

Woollahra  
Municipal  
Council



# Financial Statements

## 2022-2023

General Purpose Financial Statements  
for the year ended 30 June 2023



# Woollahra Municipal Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

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# Woollahra Municipal Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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# Woollahra Municipal Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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### Overview

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

536 New South Head Road  
Double Bay NSW 2028

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

# Woollahra Municipal Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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

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

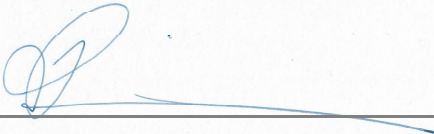
- the *Local Government Act 1993* (NSW) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board,
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

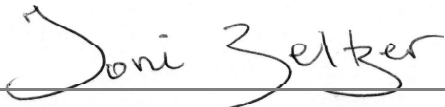
- present fairly the Council's operating result and financial position for the year,
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 9 October 2023.



Richard Shields  
Mayor  
10 October 2023



Toni Zeltzer  
Councillor  
10 October 2023



Craig Swift-McNair  
General Manager  
10 October 2023



Paul Ryan  
Responsible Accounting Officer  
10 October 2023

## Woollahra Municipal Council

### Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Income from continuing operations</b>				
59,686	Rates and annual charges	B2-1	<b>59,700</b>	57,919
12,863	User charges and fees	B2-2	<b>14,343</b>	11,431
10,602	Other revenues	B2-3	<b>10,864</b>	9,775
4,864	Grants and contributions provided for operating purposes	B2-4	<b>7,561</b>	5,652
3,400	Grants and contributions provided for capital purposes	B2-4	<b>8,605</b>	8,150
491	Interest and investment income	B2-5	<b>3,247</b>	634
16,710	Other income	B2-6	<b>17,110</b>	14,671
1,100	Fair value increment on investment properties	C1-8	<b>9,376</b>	12,700
109,716	<b>Total income from continuing operations</b>		<b>130,806</b>	120,932
<b>Expenses from continuing operations</b>				
45,875	Employee benefits and on-costs	B3-1	<b>45,055</b>	48,917
39,550	Materials and services	B3-2	<b>42,891</b>	35,367
1,938	Borrowing costs	B3-3	<b>1,933</b>	2,061
14,195	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>14,752</b>	14,658
3,705	Other expenses	B3-5	<b>3,747</b>	4,397
1,309	Net loss from the disposal of assets	B4-1	<b>922</b>	570
106,572	<b>Total expenses from continuing operations</b>		<b>109,300</b>	105,970
<b>3,144</b>	<b>Operating result from continuing operations</b>		<b>21,506</b>	14,962
<b>3,144</b>	<b>Net operating result for the year attributable to Council</b>		<b>21,506</b>	14,962
(258)	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>12,901</b>	6,812

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

## Woollahra Municipal Council

### Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Net operating result for the year – from Income Statement</b>		<b>21,506</b>	14,962
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<b>73,219</b>	74,153
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>73,219</b>	74,153
<b>Total other comprehensive income for the year</b>		<b>73,219</b>	74,153
<b>Total comprehensive income for the year attributable to Council</b>		<b>94,725</b>	89,115

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

## Woollahra Municipal Council

### Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	14,943	14,017
Investments	C1-2	92,727	77,632
Receivables	C1-4	7,235	6,042
Inventories	C1-5	337	350
Contract assets and contract cost assets	C1-6	1,795	3,165
Other	C1-9	511	753
<b>Total current assets</b>		<b>117,548</b>	<b>101,959</b>
<b>Non-current assets</b>			
Receivables	C1-4	152	106
Infrastructure, property, plant and equipment (IPPE)	C1-7	1,056,285	982,224
Investment property	C1-8	191,420	181,210
Right of use assets	C2-1	175	206
Other	C1-9	279	390
<b>Total non-current assets</b>		<b>1,248,311</b>	<b>1,164,136</b>
<b>Total assets</b>		<b>1,365,859</b>	<b>1,266,095</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	56,075	47,928
Contract liabilities	C3-2	10,877	10,998
Lease liabilities	C2-1	132	94
Borrowings	C3-3	3,794	3,664
Employee benefit provisions	C3-4	12,385	13,190
Provisions	C3-5	1,459	96
<b>Total current liabilities</b>		<b>84,722</b>	<b>75,970</b>
<b>Non-current liabilities</b>			
Lease liabilities	C2-1	19	99
Borrowings	C3-3	56,521	60,315
Employee benefit provisions	C3-4	583	422
<b>Total non-current liabilities</b>		<b>57,123</b>	<b>60,836</b>
<b>Total liabilities</b>		<b>141,845</b>	<b>136,806</b>
<b>Net assets</b>		<b>1,224,014</b>	<b>1,129,289</b>
<b>EQUITY</b>			
Accumulated surplus		582,588	561,082
IPPE revaluation reserve	C4-1	641,426	568,207
<b>Council equity interest</b>		<b>1,224,014</b>	<b>1,129,289</b>
<b>Total equity</b>		<b>1,224,014</b>	<b>1,129,289</b>

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



## Woollahra Municipal 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		561,082	568,207	1,129,289	546,120	494,054	1,040,174
Net operating result for the year		21,506	–	21,506	14,962	–	14,962
<b>Net operating result for the period</b>		<b>21,506</b>	<b>–</b>	<b>21,506</b>	<b>14,962</b>	<b>–</b>	<b>14,962</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	73,219	73,219	–	74,153	74,153
<b>Other comprehensive income</b>		<b>–</b>	<b>73,219</b>	<b>73,219</b>	<b>–</b>	<b>74,153</b>	<b>74,153</b>
<b>Total comprehensive income</b>		<b>21,506</b>	<b>73,219</b>	<b>94,725</b>	<b>14,962</b>	<b>74,153</b>	<b>89,115</b>
<b>Closing balance at 30 June</b>		<b>582,588</b>	<b>641,426</b>	<b>1,224,014</b>	<b>561,082</b>	<b>568,207</b>	<b>1,129,289</b>

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

## Woollahra Municipal Council

### Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
59,686	Rates and annual charges		<b>59,434</b>	57,723
13,763	User charges and fees		<b>15,082</b>	11,780
491	Interest received		<b>1,882</b>	672
8,852	Grants and contributions		<b>17,519</b>	17,791
–	Bonds, deposits and retentions received		<b>10,485</b>	11,688
30,436	Other Revenue including Rental Income		<b>27,910</b>	24,070
<i>Payments:</i>				
(44,991)	Payments to employees		<b>(47,237)</b>	(48,624)
(43,505)	Payments for materials and services		<b>(39,598)</b>	(35,005)
(1,938)	Borrowing costs		<b>(1,950)</b>	(2,088)
–	Bonds, deposits and retentions refunded		<b>(5,211)</b>	(5,446)
(4,075)	Other		<b>(2,148)</b>	(3,989)
18,719	<b>Net cash flows from operating activities</b>	G1-1	<b>36,168</b>	28,572
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
676	Sale of investments		<b>108,000</b>	77,000
–	Proceeds from sale of IPPE		<b>1,552</b>	995
<i>Payments:</i>				
–	Payments for IPPE		<b>(17,195)</b>	(14,610)
–	Purchase of investments		<b>(123,000)</b>	(86,001)
(16,618)	Purchase of investment property		<b>(834)</b>	(60)
(15,942)	<b>Net cash flows from investing activities</b>		<b>(31,477)</b>	(22,676)
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(3,664)	Repayment of borrowings		<b>(3,664)</b>	(3,531)
–	Principal component of lease payments		<b>(101)</b>	(133)
(3,664)	<b>Net cash flows from financing activities</b>		<b>(3,765)</b>	(3,664)
(887)	<b>Net change in cash and cash equivalents</b>		<b>926</b>	2,232
65,120	Cash and cash equivalents at beginning of year		<b>14,017</b>	11,785
64,233	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>14,943</b>	14,017
–	plus: Investments on hand at end of year	C1-2	<b>92,727</b>	77,632
64,233	<b>Total cash, cash equivalents and investments</b>		<b>107,670</b>	91,649

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

# Woollahra Municipal Council

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# Woollahra Municipal Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 10 October 2023.

Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

Council is a not for-profit entity.

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

#### **Historical cost convention**

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

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

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

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

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

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of investment properties –refer Note C1-8,
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7,
- (iii) employee benefit provisions – refer Note C3-4.

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

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

(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) Valuation of Investment Properties: The valuation is performed by an independent valuer in accordance with AASB 140 *Investment Property* and AASB 13 *Fair Value Measurement*.

The income approach method is used in the valuation. This method takes into consideration the income that a property might be expected to generate if leased at a stabilised occupancy level and applying to that income a capitalisation rate reflecting the market standards and the investors' interest in a property of that kind.

## A1-1 Basis of preparation (continued)

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### Monies and other assets received by Council

#### The Consolidated Fund

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

Cash and other assets of the following 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 other assets 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.

#### Goods and Services Tax (GST)

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

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

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

#### Volunteer services

Council does not have a material dependence on volunteer services. Volunteers are utilised in Library Services, Bushland Regeneration works, Cultural Events and Sustainability. These services are not recognised due to their non material nature and a significant proportion would not go ahead should there not be volunteers to undertake their roles.

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

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

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

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

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

##### New accounting standards adopted during the year

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

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

## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Functions or activities</b>										
A connected and harmonious community	3	1	411	633	(408)	(632)	2	1	10,183	7,916
A supported community	1,734	1,692	2,474	2,288	(740)	(596)	1,444	1,439	3,885	3,779
A creative and vibrant community	1,080	893	7,894	7,443	(6,814)	(6,550)	562	555	13,063	12,464
Well planned neighbourhoods	4,010	3,584	8,286	8,262	(4,276)	(4,678)	212	–	2,024	2,816
Liveable places	11,310	7,199	31,612	30,419	(20,302)	(23,220)	4,756	2,081	770,355	706,261
Getting around	13,735	12,742	4,597	4,046	9,138	8,696	1,495	2,556	95,433	94,771
Protecting our environment	426	408	2,556	2,551	(2,130)	(2,143)	74	152	82,834	77,567
Sustainable use of resources	18,461	17,424	12,451	12,750	6,010	4,674	43	102	3,595	3,853
Community focused economic development	20,990	23,213	7,030	7,998	13,960	15,215	622	199	186,678	177,634
Working together	11	38	1,579	1,442	(1,568)	(1,404)	–	12	26	31
Well managed Council	59,046	53,738	30,410	28,138	28,636	25,600	6,956	6,705	86,201	84,945
General purpose	–	–	–	–	–	–	–	–	111,582	94,058
<b>Total functions and activities</b>	<b>130,806</b>	<b>120,932</b>	<b>109,300</b>	<b>105,970</b>	<b>21,506</b>	<b>14,962</b>	<b>16,166</b>	<b>13,802</b>	<b>1,365,859</b>	<b>1,266,095</b>

## B1-2 Components of functions or activities

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

### Theme: Community well-being

#### Goal 1: A connected and harmonious community

Woollahra will be a community where people care for each other, have a sense of belonging and can contribute meaningfully to their local community and neighbourhood through participation in community life.

#### Goal 2: A supported community

Woollahra will be a place where people have access to a range of effective and diverse social services and programs that meet the changing needs of our community.

#### Goal 3: A creative and vibrant community

Woollahra will be a place where people of all ages and backgrounds have access to lifelong learning opportunities, cultural and community activities.

### Theme: Quality places and spaces

#### Goal 4: Well planned neighbourhoods

Woollahra will have well planned, high quality and sustainable building development that respects and enhances our environment and heritage. It will complement and retain the local character of our suburbs, villages and neighbourhoods and provide access to a range of housing options.

#### Goal 5: Liveable places

Woollahra will be a community with accessible, integrated and well maintained public spaces and open spaces. We will have clean and well maintained infrastructure and community facilities. It will be a safe and attractive place with high quality public and private facilities and amenities.

#### Goal 6: Getting around

Woollahra will be a place where it is easy to get around, easy to access our foreshore, our recreation facilities, our green open space and our public and private institutions. We will also have easy access to the city and its wide range of services and facilities, and be able to access public transport, walking cycling routes within our area.

### Theme: A healthy environment

#### Goal 7: Protecting our environment

Woollahra will be a place where the natural environment will be protected and conserved from adverse impacts, to preserve our vegetation and wildlife habits.

#### Goal 8: Sustainable use of resources

Woollahra will reduce energy and water use, reduce emissions and develop adaption actions that will reduce the impacts of climate change. We will minimise waste generation and encourage resource recycling.

### Theme: Local prosperity

#### Goal 9: Community focused economic development

Woollahra will maintain the diversity of our local economic base and encourage new businesses into the area that will enhance and positively impact on community life.

### Theme: Community leadership and participation

#### Goal 10: Working together

Woollahra will be a place where residents are well informed and able to contribute to their community. Council will listen and respond to requests and concerns through open communication and engagement.

#### Goal 11: Well managed Council

Woollahra Council will be open and accountable to all stakeholders, encourage participation in decision making and make decisions that are in the public interest. Through effective long term planning, we will develop and implement strategies and ensure ongoing resources to fulfil long term community goals.



## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2023	2022
<b>Ordinary rates</b>		
Residential	32,942	32,269
Business	5,282	5,202
Less: Pensioner rebates	(124)	(128)
<b>Rates levied to ratepayers</b>	<b>38,100</b>	<b>37,343</b>
Pensioner rate subsidies received	69	71
<b>Total ordinary rates</b>	<b>38,169</b>	<b>37,414</b>
<b>Special rates</b>		
Environmental and infrastructure levy	4,595	4,501
Less: Pensioner rebates	(110)	(109)
<b>Rates levied to ratepayers</b>	<b>4,485</b>	<b>4,392</b>
<b>Total special rates</b>	<b>4,485</b>	<b>4,392</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	16,542	15,605
Stormwater management services	492	493
Section 611 charges	45	47
Less: Pensioner rebates	(75)	(74)
<b>Annual charges levied</b>	<b>17,004</b>	<b>16,071</b>
Pensioner annual charges subsidies received:		
– Domestic waste management	42	42
<b>Total annual charges</b>	<b>17,046</b>	<b>16,113</b>
<b>Total rates and annual charges</b>	<b>59,700</b>	<b>57,919</b>

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

#### Accounting policy

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

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

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

## B2-2 User charges and fees

\$ '000	2023	2022
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>		
Waste management services (non-domestic)	1,780	1,614
<b>Total specific user charges</b>	<b>1,780</b>	<b>1,614</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>		
Advertising fees	486	535
Certificate fees	578	631
Compliance levy	–	421
Development application fees	1,054	986
Hoarding fees	1,319	331
Inspection fees	121	138
Principal certifying authority fees	25	51
Registration fees and permits	1,113	856
Section 96 amendment application fees	381	455
Subdivision application fees	–	11
<b>Total fees and charges – statutory/regulatory</b>	<b>5,077</b>	<b>4,415</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>		
Restoration charges	868	447
Casual park hire	391	309
Credit card usage charge	110	104
Construction zone charges	1,632	1,155
Footpath crossing administration fees	68	77
Fire safety statement lodgement fee	153	144
Filming fees	123	116
File retrieval charges	86	93
Pre DA lodgement advice service fees	21	40
Other	761	357
Parking permits – residential	440	419
Parking meters	2,215	1,624
Preschool fees	274	223
Rezoning requests	4	191
Tree pruning income	303	55
Tree preservation order applications	37	48
<b>Total fees and charges – other</b>	<b>7,486</b>	<b>5,402</b>
<b>Total other user charges and fees</b>	<b>12,563</b>	<b>9,817</b>
<b>Total user charges and fees</b>	<b>14,343</b>	<b>11,431</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time	9,488	3,371
User charges and fees recognised at a point in time	4,855	8,060
<b>Total user charges and fees</b>	<b>14,343</b>	<b>11,431</b>

### Accounting policy

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

The performance obligation relates to the specific services which are provided to the customers. There is no material obligation for Council in relation to refunds or returns.

**B2-3 Other revenues**

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
Fines – parking	<b>6,336</b>	6,147
Fines – other	<b>412</b>	353
Recycling income (non-domestic)	<b>223</b>	237
Other	<b>1,202</b>	679
Private use contributions	<b>345</b>	390
Recovered costs and reimbursements	<b>2,346</b>	1,969
<b>Total other revenue</b>	<b>10,864</b>	<b>9,775</b>
<b>Timing of revenue recognition for other revenue</b>		
Other revenue recognised over time	–	–
Other revenue recognised at a point in time	<b>10,864</b>	9,775
<b>Total other revenue</b>	<b>10,864</b>	<b>9,775</b>

**Accounting policy for other revenue**

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

Parking 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.

Rental Income is accounted for on a straight-line basis over the lease term.

## B2-4 Grants and contributions

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>General purpose grants and non-developer contributions (untied)</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	319	791	–	–
Financial assistance – local roads component	130	118	–	–
<b>Payment in advance - future year allocation</b>				
Financial assistance – general component	1,445	1,034	–	–
Financial assistance – local roads component	528	364	–	–
<b>Amount recognised as income during current year</b>	<b>2,422</b>	<b>2,307</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
<b>Previously specific grants:</b>				
<b>Pensioners' rates subsidies:</b>				
Community care	4	3	–	–
Library – per capita	167	157	–	–
Local Infrastructure Renewal Scheme subsidy	82	84	–	–
Local Roads Community Infrastructure Phase	45	127	–	508
Drainage	–	–	185	21
Environmental works	48	137	14	12
Library – special grant	45	56	–	–
Open space	93	180	1,278	286
Preschool	1,441	1,438	–	–
Street lighting	395	387	–	–
Transport for NSW contributions (regional roads, block grant)	149	145	357	188
Roads to Recovery	480	233	–	–
Transport (other)	1,084	20	2,751	2,776
Other specific grants	708	37	–	–
Contribution to works	47	–	–	–
<b>Previously contributions:</b>				
Paddington library	351	341	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>	<b>5,139</b>	<b>3,345</b>	<b>4,585</b>	<b>3,791</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>5,139</b>	<b>3,345</b>	<b>4,585</b>	<b>3,791</b>
<b>Total grants and non-developer contributions</b>	<b>7,561</b>	<b>5,652</b>	<b>4,585</b>	<b>3,791</b>
<b>Comprising:</b>				
– Commonwealth funding	2,947	2,665	1,199	2,302
– State funding	4,216	2,632	3,386	1,489
– Other funding	398	355	–	–
	<b>7,561</b>	<b>5,652</b>	<b>4,585</b>	<b>3,791</b>

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Developer contributions:</b>					
<b>(s7.12 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.12 – fixed development consent levies	G4	–	–	4,020	4,359
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>4,020</b>	<b>4,359</b>
<b>Total developer contributions</b>		<b>–</b>	<b>–</b>	<b>4,020</b>	<b>4,359</b>
<b>Total contributions</b>		<b>–</b>	<b>–</b>	<b>4,020</b>	<b>4,359</b>
<b>Total grants and contributions</b>		<b>7,561</b>	<b>5,652</b>	<b>8,605</b>	<b>8,150</b>
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time		797	500	4,586	3,791
Grants and contributions recognised at a point in time		6,764	5,152	4,019	4,359
<b>Total grants and contributions</b>		<b>7,561</b>	<b>5,652</b>	<b>8,605</b>	<b>8,150</b>

### Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	17	17	–	–
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	–	–	–	–
<b>Unspent funds at 30 June</b>	<b>17</b>	<b>17</b>	<b>–</b>	<b>–</b>
<b>Contributions</b>				
Unspent funds at 1 July	–	–	8,281	6,565
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
<b>Add:</b> contributions received and not recognised as revenue in the current year	–	–	4,294	4,370
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(3,936)	(2,654)
<b>Unspent contributions at 30 June</b>	<b>–</b>	<b>–</b>	<b>8,639</b>	<b>8,281</b>

## B2-4 Grants and contributions (continued)

### Accounting policy

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner, or used over a particular period, and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed below.

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.12 of the *Environmental Planning and Assessment Act 1979*.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

## B2-5 Interest and investment income

\$ '000	2023	2022
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	151	150
– Cash and investments	3,096	484
<b>Total interest and investment income (losses)</b>	<b>3,247</b>	<b>634</b>

### Accounting policy

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

## B2-6 Other income

\$ '000	2023	2022
<b>Rental income</b>		
<b>Investment properties</b>		
Lease income (excluding variable lease payments not dependent on an index or rate)	11,428	10,432
<b>Total Investment properties</b>	<b>11,428</b>	<b>10,432</b>
<b>Other lease income</b>		
Room/Facility Hire	3,965	2,931
Other	1,622	1,301
<b>Total other lease income</b>	<b>5,587</b>	<b>4,232</b>
<b>Total rental income</b>	<b>17,015</b>	<b>14,664</b>
<b>Fair value increment on investments</b>		
Fair value increment on investments through profit and loss	95	7
<b>Total Fair value increment on investments</b>	<b>95</b>	<b>7</b>
<b>Total other income</b>	<b>17,110</b>	<b>14,671</b>

## B3 Costs of providing services

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

\$ '000	2023	2022
Salaries and wages	32,856	34,575
Employee leave entitlements (ELE)	6,216	6,336
Superannuation	4,138	4,263
Workers' compensation insurance	2,246	960
Fringe benefit tax (FBT)	290	260
Other	(13)	3,111
<b>Total employee costs</b>	<b>45,733</b>	<b>49,505</b>
Less: capitalised costs	(678)	(588)
<b>Total employee costs expensed</b>	<b>45,055</b>	<b>48,917</b>
Number of 'full-time equivalent' employees (FTE) at year end	387	410
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	415	430

#### Accounting policy

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

#### Retirement benefit obligations

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

#### Superannuation plans

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

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

## B3-2 Materials and services

\$ '000	Notes	2023	2022
Advertising		465	447
Audit Fees	F2-1	87	83
Bank charges		459	383
Consultancy		1,773	1,129
Councillor and Mayoral fees and associated expenses	F1-2	449	397
Election expenses		157	448
Electricity and heating		474	461
File archival and retrieval costs		147	136
Infringement notice contract costs (SEINS)		1,097	965
Insurance deductibles and claims payments		841	609
Insurance premiums		1,604	1,391
Maintenance and security contracts		5,268	4,630
Office rental		25	28
Other		447	447
Other expenses		559	527
Other – Woollahra Local Planning Panel		153	165
Postage		119	106
Raw materials and consumables		7,289	6,228
Recoverable expenses		477	337
Recycling		2,872	2,781
Registration		181	195
Service Contractors		6,596	3,967
Street lighting		1,103	1,039
Telephone and communications		93	110
Temporary staff		1,916	594
Training		394	325
Valuation fees		87	83
Waste disposal costs		5,295	5,445
Water and council rates		228	238
<b>Legal expenses:</b>			
– Legal expenses: planning and development		1,581	1,261
– Legal expenses: other		597	407
<b>Operating leases expense:</b>			
– Operating lease rentals: minimum lease payments		58	5
<b>Total materials and services</b>		<b>42,891</b>	<b>35,367</b>
<b>Total materials and services</b>		<b>42,891</b>	<b>35,367</b>

## B3-3 Borrowing costs

### (i) Interest bearing liability costs

Interest on leases		7	12
Interest on loans		1,926	2,049
<b>Total interest bearing liability costs</b>		<b>1,933</b>	<b>2,061</b>
<b>Total interest bearing liability costs expensed</b>		<b>1,933</b>	<b>2,061</b>
<b>Total borrowing costs expensed</b>		<b>1,933</b>	<b>2,061</b>

### Accounting policy

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



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

\$ '000	Notes	2023	2022
<b>Depreciation and amortisation</b>			
Plant and equipment		1,381	1,356
Office equipment		409	466
Furniture and fittings		134	137
<b>Infrastructure:</b>			
	C1-7		
– Buildings – non-specialised		1,482	1,787
– Buildings – specialised		970	1,054
– Roads		5,155	4,920
– Bridges		44	42
– Footpaths		1,569	1,504
– Stormwater drainage		841	771
– Other open space/recreational assets		1,317	1,160
– Harbourside Structures		149	138
– Seawalls		424	397
– Retaining Walls		315	295
<b>Other assets:</b>			
– Library books		472	508
<b>Total depreciation and amortisation costs</b>		<b>14,662</b>	<b>14,535</b>
<b>Impairment / revaluation decrement of Right of use assets</b>			
<b>Right of use assets</b>	C2-1	90	123
<b>Total gross Right of use assets impairment / revaluation decrement costs</b>		<b>90</b>	<b>123</b>
<b>Total Right of use assets impairment / revaluation decrement costs charged to Income Statement</b>		<b>90</b>	<b>123</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>14,752</b>	<b>14,658</b>

### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7.

#### Impairment of non-financial assets

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

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

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

## B3-5 Other expenses

\$ '000	Notes	2023	2022
<b>Impairment of receivables</b>			
User charges and fees		(333)	621
<b>Total impairment of receivables</b>	C1-4	<b>(333)</b>	<b>621</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Department of planning levy		337	331
– Emergency services levy (includes FRNSW, SES, and RFS levies)		159	87
– NSW fire brigade levy		2,433	2,092
Donations, contributions and assistance to Holdsworth Community		862	1,026
Donations, contributions and assistance to other organisations (Section 356)		289	240
<b>Total other expenses</b>		<b>3,747</b>	<b>4,397</b>

### Accounting policy

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

## B4 Gains or losses

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

\$ '000	2023	2022
<b>Gain (or loss) on disposal of plant and equipment</b>		
Proceeds from disposal – plant and equipment	448	409
Less: carrying amount of plant and equipment assets sold/written off	(344)	(349)
<b>Gain (or loss) on disposal</b>	<b>104</b>	<b>60</b>
<b>Gain (or loss) on disposal of infrastructure</b>		
Proceeds from disposal – infrastructure	1,093	586
Less: carrying amount of infrastructure assets sold/written off	(2,130)	(1,216)
<b>Gain (or loss) on disposal</b>	<b>(1,037)</b>	<b>(630)</b>
<b>Gain (or loss) on disposal of investments</b>		
Proceeds from disposal/redemptions/maturities – investments	108,000	77,000
Less: carrying amount of investments sold/redeemed/matured	(108,000)	(77,000)
<b>Gain (or loss) on disposal</b>	<b>–</b>	<b>–</b>
<b>Other - Office Equipment</b>		
Proceeds from disposal – Other Office Equipment	11	–
<b>Gain (or loss) on disposal</b>	<b>11</b>	<b>–</b>
<b>Net loss from disposal of assets</b>	<b>(922)</b>	<b>(570)</b>

### Accounting policy

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 27 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.

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----		
<b>Revenues</b>					
<b>Rates and annual charges</b>	59,686	59,700	14	0%	F
There are no individual material variances to report.					
<b>User charges and fees</b>	12,863	14,343	1,480	12%	F
The following sources of income exceeded their original budgets post COVID-19: Increased building activity drove higher hoarding fees \$919k (new developments, and rate increase due to benchmarking), workzone charges \$307k, crane permit fees \$166k.					
<b>Other revenues</b>	10,602	10,864	262	2%	F
There are no individual material variances to report.					
<b>Operating grants and contributions</b>	4,864	7,561	2,697	55%	F
Operating grants of note that exceeded their original budget are: Financial Assistance Grant paid in advance at 100%, vs 75% last year: \$660k, Emergency Service Levy \$388k higher, Streets as Shared Spaces Grant \$327k, Faster Local Assessment Grant for Development Control \$212k.					
<b>Capital grants and contributions</b>	3,400	8,605	5,205	153%	F
Capital grants and contributions of note that exceeded their original budget are: Section 7.12 development levies \$1,320k, Vaucluse Bowling Club upgrade \$869k, Cooper Park Community Hall \$712k, Bay St Pedestrianisation \$705k, New South Head Road Cycleway \$658k, Roads infrastructure \$491k					
<b>Interest and investment revenue</b>	491	3,247	2,756	561%	F
Interest and investment revenue exceeded the original budget due to rising interest rate on higher investment balances.					
<b>Fair value increment on investment property</b>	1,100	9,376	8,276	752%	F
This is a non-cash item. The fair value change in Investment properties exceeded original budget by \$8,276k. The majority of the increment, namely \$7,543k related to Kiaora Place. This was due to an increase in the gross passing/market rental per square metre of lettable area based on comparable sales evidence.					
<b>Other income</b>	16,710	17,110	400	2%	F
There are no individual material variances to report.					
<b>Expenses</b>					
<b>Employee benefits and on-costs</b>	45,875	45,055	820	2%	F
There are no individual material variances to report.					
<b>Materials and services</b>	39,550	42,891	(3,341)	(8)%	U
Expenditure was higher than originally budget in the following areas: Temporary Staff \$1,730k to fill vacancies due to attrition and business needs, General Contractors \$1,483k to deliver operating grant funded projects (Streets as Shared Spaces, Faster Local Assessment, Regional and Local Road Repairs).					
<b>Borrowing costs</b>	1,938	1,933	5	0%	F

## B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
There are no individual material variances to report.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	14,195	14,752	(557)	(4)% U
There are no individual material variances to report.				
<b>Other expenses</b>	3,705	3,747	(42)	(1)% U
There are no individual material variances to report.				
<b>Net losses from disposal of assets</b>	1,309	922	387	30% F
The favourable variance is due to higher than anticipated Road Sales income of \$1,093k, Plant & Equipment cost of sales being less than budgeted due to the timing of selling and replacing vehicles \$381k, offset by \$1,065k of higher asset retirement.				

### Statement of cash flows

<b>Cash flows from operating activities</b>	18,719	36,168	17,449	93% F
The variances in revenues and expenses outlined above, together with movements in payables and receivables, give rise to variances in Council's cash flow forecasts. It should also be noted that it is difficult to forecast the movement in Bonds, Deposits & Retentions so Council does not include any movement in its Budget.				
<b>Cash flows from investing activities</b>	(15,942)	(31,477)	(15,535)	97% U
Council's original budget forecasts the total movement in Cash & Investments and does not break it down into Cash & Cash equivalents and Investments which is determined by the terms of securities held at reporting date. For 2022/23 the net purchase of investments (cash outflow) was \$15,000k. The timing of capital expenditure also had an effect with less cash outflow than budgeted of \$1,410k. Finally there was an additional \$1,552k in proceeds from the sale of roads, plant and vehicles.				
<b>Cash flows from financing activities</b>	(3,664)	(3,765)	(101)	3% U
There are no individual material variances to report.				

## B6 Material Income Statement items

### B6-1 Material Income Statement items

#### Fair value increment/(decrement) on investment property

\$ '000	2023	2022
<b>Material fair value increment on investment property</b>		
Fair value increment on investment property <sup>1</sup>	9,376	12,700
<b>Total material fair value increment on investment property</b>	<b>9,376</b>	<b>12,700</b>

(1) Council holds three Investment Properties, Kiaora Place, Double Bay and two carparks, namely Grafton Street Car Park, Bondi Junction and Cosmopolitan Centre Car Park, Knox Street, Double Bay. Council obtains independent valuations of its Investment Properties on an annual basis. The carparks increment was \$745k due to an increase in the gross passing / market rental per annum. Kiaora Place increased by \$9.564m due to an increase in the gross passing / market rental per annum.

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2023	2022
<b>Cash assets</b>		
Cash on hand and at bank	831	1,257
Cash equivalent assets		
– Deposits at call	14,112	10,700
– Short-term deposits	–	2,060
<b>Total cash and cash equivalents</b>	<b>14,943</b>	<b>14,017</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	14,943	14,017
<b>Balance as per the Statement of Cash Flows</b>	<b>14,943</b>	<b>14,017</b>

#### Accounting policy

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

#### C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Long term deposits	92,000	–	77,000	–
Mortgage backed securities	727	–	632	–
<b>Total</b>	<b>92,727</b>	<b>–</b>	<b>77,632</b>	<b>–</b>
<b>Total financial investments</b>	<b>92,727</b>	<b>–</b>	<b>77,632</b>	<b>–</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>107,670</b>	<b>–</b>	<b>91,649</b>	<b>–</b>

#### Accounting policy

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

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

#### Classification

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

- amortised cost

## C1-2 Financial investments (continued)

- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity).

Financial assets are not reclassified subsequent to their initial recognition.

### Financial assets through profit or loss

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

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

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

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>107,670</b>	91,649
Less: Externally restricted cash, cash equivalents and investments	<u>(26,447)</u>	<u>(23,872)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>81,223</b>	<b>67,777</b>
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>8,047</u>	8,314
<b>External restrictions – included in liabilities</b>	<b>8,047</b>	<b>8,314</b>
<b>External restrictions</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	<b>8,638</b>	8,281
Specific purpose unexpended grants (recognised as revenue) – general fund	<b>17</b>	17
Stormwater management	<b>434</b>	294
Environmental and infrastructure renewal levy	<b>3,859</b>	2,441
Domestic waste management	<b>5,452</b>	4,525
<b>Total external restrictions</b>	<b>26,447</b>	<b>23,872</b>

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

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

\$ '000	2023	2022
<b>(b) Internal allocations</b>		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>81,223</b>	<b>67,777</b>
Less: Internally restricted cash, cash equivalents and investments	<u>(69,211)</u>	<u>(65,690)</u>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>12,012</b>	<b>2,087</b>
<b>Internal allocations</b>		
At 30 June, Council has internally allocated funds to the following:		
Employees leave entitlement	2,278	4,681
Carry over works	3,943	3,086
Deposits, retentions and bonds	41,561	36,287
Open space and community facilities reserve	655	1,133
Information technology reserve	1,028	1,090
Insurance reserve	561	929
Kiaora place reserve	4,480	3,901
Open space projects reserve	314	303
Preschool reserve	602	715
Property development projects reserve	23	23
Property reserve	11,044	11,450
Oxford street placemaking reserve	206	249
Public art gallery reserve	252	297
Financial Assistance Grant Prepayment	1,973	1,397
Old Section 94	92	92
Other	199	57
<b>Total internal allocations</b>	<b>69,211</b>	<b>65,690</b>

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

## C1-4 Receivables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Rates and annual charges	2,785	152	2,425	97
Interest and extra charges	308	–	215	9
User charges and fees	978	–	1,608	–
Accrued revenues				
– Interest on investments	1,492	–	211	–
– Other income accruals	–	–	374	–
Amounts due from other councils	–	–	55	–
Government grants and subsidies	145	–	395	–
Leases and licences	628	–	1,107	–
Net GST receivable	1,031	–	129	–
Restorations and other roadworks	35	–	106	–
Other debtors	123	–	77	–
<b>Total</b>	<b>7,525</b>	<b>152</b>	<b>6,702</b>	<b>106</b>
<b>Less: provision for impairment</b>				
User charges and fees	(290)	–	(660)	–
<b>Total provision for impairment – receivables</b>	<b>(290)</b>	<b>–</b>	<b>(660)</b>	<b>–</b>
<b>Total net receivables</b>	<b>7,235</b>	<b>152</b>	<b>6,042</b>	<b>106</b>

\$ '000	2023	2022
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 9)	660	136
+ new provisions recognised during the year	(333)	621
– amounts already provided for and written off this year	(37)	(97)
<b>Balance at the end of the year</b>	<b>290</b>	<b>660</b>

### Accounting policy

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

### Impairment

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

When estimating ECL, 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.

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

When considering the ECL for rates and annual charges 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.

Credit losses are measured at 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.

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

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



## C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>(i) Inventories at cost</b>				
Stores and materials	337	-	350	-
<b>Total inventories at cost</b>	<b>337</b>	<b>-</b>	<b>350</b>	<b>-</b>
<b>Total inventories</b>	<b>337</b>	<b>-</b>	<b>350</b>	<b>-</b>

### Accounting policy

#### Raw materials and stores, work in progress and finished goods

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

## C1-6 Contract assets and Contract cost assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	1,795	-	3,165	-
<b>Total contract assets and contract cost assets</b>	<b>1,795</b>	<b>-</b>	<b>3,165</b>	<b>-</b>

### Accounting policy

#### Contract assets

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

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

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

## C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period						At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>												
Capital work in progress	6,107	–	6,107	3,925	3,133	(139)	–	(2,141)	–	10,885	–	10,885
Plant and equipment	14,752	(6,183)	8,569	1,025	–	(266)	(1,381)	–	–	14,728	(6,781)	7,947
Office equipment	9,191	(6,112)	3,079	–	532	–	(409)	–	–	9,723	(6,521)	3,202
Furniture and fittings	2,335	(1,740)	595	–	–	–	(134)	–	–	2,335	(1,874)	461
<b>Land:</b>												
– Operational land	136,609	–	136,609	–	–	–	–	–	–	136,609	–	136,609
– Community land	156,918	–	156,918	–	–	–	–	–	21,542	178,460	–	178,460
<b>Infrastructure:</b>												
– Buildings – non-specialised	85,771	(42,729)	43,042	229	28	–	(1,482)	–	2,091	90,330	(46,422)	43,908
– Buildings – specialised	47,624	(18,005)	29,619	126	121	–	(970)	–	1,445	50,265	(19,924)	30,341
– Roads	517,325	(129,797)	387,528	1,587	1,635	(830)	(5,155)	602	32,674	563,026	(144,985)	418,041
– Bridges	4,452	(838)	3,614	–	–	–	(44)	–	304	4,831	(957)	3,874
– Footpaths	105,117	(53,912)	51,205	1,093	769	(269)	(1,569)	1,030	4,442	116,222	(59,521)	56,701
– Stormwater drainage	108,332	(31,183)	77,149	326	520	(125)	(841)	175	5,404	116,833	(34,225)	82,608
– Other open space/recreational assets	40,343	(16,023)	24,320	1,001	824	(753)	(1,317)	86	1,691	43,315	(17,463)	25,852
– Harbourside Structures	8,157	(1,818)	6,339	–	–	–	(149)	–	434	8,728	(2,104)	6,624
– Seawalls	44,890	(13,924)	30,966	–	75	–	(424)	83	2,149	48,201	(15,352)	32,849
– Retaining Walls	27,592	(12,739)	14,853	252	95	(14)	(315)	15	1,043	29,866	(13,937)	15,929
<b>Other assets:</b>												
– Library books	6,117	(5,300)	817	–	412	(78)	(472)	–	–	6,218	(5,539)	679
– Council Art Gallery & Art Collection	895	–	895	–	270	–	–	150	–	1,315	–	1,315
<b>Total infrastructure, property, plant and equipment</b>	<b>1,322,527</b>	<b>(340,303)</b>	<b>982,224</b>	<b>9,564</b>	<b>8,414</b>	<b>(2,474)</b>	<b>(14,662)</b>	<b>–</b>	<b>73,219</b>	<b>1,431,890</b>	<b>(375,605)</b>	<b>1,056,285</b>

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

## C1-7 Infrastructure, property, plant and equipment (continued)

### Accounting policy

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

The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws Councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

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

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

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

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

<b>Plant and equipment</b>	Years	<b>Buildings</b>	Years
Office equipment	3 to 10	Buildings	25 to 100
Office furniture	10 to 20		
Vehicles	5 to 10	<b>Stormwater assets</b>	
Heavy plant/road making equipment	5 to 10	Drains	80 to 150
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Road pavements	25 to 80	Other open space/recreational assets	5 to 100
Kerb, gutter and paths	25 to 80		
Footpaths	25 to 80	<b>Other Assets</b>	
Bridges	100	Library Resources	3 to 8
Harbourside Structures	33 to 100		
Seawalls	100 to 120		
Retaining Walls	33 to 100		

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

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

### Land under roads

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

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

### Crown reserves

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

## C1-7 Infrastructure, property, plant and equipment (continued)

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

## C1-8 Investment properties

\$ '000	2023	2022
<b>Owned investment property</b>		
Investment property on hand at fair value	191,420	181,210
<b>Total owned investment property</b>	<b>191,420</b>	<b>181,210</b>
<b>Owned investment property</b>		
<b>At fair value</b>		
Opening balance at 1 July	181,210	168,450
Capitalised subsequent expenditure	834	60
Net gain/(loss) from fair value adjustments	9,376	12,700
<b>Closing balance at 30 June</b>	<b>191,420</b>	<b>181,210</b>

### Accounting policy

Council holds three Investment Properties, Kiaora Place shopping centre, Double Bay, and two carparks, namely Grafton Street Car Park, Bondi Junction and Cosmopolitan Car Park, Knox Street, Double Bay. These Investment properties are held for long-term rental yields. Changes in fair values are recorded in the Income Statement as part of other income and other expenses.

## C1-9 Other

### Other assets

\$ '000	2023 Non-current	2023 Current	2022 Non-current	2022 Current
Prepayments	-	511	-	753
Kiaora Place tenancy incentives	279	-	390	-
<b>Total other assets</b>	<b>279</b>	<b>511</b>	<b>390</b>	<b>753</b>

## C2 Leasing activities

### C2-1 Council as a lessee

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

#### Terms and conditions of leases

##### Vehicles

Council leases vehicles with a lease term of 7 years; the lease payments are fixed during the lease term and there is a renewal option of 3 years.

##### 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 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

#### (a) Right of use assets

\$ '000	Vehicles	Office and IT equipment	Total
<b>2023</b>			
Opening balance at 1 July	196	10	206
Additions to right-of-use assets	–	59	59
Depreciation charge	(78)	(12)	(90)
<b>Balance at 30 June</b>	<b>118</b>	<b>57</b>	<b>175</b>
<b>2022</b>			
Opening balance at 1 July	274	54	328
Depreciation charge	(78)	(44)	(122)
<b>Balance at 30 June</b>	<b>196</b>	<b>10</b>	<b>206</b>

#### (b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	132	19	94	99
<b>Total lease liabilities</b>	<b>132</b>	<b>19</b>	<b>94</b>	<b>99</b>

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

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2023</b>					
Cash flows	132	19	–	151	151
<b>2022</b>					
Cash flows	100	101	–	201	193

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

### (d) Income Statement

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

\$ '000	2023	2022
Interest on lease liabilities	7	12
Impairment of right of use assets	90	123
Expenses relating to short-term leases	–	5
	<u>97</u>	<u>140</u>

### (e) Statement of Cash Flows

Total cash outflow for leases	109	145
	<u>109</u>	<u>145</u>

### Accounting policy

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

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

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

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

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

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

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

#### Exceptions to lease accounting

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

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties to tenants under long-term operating leases with rentals payable monthly; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-8).

Council also leases out a number of premises to Community Groups or members of the public on an ad hoc basis.

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

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

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

### (i) Assets held as investment property

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

Lease income (excluding variable lease payments not dependent on an index or rate)	11,428	10,432
<b>Total income relating to operating leases for investment property assets</b>	<b>11,428</b>	<b>10,432</b>

### Operating lease expenses

Direct operating expenses that generated rental income	8,820	9,772
Direct operating expenses that did not generate rental income	1,370	943
<b>Total expenses relating to operating leases</b>	<b>10,190</b>	<b>10,715</b>

### Repairs and maintenance: investment property

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

Lease income (excluding variable lease payments not dependent on an index or rate)	5,587	4,232
<b>Total income relating to operating leases for Council assets</b>	<b>5,587</b>	<b>4,232</b>

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

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

< 1 year	8,441	8,645
1–2 years	7,706	7,891
2–3 years	6,210	7,018
3–4 years	5,541	5,733
4–5 years	5,400	5,112
> 5 years	69,486	74,207
<b>Total undiscounted lease payments to be received</b>	<b>102,784</b>	<b>108,606</b>

## Accounting policy

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

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

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

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

## C3 Liabilities of Council

### C3-1 Payables

### C3-1 Payables (continued)

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Payables</b>				
Prepaid rates	751	–	602	–
Goods and services – operating expenditure	6,438	–	3,158	–
Goods and services – capital expenditure	1,164	–	381	–
Accrued expenses:				
– Borrowings	365	–	382	–
– Salaries and wages	926	–	2,464	–
Security bonds, deposits and retentions	45,736	–	40,462	–
Other	695	–	479	–
<b>Total payables</b>	<b>56,075</b>	<b>–</b>	<b>47,928</b>	<b>–</b>
<b>Total payables</b>	<b>56,075</b>	<b>–</b>	<b>47,928</b>	<b>–</b>

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	41,272	36,179
<b>Total payables</b>	<b>41,272</b>	<b>36,179</b>

#### Accounting policy

##### Payables

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
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	6,713	–	7,180	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	1,334	–	1,134	–
<b>Total grants received in advance</b>		<b>8,047</b>	<b>–</b>	<b>8,314</b>	<b>–</b>
<b>Income received in advance:</b>					
Payments received in advance		2,830	–	2,684	–
<b>Total income received in advance</b>		<b>2,830</b>	<b>–</b>	<b>2,684</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>10,877</b>	<b>–</b>	<b>10,998</b>	<b>–</b>

#### Notes

(i) Council has received funding to construct assets including a pedestrian plaza, refurbish sporting & youth facilities, road repair 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



## C3-2 Contract Liabilities (continued)

and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

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

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

\$ '000	2023	2022
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	2,514	842
Operating grants (received prior to performance obligation being satisfied)	1,086	205
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>3,600</b>	<b>1,047</b>

### Accounting policy

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

## C3-3 Borrowings

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	3,794	56,521	3,664	60,315
<b>Total borrowings</b>	<b>3,794</b>	<b>56,521</b>	<b>3,664</b>	<b>60,315</b>

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

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

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

\$ '000	2022		Non-cash movements	2023
	Opening Balance	Cash flows	Other non-cash movement	Closing balance
Loans – secured	63,979	(3,664)	–	60,315
Lease liability (Note C2-1b)	193	(42)	–	151
<b>Total liabilities from financing activities</b>	<b>64,172</b>	<b>(3,706)</b>	<b>–</b>	<b>60,466</b>

### (b) Financing arrangements <sup>1</sup>

\$ '000	2023	2022
<b>Total facilities</b>		
Bank overdraft facilities <sup>2</sup>	400	400
Credit cards/purchase cards	16	16
<b>Total financing arrangements</b>	<b>416</b>	<b>416</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	5	9
<b>Total drawn financing arrangements</b>	<b>5</b>	<b>9</b>

### C3-3 Borrowings (continued)

\$ '000	2023	2022
<b>Undrawn facilities</b>		
– Bank overdraft facilities	400	400
– Credit cards/purchase cards	11	7
<b>Total undrawn financing arrangements</b>	<b>411</b>	<b>407</b>

(1) During the current year, there were no defaults or breaches on any on loans.

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

#### 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	4,413	–	5,241	–
Sick leave	231	–	361	–
Long service leave	7,741	583	7,588	422
<b>Total employee benefit provisions</b>	<b>12,385</b>	<b>583</b>	<b>13,190</b>	<b>422</b>

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	7,782	8,176
	<b>7,782</b>	<b>8,176</b>

## C3-4 Employee benefit provisions (continued)

### 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.

The obligations are presented as current liabilities in the Statement of Financial Position if the 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.

## C3-5 Provisions

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
<b>Other provisions</b>				
Self insurance – workers compensation	1,459	–	96	–
<b>Sub-total – other provisions</b>	<b>1,459</b>	<b>–</b>	<b>96</b>	<b>–</b>
<b>Total provisions</b>	<b>1,459</b>	<b>–</b>	<b>96</b>	<b>–</b>

## C3-5 Provisions (continued)

### Description of and movements in provisions

\$ '000	Other provisions	
	Self insurance	Total
<b>2023</b>		
At beginning of year	96	96
Other	1,363	1,363
Total other provisions at end of year	1,459	1,459
<b>2022</b>		
At beginning of year	89	89
Other	7	7
Total other provisions at end of year	96	96

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

## D Council structure

### D1 Interests in other entities

#### D1-1 Interests in joint arrangements

#### (ii) Joint operations

Principal activity	Place of business	Interest in ownership		Interest in voting		
		2023	2022	2023	2022	
<b>(a) Council is involved in the following joint operations (JO's)</b>						
<b>Name of joint operation:</b>						
Alexandria Integrated Facility (AIF) Collaboration with Waverley Council	- Running of the shared AIF Depot	AIF	41%	41%	50%	50%

## D1-1 Interests in joint arrangements (continued)

### Council assets employed in the joint operations

\$ '000	2023	2022
<b>Council's share of assets jointly owned with other partners</b>		
Property, plant and equipment	16,994	16,781
<b>Total net assets employed – Council and jointly owned</b>	<b>16,994</b>	<b>16,781</b>

### Share of joint operations expenditure commitments

#### Operating expenditure commitments

Payable not later than 1 year	260	250
<b>Total operating expenditure commitments</b>	<b>260</b>	<b>250</b>

### Accounting policy

#### Joint operations:

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

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

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

## E Risks and accounting uncertainties

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

Council's activities expose it to a variety of financial risks including (1) price risk, (2) credit risk, (3) liquidity risk and (4) interest rate risk. The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

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

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

Council's objective is to optimise 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 Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

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

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

\$ '000	2023	2022
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The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

Impact of a 1% movement in interest rates

– Equity / Income Statement	1,008	853
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Impact of a 10% movement in price of investments

– Equity / Income Statement	73	63
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#### (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.

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

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.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council quarterly. Council makes suitable provision for doubtful receivables as required.

There are no material receivables that have been subjected to a re-negotiation of repayment terms. A profile of Council's receivables credit risk at balance date follows:

### Credit risk profile

#### Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
<b>2023</b>				
Gross carrying amount	–	2,750	187	2,937
<b>2022</b>				
Gross carrying amount	–	2,331	191	2,522

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

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2023</b>						
Gross carrying amount	6,325	557	114	29	367	7,392
ECL Provision	–	–	–	–	(660)	(660)
<b>2022</b>						
Gross carrying amount	4,924	1,155	241	147	984	7,451
ECL Provision	–	–	–	–	(660)	(660)

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

### (c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2023</b>							
Payables	0.00%	45,736	10,340	–	–	56,076	56,075
Borrowings	3.20%	–	3,794	16,373	40,148	60,315	60,315
<b>Total financial liabilities</b>		<b>45,736</b>	<b>14,134</b>	<b>16,373</b>	<b>40,148</b>	<b>116,391</b>	<b>116,390</b>
<b>2022</b>							
Payables	0.00%	40,462	7,323	–	–	47,785	47,928
Borrowings	3.20%	–	5,589	24,644	52,226	82,459	63,979
<b>Total financial liabilities</b>		<b>40,462</b>	<b>12,912</b>	<b>24,644</b>	<b>52,226</b>	<b>130,244</b>	<b>111,907</b>

## E2-1 Fair value measurement

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

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

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

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

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

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

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



## E2-1 E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
<b>Recurring fair value measurements</b>							
<b>Financial assets</b>							
Financial investments	C1-2						
At fair value through profit or loss – designated at fair value on initial recognition		<b>92,000</b>	77,632	<b>727</b>	–	<b>92,727</b>	77,632
<b>Total financial assets</b>		<b>92,000</b>	<b>77,632</b>	<b>727</b>	<b>–</b>	<b>92,727</b>	<b>77,632</b>
<b>Investment property</b>							
Kiaora place	C1-8	<b>184,890</b>	175,425	–	–	<b>184,890</b>	175,425
Car parks		<b>6,530</b>	5,785	–	–	<b>6,530</b>	5,785
<b>Total investment property</b>		<b>191,420</b>	<b>181,210</b>	<b>–</b>	<b>–</b>	<b>191,420</b>	<b>181,210</b>
<b>Infrastructure, property, plant and equipment</b>							
Plant and equipment	C1-7	–	–	<b>7,947</b>	8,569	<b>7,947</b>	8,569
Office equipment		–	–	<b>3,202</b>	3,079	<b>3,202</b>	3,079
Furniture and fittings		–	–	<b>461</b>	595	<b>461</b>	595
Operational land		–	–	<b>136,609</b>	136,609	<b>136,609</b>	136,609
Community land		–	–	<b>178,460</b>	156,918	<b>178,460</b>	156,918
Buildings – non-specialised		–	–	<b>43,908</b>	43,043	<b>43,908</b>	43,043
Buildings – specialised		–	–	<b>30,341</b>	29,619	<b>30,341</b>	29,619
Roads		–	–	<b>418,041</b>	387,528	<b>418,041</b>	387,528
Bridges		–	–	<b>3,874</b>	3,614	<b>3,874</b>	3,614
Footpaths		–	–	<b>56,701</b>	51,205	<b>56,701</b>	51,205
Stormwater drainage		–	–	<b>82,608</b>	77,149	<b>82,608</b>	77,149
Other open space/recreational assets		–	–	<b>25,852</b>	24,320	<b>25,852</b>	24,320
Harbourside structures		–	–	<b>6,624</b>	6,339	<b>6,624</b>	6,339
Seawalls		–	–	<b>32,849</b>	30,966	<b>32,849</b>	30,966
Retaining walls		–	–	<b>15,929</b>	14,853	<b>15,929</b>	14,853
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>–</b>	<b>1,043,406</b>	<b>974,406</b>	<b>1,043,406</b>	<b>974,406</b>

## E2-1 E2-1 Fair value measurement (continued)

### Valuation techniques

#### Financial assets

The Investments at Fair Value through Profit or Loss disclosed as Level 3 comprise Council's Emerald Reverse Mortgage Series 2007-1 Class B Security maturing 21 July 2057 and floating rate notes.

For its floating rate notes, Council receives monthly valuations from the issuer of the security. Council received independent valuation from Imperium Markets for its Emerald RMBS. The 30 June 2022 valuations have been used to ensure the financial statements reflect the latest valuation.

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

#### Investment properties

Council holds three Investment Properties:

Grafton Street Car Park, Bondi Junction  
Cosmopolitan Centre Car Park, Knox Street, Double Bay  
Kiaora Place, Double Bay

Council obtains independent valuations of its Investment Properties on an annual basis to ensure the financial statements reflect the latest valuations.

The best evidence of fair value is the current price in an active market for similar assets. The following information is used where necessary:

- current prices in an active market for similar properties;
- expected future rental income generated from the properties;
- rent abatements
- capitalisation rate;
- price per square meter;
- location.

The 2023 valuations were based on Independent Assessments made by Scott Fullarton Valuations Pty Ltd. The income approach has been used to value the properties.

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

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

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

Council's Plant & Equipment, Office Equipment and Furniture & Fittings assets include:

- |                        |   |
|------------------------|---|
| • major plant          | truck, street sweepers, garbage compactors              |
| • vehicles             | cars, vans, utilities                                   |
| • miscellaneous        | plant mowers, breakers, pressure cleaners, line markers |
| • furniture & fittings | desks, chairs, cabinets, shelving                       |
| • office equipment     | PCs, laptops, servers, projectors                       |

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the Notes to the Financial Statements. Council assumes that the depreciated historic cost reflects the fair value of the asset.

Level 3 unobservable inputs include:

- pattern of consumption
- useful life
- asset condition
- replacement cost

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

#### Operational Land

Council classifies Operational Land in accordance with Part 2 of Chapter 6 of the Local Government Act (1993).

## E2-1 E2-1 Fair value measurement (continued)

Council obtains independent “fair value” valuations of its Operational Land every 3 years using Level 3 inputs. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date taking into account the characteristics of the asset (condition and location of the asset and restrictions, if any, on the sale or use of the asset).

The unobservable Level 3 inputs used include:

- Rate per square metre

The 2022 valuations were based on Independent Assessments made by Scott Fullarton Valuations Pty Ltd. There has been no change to the valuation process during the reporting period.

### Community Land

Council’s Community Land is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access. The Local Government Act imposes restrictions on Community Land in order to preserve the qualities of the land.

The Division of Local Government has determined that Community Land may be valued using the NSW Valuer General’s valuation to represent fair value. The Valuer General issues valuations every 3 years.

The Valuer General uses comparable property sales to the land being valued and considers factors such as:

- property market conditions as at 1 July in the year of valuation;
- most valuable use for the land;
- constraints on use such as zoning and heritage restrictions;
- land size, shape and land features, such as slope and soil type;
- nearby development and infrastructure;
- views.

Council fair values Community Land using either NSW Valuer General unimproved capital value or an average unit rate based on unimproved capital values and allocated by Council against those properties where the Valuer General did not provide an unimproved capital value.

Community Land was revalued by the NSW Valuer General as part of their triennial revaluation process across NSW, with an effective date of 1 July 2022. The change in value of land was adopted as the fair value by Council.

### Buildings – (Specialised and Non-Specialised)

Council buildings incorporate Libraries, Community Buildings, Car Park Buildings, Kiosks and Amenities, Sportsfield and Park Buildings, Council Chambers and Depot Buildings.

Council obtains independent “fair value” valuations of its Buildings every 3 years using Level 3 inputs. The valuer utilises the Gross Restatement Method; the Gross Value of each building is obtained by applying a unit rate based on its current replacement cost. Rates are derived from substantial analysis of construction costs from over 60 NSW Councils and are continually updated to reflect movements in construction costs. Complex building structures are componentised into significant parts with different useful lives taking into account a range of factors. While all buildings are physically inspected for valuation, inputs such as estimates of residual value, useful life and pattern of consumption have required professional judgement and impacted significantly on the final determination of fair value. Buildings are therefore classified as being valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition

Buildings (Specialised and Non Specialised) were valued in 2022 based on Independent Assessments made by Scott Fullarton Valuations Pty Ltd and a desktop valuation is completed annually.

The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at ‘Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment’ draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an “interim management revaluation” should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

## E2-1 E2-1 Fair value measurement (continued)

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

### Roads

This asset class comprises, Wearing Pavement Base, Pavement Sub Base, Kerb and Gutter and Traffic Facilities.

Council's Asset Management System (AMS) contains detailed segment dimensions and specifications for all Council roads. Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, roads are valued using Level 3 inputs.

Council also performs proactive asset inspections to determine if busy areas require additional maintenance thus prolonging the life of the asset. Council has in place an Asset Management Plan which details asset management practices to meet the required level of service in the most cost effective manner for present and future consumers.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments made by Assetic Pty Ltd.

There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index.

The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

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

### Bridges

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, bridges are valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments made by Assetic Pty Ltd.

There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index.

The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

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

### Footpaths

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, footpaths

## E2-1 E2-1 Fair value measurement (continued)

are valued using Level 3 inputs. Council's Asset Management System (AMS) contains detailed segment dimensions and specifications for footpaths.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments made by Assetic Pty Ltd.

There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index.

The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

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

### Stormwater Drainage

This asset class comprises pits, pipes and stormwater quality improvements devices.

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, drainage assets are valued using Level 3 inputs. Council's Asset Management System (AMS) contains detailed segment dimensions and specifications for drainage.

Council also performs proactive asset inspections to determine if additional maintenance is required thus prolonging the life of the asset. Council has in place an Asset Management Plan which details drainage asset management practices to meet the required level of service in the most cost effective manner for present and future consumers.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments made by Assetic Pty Ltd.

There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index.

The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

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

### Other Open Space/Recreational Assets

Assets in this class include items such as playgrounds, gazebo's, park fencing and lighting, tennis courts, sportsfield surfaces and aggregated lower value assets such as park seats and picnic tables.

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, open space assets are valued using Level 3 inputs.

## E2-1 E2-1 Fair value measurement (continued)

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments by XYST Australia Pty Ltd.

There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index. The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

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

### Harbourside Structures

Council has harbourside structures at Double Bay, Parsley Bay, Rose Bay, Rushcutters Bay and Watsons Bay which include swimming pools, platforms, boat ramps, piers and a footbridge.

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, open space assets are valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments by Assetic Pty Ltd.

There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index.

The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance.

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

### Seawalls

Assets in this class include seawalls at Darling Point, Double Bay, Point Piper, Rose Bay, Vaucluse and Watsons Bay.

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, open space assets are valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments by Assetic Pty Ltd.

## E2-1 E2-1 Fair value measurement (continued)

There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index. The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance. As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

### Retaining Walls

Assets in this class include retaining walls and retaining wall fences at various locations throughout the Woollahra local government area.

Council values this asset class every 5 years taking into consideration Council's minor works contract unit rates, visual assessment (every 4 to 5 years) of the asset condition by qualified Council engineers to determine useful life and the asset condition using a 1 – 5 rating system (1 = New, 5 = Failed). Due to the professional judgement required in valuation, open space assets are valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition rating

The 2019 valuations were based on Independent Assessments by Assetic Pty Ltd. There has been a pronounced change in construction costs across the government and infrastructure sectors in the past 12 months. This is evidenced by the Australian Bureau of Statistics Heavy and Civil Engineering Constructions Prices Index. The Office of Local Government in the appendices to the Local Government Code of Accounting 2021/22 – Section 5 at 'Appendix E Guidance for determining fair value of infrastructure, property, plant and equipment' draws councils attention to NSW Treasury guidance (TPP21-09) Valuation of Physical Non-Current Assets at Fair Value that states in years when no comprehensive revaluation is performed, an "interim management revaluation" should be undertaken when cumulative increases / decreases in indicators/ indices based on the management assessment are generally less than or equal to 20%. Interim management revaluations involve using management (or internal) expertise by applying the relevant indexation factors to the carrying amount. Council has adopted this guidance. As a result this asset class was revalued as an "interim management revaluation" to reflect the fair value of the asset classes carrying value.

### Library Books

Assets in this class include books, magazines, CD's, DVD and audio books.

Library books are valued using depreciated historic cost. Annual review determines if there has been any impairment of assets within the class.

The unobservable Level 3 inputs used include:

- pattern of consumption
- useful life
- asset condition

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

### Art Collections

Assets in this class include artwork, ornaments and outdoor public art installations.

Council obtains independent valuations of its Art collections once every 5 years.

The best evidence of fair value is the current price in an active market for similar assets. The following information is used where necessary:

## E2-1 E2-1 Fair value measurement (continued)

- current prices in an active market for similar properties.

The 2021 valuations were based on Independent Assessments by by McWilliam & Associates. There has been no change to the valuation process during the reporting period.

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

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

	Valuation technique/s	Unobservable inputs
<b>Financial liabilities</b>		
Fair Value through Profit or Loss	Issuer and independent valuations	Unit Price
<b>Investment properties</b>		
Investment properties	Independent valuation	Net rental value Rental Yield
<b>Infrastructure, property, plant and equipment</b>		
Plant and Equipment, Office Equipment, Furniture and Fittings	Cost used to approximate fair value	Asset Cost Useful Life
Operational Land	Independent valuation	Rate per m2
Community Land	Land values supplied by the Valuer General	Unimproved Capital Value (rate per m2)
Buildings	Independent valuation	Current Replacement Cost Useful life Asset Condition
Roads, Bridges & Footpaths	Independent valuation Unit rates per m2 or length	Current Replacement Cost (Unit Rates) Asset Condition Rating Useful Life
Stormwater Drainage	Independent valuation Unit rates per m2 or length	Current Replacement Cost (Unit Rates) Asset Condition Rating Useful Life
Other Open Space / Recreational Assets	Independent valuation Unit rates per m2 or length	Current Replacement Cost (Unit Rates) Asset Condition Rating Useful Life
Harbourside structures, Seawalls & Retaining Walls	Independent valuation Unit rates per m2 or length	Current Replacement Cost (Unit Rates) Asset Condition Rating Useful Life
Library Books	Cost used to approximate fair value.	Asset Cost Useful Life Asset Condition
Art Collections	Independent valuation	Market Value



## E2-1 E2-1 Fair value measurement (continued)

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

\$ '000	Total	
	2023	2022
<b>Opening balance</b>	<b>974,406</b>	902,777
<b>Total gains or losses for the period</b>		
Recognised in other comprehensive income – revaluation surplus	<b>73,219</b>	74,153
<b>Other movements</b>		
Transfers from/(to) another asset class	<b>1,991</b>	1,854
Purchases (GBV)	<b>10,238</b>	11,160
Disposals (WDV)	<b>(2,257)</b>	(1,511)
Depreciation and impairment	<b>(14,190)</b>	(14,025)
Rounding	<b>(1)</b>	(2)
<b>Closing balance</b>	<b>1,043,406</b>	974,406

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

There are no transfers identified in the above table.

### Highest and best use

All of Council's non-financial assets are considered to be utilised for their highest and best use which was established in consideration of the criteria of physical possibility, legal permissibility and financial feasibility. Implied with these criteria is the recognition of the contribution of that specific use to community goals.

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

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

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

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

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

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

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

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

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

\* For 180 Point Members, Employers are required to contribute 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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

## E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$380,634.40. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

Council's expected contribution to the plan for the next annual reporting period is \$370,116.72

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2,390.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits	2,253.6	101.7%

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$181,379 as at 30 June 2023.

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% per annum for FY22/23 2.5% per annum thereafter

\* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2023.

### (ii) Statewide Limited

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

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

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

### (iii) StateCover Limited

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

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

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

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

## E3-1 Contingencies (continued)

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### (iv) Other guarantees

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

## 2. Other liabilities

### (i) Third party claims

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

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

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

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

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

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

## ASSETS NOT RECOGNISED

### (i) Infringement notices/fines

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

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

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

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

## F People and relationships

### F1 Related party disclosures

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

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

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

\$ '000	2023	2022
<b>Compensation:</b>		
Short-term benefits	1,914	1,866
Post-employment benefits	138	131
Other long-term benefits	47	128
<b>Total</b>	<b>2,099</b>	<b>2,125</b>

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

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
<b>2023</b>						
Donations, contributions and assistance	1	865	-	7 days	-	-
Legal Expenses - Other	2	2	-	7 days	-	-
Contractor & Consultancy Costs	3	432	-	30 days	-	-
<b>2022</b>						
Donations, contributions and assistance	1	1,027	-	7 days	-	-
Legal Expenses - Other	2	3	-	7 days	-	-
Contractor & Consultancy Costs	3	141	-	30 days	-	-

- 1 Council provides financial support to Holdsworth Community which provides a range of services to the Woollahra community. A KMP is a Director of Holdsworth Community.
- 2 Council utilises Hones Lawyers Ptd Ltd to provide legal assistance and advice. A relative of a Council KMP is an employee of Hones Lawyers.
- 3 Council utilises Downer Pipetech on capital works projects. A relative of a Council KMP is an employee of Downer EDI Limited.

## F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	46	45
Councillors' fees	355	295
Other Councillors' expenses (including Mayor)	48	57
<b>Total</b>	<b>449</b>	<b>397</b>

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2023	2022
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	87	83
<b>Remuneration for audit and other assurance services</b>	<b>87</b>	<b>83</b>
<b>Total Auditor-General remuneration</b>	<b>87</b>	<b>83</b>
<b>Total audit fees</b>	<b>87</b>	<b>83</b>

## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
<b>Net operating result from Income Statement</b>	<b>21,506</b>	14,962
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	14,662	14,535
(Gain) / loss on disposal of assets	922	570
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(95)	(7)
– Investment property	(9,376)	(12,700)
– Revaluation decrements / impairments of Right of use assets direct to P&L	90	123
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(869)	(1,343)
Increase / (decrease) in provision for impairment of receivables	(370)	524
(Increase) / decrease of inventories	13	(12)
(Increase) / decrease of other current assets	353	150
(Increase) / decrease of contract asset	1,370	(2,356)
Increase / (decrease) in payables	3,280	374
Increase / (decrease) in accrued interest payable	(17)	(27)
Increase / (decrease) in other accrued expenses payable	(1,538)	1,648
Increase / (decrease) in other liabilities	5,639	5,917
Increase / (decrease) in contract liabilities	(121)	7,562
Increase / (decrease) in employee benefit provision	(644)	(1,355)
Increase / (decrease) in other provisions	1,363	7
<b>Net cash flows from operating activities</b>	<b>36,168</b>	<b>28,572</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	3,272	2,131
Plant and equipment	2,058	1,065
Infrastructure	2,424	993
Streetscapes	1,992	61
Traffic	71	1,165
Open space works	692	886
Environmental works	65	165
IT	31	52
<b>Total commitments</b>	<b>10,605</b>	<b>6,518</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	10,605	6,518
<b>Total payable</b>	<b>10,605</b>	<b>6,518</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	–	952
Future grants and contributions	4,183	1,966
Externally restricted reserves	1,819	1,152
Internally restricted reserves	3,825	2,214
Sale of plant and equipment	778	234
<b>Total sources of funding</b>	<b>10,605</b>	<b>6,518</b>

### G3-1 Events occurring after the reporting date

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



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

### G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Parking	1,280	-	-	-	39	-	-	1,319	-
Civic improvements	121	-	-	-	4	-	-	125	-
Recreation	21	-	-	-	-	-	-	21	-
Plan preparation and administration	47	-	-	-	1	-	-	48	-
<b>S7.11 contributions – under a plan</b>	<b>1,469</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>-</b>	<b>-</b>	<b>1,513</b>	<b>-</b>
<b>S7.12 levies – under a plan</b>	<b>6,812</b>	<b>4,020</b>	<b>-</b>	<b>-</b>	<b>230</b>	<b>(3,937)</b>	<b>-</b>	<b>7,125</b>	<b>-</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>8,281</b>	<b>4,020</b>	<b>-</b>	<b>-</b>	<b>274</b>	<b>(3,937)</b>	<b>-</b>	<b>8,638</b>	<b>-</b>
<b>Total contributions</b>	<b>8,281</b>	<b>4,020</b>	<b>-</b>	<b>-</b>	<b>274</b>	<b>(3,937)</b>	<b>-</b>	<b>8,638</b>	<b>-</b>

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

### G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
<b>CONTRIBUTION PLAN – 2002 Contributions Plan</b>									
Parking – Rose Bay	1,280	-	-	-	39	-	-	1,319	-
Civic improvements	121	-	-	-	4	-	-	125	-
Recreation	21	-	-	-	-	-	-	21	-
Plan preparation and administration	47	-	-	-	1	-	-	48	-
<b>Total</b>	<b>1,469</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>-</b>	<b>-</b>	<b>1,513</b>	<b>-</b>

### S7.12 Levies – under a plan

<b>CONTRIBUTION PLAN – 2005 Contributions Plan</b>									
Other	6,812	4,020	-	-	230	(3,937)	-	7,125	-
<b>Total</b>	<b>6,812</b>	<b>4,020</b>	<b>-</b>	<b>-</b>	<b>230</b>	<b>(3,937)</b>	<b>-</b>	<b>7,125</b>	<b>-</b>

## G5 Statement of performance measures

### G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022      2021		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>4,109</b>	<b>3.64%</b>	(4.58)%	(15.08)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>112,730</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>105,169</b>	<b>86.68%</b>	87.25%	90.37%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>121,335</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>90,018</b>	<b>3.41x</b>	3.49x	4.06x	> 1.50x
Current liabilities less specific purpose liabilities	<b>26,415</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>20,704</b>	<b>3.63x</b>	2.10x	0.14x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>5,698</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>3,245</b>	<b>5.18%</b>	4.54%	4.16%	< 5.00%
Rates and annual charges collectable	<b>62,597</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>106,943</b>	<b>12.84 months</b>	11.05 months	6.02 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>8,326</b>				

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

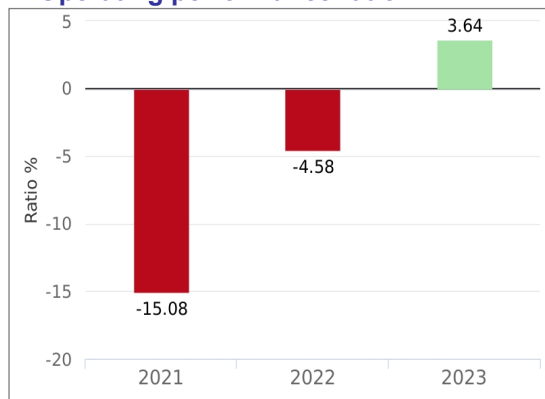
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

**End of the audited financial statements**

## H Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



#### Purpose of operating performance ratio

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

#### Commentary on 2022/23 result

2022/23 ratio 3.64%

The 2022/23 ratio is above the benchmark for the first time since 2018 and post COVID. The significant turnaround is on the back of financial sustainability repairs such as loan refinancing, efficiency reviews, redundancies, and rising interest rates on higher investment balances.

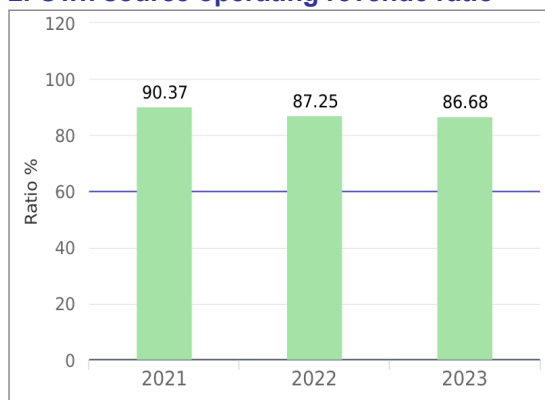
Benchmark: — > 0.00%

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 86.68%

This ratio of 86.68 remains well above the benchmark of 60.

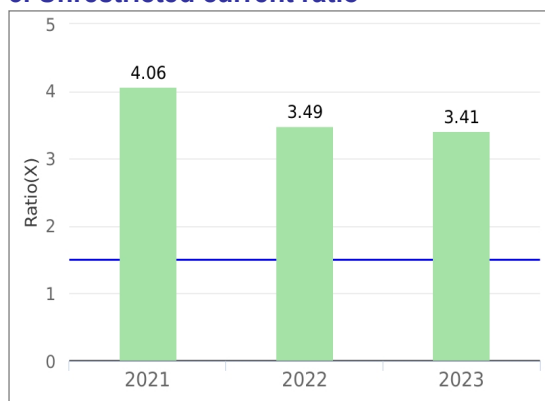
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



#### Purpose of unrestricted current ratio

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

#### Commentary on 2022/23 result

2022/23 ratio 3.41x

Council's liquidity remains strong and well above the benchmark of 1.5x.

Benchmark: — > 1.50x

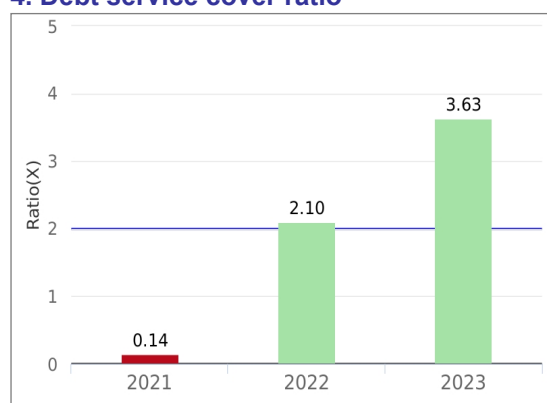
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 3.63x

Since the refinancing of the loan in 2021, the savings in interest repayment is now continuing to significantly improved debt service cover ratio.

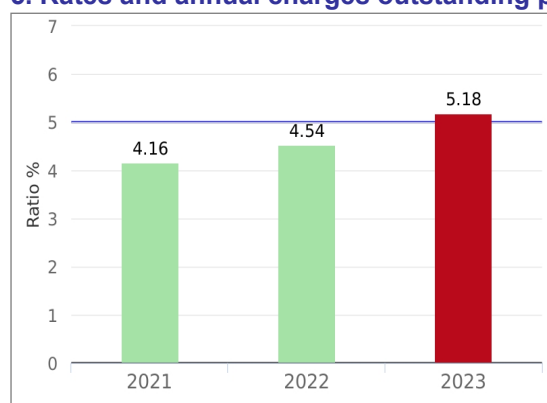
Benchmark: — > 2.00x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 5.18%

The ratio is outside the benchmark of 5.0. During and following the Covid-19 pandemic along with recent mortgage interest rises and cost of living increases, Council assisted ratepayers who were facing financial hardship with extended payment terms.

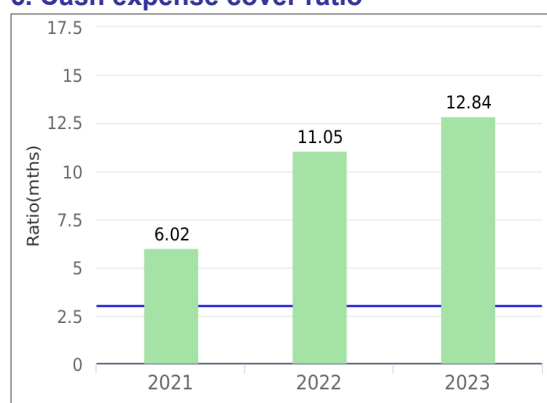
Benchmark: — < 5.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 12.84 months

The ratio is well above the minimum 3 months benchmark.

Benchmark: — > 3.00months

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

## H1-2 Council information and contact details

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**Principal place of business:**

536 New South Head Road  
Double Bay NSW 2028

**Mailing Address:**

PO Box 61  
Double Bay NSW 2028

**Telephone:** 02 9391 7000

**Facsimile:** 02 9391 7044

**Opening hours:**

8:00am - 4:30pm  
Monday to Friday

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

**Email:** [records@woollahra.nsw.gov.au](mailto:records@woollahra.nsw.gov.au)

### Officers

**GENERAL MANAGER**

Craig Swift-McNair

**RESPONSIBLE ACCOUNTING OFFICER**

Paul Ryan

**PUBLIC OFFICER**

Sue Meekin

**AUDITORS**

Audit Office of NSW  
Level 19, 201 Sussex Street  
Sydney NSW 2000

### Elected members

**MAYOR**

Susan Wynne

**COUNCILLORS**

Richard Shields  
Peter Cavanagh  
Sean Carmichael  
Luise Elsing  
Nicola Grieve  
Mary-Lou Jarvis  
Harriet Price  
Lucinda Regan  
Matthew Robertson  
Isabelle Shapiro (Deputy Mayor)  
Mark Silcocks  
Sarah Swan  
Merrill Witt  
Toni Zeltzer

### Other information

**ABN:** 32 218 483 245



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Woollahra Municipal Council

To the Councillors of Woollahra Municipal Council

### Opinion

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

In my opinion:

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Karen Taylor  
Delegate of the Auditor-General for New South Wales

10 October 2023  
SYDNEY





Cr Richard Shields  
 Mayor  
 Woollahra Municipal Council  
 PO Box 61  
 DOUBLE BAY NSW 1360

10 October 2023

Dear Mayor

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

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

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

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

**INCOME STATEMENT**

**Operating result**

	<b>2023</b>	<b>2022</b>	<b>Variance</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
Rates and annual charges revenue	59.7	57.9	↑ 3.1
Grants and contributions revenue	16.2	13.8	↑ 17.4
Operating result from continuing operations	21.5	15.0	↑ 43.3
Net operating result before capital grants and contributions	12.9	6.8	↑ 89.7

The Council's operating result from continuing operations being \$21.5 million (including depreciation and amortisation expense of \$14.8 million) was \$6.5 million higher than the 2021–22 result. The increase is mainly attributable to \$2.4 million increase in grant income recognised and \$2.6 million increase in interest income.

In terms of expenditure, the current year resulted in an overall increase of \$3.3 million which relates primarily to a \$7.5 million increase in materials and services expense, whilst employee benefits decreased by \$3.9 million due to the restructuring completed in 2021–22.

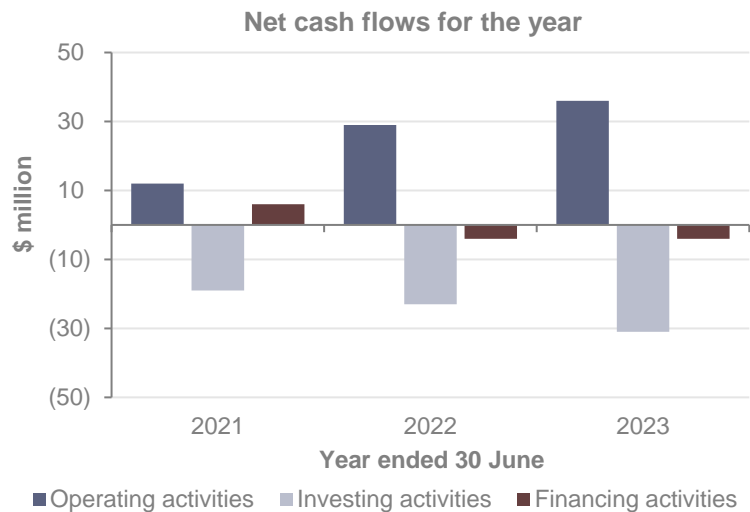
Rates and annual charges revenue increased by \$1.8 million in 2022–23, mainly due to rate peg.

## STATEMENT OF CASH FLOWS

Cash inflows from operating activities increased due to increase in rates and annual charges received during the year as well as an increase in receipts from rental income during the year.

Cash outflows from investing activities increased due to additional investments purchased during the year.

Cash from financing activities which consists mainly of repayment of borrowings and lease payments did not change significantly compared to 2021–22.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>107.6</b>	<b>91.6</b>	External restrictions include unspent specific purpose grants, developer contributions, and domestic waste and stormwater management charges and unspent levies. The increase is primarily attributable to an increase in developer contributions, environmental and infrastructure renewal levy and domestic waste management.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	26.4	23.8	
• Internal allocations	69.2	65.7	Balances are internally allocated due to Council policy or decisions for forward plans including the works program. The increase is primarily attributable to deposits and bonds held by Council.

## PERFORMANCE

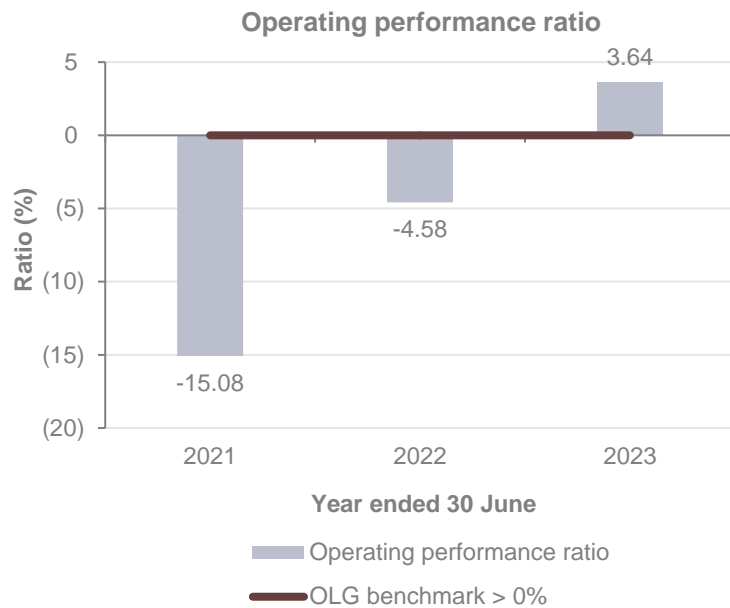
### Performance measures

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

### Operating performance ratio

The Council met the benchmark for the current reporting period.

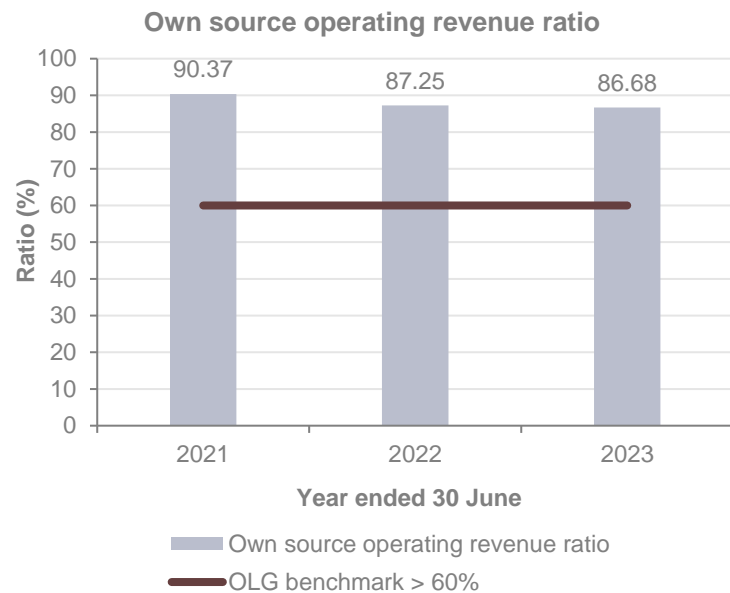
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



### Own source operating revenue ratio

The Council continues to exceed the benchmark for the current reporting period.

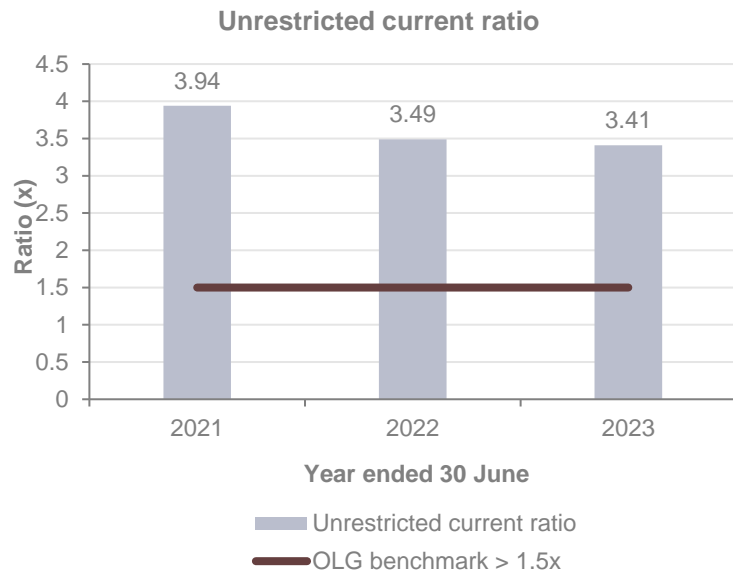
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

The Council met the benchmark for the current reporting period. This ratio indicates that Council currently has \$3.40 of unrestricted current assets available to service every \$1.00 of its unrestricted current liabilities.

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

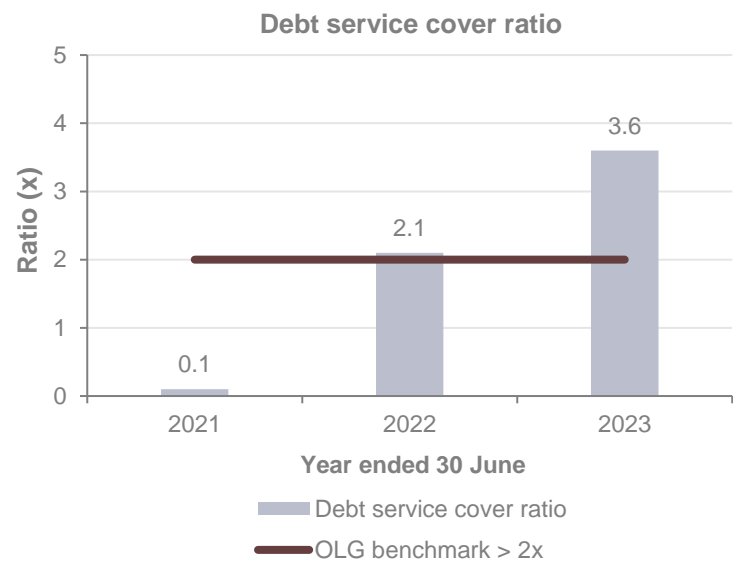


### Debt service cover ratio

The Council met the benchmark for the current reporting period.

The Council's debt service cover ratio continues to improve due to savings on interest repayments since the loan was refinanced in 2021.

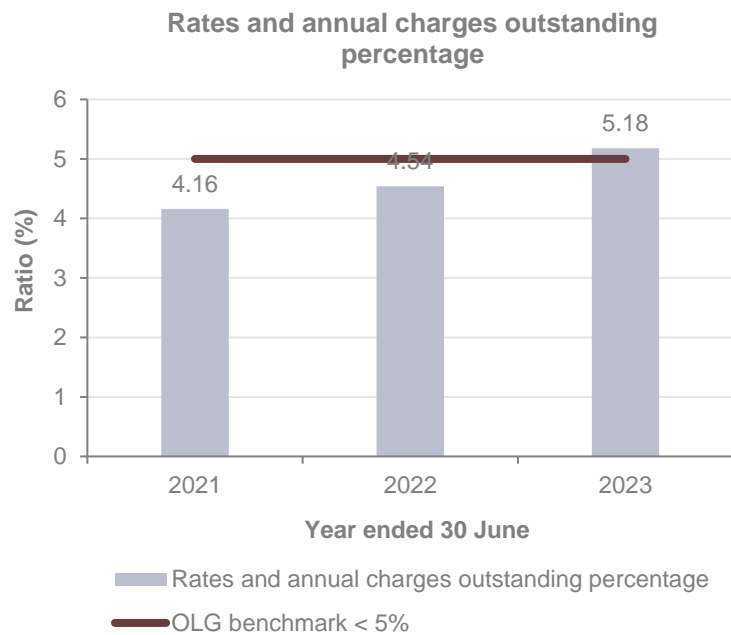
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



### Rates and annual charges outstanding percentage

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

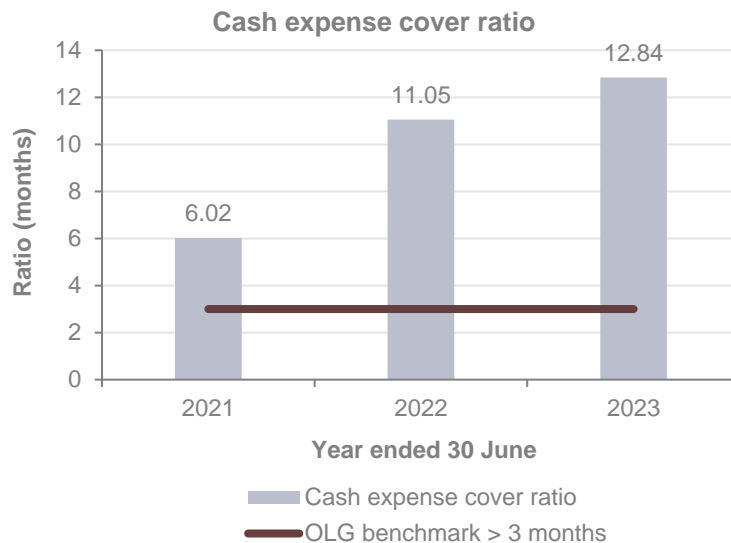
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



### Cash expense cover ratio

The Council continues to exceed the benchmark for the current reporting period.

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



### Infrastructure, property, plant and equipment renewals

Council renewed \$9.5 million of infrastructure, property, plant and equipment during the 2022–23 financial year. This was mainly spent on roads, footpaths and open space/recreational assets. A further \$8.4 million was spend on new assets across most asset classes.

## 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.

Council's:

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

A handwritten signature in blue ink that reads "Karen Taylor". The signature is written in a cursive style.

Karen Taylor  
Delegate of the Auditor-General for New South Wales

# Woollahra Municipal Council

SPECIAL SCHEDULES  
for the year ended 30 June 2023

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# Woollahra Municipal Council

## Special Schedules

for the year ended 30 June 2023

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



## Woollahra Municipal Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	42,361	43,228
Plus or minus adjustments <sup>2</sup>	b	28	49
<b>Notional general income</b>	c = a + b	<b>42,389</b>	<b>43,277</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>3</sup>	d	0.00%	13.70%
Or rate peg percentage	e	2.00%	0.00%
Plus special variation amount	h = d x (c + g)	–	5,929
Or plus rate peg amount	i = e x (c + g)	848	–
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>43,237</b>	<b>49,206</b>
Plus (or minus) last year's carry forward total	l	18	25
Less valuation objections claimed in the previous year	m	(2)	–
<b>Sub-total</b>	n = (l + m)	<b>16</b>	<b>25</b>
<b>Total permissible income</b>	o = k + n	<b>43,253</b>	<b>49,231</b>
Less notional general income yield	p	43,228	49,200
<b>Catch-up or (excess) result</b>	q = o – p	<b>25</b>	<b>31</b>
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>25</b>	<b>31</b>

#### Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable, the Crown land adjustment.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Woollahra Municipal Council

To the Councillors of Woollahra Municipal Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

### Other Information

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Karen Taylor  
Delegate of the Auditor-General for New South Wales

10 October 2023  
SYDNEY

## Woollahra Municipal Council

### Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance <sup>a</sup>	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
<b>Buildings</b>	Buildings	300	300	2,182	2,266	74,249	140,595	39.9%	21.0%	36.9%	2.2%	0.0%	
	<b>Sub-total</b>	<b>300</b>	<b>300</b>	<b>2,182</b>	<b>2,266</b>	<b>74,249</b>	<b>140,595</b>	<b>39.9%</b>	<b>21.0%</b>	<b>36.9%</b>	<b>2.2%</b>	<b>0.0%</b>	
<b>Roads</b>	Sealed roads	2,416	2,416	5,197	5,048	418,041	563,026	50.1%	10.0%	39.2%	0.7%	0.0%	
	Bridges	–	–	–	–	3,874	4,831	20.0%	0.0%	80.0%	0.0%	0.0%	
	Footpaths	830	830	3,854	3,744	56,701	116,222	15.9%	33.0%	49.2%	1.9%	0.0%	
	<b>Sub-total</b>	<b>3,246</b>	<b>3,246</b>	<b>9,051</b>	<b>8,792</b>	<b>478,616</b>	<b>684,079</b>	<b>44.1%</b>	<b>13.8%</b>	<b>41.2%</b>	<b>0.9%</b>	<b>0.0%</b>	
<b>Stormwater drainage</b>	Stormwater drainage	546	546	513	380	82,608	116,833	62.8%	10.6%	26.1%	0.5%	0.0%	
	<b>Sub-total</b>	<b>546</b>	<b>546</b>	<b>513</b>	<b>380</b>	<b>82,608</b>	<b>116,833</b>	<b>62.8%</b>	<b>10.6%</b>	<b>26.1%</b>	<b>0.5%</b>	<b>0.0%</b>	
<b>Open space / recreational assets</b>	Other parks & open space	767	767	1,792	1,482	25,852	43,315	35.2%	38.0%	24.9%	1.7%	0.2%	
	Harbourside structures	1,000	1,000	173	230	6,624	8,728	51.0%	22.0%	21.0%	6.0%	0.0%	
	<b>Sub-total</b>	<b>1,767</b>	<b>1,767</b>	<b>1,965</b>	<b>1,712</b>	<b>32,476</b>	<b>52,043</b>	<b>37.8%</b>	<b>35.3%</b>	<b>24.2%</b>	<b>2.4%</b>	<b>0.3%</b>	
<b>Other infrastructure assets</b>	Retaining walls & seawalls	773	773	89	118	48,778	78,067	13.0%	39.0%	47.0%	1.0%	0.0%	
	<b>Sub-total</b>	<b>773</b>	<b>773</b>	<b>89</b>	<b>118</b>	<b>48,778</b>	<b>78,067</b>	<b>13.0%</b>	<b>39.0%</b>	<b>47.0%</b>	<b>1.0%</b>	<b>0.0%</b>	
<b>Total – all assets</b>		<b>6,632</b>	<b>6,632</b>	<b>13,800</b>	<b>13,268</b>	<b>716,727</b>	<b>1,071,617</b>	<b>43.0%</b>	<b>17.3%</b>	<b>38.6%</b>	<b>1.1%</b>	<b>0.0%</b>	

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

#### Infrastructure asset condition assessment 'key'

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

## Woollahra Municipal Council

### Report on infrastructure assets as at 30 June 2023

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

\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022	2021	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>8,539</b>	<b>69.62%</b>	57.32%	94.02%	> 100.00%
Depreciation, amortisation and impairment	<b>12,266</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>6,632</b>	<b>0.91%</b>	1.15%	1.35%	< 2.00%
Net carrying amount of infrastructure assets	<b>727,579</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>13,268</b>	<b>96.14%</b>	99.62%	115.25%	> 100.00%
Required asset maintenance	<b>13,800</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>6,632</b>	<b>0.62%</b>	0.78%	0.92%	
Gross replacement cost	<b>1,071,617</b>				

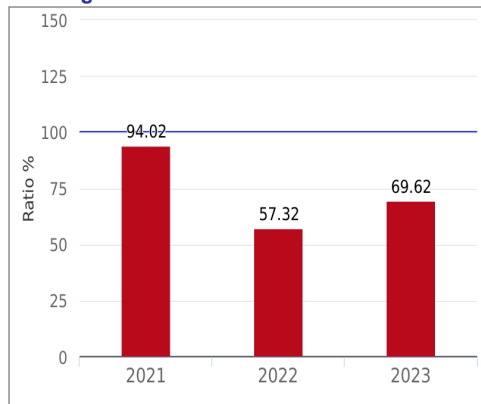
(\*) All asset performance indicators are calculated using classes identified in the previous table.

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

# Woollahra Municipal 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 69.62%

The ratio is influenced by the timing of the completion of capital works and the particular projects being undertaken in different years. In the year ended 30 June 2023, grant funded projects continues to be higher than prior years, where more renewal projects were undertaken. The three year average is 73.66%.

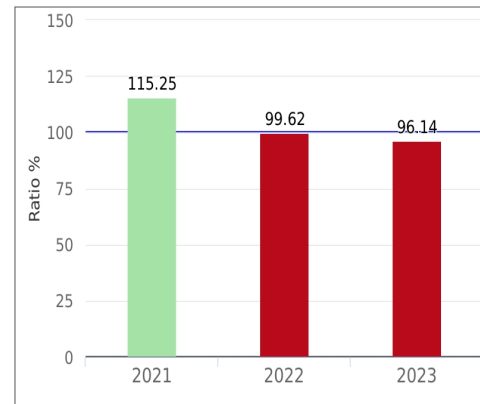
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Asset maintenance ratio



**Asset maintenance ratio**

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

**Commentary on result**

22/23 ratio 96.14%

This ratio is lower than the benchmark of > 100%. The three year average ratio is 103.67.

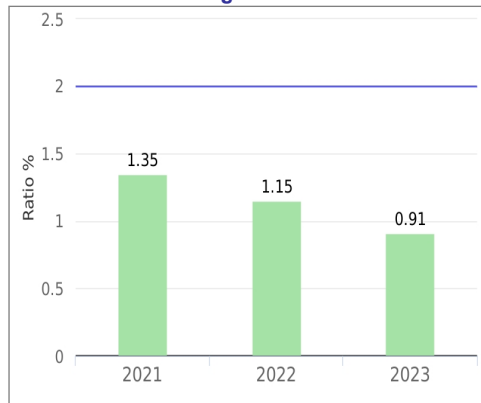
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Infrastructure backlog ratio



**Infrastructure backlog ratio**

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

**Commentary on result**

22/23 ratio 0.91%

This ratio achieves the benchmark of < 2.00.

Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Cost to bring assets to agreed service level



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

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

**Commentary on result**

22/23 ratio 0.62%

The estimate cost to bring assets to our agreed service levels represents less than 1% of the total value of Council's assets.

# Woollahra Municipal Council



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Adopted by Woollahra Council  
9 October 2023