

Liverpool City Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2023



Liverpool City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

33 Moore Street
Liverpool NSW 2170

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.liverpool.nsw.gov.au.

Liverpool City Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their council and community.

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements (continued)

Who uses the Financial Statements?

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

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

Council is required to forward an audited set of financial statements to the Office of Local Government within the Department of Planning and Environment.

Liverpool City Council

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

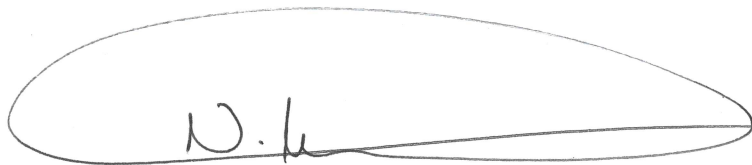
- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements of the AASB, and
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

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

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

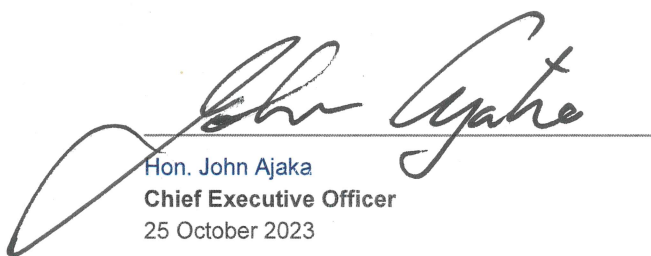
Signed in accordance with a resolution of Council made on 25 October 2023.



Ned Mannoun
Mayor
25 October 2023



Fiona Macnaught
Deputy Mayor
25 October 2023



Hon. John Ajaka
Chief Executive Officer
25 October 2023



Vishwa Nadan
Responsible Accounting Officer
25 October 2023

Liverpool City Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
	Income from continuing operations			
155,434	Rates and annual charges	B2-1	156,677	149,579
18,870	User charges and fees	B2-2	15,801	19,159
12,394	Other revenues	B2-3	10,616	7,958
112,745	Grants and contributions provided for capital purposes	B2-4	145,331	119,537
20,426	Grants and contributions provided for operating purposes	B2-4	31,685	24,210
4,936	Interest and investment income	B2-5	13,688	3,960
4,872	Other income	B2-6	5,156	4,684
1,900	Net gain from the disposal of assets	B4-1	—	—
331,577	Total income from continuing operations		378,954	329,087
	Expenses from continuing operations			
89,593	Employee benefits and on-costs	B3-1	80,440	77,503
83,209	Materials and services	B3-2	98,278	82,758
1,103	Borrowing costs	B3-3	1,174	1,489
47,963	Depreciation, amortisation and impairment of non-financial assets	B3-4	47,162	49,014
3,326	Other expenses	B3-5	3,334	8,380
2,000	Net loss from the disposal of assets	B4-1	2,700	2,344
227,194	Total expenses from continuing operations		233,088	221,488
104,383	Operating result from continuing operations		145,866	107,599
104,383	Net operating result for the year attributable to Council		145,866	107,599
(8,362)	Net operating result for the year before grants and contributions provided for capital purposes		535	(11,938)

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

Liverpool City Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	Restated 2022
Net operating result for the year – from Income Statement		145,866	107,599
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment ¹	C1-6	43,861	222,959
Total other comprehensive income for the year		43,861	222,959
Total comprehensive income for the year attributable to Council		189,727	330,558

(1) Refer to Note G4-2 for more details on restated Infrastructure figures.

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

Liverpool City Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	Restated 2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	175,707	126,730
Investments	C1-2	147,613	136,043
Receivables	C1-4	30,282	26,432
Inventories	C1-5	303	282
Other		1,227	947
Total current assets		355,132	290,434
Non-current assets			
Investments	C1-2	129,094	206,253
Receivables	C1-4	787	293
Infrastructure, property, plant and equipment (IPPE) ¹	C1-6	3,552,949	3,270,694
Intangible assets	C1-7	1,732	1,951
Right of use assets	C2-1	9,705	11,613
Total non-current assets		3,694,267	3,490,804
Total assets		4,049,399	3,781,238
LIABILITIES			
Current liabilities			
Payables	C3-1	40,893	26,402
Income received in advance	C3-1	15	8
Contract liabilities	C3-2	32,567	48,967
Lease liabilities	C2-1	2,799	2,772
Borrowings	C3-3	15,190	12,517
Employee benefit provisions	C3-4	21,084	20,780
Provisions	C3-5	10,608	9,515
Total current liabilities		123,156	120,961
Non-current liabilities			
Payables	C3-1	14,491	12,842
Income received in advance	C3-1	973	585
Contract liabilities	C3-2	19,047	707
Lease liabilities	C2-1	7,337	9,214
Borrowings	C3-3	193,610	135,695
Employee benefit provisions	C3-4	921	847
Provisions	C3-5	1,678	1,928
Total non-current liabilities		238,057	161,818
Total liabilities		361,213	282,779
Net assets		3,688,186	3,498,459
EQUITY			
Accumulated surplus	C4-1	2,300,958	2,155,092
IPPE revaluation reserve ¹	C4-1	1,387,228	1,343,367
Council equity interest		3,688,186	3,498,459
Total equity		3,688,186	3,498,459

(1) Refer to G4-2 for more details on restated Infrastructure numbers.

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

Liverpool City Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		2,155,092	1,343,367	3,498,459	2,047,493	1,120,408	3,167,901
Opening balance		2,155,092	1,343,367	3,498,459	2,047,493	1,120,408	3,167,901
Net operating result for the year		145,866	–	145,866	107,599	–	107,599
Net operating result for the period		145,866	–	145,866	107,599	–	107,599
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment ¹	C1-6	–	43,861	43,861	–	222,959	222,959
Other comprehensive income		–	43,861	43,861	–	222,959	222,959
Total comprehensive income		145,866	43,861	189,727	107,599	222,959	330,558
Closing balance at 30 June		2,300,958	1,387,228	3,688,186	2,155,092	1,343,367	3,498,459

(1) Refer to Note G4-2 for more details on restated Infrastructure figures.

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

Liverpool City Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
Receipts:				
155,287	Rates and annual charges		155,260	148,323
18,376	User charges and fees		12,393	18,215
4,918	Investment revenue and Interest		12,174	3,212
127,273	Grants and contributions		113,785	118,709
–	Bonds, deposits and retentions received		2,378	3,582
16,842	Other		41,991	23,045
Payments:				
(89,593)	Payments to employees		(80,072)	(79,226)
(82,115)	Payments for materials and services		(113,705)	(94,084)
(721)	Borrowing costs		(962)	(1,054)
150,267	Net cash provided from (or used in) operating activities	G1-1	143,242	140,722
Cash flows from investing activities				
Receipts:				
–	Sale of investments		225,000	98,600
75,000	Redemption of term deposits		142,000	50,000
4,500	Proceeds from sale of IPPE		981	923
Payments:				
–	Purchase of investments		(200,780)	(111,841)
–	Acquisition of term deposits		(100,000)	(195,000)
(254,024)	Payments for IPPE		(218,666)	(107,372)
(5,438)	Purchase of intangible assets		(298)	(441)
(179,962)	Net cash provided from (or used in) investing activities		(151,763)	(265,131)
Cash flows from financing activities				
Receipts:				
60,300	Proceeds from borrowings		74,600	96,200
Payments:				
(15,181)	Repayment of borrowings		(14,012)	(10,858)
(1,623)	Principal component of lease payments		(3,090)	(3,010)
43,496	Net cash flow provided from (used in) financing activities		57,498	82,332
13,801	Net change in cash and cash equivalents		48,977	(42,077)
138,925	Plus: cash and cash equivalents – beginning of reporting period		126,730	168,807
152,726	Cash and cash equivalents at end of year	C1-1	175,707	126,730

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

Liverpool City 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 25 October 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 by Liverpool City Council 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.

Basis of preparation

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

Liverpool City Council is a not for-profit entity for the purpose of preparing these financial statements.

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 financial investments and certain classes of infrastructure, property, plant and equipment.

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note E2-1
- (ii) estimated employee benefits, including self-insured workers compensation claims liability – refer Note B3-1
- (iii) estimated hazardous waste remediation costs – refer Note C3-5.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables

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

- 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.

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- General purpose operations

The Trust Fund

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

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

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

Goods and Services Tax (GST)

Liverpool City Council is exempt from both Commonwealth Income Tax and Capital Gains Tax. Council does, however, must comply with both Fringe Benefits Tax and Goods & Services Tax legislations.

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 engages volunteers to help in delivery of some community events. The value of volunteer services Council receives cannot be reliably measured and is therefore not recorded.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (i.e. 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 expected to impact on the Council's future financial statements, financial position, financial performance or cash flows.

New accounting standards adopted during the year

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

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

Significant Events

A1-1 Basis of preparation (continued)

There are no significant events impacting on Councils operations.

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
\$ '000										Restated
Functions or activities										
Providing and maintaining infrastructure	36,821	28,948	87,594	76,613	(50,773)	(47,665)	24,439	18,681	2,532,875	2,299,978
Planning for sustainable development	78,249	73,861	18,302	18,603	59,947	55,258	63,887	67,020	88,789	60,273
Protecting the environment	6,572	11,218	14,183	13,555	(7,611)	(2,337)	182	63	588,269	638,860
Safeguarding public health	41,310	38,393	39,987	38,046	1,323	347	227	–	9,705	11,613
Supporting community development	129,484	122,401	39,796	41,613	89,688	80,788	8,902	7,653	340,718	269,124
Corporate Support	86,518	54,266	33,226	33,058	53,292	21,208	79,379	50,330	489,043	501,390
Total functions and activities	378,954	329,087	233,088	221,488	145,866	107,599	177,016	143,747	4,049,399	3,781,238

B1-2 Components of functions or activities

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

Providing and maintaining infrastructure

Providing an appropriate and affordable level of infrastructure is one important contribution a council makes to its community. For example, councils provide and maintain local roads, bridges, public car parks, footpaths, sporting fields, parks, and art galleries. Outside of metropolitan areas, councils are also responsible for water and sewerage. Councils must consult with their local community about providing and maintaining these public assets.

The Service Delivery Units that delivers this function are:

City Works - Civil Operation	City Works - Open Spaces
Facilities Management	Infrastructure Delivery
Infrastructure Planning	Operational Facilities
Operations Office	Property Assets
Property Services	Strategic Projects

Planning for sustainable development

Councils have a major role in providing long term strategic planning for a local government area as well as town planning, zoning and sub-divisions. They engage communities in key planning decisions that will affect the growth of their communities. They seek to integrate planning for infrastructure with the strategic planning of land use so that infrastructure that supports growth is funded and delivered. In addition, councils are responsible for processing development applications, for building site and compliance inspections, and for ensuring compliance with building regulations.

The Service Delivery Units that delivers this function are:

City Deal	City Planning
Development Assessment	Planning & Compliance Office
Property Strategic Projects	Western Sydney Planning Partnership

Protecting the environment

Councils also have a major role in helping to protect the environment. They have responsibilities under the Protection of the Environment Operations Act 1997 and can issue various protection of the environment notices including clean up, prevention, compliance cost, provision of records and information and noise control notices.

Councils regularly assess the state of their local environment, provide environmental programs, and use their regulatory powers to prevent pollution or restore degraded environments. Councils also have environmental protection responsibilities under other legislation. For example, councils are responsible for noxious weed control under the Biosecurity Act 2015.

They also carry out activities to preserve access and amenity to the environment, such as recycling, street cleaning, regulating parking and management of vegetation including bush land reserves.

The Service Delivery Units that delivers this function are:

Building and Compliance	City Environment
City Works – Bush Regeneration	City Works – Noxious Weeds
Community Standards & Business Support	Litter & Waste Removal (incl. Street Cleaning)
Regulatory Parking	Regulatory Rangers

Supporting community development

Councils regularly consult with and assess the needs of their community with a view to supporting the community and its development. They provide a range of services, including some aimed at groups in the community with special needs. Community services include libraries, sport and recreation facilities, home care services such as 'meals on wheels', swimming pools, playground facilities and childcare centres.

Councils contribute to economic development by working with local businesses, coordinating economic development groups/ activities/events, and providing tourism services and facilities.

The Service Delivery Units that delivers this function are:

B1-2 Components of functions or activities (continued)

Building Cleaning	Bus Shuttle Service
Casula Powerhouse Arts Centre	Children's Services
Civic Events	Community and Lifestyle Office
Community Bus	Community Development & Planning
Community Facilities	Customer Experience
Economy & Commercial Development	Leisure Centres & Sports Development
Libraries and Museum	Major Events

Safeguarding public health

Councils help maintain high standards of public health and reduce the risk of exposure to a wide range of diseases activities such as food shop inspections, waste disposal, pest and vermin control and hazardous material containment. They also ensure public safety through controlling dogs and cats (or companion animals).

The Service Delivery Units that delivers this function are:

Animal Control	Free Microchipping Day
Health	Liverpool Animal Shelter
Waste management	

Corporate Support

Councils frontline service delivery is supported by corporate services function.

The Service Delivery Units that delivers this function are:

CEO Office	Communications
Corporate Strategy & Performance	Corporate Support Office
Council & Executive Services	Financial Services
Governance, Legal & Procurement	Information Technology
Internal Audit	Internal Ombudsman
People & Culture	Risk Management, Safety & Wellness

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	89,216	85,815
Farmland	563	525
Business	22,856	21,799
Less: pensioner rebates	(1,668)	(1,698)
Rates levied to ratepayers	110,967	106,441
Pensioner rate subsidies received	892	928
Total ordinary rates	111,859	107,369
Special rates		
Environmental	1,916	1,860
Town improvement	1,346	1,354
Rates levied to ratepayers	3,262	3,214
Total special rates	3,262	3,214
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	39,919	37,377
Stormwater management services	1,695	1,653
Waste management services (non-domestic)	252	256
Section 611 charges	111	113
Less: pensioner rebates	(718)	(712)
Annual charges levied	41,259	38,687
Pensioner annual charges subsidies received:		
– Domestic waste management	297	309
Total annual charges	41,556	38,996
Total rates and annual charges	156,677	149,579

Accounting policy

Revenue recognition & measurement

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it, and specific criteria have been met for each of the Council's activities as described below. Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Rates and annual charges

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

Rates and annual charges are recognised as revenues when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

Prepaid rates are recognised as a financial liability until the beginning of the rating period.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Domestic waste management services and other special purpose annual levies collected are expended for the purposes for which the contributions were required.

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.

B2-1 Rates and annual charges (continued)

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance a rates payment.

The cost of rebates is shared between the NSW State Government (55%) and Council (45%).

B2-2 User charges and fees

\$ '000	Timing	2023	2022
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Inspection services	2	1,940	2,545
Planning and building regulation	2	4,577	9,305
Section 10.7 certificates (EP&A Act)	2	658	606
Regulatory/ statutory fees	2	372	469
Section 603 certificates	2	325	356
Animal impounding fees	2	33	22
Other	2	81	106
Total fees and charges – statutory/regulatory		7,986	13,409
(ii) Fees and charges – other (incl. general user charges (per s608))			
Childcare	1	2,771	2,254
Parking fees	1	3,279	2,344
Sports field hire	2	133	248
Community hall rental	2	1,367	774
Leaseback fees – Council vehicles	2	55	86
Other	2	210	44
Total fees and charges – other		7,815	5,750
Total other user charges and fees		15,801	19,159
Total user charges and fees		15,801	19,159
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		6,050	4,598
User charges and fees recognised at a point in time (2)		9,751	14,561
Total user charges and fees		15,801	19,159

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

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

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.

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

B2-3 Other revenues

\$ '000	Timing	2023	2022
Ex gratia rates	2	2,167	2,124
Fines – parking	2	2,904	1,990
External works	2	2,389	783
Fines – other	2	402	431
Sales – general	2	760	515
Sales – art galleries	2	326	216
Animal control	2	100	127
Diesel rebate	2	114	103
Compensation – easements	2	14	18
Photocopy income	2	71	35
Legal fees recovery – other	2	260	42
Room hire	2	43	22
Insurance claims recoveries	2	31	3
Long service levy commission	2	2	3
Recycling income (non-domestic)	2	139	159
Other	2	894	1,387
Total other revenue		10,616	7,958
Timing of revenue recognition for other revenue			
Other revenue recognised at a point in time (2)		10,616	7,958
Total other revenue		10,616	7,958

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

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

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	Capital 2023	Capital 2022	Operating 2023	Operating 2022
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	–	–	1,702	3,388
Financial assistance – local roads component	2	–	–	783	1,271
Payment in advance - future year allocation ¹					
Financial assistance – general component	2	–	–	7,372	5,201
Financial assistance – local roads component	2	–	–	2,937	1,960
Amount recognised as income during current year		–	–	12,794	11,820
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Better waste and recycling	2	–	–	221	–
Childcare	2	–	261	5,289	4,776
Aged care	2	–	–	3	–
Community care	1,2	–	–	199	422
Community centres	1,2	460	615	–	–
Bushfire and emergency services	2	–	–	173	170
Cultural services	1,2	7	50	692	156
Drainage	2	7,258	579	122	50
Employment and training programs	2	–	–	40	187
Environmental programs		263	–	–	–
Heritage		–	–	–	–
Library	2	17	–	692	621
LIRS subsidy	1	–	–	147	401
Recreation and culture	1,2	1,163	6,874	352	500
Street lighting	2	–	–	830	813
Town Planning	2	–	–	1,389	1,796
Transport					
- Roads to recovery	1,2	506	656	–	–
- Other roads and bridges	1,2	372	2,682	6,409	339
Roads and bridges	1,2	8,536	6,445	–	–
Other contributions	2	–	69	2,333	2,159
Total special purpose grants and non-developer contributions – cash		18,582	18,231	18,891	12,390
Non-cash contributions					
NSW Rural Fire Services - Plant and equipment	2	566	–	–	–
Total other contributions – non-cash		566	–	–	–
Total special purpose grants and non-developer contributions (tied)		19,148	18,231	18,891	12,390
Total grants and non-developer contributions		19,148	18,231	31,685	24,210
Comprising:					
– Commonwealth funding		3,447	6,183	17,569	16,176
– State funding		14,754	9,325	12,964	7,021
– Other funding		947	2,723	1,152	1,013
		19,148	18,231	31,685	24,210

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

(1) indicates income recognised under AASB 15 or AASB 1058 "over time",

B2-4 Grants and contributions (continued)

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

(1) \$10.31m of the 2022-2023 Financial Assistance Grant from Commonwealth Government was received by Council in June 2023 and hence is reported as 2022-23 income although it relates to 2023-2024 financial year

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Capital 2023	Capital 2022	Operating 2023	Operating 2022
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services		2	59,843	49,812	–	–
Total developer contributions – cash			59,843	49,812	–	–
Non-cash contributions						
S 7.11 – contributions towards amenities/services		2	1,234	14,378	–	–
Dedications - Subdivisions (Other than by S 7.11) ¹		2	57,657	22,418	–	–
Land Under Road		2	7,449	14,698	–	–
Total developer contributions non-cash			66,340	51,494	–	–
Total developer contributions			126,183	101,306	–	–
Total contributions			126,183	101,306	–	–
Total grants and contributions			145,331	119,537	31,685	24,210
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			12,546	5,678	1,750	1,985
Grants and contributions recognised at a point in time (2)			132,785	113,859	29,935	22,225
Total grants and contributions			145,331	119,537	31,685	24,210

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

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

(1) Refer Note C1-6 for valuation methodology

B2-4 Grants and contributions (continued)

Unspent grants and contributions ^{1., 2.}

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants				
Unspent funds at 1 July	4,049	4,303	50,451	26,884
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	134
Add: Funds received and not recognised as revenue in the current year	5,988	2,130	8,132	28,872
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(503)	(601)	(618)	(2,134)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,951)	(1,783)	(9,493)	(3,305)
Unspent funds at 30 June	7,583	4,049	48,472	50,451
Unspent Contributions				
Unspent funds at 1 July	1,285	963	3,844	4,087
Add: Funds received and not recognised as revenue in the current year	599	555	180	53
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	(233)	(182)	(228)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(690)	–	(13)	(68)
Unspent contributions at 30 June	1,194	1,285	3,829	3,844

(1.) Contributors can place restrictions on the application of funds to assist in ensuring that the intended outcomes of the particular program are met. Examples of such conditions are the requirement to provide annual acquittals of expenditure or to return funds at the end of a specific period.

(2.) Contributions received have been for specific project objectives. Funds can only be expended on these programs over the nominated period. Any balance outstanding is refundable.

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include performance obligations within AASB 15 grants e.g. events, vaccinations. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

B2-4 Grants and contributions (continued)

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

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	645	541
– Cash and investments	13,043	3,419
Total interest and investment income (losses)	13,688	3,960

Interest and investment income are attributable to:

Unrestricted investments/financial assets:

Overdue rates and annual charges (general fund)	645	541
General Council cash and investments	3,888	1,149

Restricted investments/funds – external:

Development contributions		
– Section 7.11 – interest on investments	8,589	2,080
Domestic waste management operations	244	101
Other externally restricted assets	322	89

Total interest and investment income	13,688	3,960
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Accounting policy

Council is permitted to set interest rate payable on overdue rates and charges but not exceeding the maximum determined by the Office of Local Government within the Department of Planning, Industry and Environment in accordance with section 566(3) of the *Local Government Act 1993*. For this reporting period, Council applied the maximum permissible interest rate of 6% from 01/07/22 to 30/06/23. (comparative interest rate for last year was 6% from 01/07/21 to 30/06/22).

Interest on cash and investment is recognised using the effective interest rate at the date that interest is earned.

B2-6 Other income

\$ '000	Notes	2023	2022
Rental income			
Other lease income			
Lease income (excluding variable lease payments not dependent on an index or rate)		3,796	3,931
Leaseback fees - council vehicles		729	753
Total other lease income		4,525	4,684
Total rental income	C2-2	4,525	4,684
Fair value increment on investments			
– Fair valuation movements in investments (at Fair Value through Profit and Loss)		619	–
– Fair valuation movements in Civic Risk (at Fair Value through Profit and Loss)		12	–
Total Fair value increment on investments	C1-2	631	–
Total other income		5,156	4,684

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	64,578	65,411
Travel expenses	39	13
Employee leave entitlements (ELE)	11,897	9,146
Superannuation – defined contribution plans	6,903	6,735
Superannuation – defined benefit plans	278	319
Workers' compensation insurance	854	622
Fringe benefit tax (FBT)	259	286
Training costs (other than salaries and wages)	429	205
Other	778	547
Less: capitalised costs	(5,575)	(5,781)
Total employee costs expensed	80,440	77,503
Number of 'full-time equivalent' employees (FTE) at year end	769	746

Accounting policy

Employee benefit expenses are recorded when the service has been provided by the employee. Salaries and on-costs relating to Council staff directly involved in managing and delivery of capital projects are charged to respective projects.

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.

Defined Benefit Plan

(a) Funding agreements and method used to determine the entity's rate of contributions and any minimum funding requirements

Council participates in the pooled employer sponsored defined benefits of the Local Government Superannuation Scheme. Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund. The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working lifetime of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B: 1.9 times employee contribution for non-180 Point Members; Nil for 180 Point Members*

Division C: 2.5% salaries

Division D: 1.64 times employee contribution

*For 180 Point Members, Employers are required to contribute 8% of salaries for the year ending 30th June 2023 (increase 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 additional contributions of \$20 million per annum from 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2023.

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

(b) Extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan.

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

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, or full payment

B3-1 Employee benefits and on-costs (continued)

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.

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

(i) Wind-up of the plan - there are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

(ii) The entity's withdrawal from the plan - there is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

(d) *Further information relating to reasons for accounting for the pooled employer fund as a defined contribution plan:*

(i) The fact that the plan is a defined benefit plan.

(ii) The reasons why sufficient information is not available to enable the entity to account for the plan as a defined benefit multi-employer plan are:

- 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 and have not varied for each employer according to the experience relating to the employees of that employer;
- benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
- the same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors set out 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 the members).

As such there is insufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would be for a single employer sponsored defined benefit plan.

(iii) The expected contributions to the plan for the next annual reporting period is \$ 293,761.56.

(iv) Information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity

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

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

The contribution requirement 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.

The share of the surplus in the scheme is about 0.65%.

Additional contributions are estimated to remain in place i.e. \$129,326.40 additional contributions remaining. However, the Trustee will be reviewing the financial position of the fund on an annual basis and will provide updates.

(v) Indication of the level of participation of the entity in the plan compared with other participating entities

B3-1 Employee benefits and on-costs (continued)

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2023 was \$ 244,299.18. The last valuation of the Fund was performed by Fund Actuary Mr. Richard Boyfield (Fellow of the Institute of Actuaries of Australia) on 30 June 2022.

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		84,312	71,393
Contractor costs		198,624	130,496
Audit Fees	F2-1	200	212
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	543	480
Advertising		162	140
Bank charges		564	531
Election expenses		–	1,064
Electricity and heating		2,172	1,641
Insurance		2,945	2,369
Postage		332	326
Printing and stationery		276	266
Repairs and maintenance		6,111	4,960
Street lighting		3,127	3,468
Subscriptions and publications		581	438
Telephone and communications		321	423
Other expenses		382	140
Legal expenses:			
– Planning and development		1,299	760
– Other		1,058	756
Expenses from leases of low value assets		1,683	1,472
Total materials and services		304,692	221,335
Less: capitalised costs		(206,414)	(138,577)
Total materials and services		98,278	82,758

Accounting policy

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

B3-3 Borrowing costs

\$ '000	2023	2022
(i) Interest bearing liability costs		
Interest on leases	389	439
Interest on loans	4,716	3,146
Total interest bearing liability costs	5,105	3,585
Less: capitalised costs	(3,931)	(2,096)
Total interest bearing liability costs expensed	1,174	1,489
Total borrowing costs expensed	1,174	1,489

Accounting policy

Interest on loans is recognised on an accrual basis. When the debt arrangement is interest free or includes a discount, notional interest payable is calculated and amortised using the effective interest rate method.

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

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

\$ '000	Notes	2023	2022
Depreciation and amortisation			
Plant and equipment		2,869	2,495
Office equipment		706	624
Furniture and fittings		145	148
Land improvements (depreciable)		5	5
Infrastructure:	C1-6		
– Buildings – non-specialised		5,222	10,489
– Other structures		248	206
– Roads		22,855	20,874
– Stormwater drainage		6,798	6,191
– Other open space/recreational assets		4,043	3,625
Right of use assets	C2-1	3,148	3,252
Other assets:			
– Heritage collections		40	41
– Library books		566	576
Intangible assets	C1-7	517	488
Total gross depreciation and amortisation costs		47,162	49,014
Total depreciation and amortisation costs		47,162	49,014
Total depreciation, amortisation and impairment for non-financial assets		47,162	49,014

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets,

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during their assessment.

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

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

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

B3-5 Other expenses

\$ '000	Notes	2023	2022
Impairment of receivables			
Other		140	438
Total impairment of receivables	C1-4	140	438
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		–	4,079

B3-5 Other expenses (continued)

\$ '000	Notes	2023	2022
Fair value decrement on investments - CivicRisk Mutual Limited		–	1,041
Total Fair value decrement on investments	C1-2	–	5,120
Other			
Donations, contributions and assistance to other organisations (Section 356)		773	412
Contributions/levies to other levels of government			
– NSW fire brigade levy		1,512	1,654
– NSW rural fire service levy		338	194
– Emergency services levy (includes FRNSW, SES, and RFS levies)		305	307
– Department of planning levy		156	156
– Australian communication authority		110	99
Total other		3,194	2,822
Total other expenses		3,334	8,380

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2023	2022
Gain (or loss) on disposal of property (excl. investment property)			
Less: carrying amount of property assets disposed		–	(101)
Gain (or loss) on disposal		–	(101)
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		981	923
Less: carrying amount of plant and equipment assets disposed		–	(8)
Gain (or loss) on disposal		981	915
Gain (or loss) on disposal of infrastructure	C1-6		
Less: carrying amount of infrastructure assets disposed		(3,605)	(3,110)
Gain (or loss) on disposal		(3,605)	(3,110)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		225,000	98,600
Less: carrying amount of investments sold/redeemed/matured		(225,000)	(98,600)
Gain (or loss) on disposal		–	–
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		142,000	50,000
Less: carrying amount of term deposits sold/redeemed/matured		(142,000)	(50,000)
Gain (or loss) on disposal		–	–
Gain (or loss) on disposal of intangible assets	C1-7		
Less: carrying amount of intangible assets sold/written off		–	(6)
Gain (or loss) on disposal		–	(6)
Other (Library Books)			
Less: carrying amount of Other – Library Books assets disposed		(76)	(42)
Gain (or loss) on disposal		(76)	(42)
Net gain (or loss) from disposal of assets		(2,700)	(2,344)

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

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	155,434	156,677	1,243	1% F
User charges and fees	18,870	15,801	(3,069)	(16)% U
The variation mainly comprised of the following:				
<ul style="list-style-type: none"> \$1.3m unrealised alternative income stream to replace compliance levy that ceased from 31/12/21 following NSW Government directive. \$0.6m lower than expected income from DA fees which is recognised on determination. \$0.6m lower than expected income from childcare fees. 				
Other revenues	12,394	10,616	(1,778)	(14)% U
The variation is mainly due to lower-than-expected miscellaneous revenue.				
Operating grants and contributions	20,426	31,685	11,259	55% F
The variation mainly comprised of the following:				
<ul style="list-style-type: none"> \$3.8m additional financial assistance grant for 2023/24 received in advance \$5.0m out of \$10.0m NSW Government Pothole Grant recognised in 2022/23 \$1.0m storms and flood grant 				
Capital grants and contributions	112,745	145,331	32,586	29% F
The variation is mainly due to higher than expected developer dedicated assets to Council.				
Interest and investment revenue	4,936	13,688	8,752	177% F
The variation is due to higher market interest and cash holdings.				
Net gains from disposal of assets	1,900	–	(1,900)	(100)% U
The variation is due to delay in disposal of 24 Scott Street Property				
Other income	4,872	5,156	284	6% F

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Employee benefits and on-costs	89,593	80,440	9,153	10% F
The variation in form of salary savings is due to existence of several vacancies across Council.				
Materials and services	83,209	98,278	(15,069)	(18)% U
The variation mainly comprised of the following:				
<ul style="list-style-type: none"> • \$9m increased expenditure on potholes and general road maintenance • \$4.1m outsourcing of DA assessments and other professional services 				
Borrowing costs	1,103	1,174	(71)	(6)% U
Depreciation, amortisation and impairment of non-financial assets	47,963	47,162	801	2% F
Other expenses	3,326	3,334	(8)	0% U
Net losses from disposal of assets	2,000	2,700	(700)	(35)% U
The variation is mainly due to higher than expected written-down value of road surfaces removed for renewal works.				
Statement of cash flows				
Cash flows from operating activities	150,267	143,242	(7,025)	(5)% U
Cash flows from investing activities	(179,962)	(151,763)	28,199	(16)% F
The variation is mainly due to lower than expected expenditure on capital works program.				
Cash flows from financing activities	43,496	57,498	14,002	32% F
The variation is mainly due to higher than expected borrowings during 2022-23.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	983	3,087
Cash equivalent assets		
– Deposits at call	96,146	51,520
– Managed funds	6,578	37,123
– Short-term deposits	72,000	35,000
Total cash and cash equivalents	175,707	126,730

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	175,707	126,730
Balance as per the Statement of Cash Flows	175,707	126,730

Accounting policy

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

C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Financial assets at fair value through the profit and loss				
Non-convertible debentures or floating rate notes	57,613	70,654	29,043	122,885
Mortgage-Backed securities	–	1,926	–	1,866
Civic Risk Mutual	–	6,514	–	6,502
Total	57,613	79,094	29,043	131,253
Financial assets at amortised cost / held to maturity				
Long term deposits	90,000	50,000	107,000	75,000
Total	90,000	50,000	107,000	75,000
Total financial investments	147,613	129,094	136,043	206,253
Total cash assets, cash equivalents and investments	323,320	129,094	262,773	206,253

Accounting policy

Council has an approved Investment Policy to invest in accordance with (and to comply with) section 625 of the *Local Government Act* and section 212 of the *Local Government (General) Regulations 2005*. Investments are placed and managed in accordance with the policy and having regard to authorised investments prescribed under the *Ministerial Local Government Investment Order*. Council maintains its Investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council's investment principles as set out in its investment policy is "to maximise returns while paying due consideration to matters of risk, liquidity and security for its investment".

Council amended its policy following revisions to the *Ministerial Local Government Investment Order* (the Order) arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed; however, they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

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.

C1-2 Financial investments (continued)

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

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

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	452,414	469,026
Less: Externally restricted cash, cash equivalents and investments	(352,134)	(348,528)
Cash, cash equivalents and investments not subject to external restrictions	100,280	120,498
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	44,517	41,427
External restrictions – included in liabilities	44,517	41,427
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	280,963	271,306
Specific purpose unexpended grants – Capital	11,538	12,156
Domestic waste management	1,324	8,556
Environmental levy	5,929	5,890
Edmondson park reserve (unexpended loan)	2,859	2,771
Specific purpose unexpended grants – Operating	414	917
City development fund (previously TIF)	379	738
Better waste and recycling reserve	2	485
Stormwater management	869	759
Other contributions reserve	3,340	3,523
External restrictions – other	307,617	307,101
Total external restrictions	352,134	348,528

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.

Details on externally restricted cash, cash equivalents and investments

Cash, cash equivalents and investments are restricted for prudent financial management purposes as follows:

External Restrictions:

- **Developer contributions** – 100% of cash Developer Contributions levied under Section 7.11 contribution plan, received but not yet expended in accordance with the contributions plan.
- **Unexpended grants** - 100% of cash grants received but not expensed during the year are treated as restricted funds
- **Domestic Waste** - Any cash surplus from operations is held as a restricted asset to fund future capital expenditure or process improvements to the Domestic Waste collection business
- **Stormwater management** – 100% of funds received through the stormwater levy are set aside for various structural and non-structural programs used to reduce urban stormwater pollution. Unspent funds are held as restricted assets.
- **Better Waste and Recycling** – unspent funds received from the NSW Environment Protection Authority (EPA) under Waste Less Recycle More initiative.
- **City Development Fund** (formerly referred to as Town Improvement Fund) – 100% cash collected from this special rate levied on properties within Town Improvement District zone is set aside to fund special projects within the city precinct.

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

- **Collingwood House Restoration Works** – contributions collected under a Voluntary Planning Agreement arrangement towards restoration works at Collingwood House.
- **Edmondson Park** – unspent funds at reporting date from borrowings for Edmondson Park and other projects funded from borrowing under the Local Infrastructure Renewals Scheme are set aside to fund specific projects.
- **Environmental levy** – 100% cash collected from ratepayers are set aside to fund initiatives under Council's Environment Restoration Plan.
- **LIRS** – unspent funds received under NSW Local Infrastructure Renewals Scheme

\$ '000	2023	2022
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(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	100,280	120,498
Less: Internally restricted cash, cash equivalents and investments	(75,046)	(83,882)
Unrestricted and unallocated cash, cash equivalents and investments	25,234	36,616

Internal allocations

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

Loan Reserve	54,208	66,164
Carnes Hill stage 2 precinct development reserve	4,290	4,587
Employees leave entitlement	4,484	4,484
Insurance reserve	1,796	1,796
Parking strategy reserve	2,579	1,714
General property reserve	7,164	5,054
Moorebank voluntary acquisition reserve	–	83
National Intermodal Company LTD	525	–
Total internal allocations	75,046	83,882

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

Details on internally allocated cash, cash equivalents and investments

Internal Allocations:

- **Employee Leave Entitlements** – approximately 20% of the employee leave entitlement provision is set aside to fund extraordinary movements of staff. Normal annual payments of leave entitlements are funded from operating income.
- **General Property** - proceeds from sale of surplus land and buildings set aside for acquisition of other items of property
- **Insurance** – savings on insurance premiums and excess set aside to pay unexpected claims at a future date.
- **Moorebank Voluntary Acquisition** – cash set aside for acquisition of properties on a hazardous floodway alongside the Georges River.
- **Carnes Hill Stage 2** - Proceeds from disposal of 88 Kurrajong Road (DP 1236888) set aside for concept design and planning costs for Carnes Hill Stage 2 development.
- **Parking Strategy** – parking fees revenue collected in the city centre is set aside to fund initiatives that will improve car parking and transport in the CBD.
- **Loan** - unspent funds drawn down from a special purpose loan facility.
- **National Intermodal Ex-Gratia Funds Reserve** – unspent rate-equivalent funds received.

\$ '000	2023	2022
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C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

\$ '000	2023	2022
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	25,234	36,616

C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates and annual charges	11,176	747	10,025	253
Interest and extra charges	699	–	572	–
User charges and fees	8,957	–	5,301	–
Accrued revenues				
– Interest on investments	2,616	–	1,229	–
– Other income accruals	1,459	–	7,938	–
Government grants and subsidies	1,687	–	–	–
Net GST receivable	4,698	–	2,254	–
Other debtors	124	40	119	40
Total	31,416	787	27,438	293
Less: provision for impairment				
User charges and fees	(1,134)	–	(1,006)	–
Total provision for impairment – receivables	(1,134)	–	(1,006)	–
Total net receivables	30,282	787	26,432	293
Externally restricted receivables				
Domestic waste management	4,688	–	2,735	–
Town improvement	145	–	81	–
Stormwater management	159	–	150	–
Other				
– Environmental levy	231	–	143	–
Total external restrictions	5,223	–	3,109	–
Unrestricted receivables	25,059	787	23,323	293
Total net receivables	30,282	787	26,432	293

\$ '000	2023	2022
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	1,006	606
+ new provisions recognised during the year	1,031	902
Unused amounts reversed	(891)	(469)
– amounts already provided for and written off this year	(12)	(34)
Balance at the end of the year	1,134	1,005

C1-4 Receivables (continued)

Accounting policy

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

Impairment

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

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

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

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 365 days past due, whichever occurs first.

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Stores and materials	303	–	282	–
Total inventories at cost	303	–	282	–
Total inventories	303	–	282	–

Accounting policy

Council stocks common use items and the value of these items is held at cost, adjusted where applicable for any loss of service potential.

Inventory items are held at the lower of cost and net realisable value

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 ¹	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
\$ '000														
Capital work in progress	167,152	–	167,152	12,549	187,023	–	–	(104,302)	2	–	–	262,424	–	262,424
Plant and equipment	28,263	(18,134)	10,129	–	567	–	(2,869)	5,816	–	–	–	32,089	(18,446)	13,643
Office equipment	7,742	(5,859)	1,883	–	–	–	(706)	609	–	–	–	8,351	(6,565)	1,786
Furniture and fittings	3,473	(2,615)	858	–	–	–	(145)	103	(1)	–	–	3,576	(2,761)	815
Land:														
– Operational land	322,852	–	322,852	–	–	–	–	41,720	–	(795)	–	363,777	–	363,777
– Community land	333,378	–	333,378	–	–	–	–	21,228	–	–	50,726	405,332	–	405,332
– Crown land	44,074	–	44,074	–	–	–	–	–	–	–	7,463	51,537	–	51,537
– Land under roads (post 30/6/08)	40,949	–	40,949	–	7,450	–	–	5,847	–	–	15,224	69,470	–	69,470
Land improvements – non-depreciable	19,043	–	19,043	–	–	–	–	–	–	–	–	19,043	–	19,043
Land improvements – depreciable	342	(61)	281	–	–	–	(5)	–	–	–	–	342	(66)	276
Infrastructure:														
– Roads	1,743,598	(354,491)	1,389,107	13,118	39,558	(3,075)	(22,855)	5,917	4,120	–	3,165	1,936,996	(507,941)	1,429,055
– Other structures	9,158	(1,568)	7,590	128	–	(26)	(248)	134	538	(1,312)	–	8,240	(1,436)	6,804
– Stormwater drainage	758,384	(128,715)	629,669	1,050	18,099	–	(6,798)	1,317	528	(55,596)	–	822,427	(234,158)	588,269
– Buildings – non-specialised	320,843	(93,380)	227,463	4,758	–	–	(5,222)	2,088	8,861	–	11,853	353,422	(103,621)	249,801
– Other open space/recreational assets	99,039	(24,493)	74,546	1,270	–	(504)	(4,043)	18,974	(14,047)	–	13,133	114,945	(25,616)	89,329
Other assets:														
– Heritage collections	1,654	(1,541)	113	–	–	–	(40)	–	–	–	–	1,654	(1,581)	73
– Library books	4,588	(2,981)	1,607	–	–	(74)	(566)	549	(1)	–	–	4,611	(3,096)	1,515
Total infrastructure, property, plant and equipment	3,904,532	(633,838)	3,270,694	32,873	252,697	(3,679)	(43,497)	–	–	(57,703)	101,564	4,458,236	(905,287)	3,552,949

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Reinstate-ment costs for impaired assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Restated Revaluation movement to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
\$ '000														
Capital work in progress	121,846	–	121,846	10,351	90,152	–	–	–	(55,139)	(58)	–	167,152	–	167,152
Plant and equipment	27,349	(18,378)	8,971	–	–	–	(8)	(2,495)	3,661	–	–	28,263	(18,134)	10,129
Office equipment	7,349	(5,235)	2,114	–	–	–	–	(624)	393	–	–	7,742	(5,859)	1,883
Furniture and fittings	3,434	(2,468)	966	–	–	–	–	(148)	39	1	–	3,473	(2,615)	858
Land:														
– Operational land	291,536	–	291,536	–	–	–	–	–	23,883	–	7,433	322,852	–	322,852
– Community land	325,561	–	325,561	–	–	547	–	–	13,036	–	(5,766)	333,378	–	333,378
– Crown land	44,074	–	44,074	–	–	–	–	–	–	–	–	44,074	–	44,074
– Land under roads (post 30/6/08)	25,639	–	25,639	–	2,163	–	–	–	6,721	(1)	6,427	40,949	–	40,949
Land improvements – non-depreciable	18,053	–	18,053	–	–	–	–	–	990	–	–	19,043	–	19,043
Land improvements – depreciable	342	(56)	286	–	–	–	–	(5)	–	–	–	342	(61)	281
Infrastructure: ²														
– Buildings – non-specialised	397,150	(178,544)	218,606	5,924	1,459	–	(101)	(10,489)	138	(81)	12,007	320,843	(93,380)	227,463
– Other structures	7,520	(1,215)	6,305	–	34	–	–	(206)	41	678	738	9,158	(1,568)	7,590
– Roads	1,544,331	(302,391)	1,241,940	9,954	22,086	–	(2,858)	(20,874)	3,625	1,456	133,778	1,743,598	(354,491)	1,389,107
– Stormwater drainage	672,579	(110,162)	562,417	995	11,374	–	(58)	(6,191)	–	15	61,117	758,384	(128,715)	629,669
– Other open space/recreational assets	85,948	(18,689)	67,259	3,882	–	–	(194)	(3,625)	2,064	(2,065)	7,225	99,039	(24,493)	74,546
Other assets:														
– Heritage collections	1,654	(1,501)	153	–	–	–	–	(41)	–	1	–	1,654	(1,541)	113
– Library books	4,281	(2,603)	1,678	–	–	–	(42)	(576)	548	(1)	–	4,588	(2,981)	1,607
Total infrastructure, property, plant and equipment	3,578,646	(641,242)	2,937,404	31,106	127,268	547	(3,261)	(45,274)	–	(55)	222,959	3,904,532	(633,838)	3,270,694

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

(2) Refer to Note G4-2 for more details on restated Infrastructure figures.

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

Accounting policy

(i) Acquisition of assets

Council's non-current assets are progressively revalued (over a 5-year period) in accordance with the fair valuation policy as mandated by the Office of Local Government within the Department of Planning, Industry and Environment.

At reporting date, the following classes of infrastructure, property, plant and equipment were stated at their fair value:

- Plant and equipment (as approximated by depreciated historical cost)
- Office equipment (as approximated by depreciated historical cost)
- Furniture & Fittings (as approximated by depreciated historical cost)
- Operational land: unrestricted (external valuation)
- Operational land: zoned with restrictions (external valuation)
- Community land (external valuation)
- Land under roads: post 30 June 2008 - (Internal valuation)
- Land improvements (as approximated by depreciated historical cost)
- Buildings – specialised/non-specialised (internal and external valuation)
- Other structures (Internal and external valuation)
- Road assets - roads, bridges and footpaths (Internal and external valuation)
- Bulk earthworks (Internal and external valuation)
- Drainage assets (Internal and external valuation)
- Other open space/recreational assets (Internal and external valuation)
- Other assets (as approximated by depreciated historical cost)

(ii) Initial recognition

On initial recognition, an asset's cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition. Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date – being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

(iii) Subsequent costs

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.

(iv) Asset revaluations (including indexation)

IPP&E are held at fair value. In accounting for asset revaluations relating to infrastructure, property, plant and equipment

- increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve,
 - to the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss,
 - net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income Statement.
- At each reporting period, Council assesses whether there is any indication that carrying amount of assets may differ materially from current fair value. If any such indication exists, Council determines the asset's fair value and revalue the asset to that amount.

Comprehensive revaluations are undertaken for each asset class based upon their revaluation cycle. In between the revaluation cycle years, Council use producer price index to adjust the carrying amounts all assets. Below table explains each asset class revaluation cycle details.

Asset Class	Revaluation Cycle	Last Revaluation	Forthcoming Revaluation
Roads, bridges, footpaths, drainage, bulk earth works, other road assets	4 years (in line with council's Asset Management Plan)	30 th June 2023	30 th June 2027
Other structures, Other Open Space/recreational assets	4 years (in line with council's Asset Management Plan)	30 th June 2023	30 th June 2027
Land under roads	5 years	30 th June 2023	30 th June 2028
Community land	3 years (in line with VG's Valuation report)	30 th June 2023	30 th June 2026
Crown Land	5 years	30 th June 2023	30 th June 2028
Operational Land & Buildings	4 years (in line with council's Asset Management Plan)	30 th June 2022	30 th June 2026

(v) Capitalisation thresholds

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

Items of infrastructure, property, plant and equipment costing in excess of \$1000 are capitalised.

(vi) Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is initially calculated using their design lives tabulated below and allocated on a straight-line method. Land is not depreciated.

Plant and equipment	5 to 10 years
Office equipment	5 to 10 years
Furniture & Fittings	5 to 10 years
Land improvements	100 years
Buildings	20 to 100 years
Other structures/Open Space	5 to 100 years
Bridges	40 to 100 years
Road assets	20 to 200 years
Channels	100 years
Culverts	40 to 100 years
Pipes	80 to 150 years
GPT	90 to 150 years
Pits	80 to 150 years
Bulk earthworks	Infinite
Car Parks	20 to 200 years
Kerbs	100 to 150 years
Pathways	20 to 70 years
Bus shelter/stops	20 to 50 years
Retaining Walls	40 to 80 years
Traffic Management Devices	20 to 100 years
Other Assets	5 to 20 years

All asset useful lives are reviewed and adjusted (if appropriate) at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount - refer note C1-6 on asset impairment.

(vii) Disposal and derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(viii) Dedicated Assets

Section 7.4 of the *Environmental Planning and Assessment Act 1979 (NSW)* provides NSW Councils a legal framework to enter into planning agreements. These are voluntary agreements where the developer may dedicate land, pay monetary contributions, or provide a material public benefit (or a combination of these) which the council must then apply toward a public purpose. These assets are valued at asset replacement unit rates. The value of such assets received during the reporting year is included in the Income Statement as "Grants & Contributions provided for capital purposes" and forms part of Council's asset base at reporting date.

(ix) Land

Land (other than land under roads) is in accordance with Part 2 of Chapter 6 of the *Local Government Act (1993)* classified as either operational or community.

Land under roads

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

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

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

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

Council uses average unit value of the land within council area to value land under roads. Land value is determined by the Valuer General and discounted by 90% using Englobo method to reflect the restricted use of land under roads.

The value of land under roads dedicated to Council in the current year is included in Income Statement as "Grants & Contributions provided for Capital Purposes" and forms part of Council's asset base at reporting date.

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.

Impairment of assets

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed 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.

Where an asset is not held principally for cash-generating purposes (for example infrastructure assets) and would be replaced if the Council was deprived of it, then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Rural Fire Service assets

Under section 119 of the *Rural Fires Act 1997*, 'all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed'.

LCC has assessed the RFS firefighting equipment that are vested under its control and recognised the carrying value of those assets in its financial statements

C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
Software		
Opening values at 1 July		
Gross book value	3,164	2,798
Accumulated amortisation	(1,213)	(794)
Net book value – opening balance	1,951	2,004
Movements for the year		
Other movements	225	160
Purchases	81	344
Amortisation charges	(517)	(488)
Gross book value written off	(8)	(75)
Accumulated amortisation charges written off	–	6
Closing values at 30 June		
Gross book value	3,454	3,164
Accumulated amortisation	(1,722)	(1,213)
Total software – net book value	1,732	1,951
Total intangible assets – net book value	1,732	1,951

Accounting policy

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

C2 Leasing activities

C2-1 Council as a lessee

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

Buildings

Council leases land and buildings for their corporate offices and other buildings; the leases are generally between 2 and 7 years and some of them include a renewal option to allow Council to renew for up to twice the noncancellable lease term at their discretion.

The building leases contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

Vehicles

Council leases vehicles and equipment with lease terms varying from 2 to 3 years; the lease payments are fixed during the lease term and renewal options are at council's discretion.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 3 and 4 years, renewal options are at council's discretion. Payments are fixed, however some of the leases include variable payments based on usage.

Plant and Equipment

Council leases plant and equipment with lease terms varying from 2 to 7 years; the lease payments are fixed during the lease term and renewal options are at council's discretion.

Extension options

Council includes options in the building leases to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

There are no potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is not reasonably certain.

C2-1 Council as a lessee (continued)

(a) Right of use assets

\$ '000	Plant and Equipment	Vehicles	Land and Buildings	Office and IT Equipment	Total
2023					
Opening balance at 1 July	7,022	889	3,660	42	11,613
Additions	–	928	313	–	1,241
Depreciation charge	(1,169)	(864)	(1,074)	(41)	(3,148)
Impairment	–	–	–	–	–
Balance at 30 June	5,853	952	2,899	1	9,705
2022					
Opening balance at 1 July	–	816	4,714	83	5,613
Additions	8,192	980	81	–	9,253
Depreciation charge	(1,169)	(907)	(1,135)	(41)	(3,252)
Impairment	–	–	–	–	–
Balance at 30 June	7,022	889	3,660	42	11,613

(b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	2,799	7,337	2,772	9,214
Total lease liabilities	2,799	7,337	2,772	9,214

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2023					
Cash flows	3,116	7,799	–	10,915	10,136
2022					
Cash flows	3,133	8,579	1,327	13,039	11,986

(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	389	439
Depreciation of right of use assets	3,148	3,252
Expenses relating to low-value leases	1,683	1,472
	5,220	5,163

C2-1 Council as a lessee (continued)

\$ '000	2023	2022
(e) Statement of Cash Flows		
Total cash outflow for leases	5,163	4,917
	5,163	4,917

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

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

– property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-6).

\$ '000	2023	2022
(i) Assets held as property, plant and equipment		
Details of the PPE leases		
Council provides operating leases on Council buildings for the purpose of rent, the table below relates to operating leases on assets disclosed in C1-6.		
Lease income relating to variable lease payments not dependent on an index or a rate	3,796	3,898

C2-2 Council as a lessor (continued)

\$ '000	2023	2022
Other Lease Income		
Leaseback Fees - Council Vehicles	729	786
Total income relating to operating leases for Council assets	4,525	4,684

(ii) 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	—	2,742
Total undiscounted lease payments to be received	—	2,742

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.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Payables				
Goods and services – operating expenditure	9,314	–	9,202	–
Accrued expenses:				
– Borrowings	817	–	605	–
– Other expenditure accruals	24,702	–	11,524	–
Advances	65	–	33	–
Security bonds, deposits and retentions	4,158	14,491	3,429	12,842
Prepaid rates	1,837	–	1,609	–
Total payables	40,893	14,491	26,402	12,842
Income received in advance				
Payments received in advance	15	973	8	585
Total income received in advance	15	973	8	585
Total payables	40,908	15,464	26,410	13,427

Payables relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Externally restricted assets				
Domestic waste management	1,203	–	–	–
Payables relating to externally restricted assets	1,203	–	–	–
Internally restricted assets				
Loan Funded- Liverpool Civic Place	17,296	–	–	–
Payables relating to internally restricted assets	17,296	–	–	–
Total payables relating to restricted assets	18,499	–	–	–
Total payables relating to unrestricted assets	22,409	15,464	26,410	13,427
Total payables	40,908	15,464	26,410	13,427

C3-1 Payables (continued)

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	1,039	857
Total payables	1,039	857

Accounting policy

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

The financial liabilities of the Council comprise trade payables, bank and other loans and finance lease liabilities.

These amounts represent liabilities for goods and services provided to the 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
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	18,468	18,970	38,294	—
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	6,664	—	2,551	582
Unexpended capital contributions (to construct Council controlled assets)	(i)	426	—	380	—
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	1,257	—	1,227	—
Total grants received in advance		26,815	18,970	42,452	582
User fees and charges received in advance:					
Other		5,752	77	6,515	125
Total user fees and charges received in advance		5,752	77	6,515	125
Total contract liabilities		32,567	19,047	48,967	707

Notes

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

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

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

\$ '000	2023	2022
User fees and charges received in advance:		
Other	—	—
Total revenue recognised that was included in the contract liability balance at the beginning of the period	—	—

Significant changes in contract liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control. Previously, revenue was recognised on receipt of the funds.

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 ¹	15,190	193,610	12,517	135,695
Total borrowings	15,190	193,610	12,517	135,695

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

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

Borrowings relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Externally restricted assets				
LIRS Borrowings	1,445	2,270	2,309	3,715
Borrowings relating to externally restricted assets	1,445	2,270	2,309	3,715
Total borrowings relating to restricted assets	1,445	2,270	2,309	3,715
Total borrowings relating to unrestricted assets	13,745	191,340	10,208	131,980
Total borrowings	15,190	193,610	12,517	135,695

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

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

(a) Changes in liabilities arising from financing activities

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	148,212	60,588	–	–	–	–	208,800
Lease liability (Note C2-1 (b))	11,986	(1,850)	–	–	–	–	10,136
Total liabilities from financing activities	160,198	58,738	–	–	–	–	218,936

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	62,870	85,342	–	–	–	–	148,212
Lease liability (Note C2-1b))	5,744	6,242	–	–	–	–	11,986
Total liabilities from financing activities	68,614	91,584	–	–	–	–	160,198

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Bank overdraft facilities	500	500

C3-3 Borrowings (continued)

\$ '000	2023	2022
Credit cards/purchase cards	551	551
Standby credit facilities	3,500	3,500
Bank Guarantees	5,000	5,000
Total financing arrangements	9,551	9,551
Drawn facilities		
– Credit cards/purchase cards	6	5
– Bank Guarantees	4,340	4,053
Total drawn financing arrangements	4,346	4,058
Undrawn facilities		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	545	546
– Standby credit facilities	3,500	3,500
– Bank Guarantees	660	947
Total undrawn financing arrangements	5,205	5,493

Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loan terms and conditions, including repayments

Security over loans

In accordance with Section 229 of the *Local Government (General) Regulation 2005*, (NSW), all loans are secured as a charge of Council's general income.

Bank overdrafts

During the current and prior year, Council did not use its bank overdraft facility.

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest 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. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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 finance cost.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

C3-4 Employee benefit provisions

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Annual leave	7,573	–	8,390	–
Sick leave	134	–	128	–
Long service leave	12,241	921	11,247	847
Other leave	1,136	–	1,015	–
Total employee benefit provisions	21,084	921	20,780	847

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 – employee's benefits	14,685	15,596
	14,685	15,596

Description of and movements in non-employee benefit provisions

Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

C3-5 Provisions

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
Other provisions				
Self-insurance – workers compensation	803	1,678	868	1,928
Other	3,164	–	2,064	–
Sub-total – other provisions	3,967	1,678	2,932	1,928
Asset remediation/restoration:				
Asset remediation/restoration (future works)	3,820	–	4,251	–
Site Contamination	2,821	–	2,332	–
Sub-total – asset remediation/restoration	6,641	–	6,583	–
Total provisions	10,608	1,678	9,515	1,928
Internally restricted assets				
Other	2,227	–	–	–
Provisions relating to internally restricted assets	2,227	–	–	–
Total provisions relating to unrestricted assets	8,381	1,678	9,515	1,928
Total provisions	10,608	1,678	9,515	1,928

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

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

Description of and movements in provisions

\$ '000	Other provisions			
	Self insurance	Asset remediation	Other	Total
2023				
At beginning of year	2,796	6,583	2,064	11,443
Additional provisions	–	2,597	2,887	5,484
Amounts used (payments)	–	(2,539)	(1,712)	(4,251)
Unused amounts reversed	(315)	–	(75)	(390)
Total other provisions at end of year	2,481	6,641	3,164	12,286
2022				
At beginning of year	3,640	5,946	1,314	10,900
Additional provisions	–	2,222	1,686	3,908
Amounts used (payments)	–	(1,585)	(811)	(2,396)
Unused amounts reversed	(844)	–	(125)	(969)
Total other provisions at end of year	2,796	6,583	2,064	11,443

Nature and purpose of provisions

Hazardous Waste Remediation/Site Contamination

Various sites within the Liverpool LGA were identified as contaminated with hazardous waste and requires appropriate Environment Protection Authority (EPA) approved remediation procedures. Provision is made for estimated costs to carry out identified works.

Self-insurance: Workers Compensation

Council is a licenced self-insurer for the purposes of workers compensation and as such is required to demonstrate to the State Insurance Regulatory Authority (SIRA) its financial viability to meet its outstanding claims liability. Provision for self-insurance is based on annual actuarial valuation. Council engaged Bruce Watson Consulting Pty Ltd to conduct valuation of its outstanding claims liability as at 30 June 2023. The estimated liability is projected based on Council's current and past claims

C3-5 Provisions (continued)

in accordance with SIRA estimation guidelines. Following SIRA's assessment of the actuarial report, Council is also required to provide a bank guarantee as security against its outstanding claims liability – refer Note E3-1.

Other

Council has recognised estimated costs of other known obligations at the end of reporting period.

Accounting policy

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

D Council structure

D1 Interests in other entities

Council has no interest in any controlled entities, joint arrangements or associates.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

\$ '000	Carrying value 2023	Carrying value 2022	Fair value 2023	Fair value 2022
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	175,707	126,730	175,707	126,730
Receivables	31,069	26,725	31,069	26,725
Investments				
– Debt securities at amortised cost	140,000	182,000	140,000	182,000
Fair value through profit and loss				
Investments				
– Held for trading	136,707	160,296	136,707	160,296
Total financial assets	483,483	495,751	483,483	495,751
Financial liabilities				
Payables	55,384	39,244	55,384	39,244
Loans/advances	208,800	148,212	208,800	148,212
Total financial liabilities	264,184	187,456	264,184	187,456

Fair value is determined as follows:

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

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

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

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

The risks associated with the financial instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.

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

- **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	2,337	2,456
Impact of a 10% movement in price of investments		
– Equity / Income Statement	13,019	15,379

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

(b) Credit risk

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

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
2023				
Gross carrying amount	–	11,176	747	11,923
2022				
Gross carrying amount	–	9,586	692	10,278

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts 0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	Total
2023						
Gross carrying amount	14,589	374	976	141	4,200	20,280
Expected loss rate (%)	0.45%	9.15%	28.81%	30.63%	14.47%	5.09%
ECL provision	66	34	281	43	608	1,032
2022						
Gross carrying amount	13,903	1,826	70	452	1,203	17,454
Expected loss rate (%)	0.61%	13.23%	33.17%	7.53%	51.64%	5.76%
ECL provision	85	242	23	34	621	1,005

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

(c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk – 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 maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2023							
Payables	3.89%	36,735	4,158	14,491	–	55,384	55,384
Borrowings	3.89%	–	15,190	59,310	134,300	208,800	208,800
Total financial liabilities		36,735	19,348	73,801	134,300	264,184	264,184
2022							
Payables	3.64%	16,271	22,973	–	–	39,244	39,244
Borrowings	3.64%	–	12,518	43,040	92,654	148,212	148,212
Total financial liabilities		16,271	35,491	43,040	92,654	187,456	187,456

E2-1 Fair value measurement

The Council measures the following assets and liabilities at fair value on a recurring basis.

- Financial assets - Investments
- Infrastructure, property, plant and equipment

Fair value hierarchy

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 - Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Council:

E2-1 Fair value measurement (continued)

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022 Restated	2023	2022 Restated	2023	2022 Restated
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss – designated at fair value on initial recognition		136,707	160,296	–	–	136,707	160,296
Total financial assets		136,707	160,296	–	–	136,707	160,296
Infrastructure, property, plant and equipment							
Plant, equipment, furniture and fittings	C1-6	–	–	–	–	–	–
– Operational land		247,358	247,358	116,419	75,494	363,777	322,852
– Community land		–	–	405,332	333,378	405,332	333,378
– Land under roads		–	–	69,470	40,949	69,470	40,949
– Buildings (specialised and non-specialised)		53,097	53,097	196,704	174,366	249,801	227,463
– Roads, Bridges & Footpaths		–	–	1,429,055	1,389,107	1,429,055	1,389,107
– Storm water drainage		–	–	588,269	629,669	588,269	629,669
– Other assets		–	–	184,821	160,124	184,821	160,124
Total infrastructure, property, plant and equipment		300,455	300,455	2,990,070	2,803,087	3,290,525	3,103,542
Non-recurring fair value measurements							

E2-1 Fair value measurement (continued)

Valuation techniques

The Council's financial assets relate investments in Floating Rate Notes and Mortgage-Backed Securities. Investments in Floating Rate Notes and Mortgage-Backed Securities are reported at market values. The information included under Note C1-2 for Term Deposits is considered sufficient to meet the Fair Value disclosures requirements.

The Council does not have any liabilities which are fair valued.

Financial Assets - Investments

Investments are measured at Level 2 Inputs.

Investments in Floating Rate Notes and Reverse Back Mortgages are carried at fair value. Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

The valuation method used for the reporting year for financial assets listed above is consistent with prior years' measurement techniques.

Infrastructure, property, plant and equipment (IPPE)

Council reported Infrastructure, Property, Plant and Equipment using Level 2 (Significant Observable Inputs) as buildings and operational Land were comprehensively revalued by external valuer as at 30th June 2022 and all the other infrastructure asset classes are comprehensively revalued at 30th June 2023 by an external valuer.

Valuation processes

Council's infrastructure assets (Roads, Drainage, Bridges, Footpath and Parks assets) are annually indexed to reflect their current replacement cost (CRC). The written down value of Plant & Equipment, Office Equipment, Heritage and Library books are considered a close proxy for their fair values therefore are not revalued. A comprehensive revaluation of Infrastructure assets and Buildings, Community, Operational Land and Land under Roads assets is carried out every 3-5 years cycle in accordance with the fair valuation policy as mandated by the Office of Local Government within the Department of Planning, Industry and Environment. Further details of the revaluations policy are provided under note A1-1(l).

Buildings

The Council engaged external, independent and qualified valuers to determine the fair value of the Council's buildings. Buildings were comprehensively revalued as at 30 June 2022 and the fair values were determined by APV.

APV have used a mix of valuation techniques such as cost and market techniques and various valuation hierarchies that are available under the Fair value measurement hierarchy model.

Land (Operational, Community and Land Under Road)

The Council engaged external, independent and qualified valuers to determine the fair value of Operational Land. Operational land was comprehensively revalued as at 30th June 2022 by APV.

APV have used a mix of valuation techniques such as cost and market techniques and various valuation hierarchies that are available under the Fair value measurement hierarchy model to value Operational Land.

The fair value of Operational land has been determined by referencing it to current prices in an active market for similar properties. Where such information is not available, current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences are considered. Appropriate adjustments are also made for the inherent features of the property such as fire-prone, flood zonings and usability of the land.

Community Land is valued using the Valuer General's valuations and Land Under Road (LUR) is valued at the average unit rate derived from Valuer General's (VG) land values discounted by 90%. The fair value for community land has been determined using the Valuer General (VG) land values and appropriate adjustments are also made for decline in value due to contamination

Both Community Land & Land under roads has been comprehensively revalued as at 30th June 2023 using Valuer General's (VG) land values and for LUR it is discounted by 90% using Englobe method.

Each class of assets for Property Plant and Equipment are revalued on a 3 to 5 year cycle using various methods; Independent external valuation for Building and Operational Land, Valuer General land values for Community Land and Land under Roads,

E2-1 Fair value measurement (continued)

depreciated cost for Plant & Equipment, library books etc. Council uses external independent valuer to determine the fair value of Infrastructure assets (Roads, Bridges Drainage & Open Space etc.).

Current use of councils's assets noted above reflects the highest and best use

Valuation techniques used in level 3 measurement:

Class	Valuation Technique(s)	Unobservable Inputs
Plant & Equipment, Office Equipment, Furniture & Fittings	Cost Approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Operational land	Market approach, Cost approach	Price per sqm & type of usage
Community land	Market approach. Land values obtained from the NSW Valuer-General	Land value, land area, level of restriction
Crown Land	Market approach. Land values obtained from the NSW Valuer-General	Land value, land area, level of restriction
Land under roads	Market approach. Land values obtained from the NSW Valuer-General discounted using Englobo	Extent and impact of use, market cost of land per square metre, restrictions. The market value of land varies significantly depending on the location of the land and current market conditions.
Buildings	Cost Approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value & Unit rates
Other structures	Cost Approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value & Unit rates
Roads (including bridges, footpaths, Kerb & Gutter, bulk earthworks) and other similar assets	Cost Approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value & Unit rates
Stormwater drainage	Cost Approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value & Unit rates
Library Books	Cost Approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value
Heritage Collections	Cost Approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value

Fair value measurements using significant unobservable inputs (level 3)

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

\$ '000	Total IPP&E 2023	2022
Opening balance	2,803,087	2,937,404
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	43,861	222,959
Other movements		
WIP Transfers	104,300	(366,612)
Purchases (GBV)	85,998	57,871
Disposals (WDV)	(3,679)	(3,261)
Depreciation and impairment	(43,497)	(45,274)
Closing balance	2,990,070	2,803,087

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

- **Civic Risk West and Civic Risk Mutual**

Council is member of Civic Risk West and Civic Risk Mutual schemes (now managed by Civic Risk Mutual Limited) providing insurance to Local Government.

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

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

- **Bank Guarantees**

Workers Compensation Self Insurance

Council is a self-insurer for Workers Compensation and as a condition of its self-insurance license requires either a Term Deposit or Bank Guarantee to be held based on Actuarial Assessment.

Council Actuarial Assessment as at 30 June this year recommended that the current Bank Guarantee of \$3.31 million be increased to **\$3.31** million. At the time of preparing the Annual Financial Statements the actuarial assessment and the recommended increase had not been reviewed and confirmed by State Insurance Regulatory Authority (SIRA).

Sydney Water Corporation

Council undertakes various roadworks in the Liverpool LGA which may, in some instances, require relocating Water mains belonging to Sydney Water Corporation. Prior to commencement of the work Council is required to lodge a bank guarantee or provide a cash bond to Sydney Water Corporation. As at 30 June this year, Sydney Water Corporation held bank guarantees for a total amount of \$ 0.734 million issued in its favour by Council bank.

2. Other liabilities

(i) Third party claims

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

1. Council has identified future claims resulting from its planning and compliance determinations. Council and its legal representatives are working with affected developers and landowners to resolve disagreements and compensation claims. At the time of reporting a reliable estimate of potential liability is not available.
2. Council is continuing to identify sites within the local government area containing hazardous materials which require remediation works. Cost to Council to carry out these works is not known.
3. Council has been notified of Common Law Works Compensation Claim proceedings. Cost of compensation for economic loss due to on-going incapacity to work as a result of the injury at work is not known.
4. Council in collaboration with NSW State Government is participating in Moorebank Voluntary Acquisition Scheme which involves progressive acquisition of 175 properties within the floodway of the Georges River. To date Council has purchased 116 properties and 59 properties remain to be purchased to complete the scheme and is currently projected to take another 50-70 years. The cost of acquisition is shared by the Council (33%) and NSW State Government (67%). All the time of reporting a reliable cost exposure to Council is not available.

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

Council has classified a number of privately owned land parcels as Local Open Space or Bushland.

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

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

E3-1 Contingencies (continued)

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

Fines & 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 at year end is to accrue a percentage of outstanding notices based on history or actual fines.

(iii) American Express Corporate Card Reward Points

Council earns reward points on its American Express Corporate Card Program and is only available for redemption for business travel and accommodation purposes. The value of points redeemed during the year is recognised as notional income and expenditure. At the end of reporting period, Council had accrued balance of 46.60 million points with an estimated value of \$ 0.23 million which was not recognised as an asset.

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 comprising of the following :

- (a) Mayor;
- (b) Councillors;
- (c) Chief Executive Officer;
- (d) Directors; and
- (e) The Responsible Accounting Officer

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	3,385	2,774
Post-employment benefits	324	228
Other long-term benefits	–	–
Termination benefits	1,164	490
Total	4,873	3,492

(b) Other transactions with KMP and their related parties/entities

Council has determined that there were no material transactions at arm's length with KMP and their related parties as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP).

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:		
Councillors' fees	348	324
Mayoral fee	92	90
Other Councillors' expenses (including Mayor)	103	66
Total	543	480

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:

Audit and other assurance services

Audit and review of financial statements

	200	212
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Remuneration for audit and other assurance services

	200	212
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Total Auditor-General remuneration

	200	212
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Total audit fees

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
Net operating result from Income Statement	145,866	107,599
Add / (less) non-cash items:		
Depreciation and amortisation	47,162	49,014
(Gain) / loss on disposal of assets	2,700	2,344
Non-cash capital grants and contributions	(66,906)	(51,494)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(631)	5,120
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(4,472)	(6,735)
Increase / (decrease) in provision for impairment of receivables	128	400
(Increase) / decrease of inventories	(21)	7
(Increase) / decrease of other current assets	(280)	2,180
Increase / (decrease) in payables	112	(840)
Increase / (decrease) in accrued interest payable	212	435
Increase / (decrease) in other accrued expenses payable	13,178	3,943
Increase / (decrease) in other liabilities	3,033	4,246
Increase / (decrease) in contract liabilities	1,940	25,683
Increase / (decrease) in employee benefit provision	378	(1,723)
Increase / (decrease) in other provisions	843	543
Net cash flows from operating activities	143,242	140,722

(b) Non-cash investing and financing activities

Section 7.11 Developer contributions 'in kind'	1,233	14,378
Dedications	65,674	37,116
Total non-cash investing and financing activities	66,907	51,494

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

Liverpool Civic Place	60,684	133,696
Buildings	4,017	2,172
Drainage	8,109	7,104
Parks	7,000	2,576
Roads	17,593	8,032
Other – IT Equipment	1,704	620
Other - Plant and Fleet	–	869
Total commitments	99,107	155,069

The following were contractually committed as at 30 June 2023

Liverpool Civic Place	11,011	–
Buildings	476	–
Drainage	44	–
Parks	654	–
Roads	7,946	–
Other – IT Equipment	15	–
Total contractually committed	20,146	–

The following were non-contractually committed as at 30 June 2023

Liverpool Civic Place	49,673	–
Buildings	3,541	–
Drainage	8,065	–
Parks	6,345	–
Roads	9,648	–
Other – IT Equipment	1,689	–
Total non-contractually committed	78,962	–

Sources for funding of capital commitments:

Unrestricted general funds	9,259	13,600
Sect 64 and 7.11 funds/reserves	7,896	7,916
Grants and Contributions	17,593	7,236
Stormwater reserves	2,115	1,252
Internally restricted reserves (Carnes Hill Stage 2 / Parking Strategy / General Property)	4,561	4,800
Loan reserves	57,683	115,765
Developer Rights/DA Fees	–	4,500
Total sources of funding	99,107	155,069

Details of capital commitments

The council has committed to the below capital projects:

- The construction of Liverpool Civic Place by Built Development Group P/L is scheduled to be completed in FY 2023-24.
- Project timeline for Pye Hill Reserve extended as the design took longer than anticipated due to the site's challenging topography.
- Project timeline for Flood detention basins 14 in Edmondson Park extended due to land acquisition and determination of compensations.
- 59 Ninth Avenue Austral and adjacent sites Former RFS project commencement delayed due to delay of acquisitions of adjacent properties.

G2-1 Commitments (continued)

- Various roads, bridges and footpaths projects run over 2 financial years.

G3-1 Events occurring after the reporting date

Subsequent Events

The cost to complete Liverpool Civic Place Project has been revised upwards to \$219.3 million. This increase is attributed to significant post-covid increases in material and labour costs, supply-chain delays and as well as variations to fit-out designs. Council at its meeting on 30 August 2023 resolved to borrow additional \$23 million to complete the project. Council's loan application was approved by NSW Treasury Corporation on 20 October 2023.

G4 Changes from prior year statements

G4-1 Changes in accounting policy

Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

Changes in accounting policies due to adoption of new accounting standards

Council has not adopted any new accounting standards.

G4-2 Correction of errors

Council has corrected the following in Note C1-6, IPPE at 30 June 2022:

1. Accumulated depreciation of infrastructure assets. The value has increased by \$36.4m to reflect the impact of indexation in lieu of a comprehensive revaluation on accumulated depreciation. This adjustment has changed the closing balance of accumulated depreciation of infrastructure assets for financial year 2021-22.
2. Replacement Cost of Buildings. The value has increased by \$2.8m accounting for cost of five new building assets that were not included. Accumulated depreciation on these buildings amounting to \$378k was also taken into account.

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

Statement of Financial Position

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Infrastructure, property, plant and equipment (IPPE)	3,304,635	(33,941)	3,270,694
Total non-current assets	3,524,745	(33,941)	3,490,804
Total assets	3,815,179	(33,941)	3,781,238
Net assets	3,532,400	(33,941)	3,498,459
IPPE revaluation reserve	1,377,308	(33,941)	1,343,367
Total equity	3,532,400	(33,941)	3,498,459

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Gain (loss) on revaluation of infrastructure, property, plant and equipment	256,900	(33,941)	222,959
Other comprehensive income	256,900	(33,941)	222,959
Total comprehensive income for the year	364,499	(33,941)	330,558

G4-3 Changes in accounting estimates

Council made no changes in accounting estimates during the year.

G5 Statement of developer contributions as at 30 June 2023

G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	42,265	11,767	141	59	1,290	(12,629)	–	42,693	–
Roads	1,201	868	–	–	47	2	–	2,118	–
Parking	7,717	1,644	–	–	254	(985)	–	8,630	–
Roads & Traffic Facilities	28,015	3,418	58	24	920	(168)	–	32,185	–
Local Open Space	101,048	35,163	650	274	3,138	(40,635)	–	98,714	–
Embellishment of Local Open Space	28,050	5,130	–	–	1,048	(754)	–	33,474	–
Community Facilities (Local)	32,991	759	14	6	969	42	–	34,761	–
Community Facilities (District)	7,176	533	–	–	217	(45)	–	7,881	–
Tree Planting Other	7,187	53	–	–	209	11	–	7,460	–
Professional & Legal Fees (Other)	2,635	45	–	–	78	(52)	–	2,706	–
Administration Fees	(774)	456	5	2	17	(291)	–	(592)	–
Implementation	4,361	5	–	–	127	7	–	4,500	–
Other- Moorebank Intermodal	9,434	–	–	–	270	(3,271)	–	6,433	–
S7.11 contributions – under a plan	271,306	59,841	868	365	8,584	(58,768)	–	280,963	–
Total S7.11 and S7.12 revenue under plans	271,306	59,841	868	365	8,584	(58,768)	–	280,963	–
Total contributions	271,306	59,841	868	365	8,584	(58,768)	–	280,963	–

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.

G5-2 Developer contributions by plan ¹

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from	
		Cash	Non-cash Land	Non-cash Other						
CONTRIBUTION PLAN – Liverpool City Centre Contribution Plan										
Parking	7,717	1,644	–	–	254	(985)	–	8,630	–	
Community Facilities (District)	1,127	28	–	–	33	2	–	1,190	–	
Roads & Traffic Facilities	2,965	–	–	–	86	4	–	3,055	–	
Embellishment of Local Open Space	13,736	1,429	–	–	423	(465)	–	15,123	–	
Total	25,545	3,101	–	–	796	(1,444)	–	27,998	–	
CONTRIBUTION PLAN – 2009 Plan										
Drainage	25,297	1,598	–	–	754	39	–	27,688	–	
Roads & Traffic Facilities	2,662	929	–	–	154	(195)	–	3,550	–	
Local Open Space	16,652	1,350	–	–	502	21	–	18,525	–	
Community Facilities (Local)	25,575	39	–	–	746	38	–	26,398	–	
Community Facilities (District)	5,442	140	–	–	162	8	–	5,752	–	
Embellishment of Local Open Space	(1,771)	336	–	–	113	6	–	(1,316)	–	
Tree Planting Other	7,187	53	–	–	209	11	–	7,460	–	
Professional & Legal Fees (Other)	2,127	33	–	–	63	(34)	–	2,189	–	
Administration Fees	(720)	28	–	–	4	(25)	–	(713)	–	
Implementation	4,361	5	–	–	127	7	–	4,500	–	
Total	86,812	4,511	–	–	2,834	(124)	–	94,033	–	
CONTRIBUTION PLAN – Edmondson Park										
Drainage	6,315	113	–	–	183	(314)	–	6,297	–	
Roads & Traffic Facilities	16,223	673	–	–	481	25	–	17,402	–	
Local Open Space	1,912	631	–	–	12	(4,039)	–	(1,484)	–	
Community Facilities (Local)	5,907	35	–	–	172	9	–	6,123	–	
Embellishment of Local Open Space	6,188	87	–	–	180	9	–	6,464	–	
Professional & Legal Fees (Other)	544	12	–	–	15	(18)	–	553	–	
Administration Fees	(361)	4	–	–	–	(15)	–	(372)	–	
Total	36,728	1,555	–	–	1,043	(4,343)	–	34,983	–	
CONTRIBUTION PLAN – Austral Leppington North										
Drainage	(1,397)	9,673	141	59	–	(12,320)	–	(4,044)	–	
Community Facilities (Local)	1,374	685	14	6	47	(5)	–	2,101	–	
Roads & Traffic Facilities	3,722	1,816	58	24	128	(6)	–	5,660	–	
Local Open Space	74,782	33,182	650	274	2,401	(36,629)	–	73,736	–	
Embellishment of Local Open Space	1,111	169	–	–	35	2	–	1,317	–	
Administration Fees	265	363	5	2	9	(213)	–	424	–	
Total	79,857	45,888	868	365	2,620	(49,171)	–	79,194	–	

G5-2 Developer contributions by plan ¹ (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN NUMBER – Moorebank Intermodal									
Other– Moorebank Intermodal	9,434	–	–	–	270	(3,271)	–	6,433	–
Total	9,434	–	–	–	270	(3,271)	–	6,433	–
CONTRIBUTION PLAN NUMBER - East Leppington									
Drainage	11,520	43	–	–	334	(35)	–	11,862	–
Roads & Traffic Facilities	2,443	–	–	–	71	4	–	2,518	–
Local Open Space	7,702	–	–	–	223	12	–	7,937	–
Embellishment of Local Open Space	147	–	–	–	4	–	–	151	–
Administration Fees	133	–	–	–	4	–	–	137	–
Total	21,945	43	–	–	636	(19)	–	22,605	–
CONTRIBUTION PLAN - Established areas									
Drainage	530	340	–	–	19	1	–	890	–
Roads	1,201	868	–	–	47	2	–	2,118	–
Embellishment of Local Open Space	8,639	3,109	–	–	293	(306)	–	11,735	–
Community Facilities (District)	607	365	–	–	22	(55)	–	939	–
Community Facilities (Local)	135	–	–	–	4	–	–	139	–
Professional & Legal Fees (Other)	(36)	–	–	–	–	–	–	(36)	–
Administration Fees	(91)	61	–	–	–	(38)	–	(68)	–
Total	10,985	4,743	–	–	385	(396)	–	15,717	–

(1) Council levies Section 7.11 & 7.12/ 7.11 & 7.12A Contributions upon various development across the Council area through the required Contributions Plans. As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans. As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists using Council's General Funds. These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Council's intention to spend funds in the matter and timing set out in those Plans.

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	2,744	1.18%	(1.93)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	232,992			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	201,307	53.21%	56.32%	> 60.00%
Total continuing operating revenue ¹	378,323			
3. Unrestricted current ratio				
Current assets less all external restrictions	126,869	2.11x	2.30x	> 1.50x
Current liabilities less specific purpose liabilities	60,267			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	51,080	2.79x	3.03x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	18,276			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	12,622	7.51%	6.80%	< 5.00%
Rates and annual charges collectable	168,172			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	315,707	17.88 months	19.68 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	17,653			

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

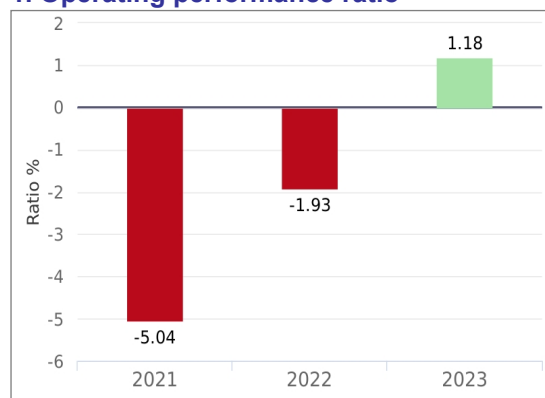
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio 1.18%

A better than benchmark operating result is mainly due the following:

- financial assistance grants received in advance.
- Increase in income from investments due to improved market interest.
- Decrease in depreciation on building infrastructure

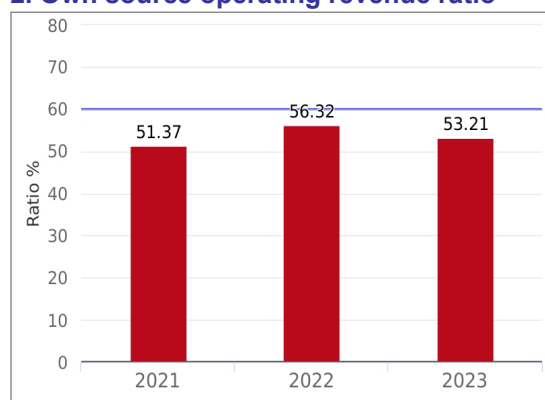
Benchmark: — > 0.00%

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 53.21%

Yearly fluctuations to own source operating revenue as a percentage of total operating revenue is due to levels of developer contributions (both cash and non-cash) received which is reflective of the growth activities in the LGA.

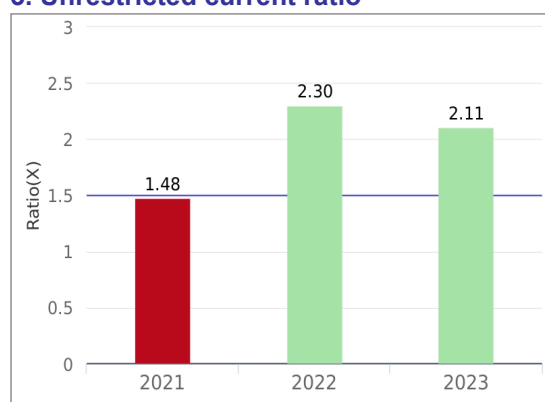
Benchmark: — > 60.00%

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 2.11x

Council adopted a short-term investment strategy due to uncertainty in market interest rates and held significant amount of cash at bank to meet its contractual payment obligations. As a result, the unrestricted current ratio is significantly above industry benchmark.

Benchmark: — > 1.50x

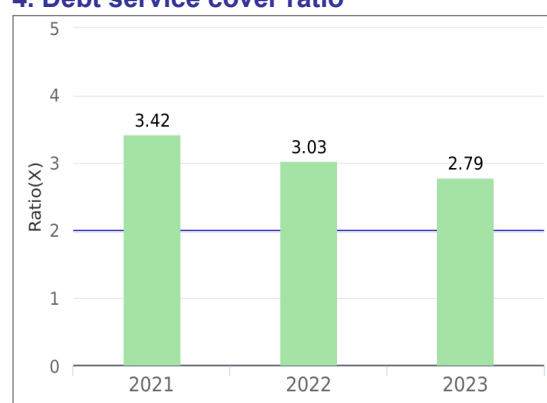
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2.79x

Despite significant borrowing for the Liverpool Civic Place project and 600 Cowpasture Road property acquisition, Council maintained its ability to service its debt obligation at above industry benchmark level.

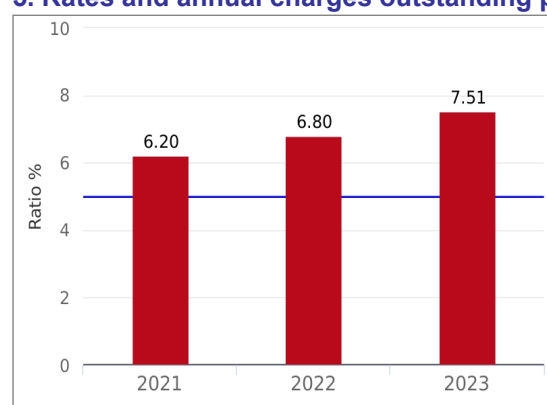
Benchmark: — > 2.00x

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 7.51%

There is an industry trend of ratepayers deferring their rate payments to a later date mainly due to inflationary pressures on cost of living.

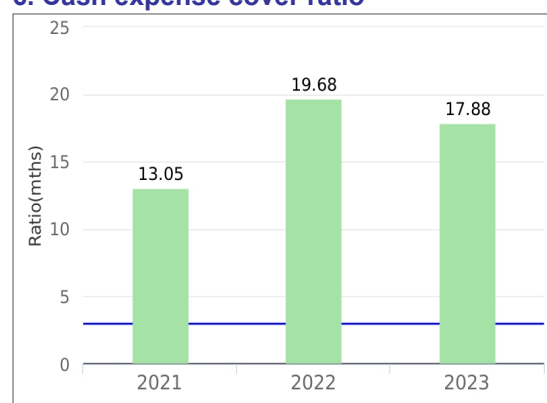
Benchmark: — < 5.00%

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 17.88 months

The code only accounts for cash on hand and term deposits when calculating this ratio. Floating Rate Notes (FRN's) which is more liquid than term deposits are excluded. Notwithstanding this, Council's cash expense cover ratio is significantly higher than industry benchmark.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

33 Moore Street
Liverpool NSW 2170

Contact details**Mailing Address:**

Locked Bag 7064
Liverpool BC NSW 1871

Telephone: 1300 362 170

Opening hours:

8:30am - 5:00pm
Monday to Friday

Internet: <http://www.liverpool.nsw.gov.au>

Email: lcc@liverpool.nsw.gov.au

Officers**Chief Executive Officer**

John Ajaka

Responsible Accounting Officer

Vishwa Nadan

Public Officer

David Galpin

Auditors

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

Elected members**Mayor**

Ned Mannoun

Councillors

Ali Karnib
Charisma Kaliyanda
Karess Rhodes
Mazhar Hadid
Nathan Hagarty
Peter Harle
Mel Goodman
Betty Green
Fiona Macnaught
Richard Ammoun

Other information

ABN: 84 181 182 471



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Liverpool City Council

To the Councillors of Liverpool City Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



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

31 October 2023
SYDNEY



Councillor Ned Mannoun
Mayor
Liverpool City Council
33 Moore Street
LIVERPOOL NSW 2170

Contact: Lawrissa Chan
Phone no: 02 9275 7255
Our ref: R008-16585809-46423

31 October 2023

Dear Mayor

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

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

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

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

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	156.7	149.6	↑ 4.7
Grants and contributions revenue	177.0	143.7	↑ 23.2
Operating result from continuing operations	145.9	107.6	↑ 35.6
Net operating result before capital grants and contributions	0.5	(11.9)	↑ 104.2

Rates and annual charges revenue (\$156.7 million) increased by \$7.1 million (4.7%) in 2022–23 due to the rate peg increase of one per cent, an additional special variation of one per cent and changes in the number of assessments.

Grants and contributions revenue (\$177.0 million) increased by \$33.3 million (23.2%) in 2022–23 due to:

- increase of \$24.9 million of developer contributions recognised during the year
- increase of \$6.5 million of grants recognised received for infrastructure and childcare
- receipt of 98 per cent of the financial assistance grants for 2023–24 in advance (75 per cent in 2021–22).

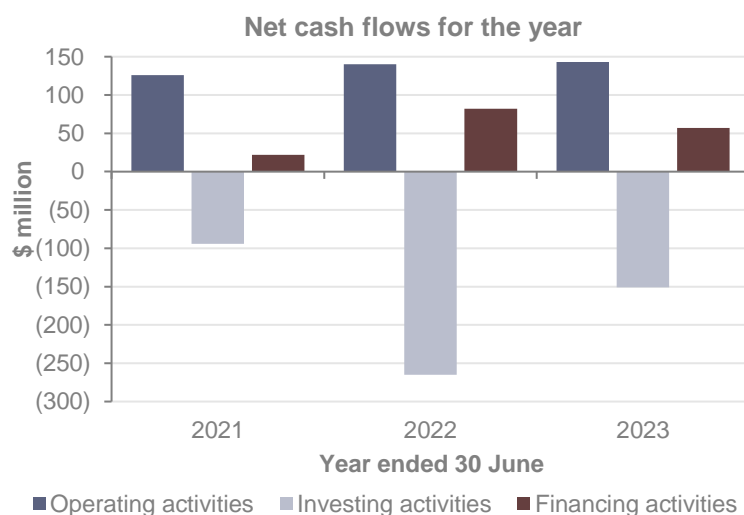
The Council's operating result from continuing operations (\$145.9 million including depreciation, amortisation and impairment expense of \$47.2 million) was \$38.3 million higher than the 2021–22 result. This is due to an overall increase in revenue and a lower increase in expenses.

The net operating result before capital grants and contributions (\$0.5 million) was \$12.4 million higher than the 2021–22 result, mainly due to the higher rates and annual charges, other revenues, and interest income, partly offset by a lower increase in expenses.

STATEMENT OF CASH FLOWS

Council's cash and cash equivalents was \$175.7 million (\$126.7 million for the year ended 30 June 2022). There was a net increase in cash and cash equivalents of \$49.0 million at 30 June 2023.

- Net cash flows provided from operating activities amounted to \$143.2 million, which has remained steady compared to prior years.
- Net cash flows used in investing activities decreased by \$113.3 million. This is due to a reduction in outflows from term deposits and investments by \$224.5 million, which is offset by an increase in payments for IPPE by \$111.3 million.
- Net cash flows provided from financing activities decreased by \$24.8 million, mainly due to a decrease in proceeds from borrowings by \$21.6 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	452.4	469.0	Externally restricted balances comprise mainly of developer contributions and specific purpose unexpended grants and their use are restricted by externally imposed requirements. Council's externally restricted cash and investments have remained consistent with the prior year. Internal allocations are determined by council policies or decisions, which are subject to change. Internally allocated balances have decreased by \$8.9 million, primarily due to a \$12 million reduction in loan reserve.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	352.1	348.5	
• Internal allocations	75.0	83.9	

Debt

At 30 June 2023, Council had:

- \$208.8 million in secured loans (\$148.2 million in 2021–22)
- \$5.0 million in bank guarantees with \$4.3 million used
- \$4.0 million in approved overdraft facility that was not drawn down
- \$0.6 million in credit card facility.

PERFORMANCE

Performance measures

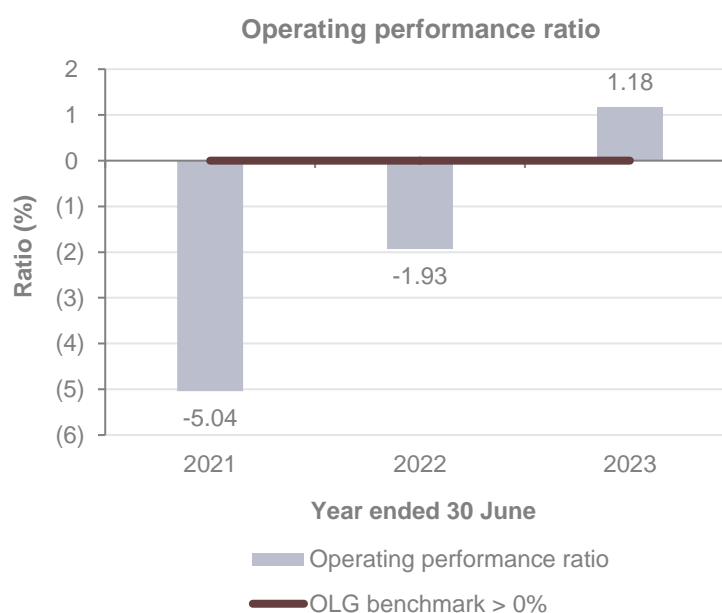
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

The Council exceeded the benchmark for the current reporting period.

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

The operating performance ratio has improved compared to the prior year, mainly due to increase of financial assistance grants received in advance.

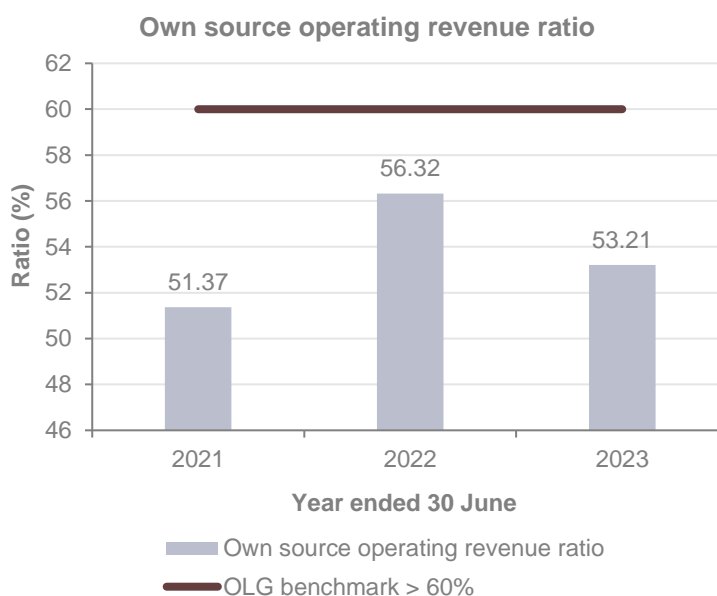


Own source operating revenue ratio

The Council did not meet 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.

The own source operating revenue ratio has decreased compared to the prior year primarily due to increases in grants and contributions received.

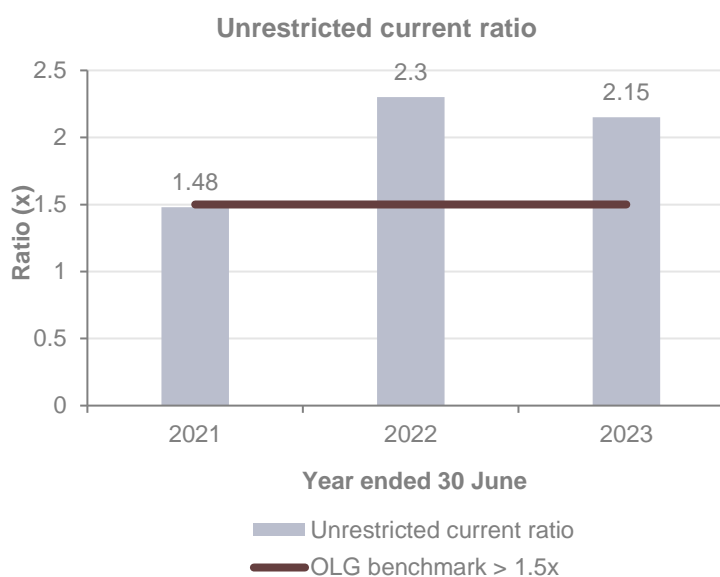


Unrestricted current ratio

The Council exceeded 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.

The unrestricted current ratio remains consistent with the prior year, with a small 0.15x decrease.

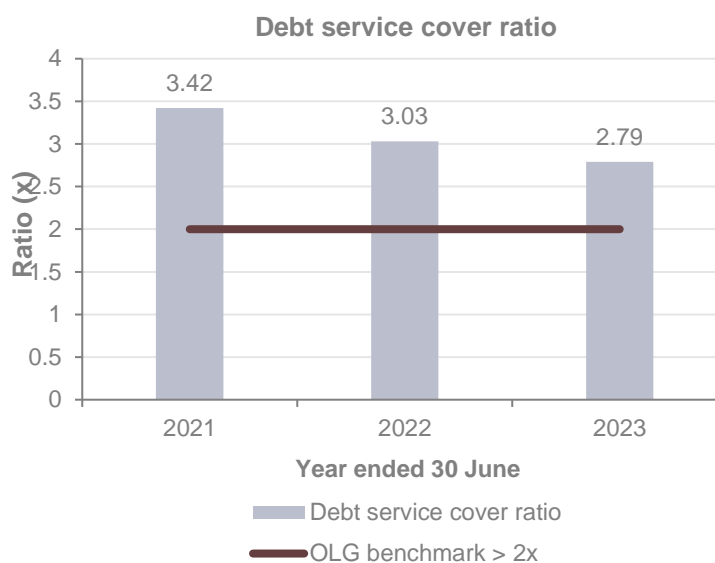


Debt service cover ratio

The Council exceeded 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.

The debt service cover ratio showed a decreasing trend for the past two years. The movement is mainly due to the increase of loan principal repayments.

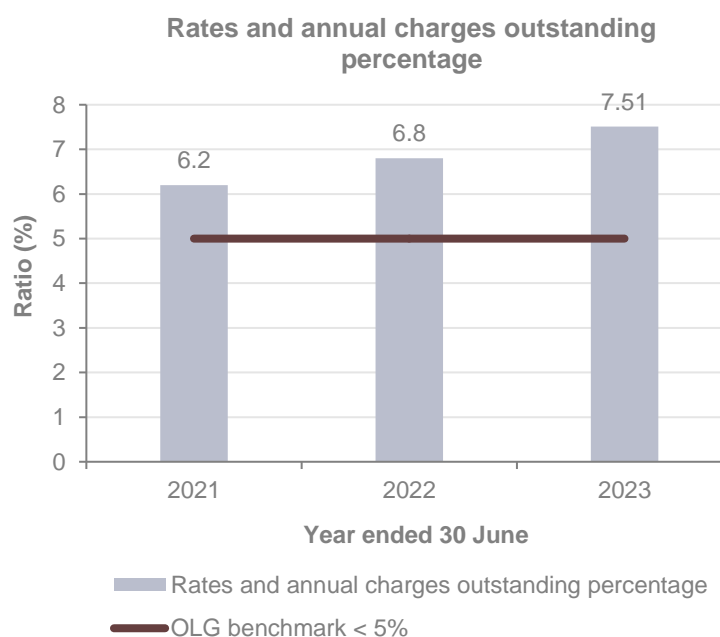


Rates and annual charges outstanding percentage

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

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

The rates and annual charges outstanding percentage has continued to increase compared to the previous years due to the cost-of-living pressures on ratepayers.

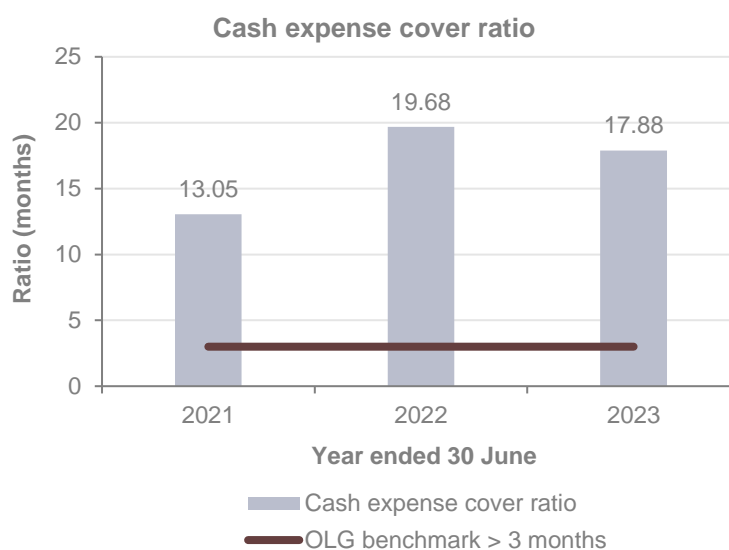


Cash expense cover ratio

The Council exceeded 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.

The cash expense cover ratio decreased by 1.8 months compared to the prior year due to the increase in monthly loan repayments.



Infrastructure, property, plant and equipment renewals

Council renewed \$32.9 million of infrastructure, property, plant and equipment during the 2022–23 financial year compared to \$31.1 million in the prior year. This was mainly spent on roads, buildings and capital work in progress.

OTHER MATTERS

Legislative compliance

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

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

Lawrissa Chan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Liverpool City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Special Purpose Financial Statements

for the year ended 30 June 2023

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Background

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

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

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

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

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

Liverpool City Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

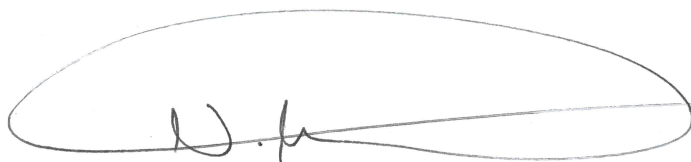
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,

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

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

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

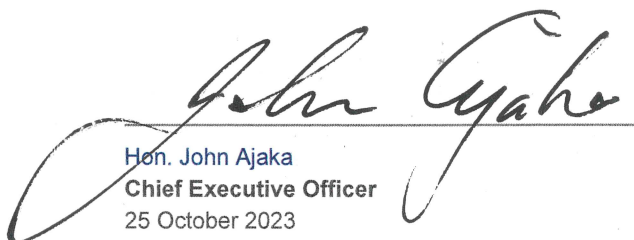
Signed in accordance with a resolution of Council made on 25 October 2023



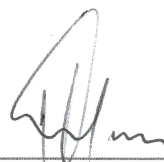
Ned Mannoun
Mayor
25 October 2023



Fiona Macnaught
Deputy Mayor
25 October 2023



Hon. John Ajaka
Chief Executive Officer
25 October 2023



Vishwa Nadan
Responsible Accounting Officer
25 October 2023

Liverpool City Council

Income Statement of Carpark

for the year ended 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
Income from continuing operations		
User charges and fees	1,516	1,115
Total income from continuing operations	1,516	1,115
Expenses from continuing operations		
Employee benefits and on-costs	32	60
Materials and services	269	84
Notional Rates and Financial costs	617	527
Depreciation, amortisation and impairment	217	468
Overheads	123	65
Other expenses	108	72
Net loss from the disposal of assets	–	–
Total expenses from continuing operations	1,366	1,276
Surplus (deficit) from continuing operations before capital amounts	150	(161)
Surplus (deficit) from continuing operations after capital amounts	150	(161)
Surplus (deficit) from all operations before tax	150	(161)
Less: corporate taxation equivalent (25%) [based on result before capital]	(38)	–
Surplus (deficit) after tax	112	(161)
Add: Opening accumulated surplus	(63)	98
Add: adjustments for amounts unpaid:		
– Corporate taxation equivalent	38	–
Closing accumulated surplus	87	(63)
Return on capital %	2.6%	1.4%
Subsidy from Council	429	856

Liverpool City Council

Statement of Financial Position of Carpark

as at 30 June 2023

\$ '000	2023 Category 2	2022 ¹ Category 2
ASSETS		
Non-current assets		
Infrastructure, property, plant and equipment	29,739	25,970
Total non-current assets	29,739	25,970
Total assets	29,739	25,970
LIABILITIES		
Current liabilities		
Notional Borrowings	20,767	17,014
Employee benefit provisions	48	45
Total current liabilities	20,815	17,059
Non-current liabilities		
Payables	5,082	5,102
Total non-current liabilities	5,082	5,102
Total liabilities	25,897	22,161
Net assets	3,842	3,809
EQUITY		
Accumulated surplus	87	(63)
Revaluation reserves	3,755	3,872
Total equity	3,842	3,809

(1) Restatement has occurred on comparatives

Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality* issued by the Office of Local Government within the Department of Planning, Industry and Environment in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

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

Category 1

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

NIL

Category 2

(where gross operating turnover is less than \$2 million)

Carpark - Warren Service Way

Taxation equivalent charges

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

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

Note – Significant Accounting Policies (continued)

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

Notional rate applied (%)

Corporate income tax rate – **25%** (21/22 25%)

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

Income tax

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

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

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

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

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

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

Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

The reinstated income and expense include notional financing cost for rates and taxes, Notional financing cost was calculated @ 2.82% based on TCorp rates on the Written Down Value of Land and Building.

(i) Subsidies

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

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

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

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

(ii) Return on investments (rate of return)

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

Note – Significant Accounting Policies (continued)

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with section 4 of DPE – Water's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with section 4 of DPE – Water's regulatory and assurance framework, statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DPE - Water

Comparative Information

The comparative in the financials has been restated to correctly show the value of Car Park Building and Land.

Previously the Special Purpose Financial Statements were prepared on the assumption that the assets were leased by the Council and a notional lease payment were included in the expenses.

Opening Equity within the comparatives were restated going back to 2016 and income and expenses of the car park was recalculated, based on the council owning the car parking building and land.

The notional 30% overheads are based on State Government Overhead ratio.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Liverpool City Council

To the Councillors of Liverpool City Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Lawrissa Chan', with a stylized, cursive script.

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

31 October 2023
SYDNEY

Liverpool City Council

SPECIAL SCHEDULES
for the year ended 30 June 2023



Contents	Page
Special Schedules:	
Permissible income for general rates	2
Report on infrastructure assets as at 30 June 2023	5

Background

These Special Schedules have been designed to meet the requirements of special purpose users such are;

- the NSW Grants Commission
- the Australian Bureau of Statistics (ABS),
- the Office of Local Government within the Department of Planning, Industry and Environment.

The financial data is collected for various uses including;

- the allocation of Financial Assistance Grants,
- the incorporation of Local Government financial figures in national statistics,
- the monitoring of loan approvals,
- the allocation of borrowing rights, and
- the monitoring of the financial activities of specific services.

Liverpool City Council

Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
Notional general income calculation ¹			
Last year notional general income yield	a	111,177	116,020
Plus/minus adjustments ²	b	2,638	1,218
Notional general income	$c = a + b$	113,815	117,238
Permissible income calculation			
Or rate peg percentage	e	2.00%	4.10%
Or plus rate peg amount	$i = e \times (c + g)$	2,276	4,807
Sub-total	$k = (c + g + h + i + j)$	116,091	122,045
Plus (or minus) last year's carry forward total	l	16	15
Less valuation objections claimed in the previous year	m	(85)	(13)
Sub-total	$n = (l + m)$	(69)	2
Total permissible income	$o = k + n$	116,022	122,047
Less notional general income yield	p	116,020	122,152
Catch-up or (excess) result	$q = o - p$	3	(105)
Plus income lost due to valuation objections claimed ⁴	r	13	133
Less unused catch-up ⁵	s	—	(3)
Carry forward to next year ⁶	$t = q + r + s$	16	25

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts or the rate peg balance amounts will be deducted if they are not caught up within ten years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for when setting the rates in a future year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Liverpool City Council

To the Councillors of Liverpool City Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



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

31 October 2023
SYDNEY

Liverpool City Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Admin Building	—	—	621	1,040	57,208	59,167	38.0%	24.0%	38.0%	0.0%	0.0%
	Community Centres	—	—	709	974	48,827	66,958	37.0%	27.0%	36.0%	0.0%	0.0%
	Bush Fire / SES	—	—	44	896	3,293	4,207	57.0%	21.0%	21.0%	0.0%	1.0%
	Aquatic Centres	—	—	376	880	17,142	30,638	2.0%	34.0%	64.0%	0.0%	0.0%
	Parks Buildings / Structures	455	455	484	724	34,295	47,682	41.0%	18.0%	38.0%	2.0%	1.0%
	Works Depot	—	—	82	700	4,725	8,178	3.0%	44.0%	53.0%	0.0%	0.0%
	Childcare Centres	281	281	113	331	6,065	9,386	9.0%	62.0%	23.0%	6.0%	0.0%
	Libraries, Museums	—	—	581	310	30,439	48,403	30.0%	41.0%	29.0%	0.0%	0.0%
	Heritage Buildings	92	92	488	279	26,965	46,461	0.0%	89.0%	11.0%	0.0%	0.0%
	Multi-Level Car Parks	—	—	317	272	20,570	31,690	0.0%	78.0%	22.0%	0.0%	0.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Commercial Properties	—	—	7	7	272	652	0.0%	31.0%	69.0%	0.0%	0.0%
	Sub-total	828	828	3,822	6,413	249,801	353,422	24.2%	41.8%	33.5%	0.4%	0.1%
Other structures	Other structures	—	—	—	—	6,804	8,240	0.0%	0.0%	0.0%	0.0%	100.0%
	Sub-total	—	—	—	—	6,804	8,240	0.0%	0.0%	0.0%	0.0%	100.0%
Roads	Roads	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	—	—	10,323	14,825	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Roads Formation	—	—	—	—	84,652	84,738	100.0%	0.0%	0.0%	0.0%	0.0%
	Sealed Roads Surface	28,295	28,295	—	—	645,957	863,102	53.0%	23.0%	12.0%	6.0%	6.0%
	Sealed Roads Structure	17,383	17,383	—	—	128,915	175,912	38.0%	43.0%	12.0%	4.0%	3.0%
	Kerb and Gutter	569	569	1,435	449	193,834	298,882	29.0%	39.0%	32.0%	0.0%	0.0%
	Footpaths	252	252	1,963	1,347	172,921	233,841	52.0%	23.0%	25.0%	0.0%	0.0%
	Bridges	1,648	1,648	928	186	61,910	91,394	30.0%	46.0%	20.0%	3.0%	1.0%
	Bulk earthworks	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Road Structures	657	657	1,399	773	59,821	89,334	23.0%	52.0%	24.0%	1.0%	0.0%
	Road Furniture	365	365	—	—	63,701	76,812	33.0%	59.0%	7.0%	0.0%	1.0%
	Off Street Carparks	387	387	137	284	17,344	22,981	24.0%	40.0%	33.0%	3.0%	0.0%
	Other road assets (incl. bulk earth works)	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	49,556	49,556	16,185	17,864	1,429,055	1,936,996	46.3%	30.3%	17.1%	3.3%	3.0%

Liverpool City Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Stormwater drainage	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Reticulation Pipe	2,572	2,572	1,085	1,038	457,631	648,142	44.0%	28.0%	28.0%	0.0%	0.0%
	Pits	100	100	143	—	72,020	91,465	51.0%	41.0%	8.0%	0.0%	0.0%
	Headwalls and Culverts	812	812	34	—	13,143	19,494	48.0%	12.0%	39.0%	1.0%	0.0%
	Basins	—	—	105	69	30,331	45,170	16.0%	76.0%	7.0%	0.0%	1.0%
	Gross Pollutant Traps	—	—	409	277	15,144	18,156	65.0%	34.0%	1.0%	0.0%	0.0%
	Sub-total	3,484	3,484	1,776	1,384	588,269	822,427	43.8%	31.8%	24.3%	0.0%	0.1%
Open space / recreational assets	Swimming pools	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sporting Fields and Ovals	135	135	2,768	3,691	22,768	29,422	18.0%	38.0%	43.0%	0.0%	1.0%
	Parks Infrastructure Assets	—	—	5,765	4,614	37,748	54,929	31.0%	52.0%	17.0%	0.0%	0.0%
	Playground Equipment	423	423	900	923	28,813	30,594	17.0%	37.0%	44.0%	2.0%	0.0%
	Sub-total	558	558	9,433	9,228	89,329	114,945	23.9%	44.4%	30.8%	0.5%	0.4%
Total – all assets		54,426	54,426	31,216	34,889	2,363,258	3,236,030	42.3%	32.4%	21.2%	2.0%	2.1%

(a) The level of service standards below and required maintenance is identified in Council's Asset Management Plan

Infrastructure asset condition assessment 'key'

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

Liverpool City Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	23,366	59.66%	44.45%	> 100.00%
Depreciation, amortisation and impairment	39,166			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	54,426	2.07%	2.20%	< 2.00%
Net carrying amount of infrastructure assets	2,625,682			
Asset maintenance ratio				
Actual asset maintenance	34,889	111.77%	94.51%	> 100.00%
Required asset maintenance	31,216			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	54,426	1.68%	1.87%	
Gross replacement cost	3,236,030			

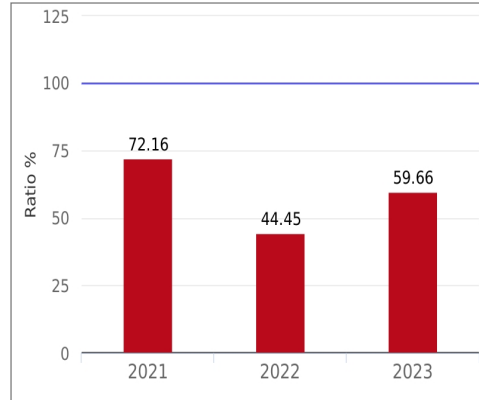
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Liverpool City Council

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result	
22/23 ratio	59.66%
The continuing reduction in the renewal ratio is significantly below the benchmark level due to reduction in renewal budgets over the years. However, the ratio below 100% in the current year is not considered to be an issue due to assets being maintained in accordance with established asset management plans. Moreover, LCC as a rapidly growing council, receiving brand new infrastructure assets with quite long service life and does not require renewal in the medium term.	

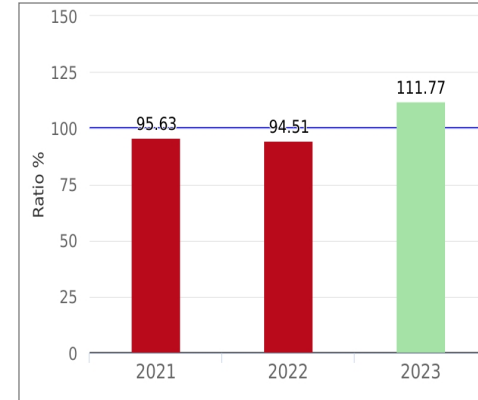
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result	
22/23 ratio	111.77%
There is an increase in the asset maintenance ratio due to the increase in maintenance expenditure caused by inclement weather and condition deterioration of overall asset stock. Council has a history of substantial investment in asset maintenance with overall maintenance expenses generally in line with desired levels of service.	

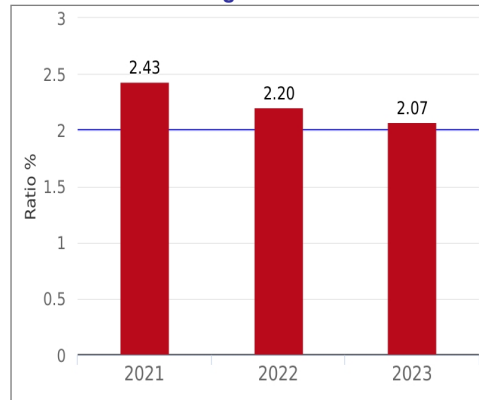
Benchmark: — > 100.00%

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	2.07%
There is a slight decrease in the backlog ratio in the current financial year. Council aims to gradually reduce this backlog ratio to less than 2% of fair value over the next few years with increased renewal funding, targeted renewal program based on modern asset management principles and effective asset maintenance strategy.	

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	1.68%
There is a slight decrease in the asset maintenance ratio due to increase in overall asset stock. Council has a history of substantial investment in asset maintenance with overall maintenance expenses generally in line with desired levels of service. Council has estimated required maintenance cost based on ongoing maintenance activities over the life of an asset to minimise whole of life costs.	