089</b>	<b>930,168</b>
Recognised in other comprehensive income	–	–	<b>134,355</b>	<b>116,953</b>
Purchases (GBV)	<b>1,685</b>	222	<b>81,556</b>	<b>33,858</b>
Disposals (WDV)	–	–	<b>(3,412)</b>	<b>(5,570)</b>
Depreciation and impairment	<b>(340)</b>	(349)	<b>(16,206)</b>	<b>(22,320)</b>
<b>Closing balance</b>	<b>6,096</b>	4,751	<b>1,249,382</b>	<b>1,053,089</b>

### Highest and best use

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

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

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

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

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

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

*Description of the funding arrangements.*

## E3-1 Contingencies (continued)

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, 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*

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

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

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

The amount of 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 \$329,857.11. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$241,641.96. Council's expected contribution to the plan for the next annual reporting period is \$359,643.84.

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

<b>Employer reserves only *</b>	<b>\$millions</b>	<b>Asset Coverage</b>
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 1.21%.

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:

### E3-1 Contingencies (continued)

---

Investment return	6% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6% per annum for FY 22/23 2.5% per annum thereafter

## E3-1 Contingencies (continued)

--	--

\* Plus promotional increases

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

### (ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6/2023 may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

### (iii) StateCover Limited

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

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

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

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

### (iv) Other guarantees

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

## E3-1 Contingencies (continued)

---

### 2. Other liabilities

#### (i) Third party claims

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

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

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

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

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

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

### ASSETS NOT RECOGNISED

#### (i) Land under roads

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

#### (ii) Infringement notices/fines

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

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

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

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

## F People and relationships

### F1 Related party disclosures

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

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

They included 12 councillors and five senior staff in FY2022/23:

- Councillors,
- General Manager, and
- Directors

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

\$ '000	2023	2022
<b>Compensation:</b>		
Short-term benefits	2,020	2,442
Post-employment benefits	115	103
Other long-term benefits	21	25
Termination benefits	–	606
<b>Total</b>	<b>2,156</b>	<b>3,176</b>

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

No other transaction with the KMPs and their related parties occurred during the year.

## F1-2 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	46	41
Councillors' fees	273	227
Other Councillors' expenses (including Mayor)	148	94
<b>Total</b>	<b>467</b>	<b>362</b>

## F2 Other relationships

### F2-1 Audit fees

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

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

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

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

Audit and review of financial statements

<b>94</b>	115
-----------	-----

#### Remuneration for audit and other assurance services

<b>94</b>	115
-----------	-----

#### Total Auditor-General remuneration

<b>94</b>	115
-----------	-----

#### Total audit fees



## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
<b>Net operating result from Income Statement</b>	<b>16,975</b>	18,014
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	16,466	22,752
(Gain) / loss on disposal of assets	4,894	5,266
Non-cash capital grants and contributions	–	(5,164)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	(1,513)	1,561
– Investment property	258	(4,046)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	1,674	2,157
Increase / (decrease) in provision for impairment of receivables	(23)	44
(Increase) / decrease of other current assets	(235)	90
Increase / (decrease) in payables	1,011	(4,483)
Increase / (decrease) in accrued interest payable	(3)	(3)
Increase / (decrease) in other accrued expenses payable	(1,763)	610
Increase / (decrease) in other liabilities	3,267	3,405
Increase / (decrease) in contract liabilities	(1,282)	2,882
Increase / (decrease) in employee benefit provision	(143)	(1,089)
<b>Net cash flows from operating activities</b>	<b>39,583</b>	<b>41,996</b>

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

Developer contributions ‘in kind’	–	5,164
<b>Total non-cash investing and financing activities</b>	<b>–</b>	<b>5,164</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	2,682	11,325
Plant and equipment	2,829	517
Infrastructure	15,556	10,954
<b>Total commitments</b>	<b>21,067</b>	<b>22,796</b>
<b>These expenditures are payable as follows:</b>		
Later than one year and not later than 5 years	792	1,386
Within the next year	20,275	21,410
<b>Total payable</b>	<b>21,067</b>	<b>22,796</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	2,855	337
Future grants and contributions	4,890	1,210
Section 7.12 funds/reserves	3,450	1,105
Unexpended grants	1,336	23
Externally restricted reserves	1,903	47
Internally restricted reserves	6,633	20,074
<b>Total sources of funding</b>	<b>21,067</b>	<b>22,796</b>

## G3-1 Events occurring after the reporting date

---

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

## G4 Statement of developer contributions as at 30 June 2023

### G4-1 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>	3,036	<b>3,967</b>	–	–	125	(3,739)	–	3,389	–
<b>Total S7.11 and S7.12 revenue under plans</b>	3,036	<b>3,967</b>	–	–	125	(3,739)	–	3,389	–
S7.4 planning agreements	19,472	2,294	–	–	451	(2,835)	–	19,382	–
<b>Total contributions</b>	<b>22,508</b>	<b>6,261</b>	–	–	<b>576</b>	<b>(6,574)</b>	–	<b>22,771</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.

### S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
<b>S7.12 LEVIES – UNDER A PLAN</b>									
Roads	3,036	3,967	–	–	125	(3,739)	–	3,389	–
<b>Total</b>	<b>3,036</b>	<b>3,967</b>	–	–	<b>125</b>	<b>(3,739)</b>	–	<b>3,389</b>	–

## G5 Statement of performance measures

### G5-1 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>2,485</b>	<b>1.74%</b>	(2.58)%	(3.43)%	(8.58)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>142,783</b>					
<b>2. Own source operating revenue ratio</b>						
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>131,330</b>	<b>81.62%</b>	78.25%	80.61%	79.17%	> 60.00%
Total continuing operating revenue	<b>160,912</b>					
<b>3. Unrestricted current ratio</b>						
Current assets less all external restrictions	<b>96,491</b>	<b>5.51x</b>	5.42x	5.51x	7.22x	> 1.50x
Current liabilities less specific purpose liabilities	<b>17,521</b>					
<b>4. Debt service cover ratio</b>						
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>19,012</b>	<b>24.41x</b>	20.30x	18.18x	11.18x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>779</b>					
<b>5. Rates and annual charges outstanding percentage</b>						
Rates and annual charges outstanding	<b>3,147</b>	<b>4.42%</b>	4.75%	4.24%	5.06%	< 5.00%
Rates and annual charges collectable	<b>71,221</b>					
<b>6. Cash expense cover ratio</b>						
Current year's cash and cash equivalents plus all term deposits	<b>105,448</b>	<b>9.64 months</b>	8.89 months	12.40 months	13.38 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>10,943</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

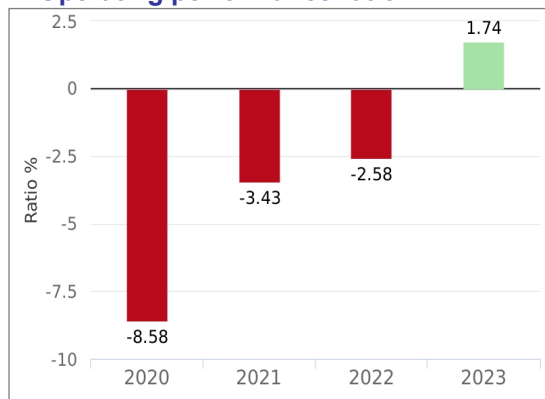
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

**End of the audited financial statements**

## H Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



#### Purpose of operating performance ratio

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

#### Commentary on 2022/23 result

2022/23 ratio 1.74%

In 2022/23 financial year, Council's operating performance ratio of 1.74% compares well with the industry benchmark of 0.00%. It shows Waverley Council is recovering from Covid impacts.

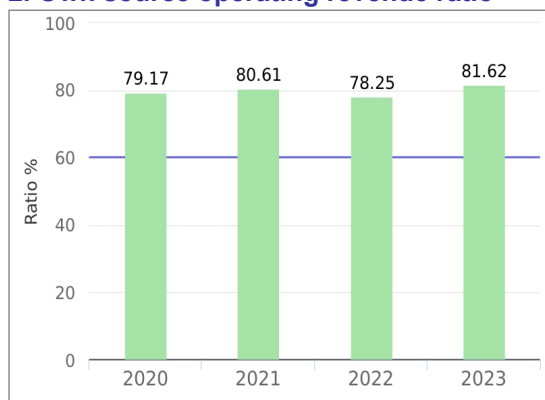
Benchmark: — > 0.00%

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 81.62%

The ratio compares well with the industry benchmark of greater than 60.00%, it shows Waverley Council is less reliant on external funding sources to carry out its services & activities.

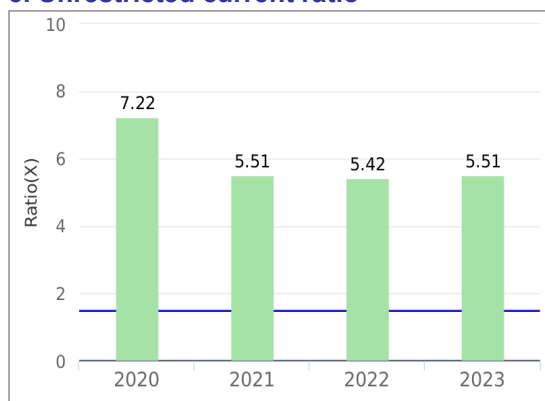
Benchmark: — > 60.00%

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 5.51x

Council's liquidity remains strong with sufficient liquid assets on hand to meeting short term obligations as they fall due. It compares well against the industry benchmark of 1.50x.

Benchmark: — > 1.50x

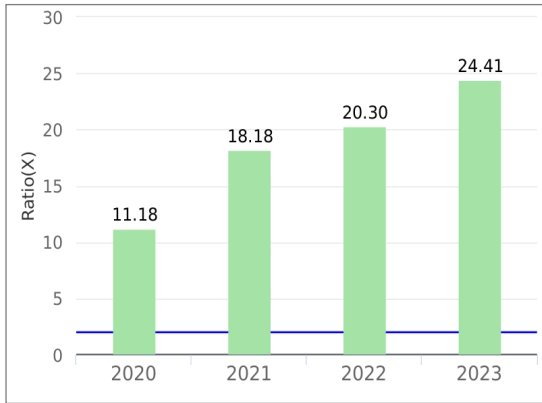
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

## 4. Debt service cover ratio



**Purpose of debt service cover ratio**

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

**Commentary on 2022/23 result**

2022/23 ratio 24.41x

This ratio shows that Waverley Council has strong capacity to repay additional debt and provides a favorable comparison with the industry benchmark of greater than 2.00x.

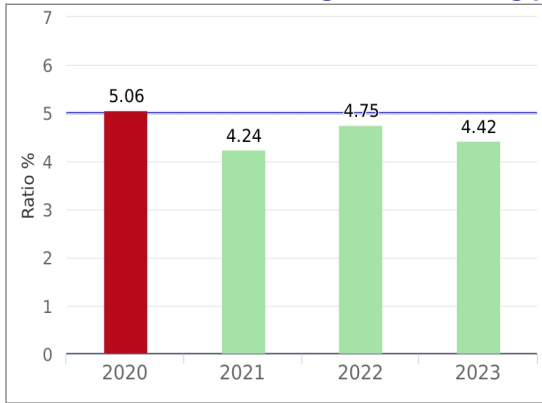
Benchmark: — > 2.00x

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 4.42%

The ratio compares well with the industry benchmark of less than 5.00%.

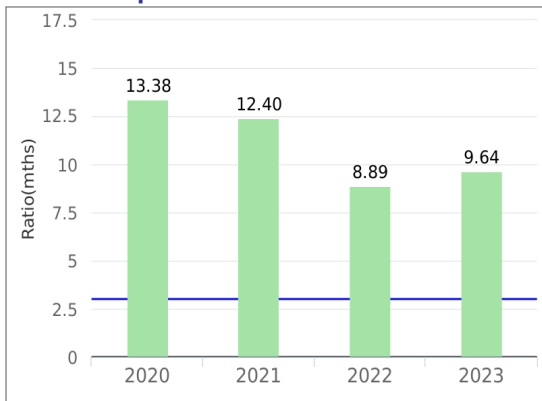
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## 6. Cash expense cover ratio



**Purpose of cash expense cover ratio**

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

**Commentary on 2022/23 result**

2022/23 ratio 9.64 months

This ratio compares favorably with the industry benchmark of greater than 3.00 months.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## H1-2 Financial review

### Key financial figures of Council over the past 5 years

\$ '000	2023	2022	2021	2020	2019
<b>Inflows:</b>					
Rates and annual charges revenue	67,748	66,595	65,151	63,403	61,429
User charges revenue	39,579	38,965	33,786	32,450	37,278
Interest and investment revenue (losses)	3,790	1,016	1,860	3,383	5,266
Grants income – operating and capital	23,321	24,016	22,081	20,404	10,858
Total income from continuing operations	162,425	161,679	150,611	147,638	141,037
Sale proceeds from IPPE	93	534	359	469	992
<b>Outflows:</b>					
Employee benefits and on-cost expenses	73,121	69,239	68,278	70,122	63,857
Borrowing costs	61	73	82	128	90
Materials and contracts expenses	47,392	41,898	41,173	43,639	21,666
Total expenses from continuing operations	145,450	143,665	141,516	191,357	133,537
Total cash purchases of IPPE	37,300	65,386	56,261	37,703	19,978
Total loan repayments (incl. finance leases)	721	882	857	786	412
Operating surplus/(deficit) (excl. capital income)	(1,154)	(6,224)	(10,090)	(64,803)	(1,911)
<b>Financial position figures</b>					
Current assets	137,417	133,710	168,006	170,332	163,095
Current liabilities	53,918	53,799	53,579	45,541	37,438
Net current assets	83,499	79,911	114,427	124,791	125,657
Available working capital (Unrestricted net current assets)	(9,519)	(10,258)	(4,150)	(3,750)	5,892
Cash and investments – unrestricted	9,667	6,745	10,207	12,638	7,779
Cash and investments – internal restrictions	74,535	78,852	103,778	128,765	141,958
Cash and investments – total	130,029	127,049	152,607	172,646	179,429
Total borrowings outstanding (loans, advances and finance leases)	1,580	2,041	2,487	2,923	3,346
Total value of IPPE (excl. land and earthworks)	1,482,276	1,448,254	1,326,154	1,264,894	1,157,203
Total accumulated depreciation	429,327	529,456	530,821	502,802	394,961
Indicative remaining useful life (as a % of GBV)	71%	63%	60%	60%	66%

**Source:** published audited financial statements of Council (current year and prior year)



## H1-3 Council information and contact details

---

**Principal place of business:**

Customer Service Centre, 55 Spring Street Bondi Junction

**Contact details**

PO Box 9  
Bondi Junction  
NSW 1355

**Telephone:** 02 9083 8000

**Opening hours:**

9:00am - 5:00pm  
Monday to Friday

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

**Email:** [info@waverley.nsw.gov.au](mailto:info@waverley.nsw.gov.au)

**Officers**

**Emily Scott**

General Manager

**Teena Su**

Responsible Accounting Officer

**Richard Coelho**

Public Officer

**Auditors**

The Audit Office of New South Wales  
Level 19, Darling Park Tower 2  
201 Sussex Street  
Sydney NSW 2000

**Elected members**

Paula Masselos

Mayor

**Councillors**

Cr Dominic Wy Kanak

Cr Leon Glotsman

Cr Michelle Gray

Cr Sally Betts

Cr Steven Lewis

Cr Will Nemesh

Cr Angela Burrill

Cr Elaine Keenan

Cr Ludovico Fabiano

Cr Tim Murray

Cr Tony Kay

**Other information**

**ABN:** 12 502 583 608



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Waverley Council

To the Councillors of Waverley Council

### Opinion

I have audited the accompanying financial statements of Waverley 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 purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Lawrissa Chan  
Delegate of the Auditor-General for New South Wales

26 October 2023  
SYDNEY



Cr Paula Masselos  
 Mayor  
 Waverley Council  
 PO Box 9  
 Bondi Junction NSW 1355

Contact: Lawrissa Chan  
 Phone no: (02) 9275 7255  
 Our ref: R008-16585809-46341

26 October 2023

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Waverley 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	67.7	66.6	↑ 1.7
Grants and contributions revenue	29.6	34.3	↓ 13.7
Operating result from continuing operations	17.0	18.0	↓ 5.6
Net operating result before capital grants and contributions	-1.2	-6.2	↑ 80.6

Council's operating result (\$17 million including the effect of depreciation and amortisation expense of \$16.5 million) was \$1 million lower than the 2021–22 result. This was mainly due to increased operating costs.

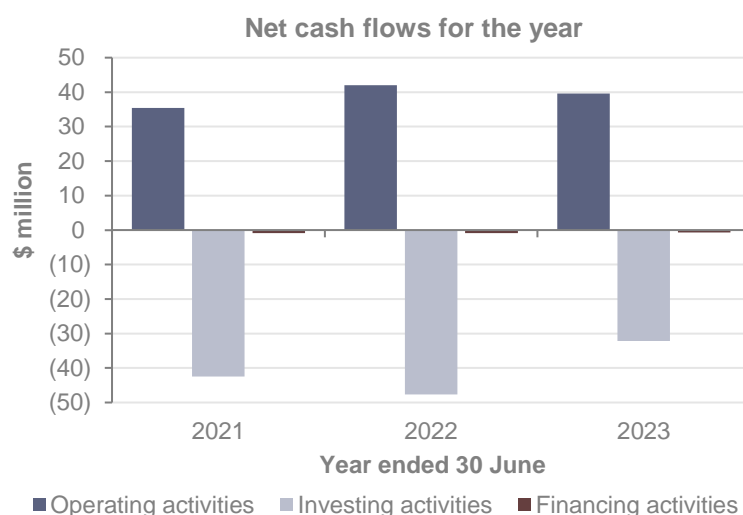
The net operating result before capital grants and contributions (a deficit of \$1.2 million) improved by \$5 million from the 2021–22 result. This was due to increased operating revenue in comparison to reduced revenue from capital grants and contributions.

Rates and annual charges revenue (\$67.7 million) increased by \$1.1 million (1.7 per cent) in 2022–2023. Council had an approved Special Rate Variation which resulted in an increase of general rates revenue by 1.75 per cent in 2022–23.

Grants and contributions revenue (\$29.6 million) decreased by \$4.7 million (13.7 per cent) in 2022–2023 as the prior year included the receipt of developer contributed assets of \$5.2 million.

## 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 increased by \$6.7 million to \$28.4 million at the close of the year.
- The main reason for the increase was reduced payments for infrastructure, property, plant and equipment.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>130.0</b>	<b>127.0</b>	<ul style="list-style-type: none"> <li>External restrictions include unspent specific purpose grants, developer contributions, and domestic waste management charges.</li> </ul>
Restricted cash and investments:			<ul style="list-style-type: none"> <li>Balances are internally allocated due to Council policy or decisions for forward plans including works program.</li> </ul>
• External restrictions	45.8	41.5	
• Internal allocations	74.5	78.9	

### Debt

After repaying principal and interest of \$512,000, total borrowings as at 30 June 2023 was \$1.6 million (2022: \$2 million).

# PERFORMANCE

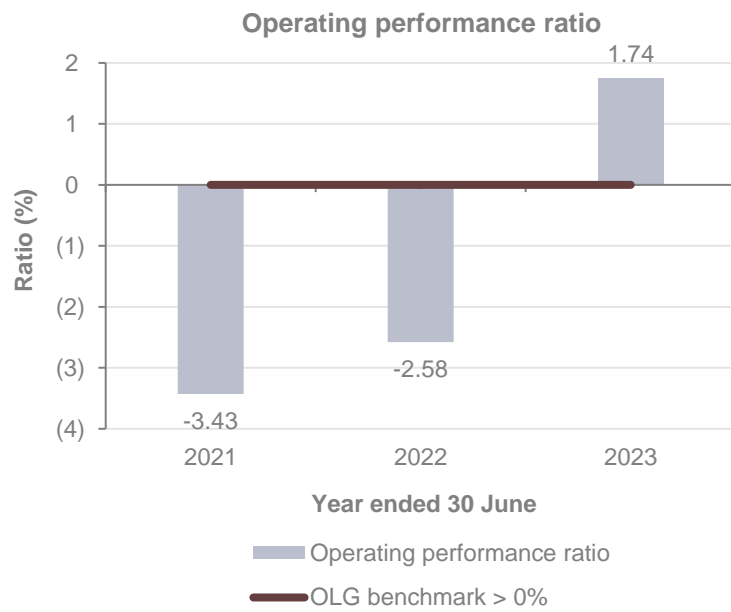
## Performance measures

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.

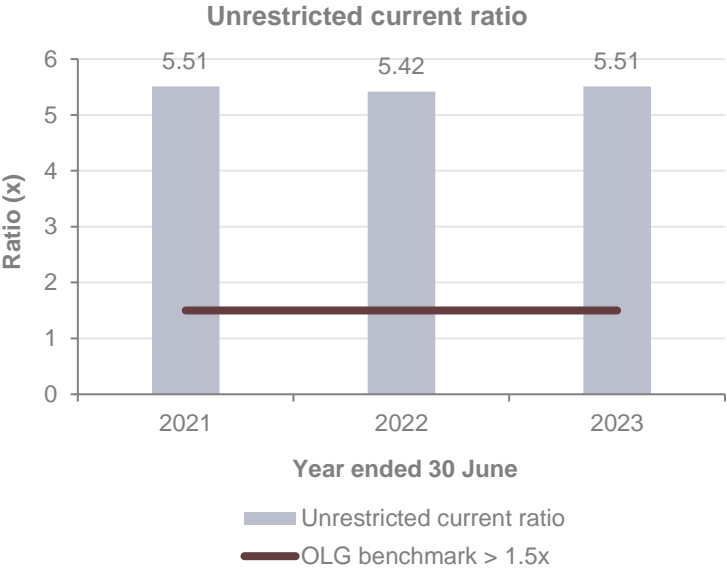
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



**Unrestricted current ratio**

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

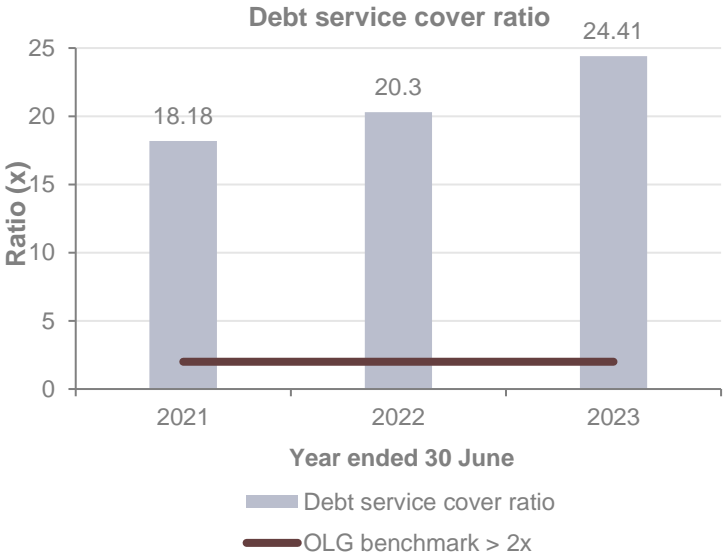
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



**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.

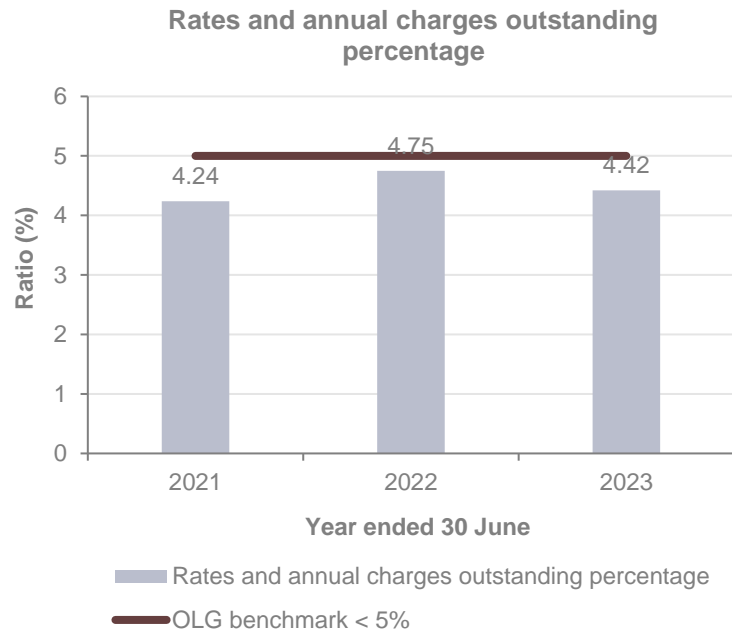




### Rates and annual charges outstanding percentage

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

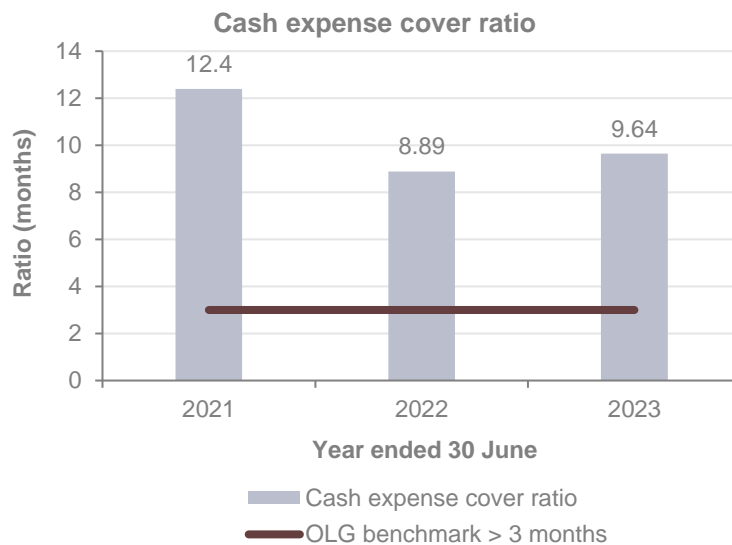
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



### 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 \$31.1 million compared to \$57.7 million for the prior year
- The level of asset renewals in 2022-23 represented 188 per cent of the total depreciation expense (\$16.5 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.



Lawrissa Chan  
Director - Financial Audit

Delegate of the Auditor-General for New South Wales

# Waverley Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2023

---

*Connecting the city and the sea. A welcoming and cohesive community that celebrates and enhances our spectacular coastline, vibrant places, and rich cultural heritage.*



# Waverley Council

## Special Purpose Financial Statements

for the year ended 30 June 2023

---

Contents	Page
<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
Income Statement of Property	4
Income Statement of Commercial waste	5
Income Statement of Cemetery	6
Statement of Financial Position of Property	7
Statement of Financial Position of Commercial waste	8
Statement of Financial Position of Cemetery	9
<b>Note – Significant Accounting Policies</b>	<b>10</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>13</b>

---

### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

## Waverley Council

### Special Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

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 12 September 2023.



Paula Masseles  
Mayor  
12 September 2023



Ludovico Fabiano  
Deputy Mayor  
12 September 2023



Emily Scott  
General Manager  
12 September 2023



Teena Su  
Responsible Accounting Officer  
12 September 2023

## Waverley Council

### Income Statement of Property

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>Income from continuing operations</b>		
User charges	2,509	2,103
Other income	3,183	7,240
<b>Total income from continuing operations</b>	<b>5,692</b>	<b>9,343</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	599	568
Materials and services	677	685
Other expenses	1,643	1,510
<b>Total expenses from continuing operations</b>	<b>2,919</b>	<b>2,763</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>2,773</b>	<b>6,580</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,773</b>	<b>6,580</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>2,773</b>	<b>6,580</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(693)	(1,645)
<b>Surplus (deficit) after tax</b>	<b>2,080</b>	<b>4,935</b>
<b>Plus accumulated surplus</b>	<b>115,121</b>	<b>110,751</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	693	1,645
<b>Less:</b>		
– Dividend paid	(3,150)	(2,210)
<b>Closing accumulated surplus</b>	<b>114,744</b>	<b>115,121</b>

## Waverley Council

### Income Statement of Commercial waste

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>Income from continuing operations</b>		
User charges	3,241	3,043
<b>Total income from continuing operations</b>	<b>3,241</b>	<b>3,043</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,146	1,333
Materials and services	62	44
Other expenses	1,377	1,704
<b>Total expenses from continuing operations</b>	<b>2,585</b>	<b>3,081</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>656</b>	<b>(38)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>656</b>	<b>(38)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>656</b>	<b>(38)</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(164)	–
<b>Surplus (deficit) after tax</b>	<b>492</b>	<b>(38)</b>
<b>Plus accumulated surplus</b>	<b>(215)</b>	<b>(142)</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	164	–
<b>Less:</b>		
– Dividend paid	(621)	(35)
<b>Closing accumulated surplus</b>	<b>(180)</b>	<b>(215)</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>38</b>

## Waverley Council

### Income Statement of Cemetery

for the year ended 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
<b>Income from continuing operations</b>		
User charges	2,382	1,670
Interest and investment income	53	–
Other income	2	–
<b>Total income from continuing operations</b>	<b>2,437</b>	<b>1,670</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	772	692
Materials and services	318	206
Depreciation, amortisation and impairment	54	80
Other expenses	364	397
<b>Total expenses from continuing operations</b>	<b>1,508</b>	<b>1,375</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>929</b>	<b>295</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>929</b>	<b>295</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>929</b>	<b>295</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(232)	(74)
<b>Surplus (deficit) after tax</b>	<b>697</b>	<b>221</b>
<b>Plus accumulated surplus</b>	<b>15,409</b>	<b>15,197</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	232	74
<b>Add:</b>		
– Subsidy paid/contribution to operations	(1,974)	(83)
<b>Less:</b>		
<b>Closing accumulated surplus</b>	<b>14,364</b>	<b>15,409</b>
<b>Return on capital %</b>	<b>1.5%</b>	<b>0.5%</b>
<b>Subsidy from Council</b>	<b>1,643</b>	<b>1,714</b>



## Waverley Council

### Statement of Financial Position of Property

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	262	224
<b>Total current assets</b>	<b>262</b>	<b>224</b>
<b>Non-current assets</b>		
Investment property	115,023	115,090
<b>Total non-current assets</b>	<b>115,023</b>	<b>115,090</b>
<b>Total assets</b>	<b>115,285</b>	<b>115,314</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	448	104
Employee benefit provisions	93	89
<b>Total current liabilities</b>	<b>541</b>	<b>193</b>
<b>Total liabilities</b>	<b>541</b>	<b>193</b>
<b>Net assets</b>	<b>114,744</b>	<b>115,121</b>
<b>EQUITY</b>		
Accumulated surplus	114,744	115,121
<b>Total equity</b>	<b>114,744</b>	<b>115,121</b>

## Waverley Council

### Statement of Financial Position of Commercial waste

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	108	77
<b>Total current assets</b>	<b>108</b>	<b>77</b>
<b>Total assets</b>	<b>108</b>	<b>77</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	109	104
Employee benefit provisions	179	188
<b>Total current liabilities</b>	<b>288</b>	<b>292</b>
<b>Total liabilities</b>	<b>288</b>	<b>292</b>
<b>Net assets</b>	<b>(180)</b>	<b>(215)</b>
<b>EQUITY</b>		
Accumulated surplus	(180)	(215)
<b>Total equity</b>	<b>(180)</b>	<b>(215)</b>

## Waverley Council

### Statement of Financial Position of Cemetery

as at 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,841	898
<b>Total current assets</b>	<b>1,841</b>	<b>898</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	63,968	54,892
<b>Total non-current assets</b>	<b>63,968</b>	<b>54,892</b>
<b>Total assets</b>	<b>65,809</b>	<b>55,790</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	29	25
Employee benefit provisions	138	134
<b>Total current liabilities</b>	<b>167</b>	<b>159</b>
<b>Total liabilities</b>	<b>167</b>	<b>159</b>
<b>Net assets</b>	<b>65,642</b>	<b>55,631</b>
<b>EQUITY</b>		
Accumulated surplus	14,364	15,409
Revaluation reserves	51,278	40,222
<b>Total equity</b>	<b>65,642</b>	<b>55,631</b>

## Note – Significant Accounting Policies

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

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

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

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993 (Act)*, the *Local Government (General) Regulation 2021 (Regulation)* and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

##### a. Waverley Council Property Services

Comprising the whole of the operations and assets of the property services, commercial properties controlled by Waverley Council.

##### b. Waverley Council Trade Waste Services

Comprising the whole of the operations and assets of the commercial waste services which service the area of Waverley. This service collects and disposes of waste collected from commercial premises.

#### Category 2

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

##### a. Waverley & South Head Cemeteries

Comprising the whole of the operations and assets of both the Waverley & South Head Cemeteries.

This business operates from offices located at Waverley Cemetery dealing with maintenance, sales and burials.

### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

## Note – Significant Accounting Policies (continued)

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

### Notional rate applied (%)

Corporate income tax rate – 25%

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$5,925,000 a premium marginal rate of **2.0%** applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$1,200,000.

### Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

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

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

#### (ii) Return on investments (rate of return)

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

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

## Note – Significant Accounting Policies (continued)

---

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

---

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.02% at 30/6/23.

Commercial Waste and Property services do not hold any I,PP&E asset, hence there is no calculation on the rate of return.

### **(iii) Dividends**

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



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial statements**  
**Waverley Council**

To the Councillors of Waverley Council

## **Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of Waverley Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2023, the Statement of Financial Position of each Declared Business Activity as at 30 June 2023 and Significant accounting policies note.

The Declared Business Activities of the Council are:

- Property
- Commercial Waste
- Cemetery.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2023, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code).

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

## **Basis for Opinion**

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

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

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

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

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

I 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.

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

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

## **Other Information**

The Council's annual report for the year ended 30 June 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 general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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



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

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



Lawrissa Chan  
Delegate of the Auditor-General for New South Wales

26 October 2023  
SYDNEY

# Waverley Council

SPECIAL SCHEDULES  
for the year ended 30 June 2023

---

*Connecting the city and the sea. A welcoming and cohesive community that celebrates and enhances our spectacular coastline, vibrant places, and rich cultural heritage.*



# Waverley Council

## Special Schedules

for the year ended 30 June 2023

---

### Contents

Page

#### **Special Schedules:**

Permissible income for general rates

3

Report on infrastructure assets as at 30 June 2023

6

## Waverley 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	48,285	48,974
Plus or minus adjustments <sup>2</sup>	b	(156)	(4)
<b>Notional general income</b>	c = a + b	<b>48,129</b>	<b>48,970</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>3</sup>	d	1.75%	0.00%
Rate peg percentage	e	0.00%	3.70%
Plus special variation amount	h = d x (c + g)	842	-
Plus rate peg amount	i = e x (c + g)	-	1,812
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>48,971</b>	<b>50,782</b>
Plus (or minus) last year's carry forward total	l	35	32
<b>Sub-total</b>	n = (l + m)	<b>35</b>	<b>32</b>
<b>Total permissible income</b>	o = k + n	<b>49,006</b>	<b>50,814</b>
Less notional general income yield	p	48,974	50,865
<b>Catch-up or (excess) result</b>	q = o - p	<b>32</b>	<b>(51)</b>
<b>Carry forward to next year <sup>4</sup></b>	t = q + r + s	<b>32</b>	<b>(51)</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) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable, the Crown land adjustment.
- (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

#### Waverley Council

To the Councillors of Waverley Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Waverley 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, special 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 and the special purpose financial statements.

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Lawrissa Chan  
Delegate of the Auditor-General for New South Wales

26 October 2023  
SYDNEY

## Waverley Council

## Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		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				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
<b>Buildings</b>	Council Offices/ Administration Centres	588	588	552	882	13,698	28,726	1.1%	11.5%	35.9%	51.5%	0.0%
	Council Works Depot	–	–	818	912	11,644	13,369	74.0%	25.7%	0.3%	0.0%	0.0%
	Council Public Halls	–	–	222	295	70,629	85,785	73.2%	10.6%	15.7%	0.5%	0.0%
	Libraries	–	–	534	665	26,427	40,522	12.5%	52.0%	14.0%	21.5%	0.0%
	Cultural Facilities	21	21	1,461	1,293	17,625	23,608	23.6%	62.4%	12.0%	2.0%	0.0%
	Other Buildings	2,217	2,217	1,385	1,469	77,857	99,007	13.1%	43.2%	29.9%	1.3%	12.5%
	Specialised Buildings	29	29	617	705	5,108	7,635	8.8%	54.5%	20.0%	12.4%	4.3%
	<b>Sub-total</b>	<b>2,855</b>	<b>2,855</b>	<b>5,589</b>	<b>6,221</b>	<b>222,988</b>	<b>298,652</b>	<b>32.6%</b>	<b>33.0%</b>	<b>21.2%</b>	<b>8.9%</b>	<b>4.3%</b>
<b>Other structures</b>	Other structures	475	–	136	145	30,122	39,828	50.3%	19.8%	23.1%	6.8%	0.0%
	<b>Sub-total</b>	<b>475</b>	<b>–</b>	<b>136</b>	<b>145</b>	<b>30,122</b>	<b>39,828</b>	<b>50.3%</b>	<b>19.8%</b>	<b>23.1%</b>	<b>6.8%</b>	<b>0.0%</b>
<b>Roads</b>	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	403	354	3,563	3,530	82,617	118,151	13.4%	63.4%	21.7%	1.3%	0.2%
	Footpaths	604	159	4,392	4,356	55,875	79,534	16.8%	60.7%	18.2%	4.3%	0.0%
	Other road assets	215	–	2,620	2,506	23,692	32,503	31.4%	42.6%	22.2%	3.7%	0.1%
	Sealed roads structure	1	–	–	–	110,361	216,725	2.0%	0.2%	97.8%	0.0%	0.0%
	Kerb and Gutter	1,112	637	–	1	89,508	127,313	25.1%	44.9%	25.4%	4.5%	0.1%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>2,335</b>	<b>1,150</b>	<b>10,575</b>	<b>10,393</b>	<b>362,053</b>	<b>574,226</b>	<b>13.2%</b>	<b>33.9%</b>	<b>50.8%</b>	<b>2.1%</b>	<b>0.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	–	–	676	728	26,508	34,169	27.4%	67.8%	4.8%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Stormwater Conduits	394	–	–	–	66,845	94,926	11.4%	69.4%	18.1%	0.6%	0.5%
	<b>Sub-total</b>	<b>394</b>	<b>–</b>	<b>676</b>	<b>728</b>	<b>93,353</b>	<b>129,095</b>	<b>15.6%</b>	<b>69.0%</b>	<b>14.6%</b>	<b>0.4%</b>	<b>0.4%</b>
<b>Open space / recreational assets</b>	Open Space & Recreational Assets	3,351	–	5,386	5,523	118,453	185,497	22.5%	26.5%	41.6%	9.0%	0.4%
	<b>Sub-total</b>	<b>3,351</b>	<b>–</b>	<b>5,386</b>	<b>5,523</b>	<b>118,453</b>	<b>185,497</b>	<b>22.5%</b>	<b>26.5%</b>	<b>41.6%</b>	<b>9.0%</b>	<b>0.4%</b>
<b>Total – all assets</b>		<b>9,410</b>	<b>4,005</b>	<b>22,362</b>	<b>23,010</b>	<b>826,969</b>	<b>1,227,298</b>	<b>20.8%</b>	<b>35.8%</b>	<b>37.5%</b>	<b>4.8%</b>	<b>1.1%</b>

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

## Waverley Council

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

#### Infrastructure asset condition assessment 'key'

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

#### Explanation of the two estimated costs:

##### Estimated Cost to *Agreed Level of Service*:

- This cost indicates bringing Council assets that have reached the intervention level agreed by the community to an agreed condition. This condition varies with each asset class and subclass.
- Council has a range of asset condition service levels that are agreed upon., e.g. road assets to be 80% in conditions 1 & 2 with the remainder across conditions 3, 4 & 5.
- This cost provides a meaningful snapshot of the proportion of outstanding renewal works compared to the total suite of assets that the Council has under its care and stewardship.
- Cost to Agreed Level of Service is different from Cost to Satisfactory as it is a measure that does not set a minimum condition standard of 3. Allowing assets to be more accurately represented through their asset lifecycles, whilst reporting on the cost to meet the "*Agreed Levels of Service*".

##### Estimated Cost to *Satisfactory Standard*

- The level of satisfactory condition is set at condition 3 for all asset classes. This requires all assets to be strictly maintained at a level of condition 3 and above.
- In determining the cost, Council estimates the amount required to be spent on existing infrastructure only. We take the replacement value of Condition 4 & 5 assets back to Condition 3 or "*Satisfactory*", e. the expected cost to bring the assets up to Condition 3.
- This cost does not take into account the cost to bring assets back to conditions 1 and 2. Utilising asset condition valuation percentages, we estimate the cost to match the minimum condition of 3.



## Waverley 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>30,655</b>					
Depreciation, amortisation and impairment	<b>14,099</b>	<b>217.43%</b>	290.14%	268.81%	155.45%	> 100.00%
<b>Infrastructure backlog ratio</b>						
Estimated cost to bring assets to a satisfactory standard	<b>9,410</b>					
Net carrying amount of infrastructure assets	<b>865,496</b>	<b>1.09%</b>	1.61%	1.09%	0.99%	< 2.00%
<b>Asset maintenance ratio</b>						
Actual asset maintenance	<b>23,010</b>					
Required asset maintenance	<b>22,362</b>	<b>102.90%</b>	97.34%	104.59%	108.19%	> 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>4,005</b>	<b>0.33%</b>	0.27%	0.25%	0.56%	
Gross replacement cost	<b>1,227,298</b>					

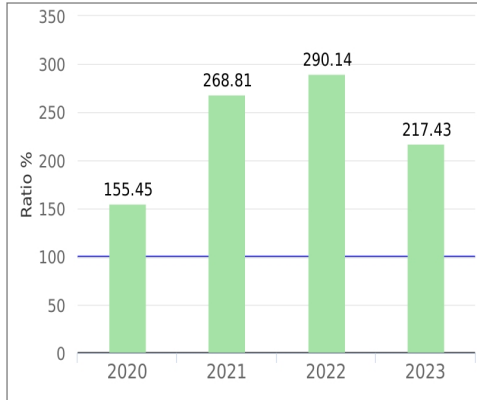
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

# Waverley 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	217.43%
Council's infrastructure assets upgrades and renewals are carried out as per its Strategic Asset Management Plan (SAMP) to ensure the assets are keeping to the agreed community satisfactory level.	

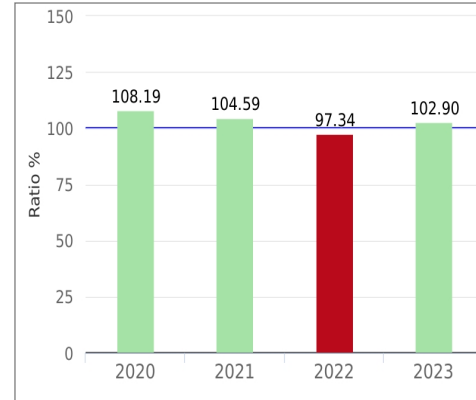
Benchmark: — > 100.00%

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

### Asset maintenance ratio



**Asset maintenance ratio**

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

Commentary on result	
22/23 ratio	102.90%
This ratio compares well with the industry benchmark of 100%. It indicates Council's spending on asset maintenance is sufficient to stop the infrastructure backlog from growing.	

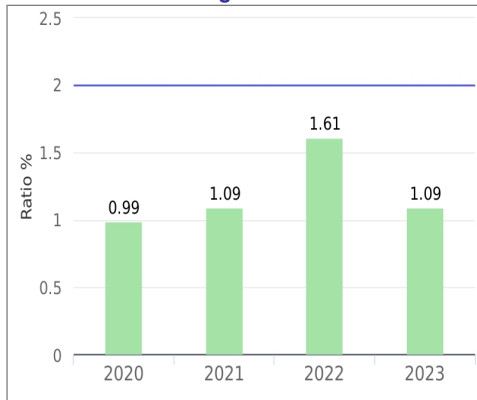
Benchmark: — > 100.00%

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

### Infrastructure backlog ratio



**Infrastructure backlog ratio**

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

Commentary on result	
22/23 ratio	1.09%
This ratio shows that Council has a small proportion of infrastructure backlog and it compares favorably with the industry benchmark of less than 2.00%.	

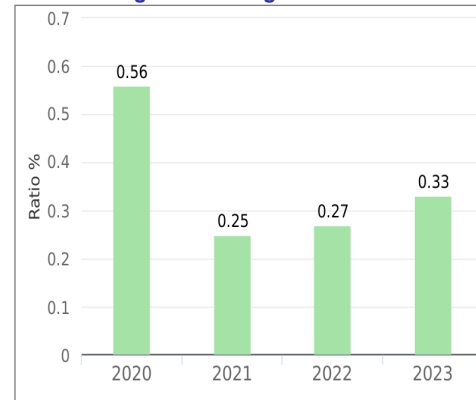
Benchmark: — < 2.00%

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

### Cost to bring assets to agreed service level



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

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

Commentary on result	
22/23 ratio	0.33%
This ratio shows that Council has a small proportion of outstanding infrastructure upgrade/renewal works to bring assets at agreed service levels, as compared to the total value of its assets.	



WAVERLEY  
COUNCIL

---

## Get in Touch

9083 8000

[info@waverley.nsw.gov.au](mailto:info@waverley.nsw.gov.au)

[waverley.nsw.gov.au](http://waverley.nsw.gov.au)

55 Spring St, Bondi Junction, NSW 2022  
PO Box 9, Bondi Junction, NSW 1355