

An aerial photograph of Burwood Park, showing a large green lawn, numerous trees, a tennis court, a playground, and a pond. The park is surrounded by residential houses and a road.

# Burwood Council

## Annual Financial Statements

for the year ended 30 June 2023



**Burwood**  
Inc.1874



## General Purpose Financial Statements

for the year ended 30 June 2023

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### Overview

Burwood Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:  
2 Conder Street  
BURWOOD NSW 2134

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

## Burwood Council

### General Purpose Financial Statements

for the year ended 30 June 2023

### Statement by Councillors and Management

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

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


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

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

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


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

Signed in accordance with a resolution of Council made on 24 October 2023.




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John Faker  
Mayor  
24 October 2023



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George Mannah  
Deputy Mayor  
24 October 2023



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Tommaso Briscese  
General Manager  
24 October 2023



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Sarah Seaman  
Responsible Accounting Officer  
24 October 2023

## Burwood 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>			
35,414	Rates and annual charges	B2-1	<b>35,712</b>	34,039
9,828	User charges and fees	B2-2	<b>9,544</b>	6,806
4,893	Other revenues	B2-3	<b>5,454</b>	4,937
2,956	Grants and contributions provided for operating purposes	B2-4	<b>5,476</b>	3,979
16,242	Grants and contributions provided for capital purposes	B2-4	<b>14,535</b>	4,352
650	Interest and investment income	B2-5	<b>1,910</b>	506
2,350	Other income	B2-6	<b>1,706</b>	1,695
<b>72,333</b>	<b>Total income from continuing operations</b>		<b>74,337</b>	56,314
	<b>Expenses from continuing operations</b>			
23,151	Employee benefits and on-costs	B3-1	<b>20,828</b>	19,816
23,490	Materials and services	B3-2	<b>29,205</b>	23,773
335	Borrowing costs	B3-3	<b>337</b>	314
10,413	Depreciation and amortisation of intangible assets and IPP&E	B3-4	<b>10,743</b>	10,535
1,000	Other expenses	B3-5	<b>1,435</b>	1,021
—	Net loss from the disposal of assets	B4-1	<b>1,398</b>	1,081
<b>58,389</b>	<b>Total expenses from continuing operations</b>		<b>63,946</b>	56,540
<b>13,944</b>	<b>Operating result from continuing operations</b>		<b>10,391</b>	(226)
<b>13,944</b>	<b>Net operating result for the year attributable to Council</b>		<b>10,391</b>	(226)
<b>(2,298)</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(4,144)</b>	(4,578)

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

## Burwood 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>10,391</b>	<b>(226)</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<b>25,995</b>	43,590
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>25,995</b>	43,590
<b>Total other comprehensive income (loss) for the year</b>		<b>25,995</b>	43,590
<b>Total comprehensive income for the year attributable to Council</b>		<b>36,386</b>	43,364

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

## Burwood 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	10,056	15,198
Investments	C1-2	12,000	14,250
Receivables	C1-4	5,540	5,799
Contract assets and contract cost assets	C1-5	81	175
Other	C1-9	652	1,025
<b>Total current assets</b>		<b>28,329</b>	<b>36,447</b>
<b>Non-current assets</b>			
Investments	C1-2	30,550	16,146
Infrastructure, property, plant and equipment (IPPE)	C1-6	572,400	543,469
Investment property	C1-7	5,000	4,975
Intangible assets	C1-8	211	295
Right of use assets	C2-1	743	860
<b>Total non-current assets</b>		<b>608,904</b>	<b>565,745</b>
<b>Total assets</b>		<b>637,233</b>	<b>602,192</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	10,409	8,753
Contract liabilities	C3-2	5,219	7,287
Lease liabilities	C2-1	253	214
Borrowings	C3-3	691	727
Employee benefit provisions	C3-4	5,582	5,665
<b>Total current liabilities</b>		<b>22,154</b>	<b>22,646</b>
<b>Non-current liabilities</b>			
Lease liabilities	C2-1	527	681
Borrowings	C3-3	4,385	5,076
Employee benefit provisions	C3-4	134	142
<b>Total non-current liabilities</b>		<b>5,046</b>	<b>5,899</b>
<b>Total liabilities</b>		<b>27,200</b>	<b>28,545</b>
<b>Net assets</b>		<b>610,033</b>	<b>573,647</b>
<b>EQUITY</b>			
Accumulated surplus	C4-1	254,994	244,603
IPPE revaluation reserve	C4-1	355,039	329,044
<b>Total equity</b>		<b>610,033</b>	<b>573,647</b>

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

## Burwood Council

## Statement of Changes in Equity

for the year ended 30 June 2023

		2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
<b>\$ '000</b>	Notes						
Opening balance at 1 July		244,603	329,044	573,647	244,829	285,454	530,283
<b>Opening balance</b>		<b>244,603</b>	<b>329,044</b>	<b>573,647</b>	<b>244,829</b>	<b>285,454</b>	<b>530,283</b>
Net operating result for the year		10,391	–	10,391	(226)	–	(226)
<b>Net operating result for the period</b>		<b>10,391</b>	<b>–</b>	<b>10,391</b>	<b>(226)</b>	<b>–</b>	<b>(226)</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	25,995	25,995	–	43,590	43,590
<b>Other comprehensive income</b>		<b>–</b>	<b>25,995</b>	<b>25,995</b>	<b>–</b>	<b>43,590</b>	<b>43,590</b>
<b>Total comprehensive income</b>		<b>10,391</b>	<b>25,995</b>	<b>36,386</b>	<b>(226)</b>	<b>43,590</b>	<b>43,364</b>
<b>Closing balance at 30 June</b>		<b>254,994</b>	<b>355,039</b>	<b>610,033</b>	<b>244,603</b>	<b>329,044</b>	<b>573,647</b>

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

## Burwood 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>				
35,401	Rates and annual charges		35,492	33,604
9,953	User charges and fees		10,543	6,219
601	Interest received		1,660	486
17,858	Grants and contributions		18,392	13,641
1,500	Bonds, deposits and retentions received		1,589	1,025
5,554	Other		10,160	9,262
<b>Payments:</b>				
(23,089)	Payments to employees		(20,867)	(21,412)
(22,424)	Payments for materials and services		(33,497)	(26,946)
(326)	Borrowing costs		(340)	(315)
(1,300)	Bonds, deposits and retentions refunded		(1,304)	(978)
(1,012)	Other		(51)	(1,060)
22,716	<b>Net cash flows from operating activities</b>	G1-1	21,777	13,526
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
33,000	Sale of investments		44,250	25,000
825	Proceeds from sale of IPPE		140	411
<b>Payments:</b>				
(33,000)	Purchase of investments		(23,250)	(25,000)
–	Acquisition of term deposits		(33,000)	(3,000)
(15,630)	Payments for IPPE		(14,030)	(16,307)
–	Purchase of intangible assets		(53)	(88)
(14,805)	<b>Net cash flows from investing activities</b>		(25,943)	(18,984)
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
–	Proceeds from borrowings		–	1,000
<b>Payments:</b>				
(729)	Repayment of borrowings		(727)	(683)
(217)	Principal component of lease payments		(249)	(212)
(946)	<b>Net cash flows from financing activities</b>		(976)	105
6,965	<b>Net change in cash and cash equivalents</b>		(5,142)	(5,353)
15,189	Cash and cash equivalents at beginning of year		15,198	20,551
22,154	<b>Cash and cash equivalents at end of year</b>	C1-1	10,056	15,198
27,351	plus: Investments on hand at end of year	C1-2	42,550	30,396
49,505	<b>Total cash, cash equivalents and investments</b>		52,606	45,594

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



# Burwood Council

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# Burwood Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 26 September 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

#### **Historical cost convention**

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

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

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

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

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

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties – refer Note C1-7
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (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*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

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

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

- general purpose operations



## A1-1 Basis of preparation (continued)

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### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Council does not have a material dependence on volunteer services, however the use of volunteer services is to provide opportunities for residents to experience different areas of the workforce, gain recognisable work experience, and allow them to identify and work towards future career goals. This also benefits Council as we are able to harness the skill sets of our local community without any expectation of paid employment. Volunteer services will not be purchased if it is not donated.

### 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.

None of these had a significant impact on reported position or performance.

## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	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>										
Inclusive community and culture	3,104	2,164	10,872	9,103	(7,768)	(6,939)	1,116	676	59,200	56,928
Open and collaborative leadership	4,267	2,888	19,257	17,401	(14,990)	(14,513)	1,013	790	156,101	154,597
Sustainable and protected environment	10,942	10,043	14,435	13,983	(3,493)	(3,940)	2,808	1,849	148,593	135,221
Places for people	23,559	12,132	18,197	14,940	5,362	(2,808)	13,725	3,835	271,792	254,758
Vibrant city and villages	154	10	1,185	1,113	(1,031)	(1,103)	2	–	1,547	688
General purpose income	32,311	29,077	–	–	32,311	29,077	1,347	1,181	–	–
<b>Total functions and activities</b>	<b>74,337</b>	<b>56,314</b>	<b>63,946</b>	<b>56,540</b>	<b>10,391</b>	<b>(226)</b>	<b>20,011</b>	<b>8,331</b>	<b>637,233</b>	<b>602,192</b>

## B1-2 Components of functions or activities

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

### Inclusive community and culture

The theme 'community and lifestyle' relates to supporting the community to create a feeling of belonging, inclusiveness and wellbeing amongst Burwood's diverse population. Community and lifestyle is about people being proud of where they live, feeling safe and engaged in the community and having access to facilities and services that ensure they can lead a healthy and satisfying lifestyle.

### Open and collaborative leadership

This theme relates to the leadership not only of our elected representatives but also leaders in our business, volunteer, spiritual and environmental community. It is about encouraging greater participation and engagement in decision making processes and involving people in local activities and programs. Leadership through innovation is also about thinking outside the square to resolve some of the challenges facing our community as we strive to be a leading community in economic prosperity, environmental sustainability and social responsibility. We strive for community leadership that fosters our community values and celebrates our culture, diversity and heritage.

### Sustainable and protected environment

This theme is focused on maintaining and ensuring we live in a healthy, safe and sustainable natural environment. This theme aims to protect our natural resources and assets including parks, trees, open green spaces and also ensure that our impact on the environment is reduced so that we continue to live in a clean and sustainable environment. The community, Council and other governments all have a role to play in protecting our environment and taking responsibility for preserving our natural resources for future generations.

### Places for people

This theme relates to the services and infrastructure that supports our community including roads, public transport, health facilities and education providers. It also encompasses our strategic planning to ensure we can accommodate our growing population. This theme aims to improve the quality and equitable access to services in our community and also to enhance the visual appearance of our neighbourhoods, streetscapes and town centre. Transport plays a major role in keeping our community physically connected to work, recreational spaces and services. Being able to move around easily plays a key role in the liveability and sustainability of our area.

### Vibrant city and villages

This theme relates to harnessing Burwood's strategic status and supporting the businesses and services that contribute to the wider Burwood economy. Burwood is characterised by a vibrant CBD and several business and shopping precincts. This theme aims to ensure an economically sustainable and prosperous future in Burwood with a strong network of services that support existing businesses and institutions, and attract new and diverse organisations. It also aims to stimulate the local economy and activate our surrounding villages to foster a sense of pride and enhance our local identity.

### General purpose income

General purpose income is that income not attributed to directly to Council's Activities or Functions. Income includes Rates & Annual Charges, Untied General Purpose Grants and Interest on Investments.



## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2023	2022
<b>Ordinary rates</b>		
Residential	21,770	20,580
Business	6,991	6,694
Less: pensioner rebates (mandatory)	(138)	(135)
Less: pensioner rebates (Council policy)	(223)	(243)
<b>Rates levied to ratepayers</b>	<b>28,400</b>	<b>26,896</b>
Pensioner rate subsidies received	167	165
<b>Total ordinary rates</b>	<b>28,567</b>	<b>27,061</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	6,859	6,687
Stormwater management services	298	297
Section 611 charges	28	33
Less: pensioner rebates (mandatory)	(39)	(39)
Less: pensioner rebates (Council policy)	(48)	(48)
<b>Annual charges levied</b>	<b>7,098</b>	<b>6,930</b>
Pensioner annual charges subsidies received:		
– Domestic waste management	47	48
<b>Total annual charges</b>	<b>7,145</b>	<b>6,978</b>
<b>Total rates and annual charges</b>	<b>35,712</b>	<b>34,039</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 when the Council obtains control over the assets comprising these receipts.

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>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Private works – section 67	2	241	160
Section 10.7 certificates (EP&A Act)	2	120	98
Section 603 certificates	2	56	65
Other	2	11	2
Developer fees	2	404	400
Engineering and administration	2	1,201	1,216
Licence and inspection fees	2	505	259
Licence fees – outdoor eating	2	151	3
<b>Total fees and charges – statutory/regulatory</b>		<b>2,689</b>	<b>2,203</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Community centres	2	370	119
Leaseback fees – Council vehicles	2	194	187
Park rents	2	99	72
Car parking meters	2	2,032	1,549
Car parking station	2	1,296	761
Street furniture advertising income	2	1,078	1,019
Swimming centre and gym fees	2	1,677	829
Other	2	109	67
<b>Total fees and charges – other</b>		<b>6,855</b>	<b>4,603</b>
<b>Total other user charges and fees</b>		<b>9,544</b>	<b>6,806</b>
<b>Total user charges and fees</b>		<b>9,544</b>	<b>6,806</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised at a point in time (2)		9,544	6,806
<b>Total user charges and fees</b>		<b>9,544</b>	<b>6,806</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 such as caravan parks, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

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 the term of the licence.

## B2-3 Other revenues

\$ '000	Timing	2023	2022
Fines	2	189	179
Fines – parking	2	4,624	3,125
Legal fees recovery – other	2	113	673
Diesel rebate	2	7	9
Insurance claims recoveries	2	–	5
Sale of abandoned vehicles	2	6	4
Sales – general	2	45	22
Animal control fees	2	18	17
OHS incentive rebate	2	66	–
Recycling (domestic waste)	2	1	46
Trolley Impounding Fees	2	204	583
Other	2	53	86
Sales – library	2	5	9
Urban growth reimbursement	2	7	–
Workers compensation recovery	2	116	179
<b>Total other revenue</b>		<b>5,454</b>	<b>4,937</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	5,454	4,937
<b>Total other revenue</b>	<b>5,454</b>	<b>4,937</b>

### Accounting policy for other revenue

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

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

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



## B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	281	466	–	–
Financial assistance – local roads component	2	99	141	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	1,065	715	–	–
Financial assistance – local roads component	2	341	219	–	–
<b>Amount recognised as income during current year</b>		<b>1,786</b>	<b>1,541</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Environmental programs	2	32	240	–	–
Library – per capita	2	116	108	–	–
Library – special projects	2	1	1	53	10
LIRS subsidy	2	4	8	–	–
Recreation and culture	2	902	144	4,175	2,262
Community services	2	129	82	–	–
Family leave subsidy	2	8	48	–	–
Street lighting	2	80	80	–	–
Other	2	562	785	–	–
Traffic route subsidy	2	17	19	–	–
Transport (roads to recovery)	2	–	–	190	162
Transport (other roads and bridges funding)	2	890	315	–	535
Other specific grants	2	222	84	681	174
<b>Previously contributions:</b>					
Community services	2	44	18	–	–
Kerb and gutter	2	395	217	266	788
Recreation and culture	2	3	–	–	–
Transport for NSW contributions (regional roads, block grant)	2	107	105	–	–
Other contributions	2	130	75	–	–
LSL transfer between councils	2	48	109	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>3,690</b>	<b>2,438</b>	<b>5,365</b>	<b>3,931</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>3,690</b>	<b>2,438</b>	<b>5,365</b>	<b>3,931</b>
<b>Total grants and non-developer contributions</b>		<b>5,476</b>	<b>3,979</b>	<b>5,365</b>	<b>3,931</b>
<b>Comprising:</b>					
– Commonwealth funding		17	144	190	165
– State funding		4,809	3,489	4,909	2,980
– Other funding		650	346	266	786
		<b>5,476</b>	<b>3,979</b>	<b>5,365</b>	<b>3,931</b>

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Developer contributions:</b>						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
<b>Cash contributions</b>						
S 7.4 – contributions using planning agreements		2	–	–	4,372	94
S 7.12 – fixed development consent levies		2	–	–	4,798	327
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>9,170</b>	<b>421</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>9,170</b>	<b>421</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>9,170</b>	<b>421</b>
<b>Total grants and contributions</b>			<b>5,476</b>	<b>3,979</b>	<b>14,535</b>	<b>4,352</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised at a point in time (2)			5,476	3,979	14,535	4,352
<b>Total grants and contributions</b>			<b>5,476</b>	<b>3,979</b>	<b>14,535</b>	<b>4,352</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	23	18	–	–
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	53	11	–	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(7)	(6)	–	–
<b>Unspent funds at 30 June</b>	<b>69</b>	<b>23</b>	<b>–</b>	<b>–</b>
<b>Contributions</b>				
Unspent funds at 1 July	–	–	8,716	11,179
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	9,537	507
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(2,956)	(2,970)
<b>Unspent contributions at 30 June</b>	<b>–</b>	<b>–</b>	<b>15,297</b>	<b>8,716</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 are recognised when control of each performance obligations are 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 Under ASSB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the assets 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.

Income should be recognised immediately in profit or loss for the excess of the initial carrying amount of an asset over the related amounts recognised in accordance with the other relevant accounting standards.



## B2-4 Grants and contributions (continued)

### Capital grants

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

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

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

### Developer contributions

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

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

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

### Other grants and contributions

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

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

## B2-5 Interest and investment income

\$ '000	2023	2022
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	123	94
– Cash and investments	1,687	412
Dividend income (other)	100	–
<b>Total interest and investment income (losses)</b>	<b>1,910</b>	<b>506</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 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		25	275
<b>Total fair value increment on investment properties</b>	C1-7	<b>25</b>	<b>275</b>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income relating to variable lease payments not dependent on an index or a rate		357	337
<b>Total Investment properties</b>		<b>357</b>	<b>337</b>
<b>Other lease income</b>			
Other		1,170	1,038
<b>Total other lease income</b>		<b>1,170</b>	<b>1,038</b>
<b>Total rental income</b>	C2-2	<b>1,527</b>	<b>1,375</b>
<b>Fair value increment on investments</b>			
Fair value increment on investments through profit and loss		154	45
<b>Total Fair value increment on investments</b>		<b>154</b>	<b>45</b>
<b>Total other income</b>		<b>1,706</b>	<b>1,695</b>

## B3 Costs of providing services

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

\$ '000	2023	2022
Salaries and wages	15,537	14,278
Employee termination costs (where material – other than vested leave paid)	35	976
Employee leave entitlements (ELE)	2,459	2,037
Superannuation	2,016	1,821
Workers' compensation insurance	864	702
Fringe benefit tax (FBT)	119	130
Other	–	50
<b>Total employee costs</b>	<b>21,030</b>	<b>19,994</b>
Less: capitalised costs	(202)	(178)
<b>Total employee costs expensed</b>	<b>20,828</b>	<b>19,816</b>

#### 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		1,707	1,580
Contractor and consultancy costs			
– Agency staff		1,982	2,214
– Domestic waste		1,890	1,786
– General		9,707	5,589
– Recycling		583	494
– SDR processing		785	518
– Planning and development		1,336	555
– Other contractor and consultancy costs		1,053	603
Audit Fees	F2-1	112	155
Councillor and Mayoral fees and associated expenses	F1-2	305	275
Advertising		179	358
Bank charges		254	184
Electricity and heating		544	547
Insurance		663	687
Postage		102	119
Printing and stationery		170	279
Street lighting		522	503
Subscriptions and publications		269	300
Telephone and communications		111	81
Computing		1,677	1,505
Contributions/levies to other levels of government			
Other expenses		23	45
Rental		110	83
Strata levy		247	135
Subscriptions LGA and SSROC		146	147
Training Costs		248	51
Valuation fees – council properties		38	3
Valuation fees – rates land values		50	48
Waste disposal fees		3,657	3,828
Water and sewerage charges		171	160
Expenses from short-term leases		4	11
<b>Legal expenses:</b>			
– Legal expenses: planning and development		262	328
– Legal expenses: debt recovery		–	1
– Legal expenses: other		298	601
<b>Total materials and services</b>		<b>29,205</b>	<b>23,773</b>
<b>Total materials and services</b>		<b>29,205</b>	<b>23,773</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	25	27
Interest on loans	312	287
<b>Total interest bearing liability costs</b>	<b>337</b>	<b>314</b>
<b>Total borrowing costs expensed</b>	<b>337</b>	<b>314</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 and amortisation of intangible assets and IPP&E

\$ '000	Notes	2023	2022
<b>Depreciation and amortisation</b>			
Plant and equipment		893	911
Office equipment		402	394
Furniture and fittings		961	955
Land improvements (depreciable)		74	75
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		104	105
– Buildings – specialised		2,290	2,258
– Other structures		107	120
– Roads		2,370	2,440
– Footpaths		995	950
– Other road assets		387	330
– Stormwater drainage		766	723
– Swimming pools		178	162
– Other open space/recreational assets		576	481
Right of use assets	C2-1	251	218
<b>Other assets:</b>			
– Library books		132	137
– Other		120	104
Intangible assets	C1-8	137	172
<b>Total gross depreciation and amortisation costs</b>		<b>10,743</b>	<b>10,535</b>
<b>Total depreciation and amortisation costs</b>		<b>10,743</b>	<b>10,535</b>
<b>TOTAL DEPRECIATION AND AMORTISATION FOR INTANGIBLES AND IPP&amp;E</b>		<b>10,743</b>	<b>10,535</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 C1-6 for IPPE assets.

#### Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are 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>Impairment of receivables</b>			
Other		388	90
<b>Total impairment of receivables</b>	C1-4	<b>388</b>	<b>90</b>
<b>Other</b>			
– Department of planning levy		82	80
– Emergency services levy (includes FRNSW, SES, and RFS levies)		109	59
– NSW fire brigade levy		786	707
Donations, contributions and assistance to other organisations (Section 356)		70	85
<b>Total other</b>		<b>1,047</b>	<b>931</b>
<b>Total other expenses</b>		<b>1,435</b>	<b>1,021</b>

### Accounting policy

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

## B4 Gains or losses

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

\$ '000	Notes	2023	2022
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-6		
Proceeds from disposal – plant and equipment		132	408
Less: carrying amount of plant and equipment assets sold/written off		(7)	(127)
<b>Gain (or loss) on disposal</b>		<b>125</b>	<b>281</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-6		
Less: carrying amount of infrastructure assets sold/written off		(1,531)	(1,359)
<b>Gain (or loss) on disposal</b>		<b>(1,531)</b>	<b>(1,359)</b>
<b>Gain (or loss) on disposal of office equipment</b>			
Proceeds from disposal – office equipment		8	3
Less: carrying amount of office equipment assets sold/written off		–	(6)
<b>Gain (or loss) on disposal</b>		<b>8</b>	<b>(3)</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(1,398)</b>	<b>(1,081)</b>

### Accounting policy

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

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

## B5 Performance against budget

### B5-1 Material budget variations

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

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Revenues</b>				
Rates and annual charges	35,414	35,712	298	1% <b>F</b>
User charges and fees	9,828	9,544	(284)	(3)% <b>U</b>
Other revenues	4,893	5,454	561	11% <b>F</b>
The variance is attributed to increased policing of Council's Parking regulations.				
Operating grants and contributions	2,956	5,476	2,520	85% <b>F</b>
A favourable outcome due to State Government funding of projects (Faster Regional Significant Development and Planning Portal, Affordable Housing study, Traffic and Transport study and Amenity Improvement Program). In addition the Federal Government paid Council in advance the 2023-24 Financial Assistance Grant.				
Capital grants and contributions	16,242	14,535	(1,707)	(11)% <b>U</b>
The variance between actual and budget can be attributed to the slowing down in the construction industry, resulting in fewer Section 7.11 and Section 7.12 contributions being received from developers, however Council did receive additional granting funding for capital works projects.				
Interest and investment revenue	650	1,910	1,260	194% <b>F</b>
The variance is attributed to the Reserve Bank of Australia increasing the "Cash Rate" throughout the financial year. The budget estimate was set using the information obtained from the Reserve Bank of Australia stating that interest rates would not move until 2024.				
Other income	2,350	1,706	(644)	(27)% <b>U</b>
The variance is attributed to the impact Covid-19 had on Council's rental properties and the inability to lease out a number of Council properties.				

## B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	<b>23,151</b>	<b>20,828</b>	<b>2,323</b>	<b>10% F</b>
The variance is attributed to a number of positions within the organisation being vacant and not replaced throughout the year due to finding suitable personnel.				
<b>Materials and services</b>	<b>23,490</b>	<b>29,205</b>	<b>(5,715)</b>	<b>(24)% U</b>
The variance is attributed in part to the replacement of vacant positions within the organisation by temporary staff and the engagement of contractors performing work which would normally be done by permanent staff. Expenditure incurred for asbestos removal and remediation works at the Operations Centre, Wangal Park environmental remediation works, tree planting and increased streetscape expenses. Also additional consultancy was required toward the Burwood north precinct local environment plans (LEP) project				
<b>Borrowing costs</b>	<b>335</b>	<b>337</b>	<b>(2)</b>	<b>(1)% U</b>
<b>Depreciation, amortisation and impairment of non-financial assets</b>	<b>10,413</b>	<b>10,743</b>	<b>(330)</b>	<b>(3)% U</b>
<b>Other expenses</b>	<b>1,000</b>	<b>1,435</b>	<b>(435)</b>	<b>(44)% U</b>
Greater than expected Emergency Services Levy and an increase in provision of Bad debts associated with Health Inspection Licences.				
<b>Net losses from disposal of assets</b>	<b>–</b>	<b>1,398</b>	<b>(1,398)</b>	<b>∞ U</b>
Council writes off infrastructure assets as part of the renewal programme replacing the written down value of the assets with the current replacement costs of the renewal.				
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	<b>22,716</b>	<b>21,777</b>	<b>(939)</b>	<b>(4)% U</b>
<b>Cash flows from investing activities</b>	<b>(14,805)</b>	<b>(25,943)</b>	<b>(11,138)</b>	<b>75% U</b>
The variance between actual and budget was attributed to a high volume of S7.4 and S7.12 contributions received during the year and Capital Works programme not meeting budget which resulted in larger than expected investment purchases.				
<b>Cash flows from financing activities</b>	<b>(946)</b>	<b>(976)</b>	<b>(30)</b>	<b>3% U</b>

## 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	149	4,819
Cash equivalent assets		
– Deposits at call	1,907	4,379
– Short-term deposits	8,000	6,000
<b>Total cash and cash equivalents</b>	<b>10,056</b>	<b>15,198</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	10,056	15,198
<b>Balance as per the Statement of Cash Flows</b>	<b>10,056</b>	<b>15,198</b>

#### Accounting policy

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

## C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Long term deposits	6,000	3,000	8,000	3,000
Floating Rate Note's (with maturities > 3 months)	6,000	27,250	6,250	13,000
CivicRisk Mutual	–	300	–	146
<b>Total</b>	<b>12,000</b>	<b>30,550</b>	<b>14,250</b>	<b>16,146</b>
<b>Total financial investments</b>	<b>12,000</b>	<b>30,550</b>	<b>14,250</b>	<b>16,146</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>22,056</b>	<b>30,550</b>	<b>29,448</b>	<b>16,146</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.

### Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments of interest in an insurance mutual "CivicRisk Mutual" (CRM) in the Statement of Financial Position.

Council's interest in its share of the surplus is calculated by CivicRisk Mutual Ltd's Actuary, and changes in fair value recognized, as an increase or decrease through its income statement at each reporting period. Fair value is calculated using the income approach whereby expected future cash flows are discounted to present value. Expected cash flows include investment income.

Prior to 1 July 2020 Council's interest in CRM was accounted for using the equity method due to the organisational structure and operational arrangements in place at that time Note D1-1 for further details.



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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		

### External restrictions

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

Developer contributions – general	15,296	8,716
Specific purpose unexpended grants (recognised as revenue) – general fund	69	23
Stormwater management	426	275
Unexpended general purpose loans	1,000	2,000
Domestic waste management	2,029	1,722
<b>Total external restrictions</b>	<b>18,820</b>	<b>12,736</b>

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
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### Internal allocations

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

Plant and vehicle replacement	3,699	2,091
Employees leave entitlement	1,171	1,189
Carry over works	1,141	1,270
Deposits, retentions and bonds	5,252	4,967
Park upgrade	265	770
Closed circuit television monitoring	130	193
Election	281	161
Enfield aquatic centre maintenance/upgrade	263	239
Financial assistance grant (in advance)	1,405	934
Future property investment	3,548	3,692
Information technology	2,101	835
Insurances	50	–
Local area traffic management	294	294
Parking meter replacement	566	466
Property maintenance	1,271	1,222
Property sales	500	500
Local environmental plan	556	1,045
Technology enhancements	–	971
Operations centre upgrade	222	600
Work health and safety	410	429
Business continuity (operational reimbursement)	600	600
Woodstock community building upgrade	287	287
Town centre festive decorations	150	150
Contract Liabilities (AASB 15 / AASB 1058)	5,219	7,288
Infrastructure - SRV	2,085	1,114
Other	473	425
<b>Total internal allocations</b>	<b>31,939</b>	<b>31,732</b>

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

## C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates and annual charges	2,174	–	1,891	–
Interest and extra charges	168	–	121	–
User charges and fees	1,472	–	1,608	–
Private works	264	–	55	–
Accrued revenues				
– Interest on investments	318	–	115	–
– Parking fine income	392	–	401	–
– Other income accruals	362	–	817	–
Government grants and subsidies	6	–	503	–
Net GST receivable	635	–	520	–
Other debtors - Active Kids	10	–	5	–
Other debtors	179	–	8	–
<b>Total</b>	<b>5,980</b>	<b>–</b>	<b>6,044</b>	<b>–</b>
<b>Less: provision for impairment</b>				
User charges and fees	(440)	–	(245)	–
<b>Total provision for impairment – receivables</b>	<b>(440)</b>	<b>–</b>	<b>(245)</b>	<b>–</b>
<b>Total net receivables</b>	<b>5,540</b>	<b>–</b>	<b>5,799</b>	<b>–</b>

\$ '000	2023	2022
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	245	154
+ new provisions recognised during the year	195	91
<b>Balance at the end of the year</b>	<b>440</b>	<b>245</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.

## C1-4 Receivables (continued)

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Contract assets and Contract cost assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	81	–	175	–
<b>Total contract assets and contract cost assets</b>	<b>81</b>	<b>–</b>	<b>175</b>	<b>–</b>

### Accounting policy

#### Contract assets

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

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

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

#### Contract cost asset – costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

## C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	1,582	–	1,582	1,248	3,257	(237)	–	(454)	–	–	–	5,396	–	5,396
Plant and equipment	11,526	(6,174)	5,352	882	–	(15)	(893)	–	–	–	–	11,961	(6,635)	5,326
Office equipment	3,261	(1,805)	1,456	181	–	(3)	(402)	–	–	–	–	3,415	(2,183)	1,232
Furniture and fittings	16,552	(4,517)	12,035	218	–	(33)	(961)	–	–	–	–	16,730	(5,471)	11,259
<b>Land:</b>														
– Operational land	143,613	–	143,613	–	–	–	–	–	–	(10,832)	–	132,781	–	132,781
– Community land	43,781	–	43,781	–	–	–	–	–	–	–	9,514	53,295	–	53,295
Land improvements – non-depreciable	208	–	208	–	–	–	–	–	–	–	–	208	–	208
Land improvements – depreciable	5,279	(1,452)	3,827	74	–	(22)	(74)	–	–	–	–	5,299	(1,494)	3,805
<b>Infrastructure:</b>														
– Buildings – non-specialised	5,404	(3,756)	1,648	–	–	–	(104)	–	–	(648)	–	5,918	(5,022)	896
– Buildings – specialised	125,166	(19,769)	105,397	533	–	(303)	(2,290)	–	1,683	–	5,261	135,691	(25,410)	110,281
– Other structures	3,741	(737)	3,004	–	–	–	(107)	–	(53)	–	329	4,087	(914)	3,173
– Roads	229,765	(112,212)	117,553	3,658	35	(428)	(2,370)	169	–	–	13,721	256,447	(124,109)	132,338
– Footpaths	79,263	(41,133)	38,130	2,124	211	(388)	(995)	–	–	–	3,209	87,182	(44,891)	42,291
– Other road assets (including bulk earthworks)	13,472	(2,885)	10,587	74	320	(55)	(387)	–	–	–	1,220	15,406	(3,647)	11,759
– Stormwater drainage	88,164	(53,836)	34,328	133	507	(9)	(766)	122	–	–	2,426	95,194	(58,453)	36,741
– Swimming pools	8,908	(3,525)	5,383	–	–	–	(178)	–	(1,630)	–	347	6,100	(2,178)	3,922
– Other open space/recreational assets	16,479	(1,971)	14,508	94	965	(45)	(576)	163	–	–	1,448	19,322	(2,765)	16,557
<b>Other assets:</b>														
– Library books	2,149	(1,769)	380	–	155	–	(132)	–	–	–	–	2,304	(1,901)	403
– Other	954	(257)	697	62	98	–	(120)	–	–	–	–	1,114	(377)	737
<b>Total infrastructure, property, plant and equipment <sup>2</sup></b>	<b>799,267</b>	<b>(255,798)</b>	<b>543,469</b>	<b>9,281</b>	<b>5,548</b>	<b>(1,538)</b>	<b>(10,355)</b>	<b>–</b>	<b>–</b>	<b>(11,480)</b>	<b>37,475</b>	<b>857,850</b>	<b>(285,450)</b>	<b>572,400</b>

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

(2) Infrastructure Assets (Roads, Footpaths and Drainage) includes disposal costs as part of the costs when valuing the assets.



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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	2,213	–	2,213	–	1,317	(53)	–	(1,895)	–	–	1,582	–	1,582
Plant and equipment	11,131	(5,791)	5,340	1,015	35	(127)	(911)	–	–	–	11,526	(6,174)	5,352
Office equipment	3,160	(1,431)	1,729	–	110	(5)	(394)	16	–	–	3,261	(1,805)	1,456
Furniture and fittings	16,238	(3,562)	12,676	–	314	–	(955)	–	–	–	16,552	(4,517)	12,035
<b>Land:</b>													
– Operational land	121,430	–	121,430	–	811	–	–	–	–	21,372	143,613	–	143,613
– Community land	39,821	–	39,821	–	–	–	–	–	–	3,960	43,781	–	43,781
Land improvements – non-depreciable	208	–	208	–	–	–	–	–	–	–	208	–	208
Land improvements – depreciable	5,973	(1,361)	4,612	141	–	(71)	(75)	–	(780)	–	5,279	(1,452)	3,827
<b>Infrastructure:</b>													
– Buildings – non-specialised	4,915	(3,311)	1,604	–	–	–	(105)	–	–	149	5,404	(3,756)	1,648
– Buildings – specialised	113,129	(15,723)	97,406	513	198	–	(2,258)	–	–	9,538	125,166	(19,769)	105,397
– Other structures	4,412	(952)	3,460	18	–	(31)	(120)	–	(323)	–	3,741	(737)	3,004
– Roads	219,785	(107,395)	112,390	2,492	207	(314)	(2,440)	–	–	5,218	229,765	(112,212)	117,553
– Footpaths	74,879	(39,175)	35,704	1,982	59	(481)	(950)	122	–	1,694	79,263	(41,133)	38,130
– Other road assets (including bulk earthworks)	11,330	(2,427)	8,903	275	1,079	(1)	(330)	191	–	471	13,472	(2,885)	10,587
– Stormwater drainage	82,892	(50,909)	31,983	15	574	(90)	(723)	1,044	–	1,525	88,164	(53,836)	34,328
– Swimming pools	8,105	(3,065)	5,040	123	–	(111)	(162)	6	–	487	8,908	(3,525)	5,383
– Other open space/recreational assets	13,417	(1,527)	11,890	722	1,787	(205)	(481)	516	–	279	16,479	(1,971)	14,508
<b>Other assets:</b>													
– Library books	2,017	(1,632)	385	–	132	–	(137)	–	–	–	2,149	(1,769)	380
– Other	913	(153)	760	–	41	–	(104)	–	–	–	954	(257)	697
<b>Total infrastructure, property, plant and equipment</b>	<b>735,968</b>	<b>(238,414)</b>	<b>497,554</b>	<b>7,296</b>	<b>6,664</b>	<b>(1,489)</b>	<b>(10,145)</b>	<b>–</b>	<b>(1,103)</b>	<b>44,693</b>	<b>799,267</b>	<b>(255,798)</b>	<b>543,469</b>

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

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

### Accounting policy

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

Community Land was indexed based on Valuer General valuations as at 1 July 2022.

The Office of Local Government in the appendices to the Local Government Code of Accounting 2022/23 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount. Council has adopted this guidance.

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

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

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

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	15 to 25
Office furniture	5 to 20	Benches, seats etc.	10 to 20
Computer equipment	5		
Vehicles	5	<b>Buildings</b>	
Heavy plant/road making equipment	8 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 20	Buildings: other	20 to 40
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	20 to 30	Bulk earthworks	Infinite
Sealed roads: structure	Infinite	Swimming pools	60
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	15 to 80
Bridge: other	50	Other infrastructure	10 to 80
Road pavements	75 to 225	Stormwater assets	100 to 200
Kerb, gutter and footpaths	50 to 90		

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

### Land under roads

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

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

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

### 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.

## Infrastructure, property, plant and equipment – current year impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

## C1-7 Investment properties

\$ '000	2023	2022
<b>Owned investment property</b>		
Investment property on hand at fair value	5,000	4,975
<b>Total owned investment property</b>	<b>5,000</b>	<b>4,975</b>
<b>Owned investment property</b>		
<b>At fair value</b>		
Opening balance at 1 July	4,975	4,700
Net gain/(loss) from fair value adjustments	25	275
<b>Closing balance at 30 June</b>	<b>5,000</b>	<b>4,975</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 and other expenses.

## C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	2,600	2,511
Accumulated amortisation	(2,305)	(2,132)
<b>Net book value – opening balance</b>	<b>295</b>	<b>379</b>
<b>Movements for the year</b>		
Other movements	1	(46)
Purchases	52	134
Amortisation charges	(137)	(172)
<b>Closing values at 30 June</b>		
Gross book value	2,652	2,600
Accumulated amortisation	(2,441)	(2,305)
<b>Total software – net book value</b>	<b>211</b>	<b>295</b>
<b>Total intangible assets – net book value</b>	<b>211</b>	<b>295</b>

### Accounting policy

#### IT development and software

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

## C1-9 Other

### Other assets

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Prepayments	652	–	1,025	–
<b>Total other assets</b>	<b>652</b>	<b>–</b>	<b>1,025</b>	<b>–</b>

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over a range of assets including land and buildings, vehicles, machinery and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

#### Terms and conditions of leases

##### Vehicles

Council has entered into a Domestic Waste contract for the service of the collection of Residential waste throughout the Burwood Local Government area. As part of the Domestic Waste collection service, four (4) vehicles are leased with lease terms of seven (7) years; the lease payments are fixed during the lease term and there is generally no renewal option.

##### Office and IT equipment

Council leases office and IT equipment which are generally for low value assets, except for significant items such as photocopiers. Council currently leases a Folding Machine, the lease expires on 30 April 2023 with no renewal option, the payments are fixed.

#### (a) Right of use assets

\$ '000	Plant & Equipment	Office Equipment	Total
<b>2023</b>			
Opening balance at 1 July	857	3	860
Depreciation charge	(248)	(3)	(251)
Other movement	134	–	134
<b>Balance at 30 June</b>	<b>743</b>	<b>–</b>	<b>743</b>
<b>2022</b>			
Opening balance at 1 July	1,072	6	1,078
Depreciation charge	(215)	(3)	(218)
<b>Balance at 30 June</b>	<b>857</b>	<b>3</b>	<b>860</b>

#### (b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	253	527	214	681
<b>Total lease liabilities</b>	<b>253</b>	<b>527</b>	<b>214</b>	<b>681</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	253	527	–	780	780
<b>2022</b>					
Cash flows	212	683	–	895	895



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

### (d) Income Statement

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

\$ '000	2023	2022
Interest on lease liabilities	25	27
Depreciation of right of use assets	251	218
Expenses relating to low-value leases	110	83
	<b>386</b>	<b>328</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	274	240
	<b>274</b>	<b>240</b>

### 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.

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

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

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

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties to tenants under long-term leases with rentals payable monthly; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-7).

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

\$ '000	2023	2022
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#### (i) Assets held as investment property

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

Lease income relating to variable lease payments not dependent on an index or a rate	357	337
<b>Total income relating to operating leases for investment property assets</b>	<b>357</b>	<b>337</b>

#### Operating lease expenses

##### Investment properties

Direct operating expenses that generated rental income	77	69
<b>Total expenses relating to operating leases</b>	<b>77</b>	<b>69</b>

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

Lease income (excluding variable lease payments not dependent on an index or rate)	1,170	1,038
<b>Total income relating to operating leases for Council assets</b>	<b>1,170</b>	<b>1,038</b>

#### (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	2,114	1,421
1–2 years	2,056	1,489
2–3 years	2,115	1,561
3–4 years	2,151	1,395
4–5 years	1,666	47
> 5 years	521	211
<b>Total undiscounted lease payments to be received</b>	<b>10,623</b>	<b>6,124</b>

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

### Accounting policy

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

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

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

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

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Goods and services – operating expenditure	1,725	–	1,953	–
Goods and services – capital expenditure	1,661	–	862	–
Prepaid rates	386	–	323	–
Accrued expenses:				
– Borrowings	20	–	23	–
– Salaries and wages	329	–	212	–
– Other expenditure accruals	855	–	386	–
Security bonds, deposits and retentions	5,252	–	4,967	–
Other	181	–	27	–
<b>Total payables</b>	<b>10,409</b>	<b>–</b>	<b>8,753</b>	<b>–</b>

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	3,882	3,438
<b>Total payables</b>	<b>3,882</b>	<b>3,438</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)	3,623	—	5,908	—
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	650	—	575	—
<b>Total grants received in advance</b>		<b>4,273</b>	<b>—</b>	<b>6,483</b>	<b>—</b>
<b>User fees and charges received in advance:</b>					
Other		946	—	804	—
<b>Total user fees and charges received in advance</b>		<b>946</b>	<b>—</b>	<b>804</b>	<b>—</b>
<b>Total contract liabilities</b>		<b>5,219</b>	<b>—</b>	<b>7,287</b>	<b>—</b>

### Notes

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

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

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

\$ '000	2023	2022
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	3,658	1,331
Operating grants (received prior to performance obligation being satisfied)	1,248	11
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>4,906</b>	<b>1,342</b>

### Significant changes in contract liabilities

The significant movements in contract liabilities related to several Capital Grants received in prior years which were brought to account through the performance obligations of meeting the required milestones of the individual contracts.

### 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 Current	2023 Non-current	2022 Current	2022 Non-current
Loans – secured <sup>1</sup>	691	4,385	727	5,076
<b>Total borrowings</b>	<b>691</b>	<b>4,385</b>	<b>727</b>	<b>5,076</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.

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

\$ '000	2022 Opening Balance	Cash flows	2023 Closing balance
Loans – secured	5,803	(727)	5,076
Lease liability (Note C2-1b)	895	(115)	780
<b>Total liabilities from financing activities</b>	<b>6,698</b>	<b>(842)</b>	<b>5,856</b>

\$ '000	2021 Opening Balance	Cash flows	2022 Closing balance
Loans – secured	5,486	317	5,803
Lease liability (Note C2-1b)	1,107	(212)	895
<b>Total liabilities from financing activities</b>	<b>6,593</b>	<b>105</b>	<b>6,698</b>

### C3-3 Borrowings (continued)

#### (b) Financing arrangements

\$ '000	2023	2022
<b>Total facilities</b>		
Credit cards/purchase cards	120	50
<b>Total financing arrangements</b>	<b>120</b>	<b>50</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	14	21
<b>Total drawn financing arrangements</b>	<b>14</b>	<b>21</b>
<b>Undrawn facilities</b>		
– Credit cards/purchase cards	106	29
<b>Total undrawn financing arrangements</b>	<b>106</b>	<b>29</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.

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.

Council during 2022/23 financial year obtained a Commonwealth Bank virtual corporate card with a limit of \$70k to assist with paying large amounts of costs which require immediate payments (ie, fleet registration renewals).

## C3-4 Employee benefit provisions

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Annual leave	1,601	–	1,553	–
Long service leave	3,518	128	3,768	137
Rostered Day Off	125	–	82	–
Time in lieu	90	–	80	–
Employee Leave Entitlement on-costs	248	6	182	5
<b>Total employee benefit provisions</b>	<b>5,582</b>	<b>134</b>	<b>5,665</b>	<b>142</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	3,592	3,426
	<b>3,592</b>	<b>3,426</b>

### Description of and movements in provisions

\$ '000	Employee provisions				Total
	Annual leave	Long service leave	ELE on-costs	Other employee benefits	
<b>2023</b>					
At beginning of year	1,553	3,905	187	162	5,807
Other	48	(259)	67	53	(91)
<b>Total provisions at end of year</b>	<b>1,601</b>	<b>3,646</b>	<b>254</b>	<b>215</b>	<b>5,716</b>
<b>2022</b>					
At beginning of year	1,881	5,160	184	176	7,401
Other	(328)	(1,255)	3	(14)	(1,594)
<b>Total provisions at end of year</b>	<b>1,553</b>	<b>3,905</b>	<b>187</b>	<b>162</b>	<b>5,807</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 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.



## C3-4 Employee benefit provisions (continued)

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### **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 worker's compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

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

## D Council structure

### D1 Results by fund

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Council only has one General fund, this fund refers to all of Council activities

## E Risks and accounting uncertainties

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

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

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

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

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

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

<b>\$ '000</b>	<b>Carrying value 2023</b>	Carrying value 2022	<b>Fair value 2023</b>	Fair value 2022
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	<b>10,056</b>	15,198	<b>10,117</b>	18,198
Receivables	<b>5,540</b>	5,799	<b>5,540</b>	5,250
<b>Fair value through profit and loss</b>				
Investments	<b>42,550</b>	30,396	<b>42,827</b>	27,360
<b>Total financial assets</b>	<b>58,146</b>	<b>51,393</b>	<b>58,484</b>	<b>50,808</b>
<b>Financial liabilities</b>				
Payables	<b>10,409</b>	8,753	<b>10,409</b>	8,753
Loans/advances	<b>5,076</b>	5,803	<b>5,076</b>	5,803
Leases	<b>780</b>	895	<b>780</b>	895
<b>Total financial liabilities</b>	<b>16,265</b>	<b>15,451</b>	<b>16,265</b>	<b>15,451</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 (Imperium Markets).

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 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.

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

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 the 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	526	456

### (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.

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 secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
<b>2023</b>				
Gross carrying amount	(2,174)	2,003	171	–
<b>2022</b>				
Gross carrying amount	–	1,788	103	1,891

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

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

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2023 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	
2023						
Gross carrying amount	1,844	731	307	236	769	3,887
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	57.20%	11.32%
ECL provision	—	—	—	—	440	440
2022						
Gross carrying amount	2,666	1,118	138	54	352	4,328
Expected loss rate (%)	0.00%	0.00%	22.99%	0.00%	52.10%	4.97%
ECL provision	—	—	32	—	183	215

### (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.

	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
\$ '000							
2023							
Payables	0.00%	5,252	5,157	—	—	10,409	10,409
Borrowings	3.85%	—	1,034	3,980	62	5,076	5,076
Total financial liabilities		5,252	6,191	3,980	62	15,485	15,485
2022							
Payables	0.00%	4,967	3,787	—	—	8,754	8,753
Borrowings	3.91%	—	1,033	3,797	973	5,803	5,803
Total financial liabilities		4,967	4,820	3,797	973	14,557	14,556

## E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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

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

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

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

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

Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
Recurring fair value measurements									
Investment property	C1-7								
Investment Property		30/06/2023	30/06/22	5,000	4,975	–	–	5,000	4,975
Total investment property				5,000	4,975	–	–	5,000	4,975
Infrastructure, property, plant and equipment									
Operational land	C1-6	30/06/23	30/06/18	132,781	143,613	–	–	132,781	143,613
Community land		30/06/23	30/06/22	–	–	53,295	43,781	53,295	43,781
Land Improvements									
Non-depreciable		30/06/23	30/06/21	–	–	208	208	208	208
Land improvements – depreciable		30/06/22	30/06/22	–	–	3,805	3,827	3,805	3,827
Buildings – non-specialised		30/06/23	30/06/18	896	1,648	–	–	896	1,648
Buildings – specialised		30/06/23	02/06/18	–	–	110,281	105,397	110,281	105,397
Other structures		30/06/22	30/06/22	–	–	3,173	3,004	3,173	3,004
Roads		30/06/20	30/06/20	–	–	132,338	117,553	132,338	117,553
Footpaths and kerb and gutter		30/06/20	30/06/20	–	–	42,291	38,130	42,291	38,130
Drainage infrastructure		30/06/20	30/06/20	–	–	36,741	34,328	36,741	34,328
Swimming pools		30/06/23	30/06/18	–	–	3,922	5,383	3,922	5,383
Other assets		30/06/23	30/06/14	–	–	737	697	737	697
Open space/Recreational		30/06/21	30/06/21	–	–	16,557	14,508	16,557	14,508
Other Road Assets		30/06/21	30/06/21	–	–	11,759	10,587	11,759	10,587
Total infrastructure, property, plant and equipment				133,677	145,261	415,107	377,403	548,784	522,664

## E2-1 Fair value measurement (continued)

### Valuation techniques

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

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

#### Investment property

Council obtains independent valuations of its investment property on an annual basis and at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuation. The best evidence of fair value is the current price in an active market for similar assets. The investment property valuation is included in level 2 of the hierarchy. The key unobservable input to the valuation is the price per square metre.

The fair value of the investment property is determined by an independent, qualified valuer on an annual basis who has experience in the location of the property. The Council reviews the valuation report and discusses significant movements with the valuer. As at 30 June 2023 the valuation of the investment property was performed by Scott Fullarton Valuations Pty Ltd, Director, Scott Fullarton FAPI CPP, Certified Practising Valuer (API Membership No. 67557).

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

##### Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. A comprehensive valuation was undertaken as at 30 June 2023 by Scott Fullarton Valuations Pty Ltd, Director, Scott Fullarton FAPI CPP, Certified Practising Valuer (API Membership No. 67557).

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal.

##### Buildings Non-Specialised

A comprehensive valuation was undertaken as at 30 June 2023 by Scott Fullarton Valuations Pty Ltd, Director, Scott Fullarton FAPI CPP, Certified Practising Valuer (API Membership No. 67557).

The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. Non-Specialised buildings were classified as having been valued using Level 2 valuation inputs.

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

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but 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, mini vans and motor vehicles
- Office Equipment – computer equipment, flat screen monitors, whiteboards, refrigerators etc
- Furniture & Fittings – chairs, desks and display systems

The key unobservable inputs to the valuation are the remaining useful life and the residual value.

##### Community Land

Valuations of all Council's Community Land and Council managed land were based on either the land values provided by the Valuer-General or an average unit rate based on the land values 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.

## E2-1 Fair value measurement (continued)

### Land Improvements – Depreciable and non-depreciable

This asset class comprises land improvements such as gardens, mulched areas, wetlands, streetscaping and landscaping. These assets may be located on parks, reserves and also within road reserves. These assets were valued by Assetic Pty Ltd during 2021-22 using the cost approach method utilising inputs such as estimated asset condition and useful life requiring extensive professional judgement.

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

However, during 2022/23 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2022/23 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

### Buildings - Specialised

A comprehensive valuation was undertaken as at 30 June 2023 by Scott Fullarton Valuations Pty Ltd, Director, Scott Fullarton FAPI CPP, Certified Practising Valuer (API Membership No. 67557).

The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. Specialised buildings were classified as having been valued using Level 3 valuation inputs.

### Other Structures

This asset class comprises retaining walls, shade structures and filtration system and shed. These assets were valued by Assetic Pty Ltd during 2022 using the cost approach method utilising inputs such as estimated asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value.

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

However, during 2022/23 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2022/23 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.



## E2-1 Fair value measurement (continued)

### Roads

This asset class comprises the Road Carriageway and Suburb Markers. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were based on calculations carried out by JRA, Jeff Roorda Associates during 2020, utilising the detailed pavement information residing in Council's Asset Management System - "Assetic System".

The cost approach was utilised with inputs such as estimates pattern of consumption, asset condition and useful life requiring extensive professional judgement which 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.

However, during 2022/23 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2022/23 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

### Footpaths and Kerb & Gutter

Footpaths were valued by JRA, Jeff Roorda Associates during 2020 using the cost approach. Footpaths and Kerb & Gutter were segmented to match the adjacent road segment where possible and no further componentisation was undertaken. Footpaths and Kerb & Gutter were originally mapped and condition assessed using a combination of video condition assessment and physical inspection. Condition information is updated as changes in the network are observed through regular inspections.

However, during 2022/23 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2022/23 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

### Other Road assets

This asset class comprises Roundabouts, Speed humps, Traffic calming devices, Street Furniture, Bus Shelters and Fencing.

However, during 2022/23 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2022/23 - Section 5 at "Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment" draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

## E2-1 Fair value measurement (continued)

### Drainage Infrastructure

These assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the 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. The Drainage system was valued by JRA, Jeff Roorda Associates during 2020 using the cost approach.

However, during 2022/23 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2022/23 - Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

### Swimming Pools

Assets within this class comprise Council's Enfield Aquatic Centre. A comprehensive valuation was undertaken as at 30 June 2023 by Scott Fullarton Valuations Pty Ltd, Director, Scott Fullarton FAPI CPP, Certified Practising Valuer (API Membership No. 67557). The approach estimated the replacement cost for each pool by componentising its significant parts.

Inputs such as estimates of the pattern of consumption, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

### Other Open Space/Recreational Assets

Assets within this class comprise tennis courts and fencing, synthetic turf surfaces, barbeques, playground equipment, shade structures and soft fall, park furniture, park lighting, fitness equipment, bocce courts, gazebos and signage which were valued by Assetic Pty Ltd during 2021 using the cost approach method.

Inputs such as estimates of the pattern of consumption, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value.

However, during 2022/23 there has been a pronounced change in construction costs across the government and infrastructure sectors. The Office of Local Government in the appendices to the Local Government Code of Accounting 2022/23 - Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators / indices are generally less than or equal to 10%. Based on management's assessment and guided by council's Asset Management Service provider (Assetic Pty Ltd) expertise applied Rawlinson's Australian Construction Handbook rates with the relevant indexation factors to the carrying amount.

As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

## E2-1 Fair value measurement (continued)

### Other Assets

This asset class comprises all other assets which do not fall into the above asset classes ie, planter boxes, hanging baskets, public art and 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.

### Non-current assets classified as 'held for sale'

Council does not have assets classified as "held for sale".

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

### The valuation process for level 3 fair value measurements

Valuation process has been incorporated within 3 above.

### 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>Investment properties</b>		
Commercial Office and Retail	Qualified Valuer	<ul style="list-style-type: none"> <li>• Estimated rental value (rate per square metre)</li> <li>• Rental Yield</li> </ul>
<b>Infrastructure, property, plant and equipment</b>		
Operational Land	Qualified Valuer	<ul style="list-style-type: none"> <li>• Price per square metre</li> </ul>
Buildings – Non Specialised	Independent valuation - Indexation	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Plant & Equipment, Office Equipment and Furniture & Fittings	Cost approach	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Community Land	Land values obtained from the NSW Valuer General	<ul style="list-style-type: none"> <li>• Unimproved Capital Value (price per square metre)</li> </ul>
Land Improvements – non-depreciable and depreciable	Independent valuation	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Buildings - Specialised	Independent valuation - Indexation	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Other Structures	Independent valuation - Indexation	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining useful life</li> </ul>
Roads	Independent valuation - Indexation	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining useful life</li> </ul>
Footpaths	Independent valuation - Indexation	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining useful life</li> </ul>
Other Road Assets	Independent valuation - Indexation	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining useful life</li> </ul>
Drainage Infrastructure	Independent valuation - Indexation	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining useful life</li> </ul>
Swimming Pools	Independent valuation - Indexation	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining useful life</li> </ul>

## E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Library Books	Cost approach	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining useful life</li> </ul>
Other - Open Space / Recreational	Independent valuation - Indexation	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining useful life</li> </ul>
Other Assets	Cost approach	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>

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

	Investment property		Operational Land		Community Land		Land Improvement – depreciable and non-depreciable	
\$ '000	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	4,975	4,700	143,613	121,430	43,781	39,821	4,035	4,820
Total gains or losses for the period								
Other movements								
Purchases (GBV)	–	–	–	811	–	–	–	141
Disposals (WDV)	–	–	–	–	–	–	74	(71)
Depreciation and impairment	–	–	–	–	–	–	(22)	(75)
Fair value adjustment	25	275	(10,832)	21,372	9,514	3,960	(74)	(780)
Closing balance	5,000	4,975	132,781	143,613	53,295	43,781	4,013	4,035

	Buildings		Other structures		Other road assets		Open Space / Recreational	
\$ '000	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	107,045	99,010	3,004	3,461	10,587	8,903	14,508	11,890
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	1,683	–	(53)	–	–	–	–	–
Purchases (GBV)	533	711	–	18	394	1,545	1,223	3,025
Disposals (WDV)	(303)	–	–	(31)	(55)	(2)	(45)	(205)
Depreciation and impairment	(2,394)	(2,363)	(108)	(120)	(387)	(330)	(576)	(481)
Fair value adjustment	4,613	9,687	330	(324)	1,220	471	1,447	279
Closing balance	111,177	107,045	3,173	3,004	11,759	10,587	16,557	14,508

## E2-1 Fair value measurement (continued)

\$ '000	Roads		Footpaths		Drainage		Swimming pool	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	117,553	112,389	38,130	35,704	34,328	31,983	5,383	5,040
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	–	–	–	–	–	(1,630)	–
Purchases (GBV)	3,862	2,699	2,335	2,163	762	1,633	–	129
Disposals (WDV)	(428)	(314)	(388)	(481)	(9)	(90)	–	(111)
Depreciation and impairment	(2,370)	(2,440)	(995)	(950)	(766)	(723)	(178)	(162)
Fair value adjustment	13,721	5,219	3,209	1,694	2,426	1,525	347	487
Closing balance	132,338	117,553	42,291	38,130	36,741	34,328	3,922	5,383

\$ '000	Other Assets		Total	
	2023	2022	2023	2022
Opening balance	697	760	527,639	479,911
Purchases (GBV)	160	41	9,269	12,916
Disposals (WDV)	–	–	(1,154)	(1,305)
Depreciation and impairment	(120)	(104)	(7,916)	(7,748)
Fair value adjustment	–	–	25,946	43,865
Closing balance	737	697	553,784	527,639

### Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

There are no transfers identified in the above table.

### 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

### CONTINGENT LIABILITIES

#### (i) Defined benefit plans

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

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

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

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

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

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

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

- For 180 Point Members, Employers are required to contribute 8% 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 million per annum from 1 July 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. The 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 Entity.

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 \$222,081.66. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2022.

Council's expected contribution to the plan for the next annual reporting period is \$139,084.20.

## E3-1 Contingencies (continued)

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2,290.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits	2,253.6	101.7%

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$87,7754.44 as at 30 June 2023.

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

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

Investment return	6% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% per annum for FY 22/23 2.5% per annum thereafter

\* 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) StateCover Limited

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

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

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

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

### (iii) 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.

### (iv) 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.

## CONTINGENT ASSETS

### (ii) Infringement notices/fines

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

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

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

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



## F People and relationships

### F1 Related party disclosures

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

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

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

\$ '000	2023	2022
<b>Compensation:</b>		
Short-term benefits	1,527	1,435
Post-employment benefits	157	112
Other long-term benefits	194	71
<b>Total</b>	<b>1,878</b>	<b>1,618</b>

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

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

There have been no transactions identified through the related party disclosure process indicating to be any significant disclosures from Key Management Persons during the year ended 30 June 2023.

#### 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	45
Councillors' fees	148	138
Other Councillors' expenses (including Mayor)	111	92
<b>Total</b>	<b>305</b>	<b>275</b>

#### F1-3 Other related parties

There were no other related party transactions identified through the related party disclosure process during the year ended 30 June 2023.

## F2 Other relationships

### F2-1 Audit fees

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

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

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

Audit and review of financial statements

	95	90
<b>Remuneration for audit and other assurance services</b>	<b>95</b>	<b>90</b>

#### Total Auditor-General remuneration

	95	90
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#### Non NSW Auditor-General audit firms

##### (ii) Non-assurance services

Other audit and assurance services

	17	65
<b>Remuneration for non-assurance services</b>	<b>17</b>	<b>65</b>

#### Total remuneration of non NSW Auditor-General audit firms

	17	65
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#### Total audit fees

	112	155
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## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
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<b>Net operating result from Income Statement</b>	<b>10,391</b>	(226)
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	10,743	10,535
(Gain) / loss on disposal of assets	1,398	1,081
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments	(154)	(45)
– Investment property	(25)	(275)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	64	(1,715)
Increase / (decrease) in provision for impairment of receivables	195	91
(Increase) / decrease of other current assets	373	(269)
(Increase) / decrease of contract asset	94	437
Increase / (decrease) in payables	(228)	344
Increase / (decrease) in accrued interest payable	(3)	(1)
Increase / (decrease) in other accrued expenses payable	586	195
Increase / (decrease) in other liabilities	502	96
Increase / (decrease) in contract liabilities	(2,068)	4,872
Increase / (decrease) in employee benefit provision	(91)	(1,594)
<b>Net cash flows from operating activities</b>	<b>21,777</b>	<b>13,526</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

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

#### Property, plant and equipment

Plant and equipment	680	603
Other – Structures	–	793
Other – Infrastructure	2,806	1,254
Other	2,659	235
Road infrastructure	–	211
<b>Total commitments</b>	<b>6,145</b>	<b>3,096</b>

#### These expenditures are payable as follows:

Within the next year	6,145	3,096
<b>Total payable</b>	<b>6,145</b>	<b>3,096</b>

#### Sources for funding of capital commitments:

Future grants and contributions	4,644	2,047
Section 7.12 funds/reserves	–	122
Internally restricted reserves	1,136	927
New loans (to be raised)	365	–
<b>Total sources of funding</b>	<b>6,145</b>	<b>3,096</b>

#### Details of capital commitments

Open Space / Recreational - Burwood Urban Park Arts and Cultural Centre and Burwood Park playspace, sensory garden and pond

Plant & Equipment - trucks and mower

Infrastructure - civil works George Street and Victoria Street and Jackson Park drainage

Buildings - Operations Centre demountables

## 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					
Burwood town centre	1,848	3,192	–	–	89	(1,764)	–	3,365	–
Burwood LGA	373	1,681	–	–	18	(309)	–	1,763	–
<b>Total S7.12 revenue under plans</b>	<b>2,221</b>	<b>4,873</b>	<b>–</b>	<b>–</b>	<b>107</b>	<b>(2,073)</b>	<b>–</b>	<b>5,128</b>	<b>–</b>
S7.4 planning agreements	6,495	4,372	–	–	184	(883)	–	10,168	–
<b>Total contributions</b>	<b>8,716</b>	<b>9,245</b>	<b>–</b>	<b>–</b>	<b>291</b>	<b>(2,956)</b>	<b>–</b>	<b>15,296</b>	<b>–</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.

### G4-2 Developer contributions by plan

	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
\$ '000		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN NUMBER - 94A New LEP									
Burwood town centre	1,848	3,192	–	–	89	(1,764)	–	3,365	–
Burwood LGA	373	1,681	–	–	18	(309)	–	1,763	–
Total	2,221	4,873	–	–	107	(2,073)	–	5,128	–

## 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>(2,537)</b>	<b>(4.26)%</b>	(7.22)%	(7.97)%	(9.41)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>59,623</b>					
<b>2. Own source operating revenue ratio</b>						
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>54,147</b>	<b>73.02%</b>	85.12%	81.89%	54.93%	> 60.00%
Total continuing operating revenue	<b>74,158</b>					
<b>3. Unrestricted current ratio</b>						
Current assets less all external restrictions	<b>27,854</b>	<b>1.91x</b>	2.29x	3.18x	2.96x	> 1.50x
Current liabilities less specific purpose liabilities	<b>14,563</b>					
<b>4. Debt service cover ratio</b>						
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>8,543</b>	<b>6.51x</b>	5.89x	4.99x	2.95x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>1,313</b>					
<b>5. Rates and annual charges outstanding percentage</b>						
Rates and annual charges outstanding	<b>2,342</b>	<b>6.19%</b>	5.64%	4.53%	4.16%	< 5.00%
Rates and annual charges collectable	<b>37,847</b>					
<b>6. Cash expense cover ratio</b>						
Current year's cash and cash equivalents plus all term deposits	<b>19,056</b>	<b>4.01</b>	6.09	6.58	8.34	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>4,753</b>	<b>months</b>	months	months	months	months

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

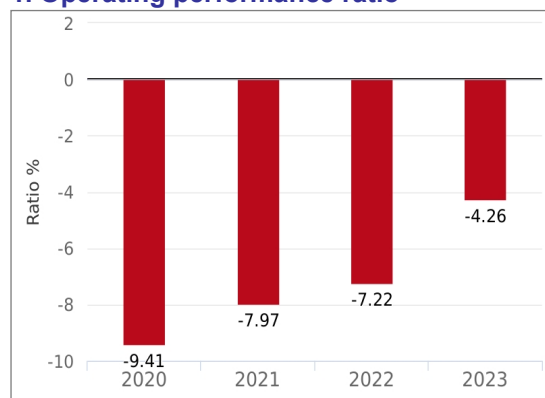
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

## H Unaudited 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 (4.26)%

There has been an improvement on this ratio from past years attributed to improvement in Council's income streams since Covid-19.

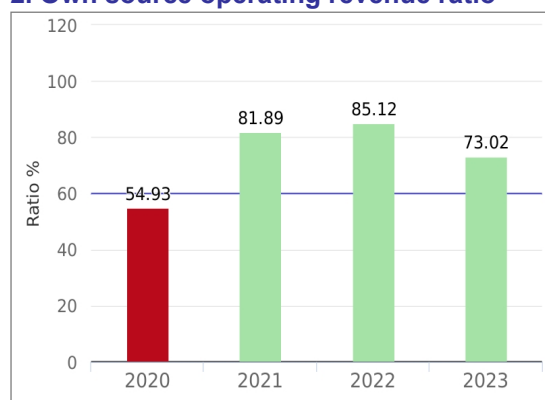
Benchmark: — > 0.00%

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 73.02%

The ratio is above the 60% benchmark. This can be attributed to the increase in rating base and the final year of the special rate variation.

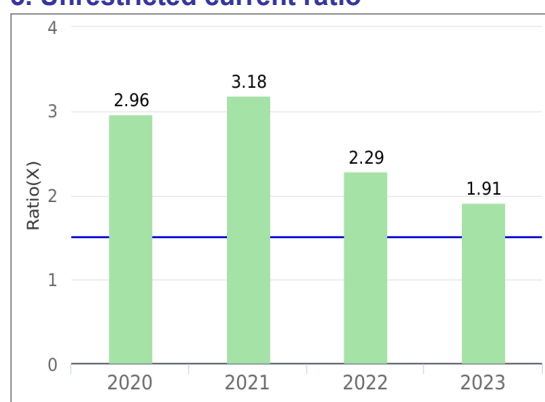
Benchmark: — > 60.00%

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 1.91x

Council's liquidity remains strong and above the 1.50x benchmark.

Benchmark: — > 1.50x

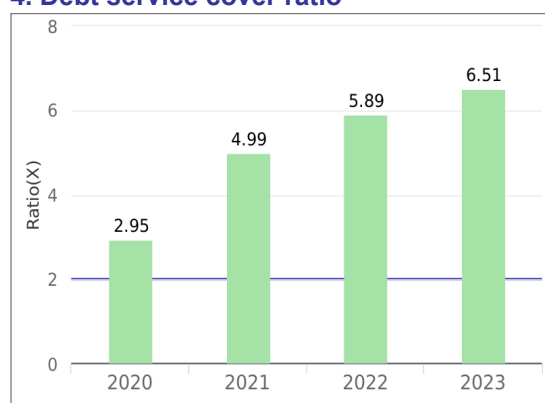
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 6.51x

Council's Debt Service Ratio has continued to increase due to the better than expected Operating Result, coming from increased Grant funding and Developer Contributions.

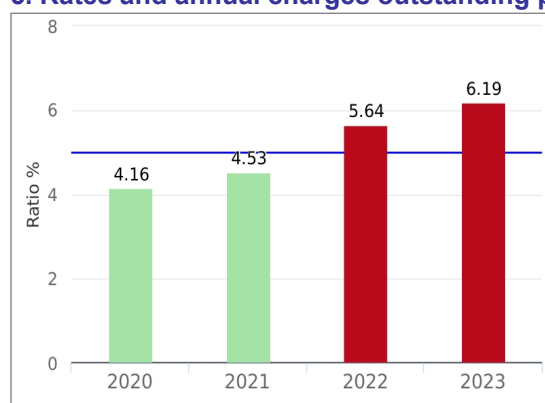
Benchmark: — > 2.00x

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 6.19%

Council has in past years actively pursued the recovery of Rates and Extra Charges, however over the past few years due to Covid-19 Council wound back rates recovery action. During 2023-24 financial year Council will actively commence debt recovery action with the aim to be below the OLG benchmark.

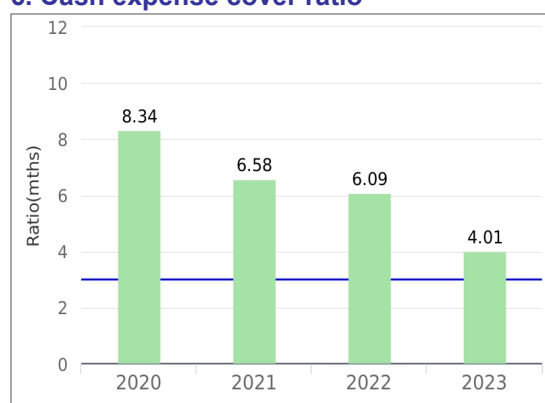
Benchmark: — < 5.00%

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 4.01 months

The ratio remains in excess of the three month benchmark.

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	35,712	34,039	32,400	30,448	28,600
User charges revenue	9,544	6,806	8,245	8,453	11,151
Interest and investment revenue (losses)	1,910	506	549	1,398	1,828
Grants income – operating and capital	10,841	7,910	7,345	6,863	6,949
Total income from continuing operations	74,337	56,314	58,587	85,182	60,681
Sale proceeds from IPPE	140	411	200	401	2,293
New loan borrowings and advances	–	1,000	–	–	1,000
<b>Outflows:</b>					
Employee benefits and on-cost expenses	20,828	19,816	20,376	20,403	19,649
Borrowing costs	337	314	344	378	345
Materials and contracts expenses	29,205	23,773	22,271	24,883	12,943
Total expenses from continuing operations	63,946	56,540	56,112	56,245	49,312
Total cash purchases of IPPE	14,030	16,307	19,627	24,180	13,550
Total loan repayments (incl. finance leases)	978	895	928	891	596
Operating surplus/(deficit) (excl. capital income)	(4,144)	(4,578)	(5,293)	(6,043)	1,367
<b>Financial position figures</b>					
Current assets	28,329	36,447	53,344	62,711	67,176
Current liabilities	22,154	22,646	20,990	22,643	17,791
Net current assets	6,175	13,801	32,354	40,068	49,385
Available working capital (Unrestricted net current assets)	(2,614)	(3,289)	(89)	(1,915)	1,012
Cash and investments – unrestricted	1,847	1,126	2,004	3,173	5,908
Cash and investments – internal restrictions	31,939	31,732	31,821	34,479	33,588
Cash and investments – total	52,606	45,594	47,902	58,031	65,191
Total borrowings outstanding (loans, advances and finance leases)	5,076	5,803	5,486	6,208	6,898
Total value of IPPE (excl. land and earthworks)	671,566	611,665	574,509	568,573	466,495
Total accumulated depreciation	285,450	255,798	238,414	236,891	163,794
Indicative remaining useful life (as a % of GBV)	57%	58%	59%	58%	65%

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



## H1-3 Council information and contact details

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**Principal place of business:**

2 Conder Street  
Burwood NSW 2134

**Mailing address:**

PO Box 240  
Burwood NSW 1805

**Telephone:** 02 9911 9911

**Facsimile:** 02 9911 9900

**Opening hours:**

8:30am to 4:45pm  
Monday to Friday

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

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

**Officers**

**Tommaso Briscese**  
General Manager

**Sarah Seaman**  
Responsible Accounting Officer

**Tanya Whitmarsh**  
Public Officer

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

**Elected members**

**Mayor**  
John Faker

**Deputy Mayor**  
George Mannah

**Councillors**  
Heather Crichton  
Pascale Esber  
Hugo Robinson  
David Hull  
Ned Cutcher

**Other information**

**ABN:** 84 362 114 428



Mr John Faker  
Mayor  
Burwood Council  
PO Box 240  
BURWOOD NSW 1805

Contact: Weini Liao  
Phone no: (02) 9275 7432  
Our ref: R008-16585809-45291/1702

26 October 2023

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Burwood 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	35.7	34.0	5.0
Grants and contributions revenue	20.0	8.3	>100
Operating result from continuing operations	10.4	(0.2)	>100
Net operating result before capital grants and contributions	(4.1)	(4.6)	10.9

Rates and annual charges revenue (\$35.7 million) increased by \$1.7 million (5.0 per cent) in 2022–23 mainly due to rate peg increase of 4.5 per cent.

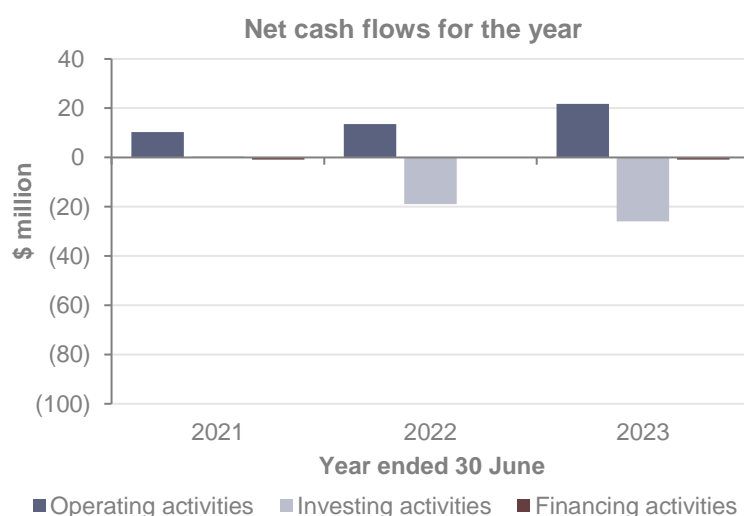
Developer contributions (9.2 million) increased by \$8.7 million because of increased construction activities. This contributes to the increase of:

- Grants and contributions revenue (\$20.0 million) by \$11.7 million (141 per cent) in 2022–23
- the Council's operating result from continuing operations (\$10.4 million including depreciation, amortisation and impairment expense of \$10.7 million) by \$10.6 million.

The net operating result before capital grants and contributions ((\$4.1) million) was \$0.5 million higher than the 2021–22 result. This was attributed by the increase in rating base and the final year of the special rate variation.

## STATEMENT OF CASH FLOWS

Cash, cash equivalents and investments increased by \$7.0 million from \$45.6 million at 30 June 2022 to \$52.6 million at 30 June 2023 mainly due to cash contributions from developers of \$8.7 million.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>52.6</b>	<b>45.6</b>	Externally restricted balances comprise mainly of developer contributions, water and sewer funds.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	18.8	12.7	Cash and cash equivalents and investments increased by \$7.0 million because developer contributions increased from \$421,000 to \$9.2 million resulting from increase in construction activities.
• Internal allocations	31.9	31.7	

## Debt

At 30 June 2023, Council had:

- \$5.1 million in secured loans (\$5.8 million in 2021-22)
- \$120,000 in credit card facility with \$106,000 used.

## PERFORMANCE

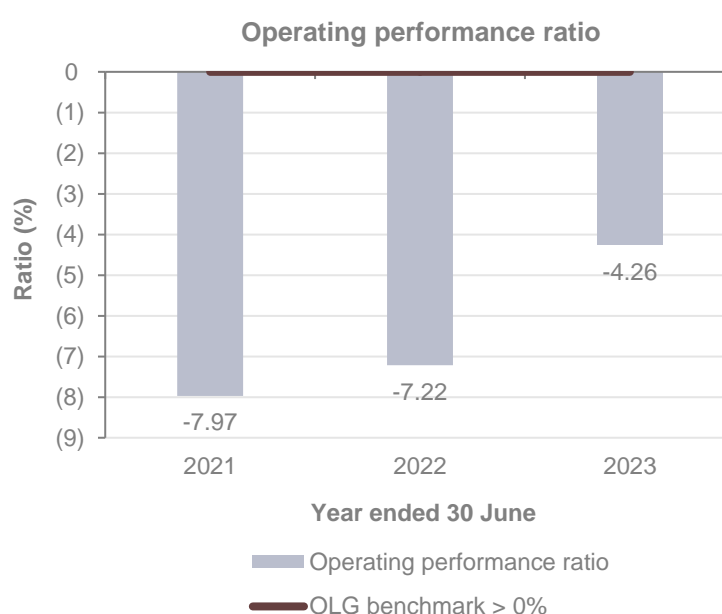
### Performance measures

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

#### Operating performance ratio

The Council did not meet the benchmark for the current reporting period. Total continuing operating revenue excluding capital grants and contributions is less than the Council's operating expenses by \$2.5 million. The ratio has improved from the prior two years.

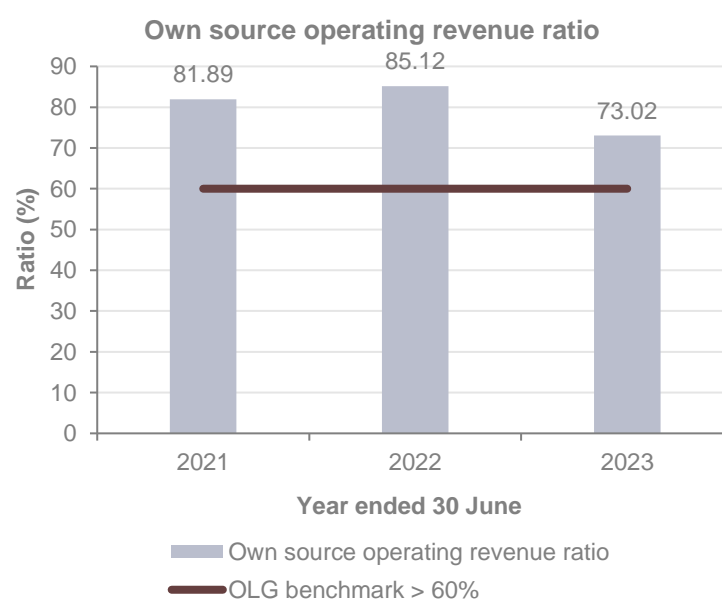
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



#### Own source operating revenue ratio

The Council met the benchmark for the current reporting period.

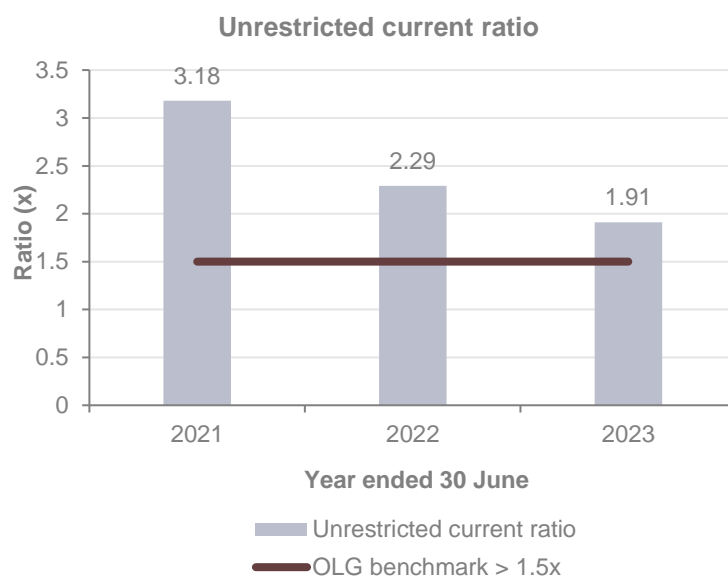
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

The Council met the benchmark for the current reporting period.

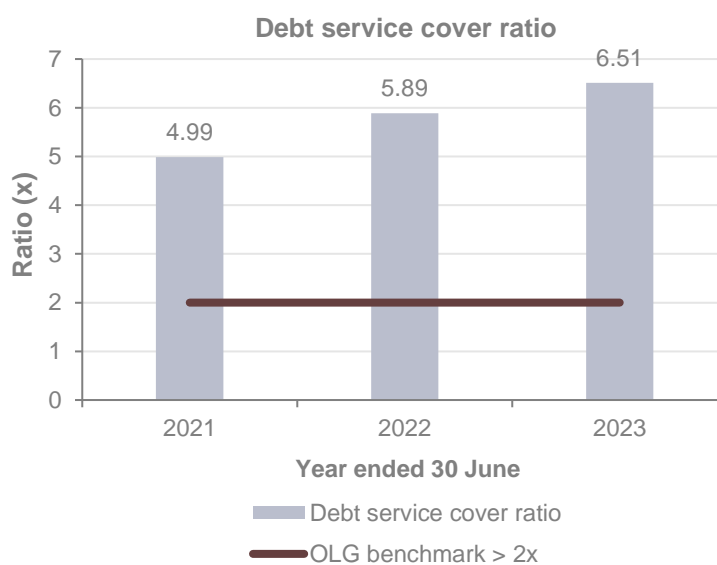
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

The Council met the benchmark for the current reporting period.

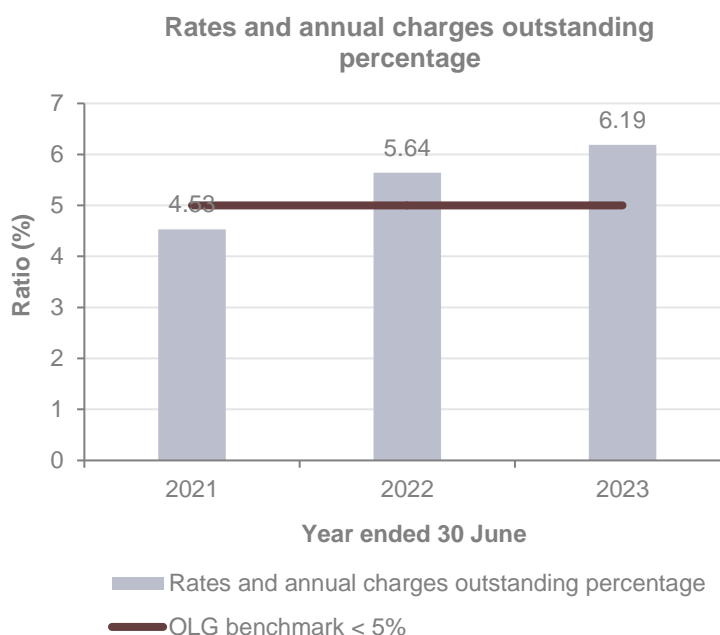
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



## Rates and annual charges outstanding percentage

The Council did not meet the benchmark for the current reporting period. The Council continues to pursue the recovery of uncollected rates and annual charges.

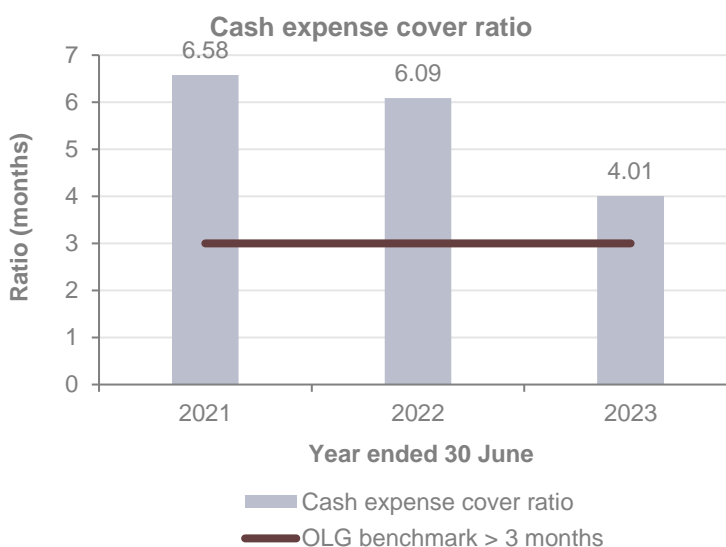
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



## Cash expense cover ratio

The Council met the benchmark for the current reporting period.

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



## Infrastructure, property, plant and equipment renewals

The Council renewed \$9.3 million of infrastructure, property, plant and equipment during the 2022-23 financial year, compared to \$7.3 million in previous year. This was mainly spent on roads and footpaths. A further \$5.5 million was spent on new assets, compared to \$6.7 million in previous 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.



Weini Liao  
Director, Financial Services

Delegate of the Auditor-General for New South Wales

cc: Mr Tommaso Briscese, General Manager  
Mr Daniel Carbone, Chair of the Audit Committee  
Ms Kiersten Fishburn, Secretary of the Department of Planning and Environment



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Burwood Council

To the Councillors of Burwood Council

### Opinion

I have audited the accompanying financial statements of Burwood Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

### Basis for Opinion

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

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

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



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

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

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

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

## **Other Information**

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Weini Liao  
Delegate of the Auditor-General for New South Wales

26 October 2023  
SYDNEY

# Burwood Council

SPECIAL SCHEDULES  
for the year ended 30 June 2023

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*A well connected, sustainable and safe community that  
embraces and celebrates its culture and diversity.*



**Burwood** Inc. 1874  
Burwood Burwood Heights Chagford Craydon Park Ashurst Strathmore

Contents	Page
<b>Special Schedules:</b>	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2023	6

## Burwood 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	27,287	28,867
Plus or minus adjustments <sup>2</sup>	b	339	60
<b>Notional general income</b>	$c = a + b$	<b>27,626</b>	<b>28,927</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>3</sup>	d	4.50%	0.00%
Or rate peg percentage	e	0.00%	3.70%
Plus special variation amount	$h = d \times (c + g)$	1,243	—
Or plus rate peg amount	$i = e \times (c + g)$	—	1,070
<b>Sub-total</b>	$k = (c + g + h + i + j)$	<b>28,869</b>	<b>29,997</b>
Plus (or minus) last year's carry forward total	l	21	23
<b>Sub-total</b>	$n = (l + m)$	<b>21</b>	<b>23</b>
<b>Total permissible income</b>	$o = k + n$	<b>28,890</b>	<b>30,020</b>
Less notional general income yield	p	28,867	29,996
<b>Catch-up or (excess) result</b>	$q = o - p$	<b>23</b>	<b>24</b>
<b>Carry forward to next year <sup>6</sup></b>	$t = q + r + s$	<b>23</b>	<b>24</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.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Burwood Council

To the Councillors of Burwood Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

### Other Information

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Weini Liao  
Delegate of the Auditor-General for New South Wales

26 October 2023  
SYDNEY

## Burwood Council

## Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance <sup>a</sup>	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings – non-specialised	1,409	1,409	190	102	896	5,918	6.0%	14.0%	35.0%	38.0%	7.0%
	Buildings – specialised	3,710	3,710	1,293	1,862	110,281	135,691	43.0%	34.0%	18.0%	4.0%	1.0%
	<b>Sub-total</b>	<b>5,119</b>	<b>5,119</b>	<b>1,483</b>	<b>1,964</b>	<b>111,177</b>	<b>141,609</b>	<b>41.5%</b>	<b>33.2%</b>	<b>18.7%</b>	<b>5.4%</b>	<b>1.2%</b>
Other structures	Other structures	97	97	31	1,015	3,173	4,087	77.0%	15.0%	3.0%	4.0%	1.0%
	<b>Sub-total</b>	<b>97</b>	<b>97</b>	<b>31</b>	<b>1,015</b>	<b>3,173</b>	<b>4,087</b>	<b>77.0%</b>	<b>15.0%</b>	<b>3.0%</b>	<b>4.0%</b>	<b>1.0%</b>
Roads	Roads	55	55	1,554	671	132,338	256,447	25.0%	66.0%	9.0%	0.0%	0.0%
	Other road assets	7	7	86	352	11,759	15,406	77.0%	17.0%	6.0%	0.0%	0.0%
	Footpaths	70	70	836	725	42,291	87,182	12.0%	43.0%	45.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>132</b>	<b>132</b>	<b>2,476</b>	<b>1,748</b>	<b>186,388</b>	<b>359,035</b>	<b>24.1%</b>	<b>58.3%</b>	<b>17.6%</b>	<b>0.0%</b>	<b>0.0%</b>
Stormwater drainage	Stormwater drainage	8,980	8,980	2,793	284	36,741	95,194	11.0%	40.0%	7.0%	33.0%	9.0%
	<b>Sub-total</b>	<b>8,980</b>	<b>8,980</b>	<b>2,793</b>	<b>284</b>	<b>36,741</b>	<b>95,194</b>	<b>11.0%</b>	<b>40.0%</b>	<b>7.0%</b>	<b>33.0%</b>	<b>9.0%</b>
Open space / recreational assets	Swimming pools	505	505	123	768	3,922	6,100	0.0%	7.0%	76.0%	17.0%	0.0%
	Open space / Recreational	145	145	124	3,047	16,557	19,322	61.0%	31.0%	7.0%	1.0%	0.0%
	<b>Sub-total</b>	<b>650</b>	<b>650</b>	<b>247</b>	<b>3,815</b>	<b>20,479</b>	<b>25,422</b>	<b>46.4%</b>	<b>25.2%</b>	<b>23.6%</b>	<b>4.8%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>14,978</b>	<b>14,978</b>	<b>7,030</b>	<b>8,826</b>	<b>357,958</b>	<b>625,347</b>	<b>27.3%</b>	<b>48.2%</b>	<b>16.4%</b>	<b>6.5%</b>	<b>1.6%</b>

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

## Infrastructure asset condition assessment 'key'

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



## Burwood 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>7,864</b>					
Depreciation, amortisation and impairment	<b>7,773</b>	<b>101.17%</b>	81.12%	102.15%	122.55%	> 100.00%
<b>Infrastructure backlog ratio</b>						
Estimated cost to bring assets to a satisfactory standard	<b>14,978</b>					
Net carrying amount of infrastructure assets	<b>363,354</b>	<b>4.12%</b>	6.15%	9.43%	9.63%	< 2.00%
<b>Asset maintenance ratio</b>						
Actual asset maintenance	<b>8,826</b>					
Required asset maintenance	<b>7,030</b>	<b>125.55%</b>	96.33%	104.56%	139.53%	> 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>14,978</b>	<b>2.40%</b>	3.58%	5.50%	5.59%	
Gross replacement cost	<b>625,347</b>					

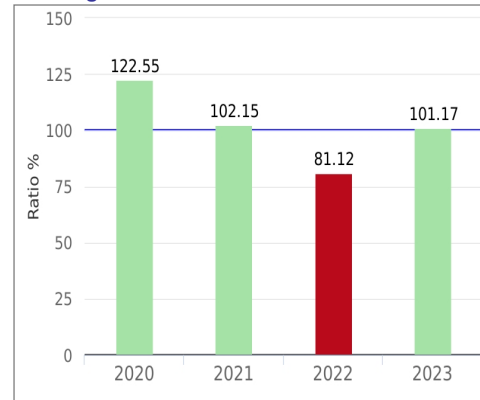
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

## Burwood 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 101.17%

Council during the year continued to embark on an extensive asset management programme and the renewals ratio is slightly higher than 100% as there were some large renewal upgrades.

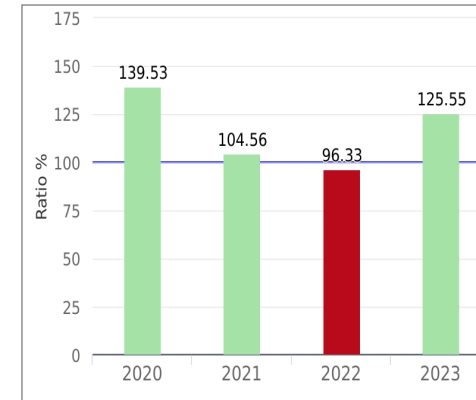
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### Asset maintenance ratio



##### Asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 100 indicates Council is investing enough funds to stop the infrastructure backlog growing.

##### Commentary on result

22/23 ratio 125.55%

Council has shown a positive result for the year expending maintenance funds to manage its assets effectively. Maintenance cycles can vary from time to time which will cause variations in the percentages.

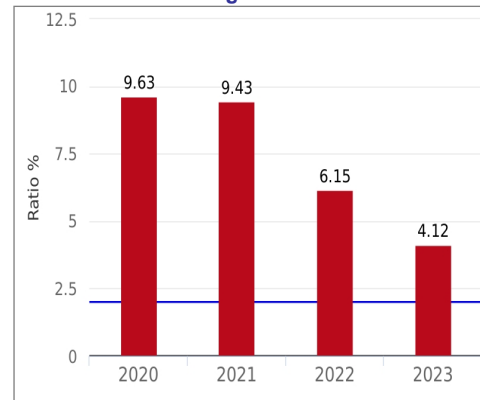
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### Infrastructure backlog ratio



##### Infrastructure backlog ratio

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

##### Commentary on result

22/23 ratio 4.12%

Council has again reduced its backlog with the use of its asset management platform, providing an improved reporting tool in conjunction with Council's strategic asset renewal programme.

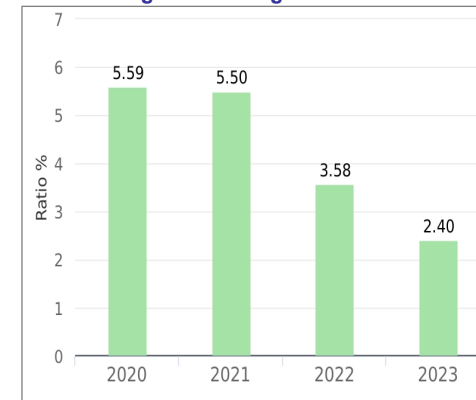
Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### Cost to bring assets to agreed service level



##### Cost to bring assets to agreed service level

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

##### Commentary on result

22/23 ratio 2.40%

Council continues with its strategic asset management programme effectively managing its assets.