



Attachment 2 to Item 4.2.1

Audited Financial Statements for the period
ending 30 June 2023

Date of meeting: 21 November 2023

Location: Council Chambers

Time: 6:30 p.m.

Hawkesbury City Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

Building a Hawkesbury that's loved by its people

Hawkesbury City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

Hawkesbury City Council

General Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Understanding Council's Financial Statements	3
Statement by Councillors and Management	4
Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10

Hawkesbury City Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Hawkesbury City Council

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 10 October 2023.



Sarah McMahon
Mayor
10 October 2023



Barry Calvert
Deputy Mayor
10 October 2023



Elizabeth Richardson
General Manager
10 October 2023



Vanessa Browning
Responsible Accounting Officer
10 October 2023

Hawkesbury City Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
	Income from continuing operations			
70,598	Rates and annual charges	B2-1	71,566	69,096
7,044	User charges and fees	B2-2	7,587	6,942
1,851	Other revenues	B2-3	4,894	1,412
10,765	Grants and contributions provided for operating purposes	B2-4	51,474	31,347
11,935	Grants and contributions provided for capital purposes	B2-4	31,504	20,528
1,058	Interest and investment income	B2-5	2,705	625
3,106	Other income	B2-6	3,877	13,786
106,357	Total income from continuing operations		173,607	143,736
	Expenses from continuing operations			
34,807	Employee benefits and on-costs	B3-1	37,358	31,497
30,440	Materials and services	B3-2	51,822	39,336
522	Borrowing costs	B3-3	1,851	287
22,570	Depreciation, amortisation and impairment of non-financial assets	B3-4	24,491	24,236
5,197	Other expenses	B3-5	6,600	5,882
–	Net loss from the disposal of assets	B4-1	4,395	439
93,536	Total expenses from continuing operations		126,517	101,677
12,821	Operating result from continuing operations		47,090	42,059
12,821	Net operating result for the year attributable to Council		47,090	42,059
886	Net operating result for the year before grants and contributions provided for capital purposes		15,586	21,531

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

Hawkesbury City Council

Statement of Comprehensive Income

for the year ended 30 June 2023

	Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
Net operating result for the year – from Income Statement		47,090	42,059
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation, or impairment of infrastructure, property, plant and equipment	C1-6	123,735	(114,656)
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-6	–	27,227
Total items which will not be reclassified subsequently to the operating result		123,735	(87,429)
Total other comprehensive income for the year		123,735	(87,429)
Total comprehensive income for the year attributable to Council		170,825	(45,370)

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

Hawkesbury City Council

Statement of Financial Position

as at 30 June 2023

	Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	18,138	21,329
Investments	C1-2	82,000	59,500
Receivables	C1-4	38,468	26,393
Inventories	C1-5	436	324
Other	C1-11	1,270	1,243
Total current assets		140,312	108,789
Non-current assets			
Investments	C1-2	3,018	2,902
Infrastructure, property, plant and equipment (IPPE)	C1-6	1,615,336	1,433,209
Investment property	C1-7	46,937	42,967
Intangible assets	C1-8	186	122
Right of use assets	C2-1	1,811	2,077
Total non-current assets		1,667,288	1,481,277
Total assets		1,807,600	1,590,066
LIABILITIES			
Current liabilities			
Payables	C3-1	20,550	20,472
Contract liabilities	C3-2	8,028	1,698
Lease liabilities	C2-1	544	766
Borrowings	C3-3	3,893	2,406
Employee benefit provisions	C3-4	10,370	10,167
Provisions	C3-5	3,634	9,073
Total current liabilities		47,019	44,582
Non-current liabilities			
Contract liabilities	C3-2	–	3,930
Lease liabilities	C2-1	1,633	1,607
Borrowings	C3-3	58,592	13,917
Employee benefit provisions	C3-4	1,080	770
Provisions	C3-5	10,282	7,091
Total non-current liabilities		71,587	27,315
Total liabilities		118,606	71,897
Net assets		1,688,994	1,518,169
EQUITY			
Accumulated surplus	C4-1	571,670	524,580
IPPE revaluation reserve	C4-1	1,117,324	993,589
Council equity interest		1,688,994	1,518,169
Total equity		1,688,994	1,518,169

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

Hawkesbury City Council

Statement of Changes in Equity

for the year ended 30 June 2023

	Notes	2023			2022		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance		524,580	993,589	1,518,169	482,521	1,081,018	1,563,539
Net operating result for the year		47,090	–	47,090	42,059	–	42,059
Net operating result for the period		47,090	–	47,090	42,059	–	42,059
Other comprehensive income							
– (Loss)/Gain on revaluation or impairment of IPP&E	C1-6	–	123,735	123,735	–	(87,429)	(87,429)
Other comprehensive income		–	123,735	123,735	–	(87,429)	(87,429)
Total comprehensive income		47,090	123,735	170,825	42,059	(87,429)	(45,370)
Closing balance at 30 June		571,670	1,117,324	1,688,994	524,580	993,589	1,518,169

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

Hawkesbury City Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
67,068	Rates and annual charges		69,538	68,536
6,974	User charges and fees		8,252	7,673
793	Interest received		2,020	503
21,565	Grants and contributions		66,317	19,883
–	Bonds, deposits and retentions received		1,625	2,146
4,908	Other		12,565	10,777
<i>Payments:</i>				
(33,763)	Payments to employees		(33,995)	(32,998)
(30,136)	Payments for materials and services		(64,843)	(40,573)
(689)	Borrowing costs		(1,545)	(155)
(5,145)	Other		(5,788)	(4,964)
31,575	Net cash flows from operating activities	G1-1	54,146	30,828
Cash flows from investing activities				
<i>Receipts:</i>				
–	Redemption of term deposits		23,893	18,700
1,067	Proceeds from sale of IPPE		638	1,141
<i>Payments:</i>				
–	Acquisition of term deposits		(46,393)	(29,748)
–	Purchase of investment property		(96)	(327)
(39,322)	Payments for IPPE		(80,672)	(35,586)
–	Purchase of intangible assets		(186)	(41)
(38,255)	Net cash flows from investing activities		(102,816)	(45,861)
Cash flows from financing activities				
<i>Receipts:</i>				
7,000	Proceeds from borrowings		49,500	16,500
<i>Payments:</i>				
(3,587)	Repayment of borrowings		(3,338)	(1,483)
–	Principal component of lease payments		(683)	(633)
3,413	Net cash flows from financing activities		45,479	14,384
(3,267)	Net change in cash and cash equivalents		(3,191)	(649)
50,400	Cash and cash equivalents at beginning of year		21,329	21,978
47,133	Cash and cash equivalents at end of year	C1-1	18,138	21,329

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

Hawkesbury City Council

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

A About Council and these financial statements	12
A1-1 Basis of preparation	12
B Financial Performance	16
B1 Functions or activities	16
B1-1 Functions or activities – income, expenses and assets	16
B1-2 Components of functions or activities	17
B2 Sources of income	18
B2-1 Rates and annual charges	18
B2-2 User charges and fees	19
B2-3 Other revenues	20
B2-4 Grants and contributions	21
B2-5 Interest and investment income	26
B2-6 Other income	27
B3 Costs of providing services	28
B3-1 Employee benefits and on-costs	28
B3-2 Materials and services	29
B3-3 Borrowing costs	30
B3-4 Depreciation, amortisation and impairment of non-financial assets	31
B3-5 Other expenses	33
B4 Gains or losses	34
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	34
B5 Performance against budget	35
B5-1 Material budget variations	35
C Financial position	37
C1 Assets we manage	37
C1-1 Cash and cash equivalents	37
C1-2 Financial investments	38
C1-3 Restricted and allocated cash, cash equivalents and investments	39
C1-4 Receivables	41
C1-5 Inventories	43
C1-6 Infrastructure, property, plant and equipment	44
C1-7 Investment properties	48
C1-8 Intangible assets	49
C2 Leasing activities	50
C2-1 Council as a lessee	50
C2-2 Council as a lessor	53
C3 Liabilities of Council	55
C3-1 Payables	55
C3-2 Contract Liabilities	56
C3-3 Borrowings	57
C3-4 Employee benefit provisions	59
C3-5 Provisions	60

Hawkesbury City Council

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

C4 Reserves	62
C4-1 Nature and purpose of reserves	62
D Council structure	63
D1 Results by fund	63
D1-1 Income Statement by fund	63
D1-2 Statement of Financial Position by fund	64
D2 Interests in other entities	65
D2-1 Subsidiaries	65
D2-2 Unconsolidated structured entities	67
E Risks and accounting uncertainties	68
E1-1 Risks relating to financial instruments held	68
E2-1 Fair value measurement	72
E3-1 Contingencies	76
F People and relationships	79
F1 Related party disclosures	79
F1-1 Key management personnel (KMP)	79
F1-2 Councillor and Mayoral fees and associated expenses	80
F2 Other relationships	81
F2-1 Audit fees	81
G Other matters	82
G1-1 Statement of Cash Flows information	82
G2-1 Commitments	83
G3-1 Events occurring after the reporting date	84
G4 Statement of developer contributions as at 30 June 2023	85
G4-1 Summary of developer contributions	85
G4-2 Developer contributions by plan	86
G5 Statement of performance measures	87
G5-1 Statement of performance measures – consolidated results	87
G5-2 Statement of performance measures by fund	88
H Additional Council disclosures (unaudited)	89
H1-1 Statement of performance measures – consolidated results (graphs)	89

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 10 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- i. fair values of investment property – refer Note C1-7
- ii. fair values of infrastructure, property, plant and equipment – refer Note C1-6
- iii. tip remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4.

A1-1 Basis of preparation (continued)

Significant judgements in applying the Council's accounting policies

(i) Impairment of receivables

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

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- General purpose operations
- Sewerage service
- Hawkesbury Sports Council Incorporated

The Trust Fund

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

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

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

Goods and Services Tax (GST)

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 benefits from the input of volunteers, in relation to the operation of the Hawkesbury Regional Gallery, Hawkesbury Regional Museum, the Hawkesbury Regional Library, the Richmond Library and the Hawkesbury Companion Animal Shelter. While these services are highly valued by Council, the enhanced service level provided by the volunteers, would not be provided without their donated time. Due to this, Council has not placed a financial value of volunteer services and are not included within the Income Statement.

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 have been published that are not mandatory for the 30 June 2023 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2022.

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

A1-1 Basis of preparation (continued)

This Standard modifies AASB 13 Fair Value Measurement for application by not-for-profit public sector entities such as Council.

It includes authoritative implementation guidance when fair valuing non-financial assets, not held primarily for their ability to generate cash inflows and also provides guidance and clarification when valuing assets that are restricted (in their use) at Council.

This includes guidance and clarification regarding the determination of an assets highest and best use, the development and use of internal assumptions for unobservable inputs and allows for greater use of internal judgements when applying the cost approach in the measurement and determination of fair values.

Although Council is yet to fully determine the impact of this standard, the changes will be evaluated in the future assessment of all property and infrastructure assets measured at fair value.

The standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

This Standard amends a number of standards as follows:

- AASB 7 to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- AASB 101 to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- AASB 108 to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- AASB 134 to identify material accounting policy information as a component of a complete set of financial statements; and
- AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The standard may have significant impact on Council as it requires Council to consider the materiality of the accounting policy information to be included in the financial statements.

AASB 101 Presentation of Financial Statements requires the disclosure of material accounting policy information rather than significant accounting policies.

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements."

Accounting policy information is likely to be considered material if that information relates to material transactions, other events or conditions and:

- the entity has changed accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements.
- the entity (or OLG) chose the accounting policy from one or more options permitted by Australian Accounting Standards.
- the accounting policy was developed in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* in the absence of an Australian Accounting Standard that specifically applies.
- the accounting policy relate to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy, and the entity discloses those judgements or assumptions in the financial statements
- the accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions.

Further AASB 101 notes that *'Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.'*

This standard has an effective date for the 30 June 2024 reporting period.

A1-1 Basis of preparation (continued)

New accounting standards adopted during the year

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

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

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Functions or activities										
Governance	193	760	454	1,441	(261)	(681)	180	745	276	(167)
Administration	51,654	48,321	13,361	10,301	38,293	38,020	4,084	4,170	147,558	131,584
Public Order and Safety	30,708	21,170	16,531	12,274	14,177	8,896	26,001	19,816	30,160	14,749
Health	538	567	1,018	922	(480)	(355)	–	–	–	–
Community Services and Education	399	247	1,171	741	(772)	(494)	303	157	79	–
Housing and Community Amenities	38,861	32,229	24,518	21,649	14,343	10,580	17,815	12,301	243,791	228,058
Sewerage Services	12,920	11,731	20,132	15,480	(7,212)	(3,749)	957	256	151,732	139,484
Recreation and Culture	2,946	1,856	17,876	14,808	(14,930)	(12,952)	1,765	1,086	216,787	148,795
Transport and Communications	30,580	13,683	28,818	22,219	1,762	(8,536)	30,118	13,341	983,247	884,087
Economic Affairs	4,808	13,172	2,638	1,842	2,170	11,330	1,755	3	33,970	43,476
Total functions and activities	173,607	143,736	126,517	101,677	47,090	42,059	82,978	51,875	1,807,600	1,590,066

B1-2 Components of functions or activities

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

Governance

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure and legislative compliance.

Administration

Corporate support and other support services (not otherwise attributed to listed functions / activities).

Public Order and Safety

Fire protection, animal control, enforcement of local government regulations and emergency services.

Health

Health inspections, sewerage management facilities programs and food safety programs.

Community Services and Education

Youth services, aged and disabled services, Indigenous services, other community services and education programs.

Housing and Community Amenities

Housing, town planning, street lighting, other sanitation and garbage, public conveniences, asset planning, development control, stormwater, other community amenities.

Sewerage Services

Provision of reticulated sewer, recycled water system, sullage services, trade waste.

Recreation and Culture

Public libraries, museums, art galleries, community centres, public halls, other cultural services, events programs, heritage programs, cemeteries, swimming pools, sporting grounds, parks and gardens, and other sport and recreation.

Transport and Communication

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, ferry, carparking areas and bus shelters.

Economic Affairs

Tourism and area promotion, local business programs, economic development programs and other business undertakings.

B2 Sources of income

B2-1 Rates and annual charges

	2023 Actual \$ '000	2022 Actual \$ '000
Ordinary rates		
Residential	38,171	36,023
Farmland	1,723	1,878
Business	4,631	5,249
Less: pensioner rebates (mandatory)	(573)	(570)
Rates levied to ratepayers	43,952	42,580
Pensioner rate subsidies received	310	315
Total ordinary rates	44,262	42,895
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	15,195	14,326
Stormwater management services	566	557
Sewerage services	8,412	8,278
Waste management services (non-domestic)	1,499	1,464
Section 611 charges	18	19
Less: pensioner rebates (mandatory)	(287)	(299)
Less: pensioner rebates (Council policy)	(415)	(414)
Sullage	2,161	2,105
Annual charges levied	27,149	26,036
Pensioner annual charges subsidies received:		
– Sewerage	38	40
– Domestic waste management	117	125
Total annual charges	27,304	26,201
Total rates and annual charges	71,566	69,096

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

	Timing	2023 Actual \$ '000	2022 Actual \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Sewerage services	2	1,109	1,035
Sullage	2	403	364
Total specific user charges		1,512	1,399
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Inspection services	2	16	26
Planning and building regulation	2	2,085	2,008
Regulatory/ statutory fees	2	395	219
Section 10.7 certificates (EP&A Act)	2	275	241
Section 603 certificates	2	99	127
SMF inspection fees	2	218	219
Total fees and charges – statutory/regulatory		3,088	2,840
(ii) Fees and charges – other (incl. general user charges (per s608))			
Cemeteries	2	363	313
Park rents	2	97	86
Restoration charges	2	302	230
Swimming centre	2	255	170
Animal shelter income	2	935	729
Library, museum and gallery income	2	76	43
Waste management facility	2	884	945
Other	2	75	187
Total fees and charges – other		2,987	2,703
Total other user charges and fees		6,075	5,543
Total user charges and fees		7,587	6,942
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		7,587	6,942
Total user charges and fees		7,587	6,942

Accounting policy

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for Council in relation to refunds or returns.

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

B2-3 Other revenues

	Timing	2023 Actual \$ '000	2022 Actual \$ '000
Agricultural income	2	14	17
Diesel rebate		74	110
External income	2	42	39
Fines – other	2	107	97
Fines – parking	2	481	413
GST fuel rebates	2	74	110
Insurance claims recoveries ¹	2	3,225	–
Legal fees recovery – other	2	73	22
Nursery income	2	77	59
Private works printing income	2	6	2
Recycling income (non-domestic)	2	175	155
Sales – general	2	7	9
Other	2	539	335
Vary LEP applications	2	–	44
Total other revenue		4,894	1,412
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		4,894	1,412
Total other revenue		4,894	1,412

Accounting policy for other revenue

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

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

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

(1) Relating to March 2021 floods

B2-4 Grants and contributions

		Operating 2023 Actual \$ '000	Operating 2022 Actual \$ '000	Capital 2023 Actual \$ '000	Capital 2022 Actual \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,617	1,407	–	–
Financial assistance – local roads component	2	1,220	928	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	2,157	2,157	–	–
Financial assistance – local roads component	2	1,435	1,435	–	–
Amount recognised as income during current year					
		6,429	5,927	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Bushfire prevention		–	6	–	–
Bushfire services	2	790	1,434	–	9
Community care	2	1,731	4,003	–	–
Economic development	2	1,940	393	–	80
Environmental programs	2	51	261	–	9
Floodplain management		36	25	–	–
Hawkesbury Sports Council	2	287	95	–	–
Heritage and cultural	2	10	12	–	–
Library		233	219	–	–
LIRS subsidy	2	14	37	–	–
NSW rural fire services		311	315	257	10
Library – special projects		19	17	–	–
Low Cost Loan Initiative Interest Subsidy		121	107	–	–
Other contributions	2	–	214	–	–
Other councils – joint works/services	2	–	27	–	–
Parks contributions	2	137	6	–	–
Public order and safety	2	112	109	–	–
Recreation and culture	2	1,093	1,351	1,089	1,519
Roads and bridges	2	36,435	11,102	–	–
Street lighting	2	175	172	–	–
Tourism	2	80	75	–	–
Traffic route subsidy	2	10	10	–	–
Transport (other roads and bridges funding)	2	1,292	3,601	2,495	1,360
Transport (roads to recovery)	2	158	1,028	–	–
Total special purpose grants and non-developer contributions – cash					
		45,035	24,619	3,841	2,987

B2-4 Grants and contributions (continued)

	Timing	Operating 2023 Actual \$ '000	Operating 2022 Actual \$ '000	Capital 2023 Actual \$ '000	Capital 2022 Actual \$ '000
Non-cash contributions					
Bushfire services	2	–	–	1,039	1,495
Roads and bridges	2	–	–	343	–
Total other contributions – non-cash		–	–	1,382	1,495
Total special purpose grants and non-developer contributions (tied)		45,035	24,619	5,223	4,482
Total grants and non-developer contributions		51,464	30,546	5,223	4,482
Comprising:					
– Commonwealth funding		6,951	9,398	–	–
– State funding		44,065	20,583	4,161	2,758
– Other funding		448	565	1,062	1,724
		51,464	30,546	5,223	4,482

B2-4 Grants and contributions (continued)

Developer contributions

	Notes	Timing	Operating 2023 Actual \$ '000	Operating 2022 Actual \$ '000	Capital 2023 Actual \$ '000	Capital 2022 Actual \$ '000
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):		G4				
Cash contributions						
S 7.4 – contributions using planning agreements		2	10	801	–	–
S 7.11 – contributions towards amenities/services		2	–	–	15,684	5,959
S 7.12 – fixed development consent levies		2	–	–	1,188	712
S 64 – sewerage service contributions		2	–	–	957	256
S 64 – stormwater contributions		2	–	–	441	–
Total developer contributions – cash			10	801	18,270	6,927
Non-cash contributions						
S 7.4 – contributions using planning agreements		2	–	–	4,215	9,119
S 7.11 – contributions towards amenities/services		2	–	–	3,796	–
Total developer contributions non-cash			–	–	8,011	9,119
Total developer contributions			10	801	26,281	16,046
Total contributions			10	801	26,281	16,046
Total grants and contributions			51,474	31,347	31,504	20,528
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			51,474	31,347	31,504	20,528
Total grants and contributions			51,474	31,347	31,504	20,528

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

	Operating 2023 Actual \$ '000	Operating 2022 Actual \$ '000	Capital 2023 Actual \$ '000	Capital 2022 Actual \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	13,349	7,696	6,216	1,923
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	15,007	7,441	7	163
Add: Funds received and not recognised as revenue in the current year	845	1,674	7,183	4,182
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(7,876)	(3,462)	(55)	(52)
Less: Funds received in prior year but revenue recognised and funds spent in current year	-	-	-	-
Unspent funds at 30 June	21,325	13,349	13,351	6,216
Contributions				
Unspent funds at 1 July	-	-	21,471	19,785
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	18,197	7,687
Add: contributions received and not recognised as revenue in the current year	-	-	-	-
Add: contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	-	-	-	-
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	(12,614)	(6,001)
Unspent contributions at 30 June	-	-	27,054	21,471

The majority of unspent grants relates to programs outstanding in relation to bushfire and flood grant funding as a result of delays arising from the COVID-19 Pandemic. Also contributing to the unspent balance is the Western Sydney City Deals Liveability funding, which is for the revitalisation of Windsor, South Windsor and Richmond. Works have commenced and are ongoing.

B2-4 Grants and contributions (continued)

Accounting policy

Grants and contributions - enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include the conducting of events, delivery of community education program, community outreach programs and weed management. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer Contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	396	336
– Cash and investments	2,309	289
Total interest and investment income (losses)	2,705	625
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	354	299
General Council cash and investments	946	29
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	634	129
- Section 7.12	253	75
– Section 64	82	37
Sewerage fund operations	176	11
Domestic waste management operations	106	14
Stormwater management	154	31
Total interest and investment income	2,705	625

Accounting policy

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

B2-6 Other income

	Notes	2023 Actual \$ '000	2022 Actual \$ '000
Reversal of impairment losses on receivables			
User charges and fees		–	40
Total reversal of impairment losses on receivables	C1-4	–	40
Fair value increment on investment properties			
Fair value increment on investment properties		525	10,966
Total fair value increment on investment properties	C1-7	525	10,966
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		2,053	1,856
Lease income relating to variable lease payments not dependent on an index or a rate		728	506
Total Investment properties		2,781	2,362
Other lease income			
Leaseback fees - council vehicles		455	418
Total other lease income		455	418
Total rental income	C2-2	3,236	2,780
Fair value increment on investments			
Fair value increment on investments through profit and loss		116	–
Total Fair value increment on investments		116	–
Total other income		3,877	13,786

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
Salaries and wages	26,959	24,836
Employee leave entitlements (ELE)	6,244	3,552
Superannuation	3,302	3,053
Workers' compensation insurance	1,563	108
Fringe benefit tax (FBT)	87	63
Payroll tax	29	14
Protective clothing	95	79
Other	29	28
Total employee costs	38,308	31,733
Less: capitalised costs	(950)	(236)
Total employee costs expensed	37,358	31,497

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

	Notes	2023 Actual \$ '000	2022 Actual \$ '000
Raw materials and consumables		6,977	6,521
– Cemeteries		96	75
– Community services		267	107
– Ferry operational		503	508
– Informational technology		212	171
– Internal Audit		86	56
– Other contractors		554	377
– Roads, parks and buildings		15,320	14,682
– Waste collection and disposal		9,214	7,003
– Sewer services		8,502	834
Audit Fees and Assurance Services	F2-1	100	122
Councillor and Mayoral fees and associated expenses	F1-2	398	377
Advertising		266	225
Bank charges		215	195
Computer software charges		1,593	1,395
Election expenses		–	438
Electricity and heating		874	820
Fire control expenses		97	65
Insurance		1,879	1,543
Office expenses (including computer expenses)		36	36
Postage		187	178
Printing and stationery		122	115
Street lighting		718	643
Telephone and communications		127	144
Valuation fees (rates)		165	156
Travel expenses		11	10
Gas		78	60
Licences and subscriptions		534	260
Other expenses		473	454
Better Waste & Recycling Program		–	34
Sewerage treatment works operations		555	570
Stormwater – environmental		43	40
Water		245	216
Staff Training Costs		278	152
Legal expenses:			
– Legal expenses: planning and development		603	409
– Legal expenses: debt recovery		3	21
– Legal expenses: other		131	116
Variable lease expense relating to usage		50	47
Other		310	161
Total materials and services		51,822	39,336
Total materials and services		51,822	39,336

Accounting policy

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

B3-3 Borrowing costs

	Notes	2023 Actual \$ '000	2022 Actual \$ '000
(i) Interest bearing liability costs			
Interest on leases		84	98
Interest on loans		1,461	57
Total interest bearing liability costs		1,545	155
Total interest bearing liability costs expensed		1,545	155
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	C3-5	306	132
Total other borrowing costs		306	132
Total borrowing costs expensed		1,851	287

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

	Notes	2023 \$ '000	2022 \$ '000
Depreciation and amortisation			
Plant and equipment		1,986	1,962
Office equipment		217	182
Furniture and fittings		57	52
Land improvements (depreciable)		19	41
Infrastructure:	C1-6		
– Buildings – non-specialised		712	583
– Buildings – specialised		2,966	2,705
– Other structures		189	288
– Roads		9,857	10,527
– Bridges		220	360
– Footpaths		381	383
– Stormwater drainage		2,198	2,192
– Sewerage network		2,945	2,057
– Swimming pools		66	128
– Other open space/recreational assets		1,522	1,393
Right of use assets	C2-1	753	698
Other assets:			
– Library books		250	261
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-6	31	180
Intangible assets	C1-8	122	244
Total gross depreciation and amortisation costs		24,491	24,236
Total depreciation and amortisation costs		24,491	24,236
Total depreciation, amortisation and impairment for non-financial assets		24,491	24,236

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

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets and Note C1-8 for intangible assets and Note C2-1 for right of use assets.

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

	Notes	2023 Actual \$ '000	2022 Actual \$ '000
Impairment of receivables			
Other		554	–
Total impairment of receivables	C1-4	554	–
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		–	845
Total Fair value decrement on investments	C1-2	–	845
Other			
Contributions/levies to other levels of government			
– Bushfire fighting fund		1,109	831
– Department of planning levy		90	89
– Emergency services levy (includes FRNSW, SES, and RFS levies)		181	99
– NSW fire brigade levy		193	169
– Waste S88 EPA contribution		3,815	3,308
– Other contributions/levies		544	437
Donations, contributions and assistance to other organisations (Section 356)		114	104
Total other		6,046	5,037
Total other expenses		6,600	5,882

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

	Notes	2023 Actual \$ '000	2022 Actual \$ '000
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		563	1,135
Less: carrying amount of plant and equipment assets sold/written off		(1,360)	(1,361)
Gain (or loss) on disposal		(797)	(226)
Gain (or loss) on disposal of infrastructure	C1-6		
Proceeds from disposal – infrastructure		75	6
Less: carrying amount of infrastructure assets sold/written off		(3,673)	(219)
Gain (or loss) on disposal		(3,598)	(213)
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		23,893	18,700
Less: carrying amount of term deposits sold/redeemed/matured		(23,893)	(18,700)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(4,395)	(439)

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 14 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	70,598	71,566	968	1% F
User charges and fees	7,044	7,587	543	8% F
Other revenues	1,851	4,894	3,043	164% F
Council relieved from insurance claims in relation to the March 2021 flood resulted in this income being higher than projected.				
Operating grants and contributions	10,765	51,474	40,709	378% F
Only known grants and contributions are included in the Original Budget. Additional grants and contributions were received, predominantly relating to flood recovery. Also impacting this line is the 100% prepayment of the Financial Assistant Grant for 2023/2024.				
Capital grants and contributions	11,935	31,504	19,569	164% F
Only known grants and contributions are included in the Original Budget. Additional grants and contributions were received predominantly in relation to flood recovery. Non-cash dedications in relation to development infrastructure are difficult to predict and were higher than forecasted.				
Interest and investment revenue	1,058	2,705	1,647	156% F
Due to higher cash balances than projected and the substantial improvement in interest rates applicable to investments, interest income in relation to Council's investment portfolio was greater than projected.				
Other income	3,106	3,877	771	25% F
Expenses				
Employee benefits and on-costs	34,807	37,358	(2,551)	(7)% U
Materials and services	30,440	51,822	(21,382)	(70)% U
Expenditure was significantly higher than projected due to unbudgeted grant expenditure, particularly in relation to the Regional and Local Roads Repair Program. Also contributing was unbudgeted expenditure in relation to the recovery associated with the March/April 2022 and June 2022 flood events, including the operating expenditure incurred to provide continued sewer services despite the failure of Rising Main C.				
Borrowing costs	522	1,851	(1,329)	(255)% U
Borrowing costs were higher than projected due to the need to draw down several years of Infrastructure Borrowings Program loans as a result of cash flow requirement due to expenditure relating to flood recovery. A major contributor to this is the need to draw down a Sewer Loan to reinstate Rising Main C and continue to service the areas impacted by this infrastructure failure.				
Depreciation, amortisation and impairment of non-financial assets	22,570	24,491	(1,921)	(9)% U

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Other expenses	5,197	6,600	(1,403)	(27)% U
Adjustments required for Bad and Doubtful Debts and increased Section 88 Fees resulted in this expenditure exceeding the Original Budget.				
Net losses from disposal of assets	-	4,395	(4,395)	∞ U
Due to uncertainties in the ability to be able to forecast the level of asset disposal associated both with sale of assets and renewal / replacement assets, Council does not budget for this expenditure or income.				
Statement of cash flows				
Cash flows from operating activities	31,575	54,146	22,571	71% F
Cash flows received from grants and contributions predominantly due to flood recovery was higher than projected in the Original Budget.				
Cash flows from investing activities	(38,255)	(102,816)	(64,561)	169% U
Council does not budget for the acquisition or disposal of investments. The timing of cashflow expenditure in relation to Infrastructure, Property, Plant and Equipment differed to the Original Budget.				
Cash flows from financing activities	3,413	45,479	42,066	1,233% F
The Original Budget included a lower level of loan draw-downs, which due to lower than projected cash flow and the failure of Rising Main C, required loan funding.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
Cash assets		
Cash on hand and at bank	1,354	1,945
Cash equivalent assets		
– Deposits at call	16,784	19,384
Total cash and cash equivalents	18,138	21,329

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	18,138	21,329
Balance as per the Statement of Cash Flows	18,138	21,329

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

	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000
Financial assets at fair value through the profit and loss				
Unlisted equity securities (Civic Risk Mutual)	–	3,018	–	2,902
Total	–	3,018	–	2,902
Debt securities at amortised cost				
Long term deposits	82,000	–	59,500	–
Total	82,000	–	59,500	–
Total financial investments	82,000	3,018	59,500	2,902

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

Financial assets through profit or loss

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

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

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

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	103,156	83,731
Cash, cash equivalents and investments not subject to external restrictions	38,937	37,116
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended loans – sewer	8,844	–
Specific purpose unexpended loans – LCLI	13,197	13,709
Specific purpose unexpended grants – general fund	8,028	5,856
External restrictions – included in liabilities	30,069	19,565
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	23,054	18,316
Developer contributions – sewer fund	4,000	3,155
Specific purpose unexpended contributions	700	1,182
Sewer fund	2,130	758
Domestic waste management	1,873	1,127
Stormwater management	2,393	2,512
External restrictions – other	34,150	27,050

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)

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
(b) Internal allocations		
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Employees leave entitlement	1,236	1,236
Contingency	1,211	906
Election	403	253
Resilience and Emergency Response	455	–
Information technology	360	286
Infrastructure projects ¹	13,366	3,878
Legal	200	200
Property	1,252	594
Tip remediation and sullage	1,460	852
Unspent work reserve	7,853	8,193
Workers compensation	803	500
Other ²	3,034	342
Total internal allocations	31,633	17,240

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

(1) Increase relates to adjustments in relation to timing of delivery of projects

(2) Increase relates to unspent insurance claim relating to March 21 Flood

C1-4 Receivables

	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000
Rates and annual charges	8,315	–	6,287	–
Interest and extra charges	469	–	364	–
User charges and fees	2,200	–	2,126	–
Private works	82	–	10	–
Accrued revenues				
– Interest on investments	787	–	207	–
Government grants and subsidies	27,093	–	17,319	–
Net GST receivable	719	–	732	–
Total	39,665	–	27,045	–
Less: provision for impairment				
User charges and fees	(1,197)	–	(652)	–
Total provision for impairment – receivables	(1,197)	–	(652)	–
Total net receivables	38,468	–	26,393	–

	2023 Actual \$ '000	2022 Actual \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	652	886
+ new provisions recognised during the year	545	(234)
Balance at the end of the year	1,197	652

C1-4 Receivables (continued)

Accounting policy

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

Impairment

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

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

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

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000
(i) Inventories at cost				
Stores and materials	436	–	324	–
Total inventories at cost	436	–	324	–
Total inventories	436	–	324	–

(b) Current inventories not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
Other	184	136
	184	136

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation & impairments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	36,516	–	36,516	10,069	11,618	–	–	(12,446)	–	–	45,757	–	45,757
Plant and equipment	31,743	(12,199)	19,544	2,591	181	(1,360)	(1,986)	–	–	–	31,758	(12,787)	18,971
Office equipment	3,377	(2,749)	628	1	42	–	(217)	–	–	–	3,420	(2,966)	454
Furniture and fittings	2,242	(1,854)	388	2	–	–	(57)	–	–	–	2,245	(1,912)	333
Land:													
– Operational land	100,813	–	100,813	–	–	–	–	–	–	5,784	106,597	–	106,597
– Community land	106,117	–	106,117	–	14,030	–	–	–	–	46,509	166,656	–	166,656
– Land under roads (post 30/6/08)	19,330	–	19,330	–	28	–	–	–	–	825	20,183	–	20,183
Land improvements – non-depreciable	1,093	–	1,093	330	–	–	–	–	(3)	–	1,420	–	1,420
Land improvements – depreciable	1,320	(130)	1,190	–	5,522	–	(19)	–	(22)	–	6,842	(171)	6,671
Infrastructure:													
– Buildings – non-specialised	37,597	(19,116)	18,481	349	169	–	(712)	2,731	(3,325)	(1,660)	34,587	(18,555)	16,032
– Buildings – specialised	151,970	(63,331)	88,639	477	159	–	(2,966)	1,284	–	13,343	170,019	(69,084)	100,935
– Other structures	10,040	(3,099)	6,941	–	263	–	(189)	12	3	–	10,318	(3,290)	7,028
– Roads	914,230	(271,965)	642,265	7,332	14,837	(3,566)	(9,857)	3,313	10,627	40,727	997,588	(291,909)	705,679
– Bridges	45,166	(12,123)	33,043	2,222	–	–	(220)	473	(10,600)	2,011	50,902	(23,973)	26,929
– Footpaths	22,389	(8,782)	13,607	14	1,838	(62)	(381)	89	(5)	(1,603)	25,173	(11,675)	13,498
– Stormwater drainage	215,075	(48,213)	166,862	–	3,664	–	(2,198)	28	–	5,593	234,587	(60,639)	173,948
– Sewerage network	195,388	(53,882)	141,506	2,812	10,577	(45)	(2,945)	4,307	–	12,206	231,704	(63,285)	168,419
– Swimming pools	5,608	(2,346)	3,262	–	–	–	(66)	–	–	–	5,608	(2,411)	3,197
– Other open space/recreational assets	34,068	(10,379)	23,689	283	694	–	(1,522)	209	–	–	35,255	(11,901)	23,354
Other assets:													
– Heritage collections	1,036	–	1,036	–	–	–	–	–	–	–	1,036	–	1,036
– Library books	3,161	(2,403)	758	–	260	–	(250)	–	–	–	3,170	(2,402)	768
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	9,141	(1,640)	7,501	–	–	–	(31)	–	–	–	9,141	(1,670)	7,471
Total infrastructure, property, plant and equipment	1,947,420	(514,211)	1,433,209	26,482	63,882	(5,033)	(23,616)	–	(3,325)	123,735	2,193,966	(578,630)	1,615,336

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

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

	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation & impairments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
By aggregated asset class	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	10,649	–	10,649	19,277	11,147	–	–	(4,557)	–	–	36,516	–	36,516
Plant and equipment	29,838	(11,217)	18,621	51	4,182	(1,361)	(1,962)	13	–	–	31,743	(12,199)	19,544
Office equipment	3,149	(2,571)	578	104	128	–	(182)	–	–	–	3,377	(2,749)	628
Furniture and fittings	2,083	(1,802)	281	140	15	–	(52)	4	–	–	2,242	(1,854)	388
Land:													
– Operational land	97,113	–	97,113	–	–	–	–	–	3,700	–	100,813	–	100,813
– Community land	106,117	–	106,117	–	–	–	–	–	–	–	106,117	–	106,117
– Land under roads (post 30/6/08)	19,304	–	19,304	–	–	–	–	26	–	–	19,330	–	19,330
Land improvements – non-depreciable	1,393	–	1,393	–	–	–	–	357	–	(657)	1,093	–	1,093
Land improvements – depreciable	5,997	(4,412)	1,585	–	–	–	(41)	24	–	(378)	1,320	(130)	1,190
Infrastructure:													
– Buildings – non-specialised	28,590	(15,030)	13,560	303	2	(3)	(583)	36	4,452	714	37,597	(19,116)	18,481
– Buildings – specialised	141,337	(57,630)	83,707	968	345	(119)	(2,705)	1,911	–	4,532	151,970	(63,331)	88,639
– Other structures	13,795	(7,364)	6,431	11	–	–	(288)	47	–	740	10,040	(3,099)	6,941
– Roads	909,504	(186,892)	722,612	8,272	8,325	–	(10,527)	967	–	(87,384)	914,230	(271,965)	642,265
– Bridges	35,407	(6,656)	28,751	–	–	–	(360)	–	–	4,652	45,166	(12,123)	33,043
– Footpaths	22,083	(6,007)	16,076	39	1,241	–	(383)	–	–	(3,366)	22,389	(8,782)	13,607
– Stormwater drainage	212,127	(27,942)	184,185	366	4,038	–	(2,192)	10	–	(19,545)	215,075	(48,213)	166,862
– Sewerage network	186,141	(49,054)	137,087	442	–	(82)	(2,057)	467	–	5,649	195,388	(53,882)	141,506
– Swimming pools	5,297	(3,104)	2,193	45	–	–	(128)	45	–	1,107	5,608	(2,346)	3,262
– Other open space/recreational assets	37,027	(19,272)	17,755	172	13	(15)	(1,393)	650	–	6,507	34,068	(10,379)	23,689
Other assets:													
– Heritage collections	1,026	–	1,026	–	10	–	–	–	–	–	1,036	–	1,036
– Library books	3,142	(2,374)	768	–	248	3	(261)	–	–	–	3,161	(2,403)	758
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	9,141	(1,460)	7,681	–	–	–	(180)	–	–	–	9,141	(1,640)	7,501
Total infrastructure, property, plant and equipment	1,880,260	(402,787)	1,477,473	30,190	29,694	(1,577)	(23,294)	–	8,152	(87,429)	1,947,420	(514,211)	1,433,209

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

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

Accounting policy

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Industry (DoI) – Water.

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 35	Playground equipment	12 to 60
Office furniture	5 to 25	Benches, seats etc.	22 to 60
Computer equipment	4		
Vehicles	5 to 12	Buildings	
Heavy plant/road making equipment	5 to 35	Buildings: masonry	50 to 100
Other plant and equipment	2 to 25	Buildings: other	20 to 50
Water and sewer assets		Stormwater assets	
Dams and reservoirs	100 to 200	Drains	80 to 100
Bores	20 to 40	Culverts	100
Reticulation pipes	100 to 110	Flood control structures	60 to 100
Pumps and telemetry	20 to 50		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15-100	Bulk earthworks	20-200
Sealed roads: structure	100-200	Swimming pools	10-120
Unsealed roads	25-200	Other open space/recreational assets	3-150
Bridge: concrete	100 to 200	Other infrastructure	5 to 200
Bridge: other	80 to 200		
Kerb, gutter and footpaths	20 to 120		

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 amounts. These are included in the Income Statement.

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

Land under roads

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

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

Crown reserves

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

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

Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

Infrastructure, property, plant and equipment – current year impairments

	2023 Actual \$ '000	2022 Actual \$ '000
(iii) Impairment losses recognised direct to equity (ARR):		
– Impact of March 2021 and March 2022 Flood Events	15,531	27,227
Total impairment losses	15,531	27,227
Impairment of assets – direct to equity (ARR)	15,531	27,227

C1-7 Investment properties

	2023 \$ '000	2022 \$ '000
Owned investment property		
Investment property on hand at fair value	46,937	42,967
Total owned investment property	46,937	42,967
Owned investment property		
At fair value		
Opening balance at 1 July	42,967	39,826
Capitalised subsequent expenditure	96	327
Net gain/(loss) from fair value adjustments	525	10,966
Other movements	3,349	(8,152)
Closing balance at 30 June	46,937	42,967

Accounting policy

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

C1-8 Intangible assets

Intangible assets are as follows:

	2023 Actual \$ '000	2022 Actual \$ '000
Software		
Opening values at 1 July		
Gross book value	3,967	4,125
Accumulated amortisation	(3,845)	(3,800)
Net book value – opening balance	122	325
Movements for the year		
Purchases	186	41
Amortisation charges	(122)	(244)
Closing values at 30 June		
Gross book value	4,153	3,967
Accumulated amortisation	(3,967)	(3,845)
Total software – net book value	186	122
Total intangible assets – net book value	186	122

Accounting policy

IT development and software

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

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets relating to land for the Waste Management Facility and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Land

Council leases land for the Waste Management Facility; the lease payments are fixed during the lease term for the period of 10 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

	Plant & Equipment Actual \$ '000	Land Usage Actual \$ '000	Total Actual \$ '000
2023			
Opening balance at 1 July	773	1,304	2,077
Additions to right-of-use assets	487	–	487
Depreciation charge	(567)	(186)	(753)
Balance at 30 June	693	1,118	1,811
2022			
Opening balance at 1 July	1,078	1,491	2,569
Additions to right-of-use assets	206	–	206
Depreciation charge	(511)	(187)	(698)
Balance at 30 June	773	1,304	2,077

(b) Lease liabilities

	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000
Lease liabilities	544	1,633	766	1,607
Total lease liabilities	544	1,633	766	1,607

C2-1 Council as a lessee (continued)

(c) (i) The maturity analysis

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

	< 1 year Actual \$ '000	1 – 5 years Actual \$ '000	> 5 years Actual \$ '000	Total Actual \$ '000	Total per Statement of Financial Position Actual \$ '000
2023					
Cash flows	674	1,253	250	2,177	2,177
2022					
Cash flows	690	1,293	509	2,492	2,373

(ii) Lease liabilities relating to restricted assets

	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000
Internally restricted assets				
Waste Management Facility	169	1,207	143	1,400
Lease liabilities relating to internally restricted assets	169	1,207	143	1,400
Total lease liabilities relating to restricted assets	169	1,207	143	1,400
Total lease liabilities relating to unrestricted assets	375	426	623	207
Total lease liabilities	544	1,633	766	1,607

(d) Income Statement

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

	2023 Actual \$ '000	2022 Actual \$ '000
Interest on lease liabilities	84	98
Variable lease payments based on usage not included in the measurement of lease liabilities	50	47
Depreciation of right of use assets	753	698
	887	843

(e) Statement of Cash Flows

Total cash outflow for leases	(637)	(712)
	(637)	(712)

C2-1 Council as a lessee (continued)

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

Council has a number of leases at significantly below market for land and buildings which are used for:

- community facilities
- community services
- childcare centres
- Australian Pioneer Village

The leases are generally between 3 and 20 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council endorses, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

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. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note 12) and/or IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

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

	2023	2022
	Actual	Actual
	\$ '000	\$ '000

(i) Assets held as investment property

Investment property operating leases relate to a range of shops, offices and rental accommodation.

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)	2,053	1,856
Lease income relating to variable lease payments not dependent on an index or a rate	728	506
Total income relating to operating leases for investment property assets	2,781	2,362

Operating lease expenses

Direct operating expenses that generated rental income	(837)	(982)
Direct operating expenses that did not generate rental income	(620)	(386)

Repairs and maintenance: investment property

(ii) Assets held as property, plant and equipment

Council provides operating leases on a range vehicles for use for both business and private use.

Lease income (excluding variable lease payments not dependent on an index or rate)	455	418
Total income relating to operating leases for Council assets	455	418

Other leased assets expenses

Other	(525)	(417)
Total expenses relating to other leases assets	(525)	(417)

Reconciliation of IPPE assets leased out as operating leases

	Plant & Equipment 2023 Actual \$ '000	Plant & Equipment 2022 Actual \$ '000
Opening balance as at 1 July	2,563	2,311
Additions new assets	493	1,252
Carrying value of disposals	(242)	(645)
Depreciation expense	(357)	(355)
Closing balance as at 30 June	2,457	2,563

	2023 Actual \$ '000	2022 Actual \$ '000
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C2-2 Council as a lessor (continued)

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
(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	1,050	1,022
1–2 years	951	822
2–3 years	675	757
3–4 years	267	613
4–5 years	125	400
> 5 years	–	520
Total undiscounted lease payments to be received	3,068	4,134

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

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Goods and services – operating expenditure	4,662	–	6,526	–
Goods and services – capital expenditure	7,968	–	7,643	–
Accrued expenses:				
– Other expenditure accruals	1,689	–	1,697	–
Security bonds, deposits and retentions	6,231	–	4,606	–
Total payables	20,550	–	20,472	–

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

	2023 Actual \$ '000	2022 Actual \$ '000
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	2,063	1,228
Total payables	2,063	1,228

Accounting policy

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

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

Payables

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

C3-2 Contract Liabilities

		2023 Current Actual \$ '000	2023 Non-current Actual \$ '000	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000
	Notes				
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	7,183	-	24	3,930
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	845	-	1,674	-
Total grants received in advance		8,028	-	1,698	3,930
Total contract liabilities		8,028	-	1,698	3,930

Notes

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

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

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

	2023 Actual \$ '000	2022 Actual \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	890	63
Operating grants (received prior to performance obligation being satisfied)	1,276	1,544
Total revenue recognised that was included in the contract liability balance at the beginning of the period	2,166	1,607

Significant changes in contract liabilities

There was significant funds received in advance in relation to grants aimed to stimulate economic recovery and works associated with communities impacted by the March 2022 and July 2022 Flood Events.

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

	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000
Loan – Vineyard Precinct Low Cost Loan	1,768	12,149	1,728	13,917
Loan - Reconstruction of Sewer Rising Main C	1,386	30,542	–	–
Loan – LIRS	–	–	678	–
Infrastructure Borrowings Program	739	15,901	–	–
Total borrowings	3,893	58,592	2,406	13,917

Borrowings relating to restricted assets

	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000
Externally restricted assets				
Sewer	1,386	30,542	–	–
Borrowings relating to externally restricted assets	1,386	30,542	–	–
Total borrowings relating to restricted assets	1,386	30,542	–	–
Total borrowings relating to unrestricted assets	2,507	28,050	2,406	13,917
Total borrowings	3,893	58,592	2,406	13,917

(a) Changes in liabilities arising from financing activities

	2022		Non-cash movements				2023
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loan – sewer	–	(552)	32,500	–	–	–	31,928
Loan – LIRS	678	(678)	–	–	–	–	–
Lease liability (Note C2-1b)	2,373	(196)	–	–	–	–	2,177
Loan - Vineyard Low Cost Loan	15,645	(1,728)	–	–	–	–	13,917
Loan - Infrastructure Borrowings Program	–	(360)	17,000	–	–	–	16,640
Total liabilities from financing activities	18,696	(3,514)	49,500	–	–	–	64,662

	2021		Non-cash movements				2022
	Opening Balance \$ '000	Repayments \$ '000	Acquisition \$ '000	Interest \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loan – LIRS	1,306	(628)	–	–	–	–	678
Lease liability (Note C2-1b)	2,800	(427)	–	–	–	–	2,373
Other	–	(855)	16,500	–	–	–	15,645
Total liabilities from financing activities	4,106	(1,910)	16,500	–	–	–	18,696

C3-3 Borrowings (continued)

(b) Financing arrangements

	2023 Actual \$ '000	2022 Actual \$ '000
Total facilities		
Bank overdraft facilities ¹	800	800
Credit cards/purchase cards	500	500
Total financing arrangements	1,300	1,300
Undrawn facilities		
– Bank overdraft facilities	800	800
– Credit cards/purchase cards	500	500
- Contingent liabilities facility	1,806	972
Total undrawn financing arrangements	3,106	2,272

Additional financing arrangements information

Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000
Annual leave	3,279	–	3,286	–
Sick leave	186	–	470	–
Long service leave	6,139	1,080	5,598	770
Leave in lieu	766	–	813	–
Total employee benefit provisions	10,370	1,080	10,167	770

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

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	5,911	5,689
	5,911	5,689

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

	2023 Current Actual \$ '000	2023 Non-Current Actual \$ '000	2022 Current Actual \$ '000	2022 Non-Current Actual \$ '000
Other provisions				
Self insurance – workers compensation	751	1,055	231	493
Sub-total – other provisions	751	1,055	231	493
Asset remediation/restoration:				
Asset remediation/restoration (future works)	2,883	9,227	8,842	6,598
Sub-total – asset remediation/restoration	2,883	9,227	8,842	6,598
Total provisions	3,634	10,282	9,073	7,091

Description of and movements in provisions

	Other provisions		
	Self insurance \$ '000	Asset remediation \$ '000	Total \$ '000
2023			
At beginning of year	724	15,440	16,164
Unwinding of discount	–	306	306
Additional provisions	1,082	–	1,082
Amounts used (payments)	–	(2,530)	(2,530)
Remeasurement effects	–	(1,106)	(1,106)
Total other provisions at end of year	1,806	12,110	13,916
2022			
At beginning of year	973	7,794	8,767
Unwinding of discount	–	132	132
Remeasurement effects	(249)	7,514	7,265
Total other provisions at end of year	724	15,440	16,164

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip sites.

Self-insurance

To recognise liabilities for outstanding claims (uninsured losses) arising from Council's decision to undertake self-insurance for certain risks faced.

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 a borrowing cost.

Asset remediation – tips and quarries

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include

C3-5 Provisions (continued)

any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within infrastructure, property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Self-insurance

Council has decided to self-insure for various risks, including public liability, workers compensation and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note C1-3.

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 Results by fund

General fund refers to all Council activities other than sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the sewer column are restricted for use for these activities.

D1-1 Income Statement by fund

	General 2023 \$ '000	Sewer 2023 \$ '000
Income from continuing operations		
Rates and annual charges	63,514	8,052
User charges and fees	6,444	1,143
Interest and investment revenue	2,529	176
Other revenues	4,679	215
Grants and contributions provided for operating purposes	51,474	–
Grants and contributions provided for capital purposes	30,547	957
Other income	3,877	–
Total income from continuing operations	163,064	10,543
Expenses from continuing operations		
Employee benefits and on-costs	35,712	1,646
Materials and services	39,687	12,135
Borrowing costs	1,048	803
Depreciation, amortisation and impairment of non-financial assets	21,348	3,143
Other expenses	6,476	124
Net losses from the disposal of assets	4,362	33
Total expenses from continuing operations	108,633	17,884
Operating result from continuing operations	54,431	(7,341)
Net operating result for the year	54,431	(7,341)
Net operating result attributable to each council fund	54,431	(7,341)
Net operating result for the year before grants and contributions provided for capital purposes	23,884	(8,298)

D1-2 Statement of Financial Position by fund

	General 2023 \$ '000	Sewer 2023 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	17,348	790
Investments	67,816	14,184
Receivables	37,338	1,130
Inventories	436	–
Other	1,270	–
Total current assets	124,208	16,104
Non-current assets		
Investments	3,018	–
Infrastructure, property, plant and equipment	1,441,623	173,713
Investment property	46,937	–
Intangible assets	186	–
Right of use assets	1,811	–
Total non-current assets	1,493,575	173,713
Total assets	1,617,783	189,817
LIABILITIES		
Current liabilities		
Payables	17,138	3,412
Contract liabilities	8,028	–
Lease liabilities	544	–
Borrowings	2,507	1,386
Employee benefit provision	9,852	518
Provisions	3,634	–
Total current liabilities	41,703	5,316
Non-current liabilities		
Lease liabilities	1,633	–
Borrowings	28,050	30,542
Employee benefit provision	1,047	33
Provisions	10,282	–
Total non-current liabilities	41,012	30,575
Total liabilities	82,715	35,891
Net assets	1,535,068	153,926
EQUITY		
Accumulated surplus	538,857	32,813
Revaluation reserves	996,211	121,113
Council equity interest	1,535,068	153,926
Total equity	1,535,068	153,926

D2 Interests in other entities

D2-1 Subsidiaries

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described below.

Name of Operation/Entity	Principal activity
Hawkesbury Sports Council	Sports & Sporting Recreation 2 Stewart Street, SOUTH WINDSOR NSW 2756

Interests in Subsidiary	Principal place of business	Ownership 2023	Ownership 2022	Voting rights 2023	Voting rights 2022
Council's interest in Subsidiary		100%	100%	10%	10%
Non-controlling interest in Subsidiary		0%	0%	90%	90%

The nature and extent of significant restrictions relating to the Subsidiary

As HSC is a subsidiary of Council, there are no significant restrictions relating to Cash & Investments of Other Assets.

The nature of risks associated with Council's interests in the Subsidiary

Council has delegated the responsibility of the management of sporting facilities and associated auspiced Council funded services to the Hawkesbury Sports Council (HSC). The HSC is an incorporated association that operates autonomously via the entity's constitution. Council contributions, both financial and in-kind, support in the form of land and facilities to ensure adequate provision of sports services and facilities to the community.

As the function of HSC is to perform the functions and services delegated by Council, any financial loss incurred by HSC is borne by Council and recognised in the consolidated Financial Statements. As a mechanism to reduce the risk of financial losses and ensure that decisions made by HSC align with Council's operational and strategic objectives, Council representatives, being the Manager of Parks & Recreation and a nominated Councillor, are invited to attend each meeting. As assets used by HSC are owned by Council, adequate insurance cover is included in Council's insurance policy portfolio to mitigate risks associated with loss or damage.

During 2022/2023, Council contributed \$875K for the operation of HSC and \$322K for capital improvements of facilities. Council currently intends to continue providing operational and capital financial contributions to HSC.

Other disclosures

Although Council has limited voting powers on the HSC executive, the existence of this entity is contingent on Council continuing to provide facilities, financial contributions and delegation for the management of its sporting facilities.

D2-1 Subsidiaries (continued)

Summarised financial information for the Subsidiary

	2023 Actual \$ '000	2022 Actual \$ '000
Summarised statement of comprehensive income		
Revenue	1,461	1,080
Expenses	(1,355)	(946)
Profit for the period	106	134
Total comprehensive income ⁽¹⁾	106	134
Summarised statement of financial position		
Current assets	1,427	1,101
Non-current assets	142	170
Total assets	1,569	1,271
Current liabilities	178	189
Total liabilities	178	189
Net assets ⁽²⁾	1,391	1,082

Accounting policy for subsidiaries

Subsidiaries are all entities (including structured entities) over which the Council has control. Control is established when the Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

D2-2 Unconsolidated structured entities

Council did not consolidate the following structured entities:

Hawkesbury River County Council

A statutory body responsible for the management of priority weeds, covering the Hawkesbury, Penrith, Hills and Blacktown LGAs. HRCC earned \$1.2M of revenue and expended \$1.3M in 2022/2023 and holds \$2.9M of equity as at 30 June 2023.

Nature of risks relating to the Unconsolidated Structured Entity

Council contributed \$217,753 to HRCC in 2022/2023, which represented 33% of total revenue. The revenue is sourced by constituent Councils representing 53% of total income.

The HRCC operates within the boundaries of available revenue and therefore is deemed to be low risk. Council's involvement is limited to the contributions paid annually and is represented at board meetings by two Councillors.

Current intention to provide financial support

Council currently intends to continue providing financial contributions to HRCC.

Western Sydney Organisation of Councils (WSROC)

A regional body established to co-ordinate lobbying for Western Sydney, representing 10 councils, including HCC. Additionally, WSROC provides resource-sharing opportunities and joint project management co-ordination.

Nature of risks relating to the Unconsolidated Structured Entity

Council contributed \$95,000 to WSROC in 2022/2023. Council also participates in joint projects and programs when they arise, if they present a sound investment opportunity to council, but is not required to participate.

WSROC operates within the boundaries of contributions received from member Councils and therefore is deemed to be low risk. Council involvement is limited to the membership paid annually and is represented on the board by two Councillors.

Current intention to provide financial support

Council is currently reviewing its continued membership of WSROC.

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.

	Carrying value 2023 \$ '000	Carrying value 2022 \$ '000	Fair value 2023 \$ '000	Fair value 2022 \$ '000
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Financial assets

Other financial assets	3,018	2,902	3,018	2,902
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Fair value is determined as follows:

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

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

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

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

The risks associated with the instruments held are:

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

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

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

(a) Market risk – interest rate and price risk

	2023	2022
	\$ '000	\$ '000
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,032	837
Impact of a 10% movement in price of investments		
– Equity / Income Statement	302	290

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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

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

Council makes suitable provision for doubtful receivables as required.

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

Credit risk profile

Receivables – rates and annual charges

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

	overdue rates and annual charges			Total \$ '000
	Not yet overdue \$ '000	< 5 years \$ '000	≥ 5 years \$ '000	
2023				
Gross carrying amount	–	7,683	632	8,315
2022				
Gross carrying amount	–	5,685	602	6,287

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

Receivables - non-rates and annual charges and contract assets

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

The loss allowance provision as at 30 June 2021 is determined as follows. The expected credit losses incorporate forward-looking information.

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts			Total \$ '000
			31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2023						
Gross carrying amount	27,386	395	2,429	176	964	31,350
Expected loss rate (%)	1.25%	10.00%	15.00%	50.00%	75.00%	4.97%
ECL provision	342	40	364	88	723	1,557
2022						
Gross carrying amount	6,913	110	93	32	705	7,853
Expected loss rate (%)	1.25%	10.00%	15.00%	50.00%	75.00%	8.35%
ECL provision	82	11	14	16	529	652

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.

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2023							
Payables	0.00%	6,231	14,319	–	–	20,550	20,550
Borrowings	4.35%	–	3,893	41,328	17,265	62,486	62,485
Total financial liabilities		6,231	18,212	41,328	17,265	83,036	83,035
2022							
Payables	0.00%	4,606	15,866	–	–	20,472	20,472
Borrowings	1.82%	–	2,406	3,963	9,954	16,323	16,323
Total financial liabilities		4,606	18,272	3,963	9,954	36,795	36,795

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
Recurring fair value measurements							
Investment property C1-7							
Investment Properties		46,937	42,967	–	–	46,937	42,967
Total investment property		46,937	42,967	–	–	46,937	42,967
Infrastructure, property, plant and equipment C1-6							
Operational Land		106,597	100,813	–	–	106,597	100,813
Community Land		–	–	166,656	106,117	166,656	106,117
Land under road		–	–	20,183	19,330	20,183	19,330
Land Improvements – non depreciable		–	–	1,420	1,093	1,420	1,093
Land Improvements – depreciable		–	–	6,671	1,190	6,671	1,190
Buildings – Non Specialised		–	–	16,032	18,481	16,032	18,481
Buildings – Specialised		–	–	100,935	88,639	100,935	88,639
Other Structure		–	–	7,028	6,941	7,028	6,941
Road, Bridges, Footpaths		–	–	746,106	688,915	746,106	688,915
Stormwater Drainage		–	–	173,948	166,862	173,948	166,862
Swimming Pools		–	–	3,197	3,262	3,197	3,262
Sewer Network		–	–	168,419	141,506	168,419	141,506
Other Open Space		–	–	23,354	23,689	23,354	23,689
Library books, Heritage & Tip		–	–	74,790	66,371	74,790	66,371
Total infrastructure, property, plant and equipment		106,597	100,813	1,508,739	1,332,396	1,615,336	1,433,209

Valuation techniques

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

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

E2-1 Fair value measurement (continued)

Financial assets

The Council's financial assets relate to investments in term deposits and its share of equity within Civic Risk Mutual. The information included under note E1-1 is considered sufficient to meet the Fair Value disclosures requirements hence additional information is not included under this note.

Financial liabilities

Council does not have any liabilities which are fair valued.

Investment property

Council conducts indexation each year and a full revaluation is conducted every three year, and is classified as a Level 2 Fair Value. The full revaluation and indexation is done by independent and qualified valuers to determine the fair value of its investment properties.

The indexation was conducted by APV Pty Limited as at 30 June 2023. The value of investment property was determined through either capitalisation of rental income or with reference to value of similar properties within the area. The key unobservable input to this valuation is rent, interest rate property value.

Council revalues investment properties every three years. The next revaluation is due during the 2024/2025 financial year.

Infrastructure, property, plant and equipment (IPPE)

Buildings

Council engages external, independent and qualified valuers to determine the fair value of Council's buildings. Buildings were last revalued as at June 2023 by Scott Fullarton Valuations Pty Ltd.

The valuer obtained the gross value of each building, by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is lowest cost of replacing the economic benefits of the existing asset using modern technology. The key unobservable input being the rate square metre which was benchmarked to construction costs of similar properties across the industry. Non-specialised buildings were valued at market value, having regard to "highest and best" use.

In between revaluations, Council reviews the fair valuation of Buildings through the use of indexations supplied by APV Pty Limited.

Council revalues the building every 5 years, the next revaluation is due on 2027/2028 financial year.

Operational Land

Council engages external, independent and qualified valuer to determine the fair value of the council's operational land. Operational land was revalued on 30 June 2023 and fair values were determined by Scott Fullarton Valuation Pty Ltd.

Operational land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in setting the price, including but not limited to the description and dimensions of the land, Planning and other constraints on development and the potential for alternative use. In this regard, the valuer analyse sales of land throughout the subject and surrounding council area council area and adopt a rate per square metre, after taking into consideration zoning, location, area and configuration.

Council revalues the operational land every five years, the next revaluation is due on 2027/2028 financial year.

E2-1 Fair value measurement (continued)

Land under road

Council conducted the revaluation for the land under road on 30 June 2023. Council used the valuer general's value to determine the fair value of the land under road assets.

Land under road has been determined using a discounted unit rate per square metre, derived from the Unimproved Land Value as determined by the Valuer General, performed for rating purposes, and is applied to the total square area.

Council revalues the land under road every 3 years in line with the Valuer General's revaluation schedule, which will be in the 2025/2026 financial year.

Community Land

Council conducted the revaluation for the community land on 30 June 2023. Council used the valuer general's value to determine the fair value of the community land.

Community land has been determined using a unit rate per square metre, derived from the Unimproved Land Value as determined by the Valuer General for rating purposes.

Council revalues the community land every 3 years in line with the Valuer General's revaluation schedule, which will be in the 2025/2026 financial year.

Sewerage Network

Council conducts indexation on asset values under this class every year and conducts full revaluation every five years. Council engages an external, independent and qualified valuer to conduct full revaluations.

The Sewerage network was last revalued in 2018/2019 financial year by APV Pty Ltd. The fair value was determined based on asset replacement cost and condition of the assets. In between full revaluations, Council applies the construction cost index rate, which is issued by NSW Office of Water. The next full revaluation is due during the 2023/2024 financial year.

Road, Bridges, Footpaths

Council conducts a revaluation of the above assets every year, to ensure accurate depreciation allocations to commence 1 July 2023. The last desk top valuation was conducted by APV Ltd during the 2022/2023 financial year.

The fair value of road and footpath assets was determined based on the replacement cost per square metre rate and condition of the asset. Replacement costs was used to determine the fair value of bridges.

Next revaluation will be during the 2023/2024 financial year.

Stormwater Drainage

Council conducts a revaluation of the above assets every year, to ensure accurate depreciation allocations to commence 1 July 2023. The last desk top valuation was conducted by APV Ltd during the 2022/2023 financial year.

The fair value of stormwater drainage assets was determined based on the replacement cost per square meter and condition of the asset.

Next revaluation will be during the 2024/2025 financial year.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

	Community Land		Land under Roads		Land imp. non-dep.		Land imp. dep.	
	2023 Actual \$ '000	2022 Actual \$ '000	2023 Actual \$ '000	2022 Actual \$ '000	2023 Actual \$ '000	2022 Actual \$ '000	2023 Actual \$ '000	2022 Actual \$ '000
Opening balance	106,117	106,117	19,330	19,304	1,093	1,393	1,190	1,585
Total gains or losses for the period								
Other movements								
Purchases (GBV)	14,030	–	28	–	330	–	5,522	–
Depreciation and impairment	–	–	–	–	–	–	(19)	(41)
Adjustments	–	–	–	–	(3)	–	(22)	–
PY Capitalisation	–	–	–	26	–	357	–	24
Revaluation	46,509	–	825	–	–	(657)	–	(378)
Closing balance	166,656	106,117	20,183	19,330	1,420	1,093	6,671	1,190

	Buildings non-specialised		Building specialised		Other structures		Roads, bridges, footpaths	
	2023 Actual \$ '000	2022 Actual \$ '000	2023 Actual \$ '000	2022 Actual \$ '000	2023 Actual \$ '000	2022 Actual \$ '000	2023 Actual \$ '000	2022 Actual \$ '000
Opening balance	18,481	13,560	88,639	83,707	6,941	6,431	688,915	767,439
Total gains or losses for the period								
Other movements								
Purchases (GBV)	518	305	636	1,313	263	11	26,243	17,877
Disposals (WDV)	–	(3)	–	(119)	–	–	(3,628)	–
Depreciation and impairment	(712)	(583)	(2,966)	(2,705)	(189)	(288)	(10,458)	(11,270)
Impairment Loss	–	–	–	–	–	–	(8,895)	(22,942)
Adjustments	(3,326)	4,452	–	–	3	–	23	–
PY Capitalisation	2,731	36	1,283	1,911	10	47	3,876	967
Revaluation	(1,660)	714	13,343	4,532	–	740	50,030	(63,156)
Closing balance	16,032	18,481	100,935	88,639	7,028	6,941	746,106	688,915

	Stormwater drainage		Swimming pools and O/S		Other assets		Total	
	2023 Actual \$ '000	2022 Actual \$ '000	2023 Actual \$ '000	2022 Actual \$ '000	2023 Actual \$ '000	2022 Actual \$ '000	2023 Actual \$ '000	2022 Actual \$ '000
Opening balance	166,862	184,185	26,951	19,948	207,877	176,691	1,332,396	1,380,360
Purchases (GBV)	3,664	4,404	978	230	13,648	35,744	65,860	59,884
Disposals (WDV)	–	–	–	(15)	(45)	(1,440)	(3,673)	(1,577)
Depreciation and impairment	(2,198)	(2,192)	(1,588)	(1,521)	(5,486)	(4,694)	(23,616)	(23,294)
Impairment Loss	(6,636)	(2,200)	–	–	–	(2,085)	(15,531)	(27,227)
Adjustments	–	–	–	–	–	(4,532)	(3,325)	(80)
PY Capitalisation	27	10	210	695	15,009	(4,073)	23,146	–
Revaluation	12,229	(17,345)	–	7,614	12,206	12,266	133,482	(55,670)
Closing balance	173,948	166,862	26,551	26,951	243,209	207,877	1,508,739	1,332,396

Highest and best use

Due to the use of facilities and open space for the provision of community services and due to the condition of some assets, not all of Council's non-financial assets are being used at their highest and best use from a purely financial perspective.

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 \$296,276. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2023.

The amount of additional contributions included in the total employer contribution advised above is \$158,010. Council's expected contribution to the plan for the next annual reporting period is \$281,726.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 0.79%

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

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

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

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

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

(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.

E3-1 Contingencies (continued)

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

Other

The Hawkesbury Local Government Area has experienced several major flooding events in recent years. This has been reflected in impairments on the value of Infrastructure, Property, Plant and Equipment and asset values will change as impaired assets are restored. It is projected that complete restoration of assets affected will take over 3 years, with the future cost estimated at \$179 million.

The costs associated with the recovery in relation to flooding are likely to be covered by Natural Disaster Funding Arrangements, grant programs and Council's insurance policy. Any unfunded costs are likely to be immaterial and covered by reprioritisation of works.

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:

	2023 \$ '000	2022 \$ '000
Compensation:		
Short-term benefits Other Short Term Payment	1,315	1,670
Annual Leave Entitlements	90	107
Post-employment benefits	127	92
Long Service Leave Entitlements	10	19
Termination benefits	37	328
Total	1,579	2,216

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2023					
Spouse of Councillor Wheeler was employed by Council under normal recruitment processes prior to Councillor Wheeler's appointment to Council.	-	-	Normal employment terms - on a comparable basis as other Council staff in similar positions	-	-
2022					
Spouse of Councillor Wheeler was employed by Council under normal recruitment processes prior to Councillor Wheeler's appointment to Council.	-	-	Normal employment terms - on a comparable basis as other Council staff in similar positions	-	-

F1-2 Councillor and Mayoral fees and associated expenses

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	60	54
Councillors' fees	292	278
Other Councillors' expenses (including Mayor)	46	45
Total	398	377

F2 Other relationships

F2-1 Audit fees

	2023 Actual \$ '000	2022 Actual \$ '000
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	79	104
Remuneration for audit and other assurance services	79	104
Total Auditor-General remuneration	79	104
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Audit and review of financial statements	21	18
Remuneration for audit and other assurance services	21	18
Total remuneration of non NSW Auditor-General audit firms	21	18
Total audit fees	100	122

G Other matters

G1-1 Statement of Cash Flows information

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

	2023 Actual \$ '000	2022 Actual \$ '000
Net operating result from Income Statement	47,090	42,059
Add / (less) non-cash items:		
Depreciation and amortisation	24,491	24,236
(Gain) / loss on disposal of assets	4,395	439
Non-cash capital grants and contributions	(9,393)	(24,810)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(116)	845
– Investment property	(525)	(10,966)
Unwinding of discount rates on reinstatement provisions	306	132
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(12,620)	(11,428)
Increase / (decrease) in provision for impairment of receivables	545	(234)
(Increase) / decrease of inventories	(112)	(58)
(Increase) / decrease of other current assets	(27)	26
Increase / (decrease) in payables	(1,864)	(1,179)
Increase / (decrease) in other accrued expenses payable	(8)	37
Increase / (decrease) in other liabilities	1,625	2,146
Increase / (decrease) in contract liabilities	2,400	3,819
Increase / (decrease) in employee benefit provision	513	(1,501)
Increase / (decrease) in other provisions	(2,554)	7,265
Net cash flows from operating activities	54,146	30,828

(b) Non-cash investing and financing activities

Developer contributions 'in kind'	8,011	9,119
Total non-cash investing and financing activities	8,011	9,119

G2-1 Commitments

Capital commitments (exclusive of GST)

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Sewerage and water infrastructure	666	1,016
Buildings	1,282	1,775
Plant and equipment	3,038	2,102
Other	13,423	9,764
Road infrastructure	14,261	10,218
Investment property		
– Buildings	–	59
Total commitments	32,670	24,934
These expenditures are payable as follows:		
Within the next year	32,670	24,720
Later than one year and not later than 5 years	–	155
Later than 5 years	–	59
Total payable	32,670	24,934
Sources for funding of capital commitments:		
Unrestricted general funds	5,953	5,425
Future grants and contributions	9,836	8,399
Section 7.11 and 64 funds/reserves	592	466
Unexpended grants	1,542	45
Externally restricted reserves	3,888	2,072
Internally restricted reserves	10,859	8,527
Total sources of funding	32,670	24,934

G3-1 Events occurring after the reporting date

Council was successful in its application under the NSW Government's WestInvest funding program to deliver transformative projects for the Hawkesbury community, totalling \$98 million. These projects encompass:

- Richmond Swimming Centre, \$30 million
- North Richmond Community Precinct, \$24 million
- Tamplin Field Redevelopment, \$10 million
- Oasis Aquatic and Leisure Centre Improvements, \$7 million
- Woodbury Reserve, Glossodia, \$5 million
- Cycleway Bridge over Rickaby's Creek, \$5 million
- Fernadell Park and Community Facility, Pitt Town, \$5 million
- Kurrajong to Kurmond Cycleway, \$5 million
- Wayfinding and Signage Project, \$2 million

As at the 30 June 2023, the Deeds for these projects were yet to be finalised and hence no current liability or asset existed. At time of reporting, several Deeds had been executed, with the remainder to be executed by the NSW Government.

G4 Statement of developer contributions as at 30 June 2023

G4-1 Summary of developer contributions

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Drainage	(2,645)	3,592	599	–	(279)	(10,823)	–	(10,155)	–
Roads	2,337	3,717	3,197	–	222	(732)	–	5,544	–
Parking	246	–	–	–	9	(10)	–	245	–
Open space	1,991	167	–	–	85	(1)	–	2,242	–
Community facilities	1,806	156	–	–	78	(1)	–	2,039	–
Social Infrastructure	2,500	7,693	–	–	407	–	–	10,600	–
Recreational Facilities	1,047	–	–	–	42	(3)	–	1,086	–
Bushfire	1	–	–	–	–	(1)	–	–	–
Extractive Industries	91	10	–	–	3	(18)	–	86	–
Land Acquisition	2,574	175	–	–	69	(1,027)	–	1,791	–
Plan Administration Reserve	(57)	92	–	–	(2)	(94)	–	(61)	–
S7.11 contributions – under a plan	9,891	15,602	3,796	–	634	(12,710)	–	13,417	–
S7.12 levies – under a plan	5,905	1,188	–	–	253	(744)	–	6,602	–
Total S7.11 and S7.12 revenue under plans	15,796	16,790	3,796	–	887	(13,454)	–	20,019	–
S7.4 planning agreements	2,820	10	4,215	–	76	(17)	–	2,889	–
S64 contributions	2,855	1,398	–	–	82	(189)	–	4,146	–
Total contributions	21,471	18,198	8,011	–	1,045	(13,660)	–	27,054	–

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.

Where a facility type within a Contribution Plan is less than the contributions received, the reserves for all facilities may be pooled together and infrastructure / facilities delivered in accordance with development priorities. This is the case for the Vineyard Contributions Plan, where the priority has been on acquisitions associated with drainage.

G4-2 Developer contributions by plan

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
CONTRIBUTION PLAN – HAWKESBURY CITY									
Drainage	(2,645)	3,592	599	–	(279)	(10,823)	–	(10,155)	–
Roads	2,337	3,717	3,197	–	222	(732)	–	5,544	–
Parking	246	–	–	–	9	(10)	–	245	–
Open space	1,991	167	–	–	85	(1)	–	2,242	–
Community facilities	1,806	156	–	–	78	(1)	–	2,039	–
Social Infrastructure	2,500	7,693	–	–	407	–	–	10,600	–
Recreational Facilities	1,047	–	–	–	42	(3)	–	1,086	–
Bushfire	1	–	–	–	–	(1)	–	–	–
Extractive Industries	91	10	–	–	3	(18)	–	86	–
Land Acquisition	2,574	175	–	–	69	(1,027)	–	1,791	–
Plan Administration Reserve	(57)	92	–	–	(2)	(94)	–	(61)	–
Total	9,891	15,602	3,796	–	634	(12,710)	–	13,417	–

S7.12 Levies – under a plan

CONTRIBUTION PLAN – HAWKESBURY CITY									
Other	5,905	1,188	–	–	253	(744)	–	6,602	–
Total	5,905	1,188	–	–	253	(744)	–	6,602	–

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	19,894	14.06%	10.52%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	141,462			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	89,988	52.03%	60.92%	> 60.00%
Total continuing operating revenue ¹	172,966			
3. Unrestricted current ratio				
Current assets less all external restrictions	76,032	3.01x	2.12x	> 1.50x
Current liabilities less specific purpose liabilities	25,280			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	46,236	7.87x	15.12x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	5,872			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding ³	8,784	11.17%	8.81%	< 5.00%
Rates and annual charges collectable	78,613			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	100,138	10.91 months	12.00 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	9,183			

(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

(3) Does not account for outstanding balances as a result of payment arrangements, Council's policy not to chase pensioners, and assistance to those impacted by the March 2021 flood.

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Sewer Indicators		Benchmark
	2023	2022	2023	2022	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	21.26%	15.49%	(84.93)%	(45.01)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹					
2. Own source operating revenue ratio					
Total continuing operating revenue excluding capital grants and contributions ¹	49.50%	58.12%	90.92%	97.29%	> 60.00%
Total continuing operating revenue ¹					
3. Unrestricted current ratio					
Current assets less all external restrictions	3.01x	2.12x	2.09x	(0.29)x	> 1.50x
Current liabilities less specific purpose liabilities					
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	11.22x	15.94x	(3.28)x	(380.00)x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)					
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	11.42%	8.83%	9.27%	8.73%	< 5.00%
Rates and annual charges collectable					
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	10.75 months	11.71 months	11.90 months	23.68 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities					

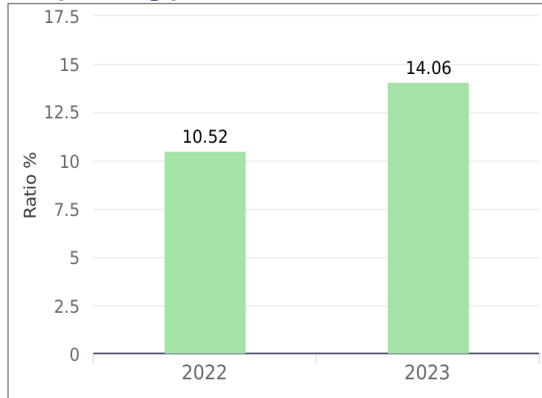
(1) - (2) Refer to Notes at Note G5-1 above.

(3) General fund refers to all of Council's activities except for its sewer activities which are listed separately.

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 14.06%

The ratio improved from the previous year, predominantly as a result of unbudgeted operating grants and contributions, which relate to the recovering of past expenditure relating to flood events and future expenditure relating to the Regional and Local Roads Repair Program. Prepayment of the Financial Assistance Grant (100%) were also received.

The ratio is better than the benchmark.

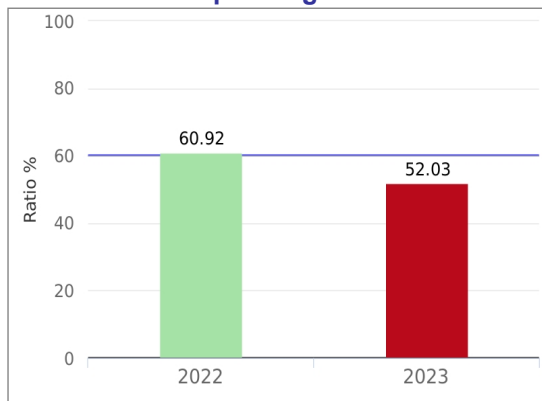
Benchmark: — > 0.00%

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 52.03%

The ratio declined from the previous year, as a result of the unbudgeted grants and prepaid grants outlined above.

The ratio is below the benchmark, but is due to a timing issue only.

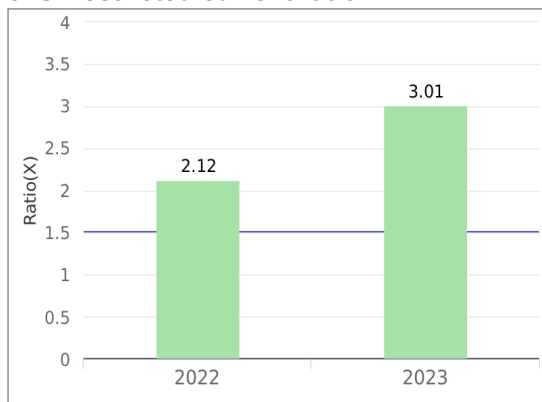
Benchmark: — > 60.00%

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 3.01x

The ratio improved as a result of the level of current assets less all external restrictions increasing from the previous reporting period.

The ratio is better than the benchmark.

Benchmark: — > 1.50x

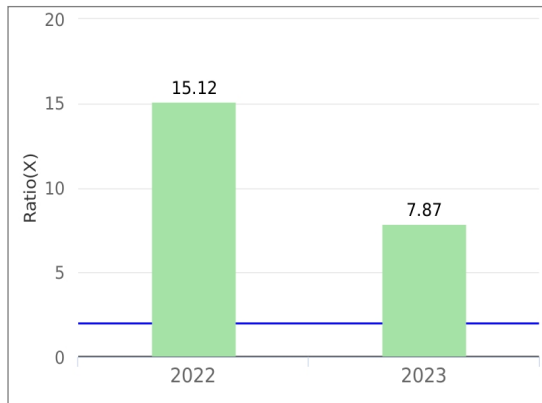
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 7.87x

The ratio declined due to the increase in loan borrowing costs associated with a \$32.5M loan for the restoration of Rising Main C and a \$17M loan as part of the Infrastructure Renewal Program.

The ratio is better than the benchmark.

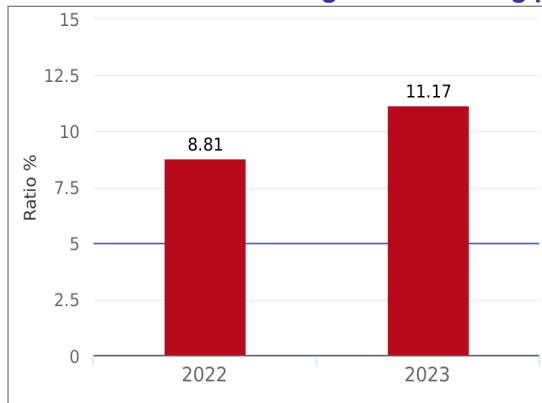
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

2022/23 ratio 11.17%

The ratio deteriorated as outstanding rates and annual charges increased to support the community's recovery relating to flooding events over the last three years. The ratio does not account for payment arrangements, the impact of Council not taking legal action on pensioners and that Council is a peri-urban and experiences many of the challenges of a rural council.

The ratio needs improvement.

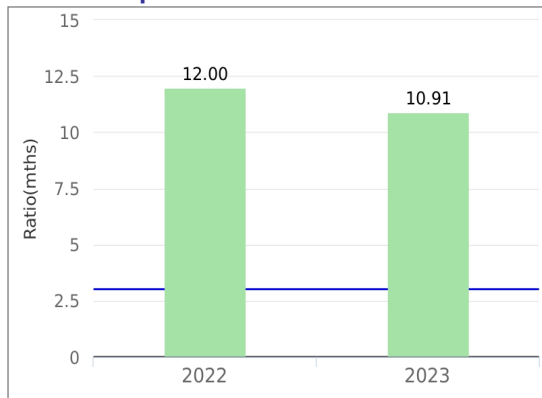
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 10.91 months

The ratio declined as a result of a decrease in the cash inflows associated with operating and financing activities. The decrease is mostly attributable to flood expenditure that is yet to be recovered.

The ratio is better than the benchmark.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Hawkesbury City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

Contents	Page
Statement by Councillors and Management	93
Special Purpose Financial Statements:	
Income Statement of sewerage business activity	94
Statement of Financial Position of sewerage business activity	95
Note – Significant Accounting Policies	96

Background

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

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

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

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

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

Hawkesbury City Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Planning and Environment, *Water's Regulatory and assurance framework for local water utilities*.

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

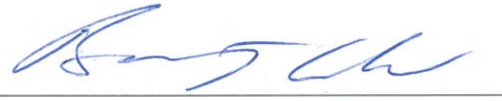
- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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 10 October 2023.



Sarah McMahon
Mayor
10 October 2023



Barry Calvert
Deputy Mayor
10 October 2023



Elizabeth Richardson
General Manager
10 October 2023



Vanessa Browning
Responsible Accounting Officer
10 October 2023

Hawkesbury City Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

	2023 Actual \$ '000	2022 Actual \$ '000
Income from continuing operations		
Access charges	8,052	7,931
User charges	1,143	1,085
Interest and investment income	176	53
Other income	215	139
Total income from continuing operations	9,586	9,208
Expenses from continuing operations		
Employee benefits and on-costs	1,646	2,115
Borrowing costs	803	5
Materials and services	12,135	9,000
Depreciation, amortisation and impairment	3,143	2,222
Net loss from the disposal of assets	33	38
Calculated taxation equivalents	42	33
Other expenses	124	–
Total expenses from continuing operations	17,926	13,413
Surplus (deficit) from continuing operations before capital amounts	(8,340)	(4,205)
Grants and contributions provided for capital purposes	957	256
Surplus (deficit) from continuing operations after capital amounts	(7,383)	(3,949)
Surplus (deficit) from all operations before tax	(7,383)	(3,949)
Surplus (deficit) after tax	(7,383)	(3,949)
Plus accumulated surplus	40,182	44,112
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	42	33
Less:		
– Tax equivalent dividend paid	(28)	(14)
Closing accumulated surplus	32,813	40,182
Return on capital %	(4.3)%	(2.8)%
Subsidy from Council	14,520	9,735
Calculation of dividend payable:		
Surplus (deficit) after tax	(7,383)	(3,949)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Hawkesbury City Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

	2023 Actual \$ '000	2022 Actual \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	790	1,126
Investments	14,184	2,787
Receivables	1,130	760
Total current assets	16,104	4,673
Non-current assets		
Infrastructure, property, plant and equipment	173,713	151,229
Total non-current assets	173,713	151,229
Total assets	189,817	155,902
LIABILITIES		
Current liabilities		
Payables	3,412	1,016
Borrowings	1,386	–
Employee benefit provisions	518	447
Total current liabilities	5,316	1,463
Non-current liabilities		
Borrowings	30,542	–
Employee benefit provisions	33	33
Total non-current liabilities	30,575	33
Total liabilities	35,891	1,496
Net assets	153,926	154,406
EQUITY		
Accumulated surplus	32,813	40,182
Revaluation reserves	121,113	114,224
Total equity	153,926	154,406

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Sewerage Service

Comprising the operations & net assets of Council's Sewerage Reticulation & Treatment Operations servicing the Hawkesbury City Council area.

Category 2

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

Nil

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Note – Significant Accounting Policies (continued)

Notional rate applied (%)

Corporate income tax rate – **25%** (20/21 25%)

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

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

In accordance with the Department of Industry (DoI) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to the DPIE - Water guidelines is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (21/22 25%).

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Note – Significant Accounting Policies (continued)

Loan and debt guarantee fees

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

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

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

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are submitted to DPIE – Water.

Hawkesbury City Council

SPECIAL SCHEDULES
for the year ended 30 June 2023

Hawkesbury City Council

Special Schedules

for the year ended 30 June 2023

Contents	Page
Special Schedules:	
Permissible income for general rates	101
Report on infrastructure assets as at 30 June 2023	102

Hawkesbury City Council

Permissible income for general rates

	Notes	Calculation 2022/23 \$ '000	Calculation 2023/24 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	43,288	44,563
Plus or minus adjustments ²	b	195	198
Notional general income	c = a + b	43,483	44,761
Permissible income calculation			
Or rate peg percentage	e	2.50%	3.70%
Or plus rate peg amount	i = e x (c + g)	1,087	1,656
Sub-total	k = (c + g + h + i + j)	44,570	46,417
Plus (or minus) last year's carry forward total	l	(5)	-
Sub-total	n = (l + m)	(5)	-
Total permissible income	o = k + n	44,565	46,417
Less notional general income yield	p	44,563	46,418
Catch-up or (excess) result	q = o - p	2	(1)
Carry forward to next year ⁶	t = q + r + s	2	(1)

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)*.
- (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.

Hawkesbury City Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Council Offices/ Admin Centres	–	419	1,050	10,704	22,231	80.0%	19.0%	1.0%	0.0%	0.0%
	Council Work Depot	70	320	388	3,739	8,033	28.0%	61.0%	9.0%	1.0%	1.0%
	Council Public Halls	588	744	557	22,916	35,404	28.0%	48.0%	20.0%	3.0%	1.0%
	Libraries	25	394	425	10,884	18,151	35.0%	59.0%	6.0%	0.0%	0.0%
	Cultural Facilities	298	106	138	5,200	8,737	36.0%	58.0%	2.0%	0.0%	4.0%
	Council Houses	63	93	358	2,093	6,817	0.0%	21.0%	77.0%	2.0%	0.0%
	Child Care Centres	204	195	110	11,791	21,087	14.0%	69.0%	15.0%	2.0%	0.0%
	Amenities/Toilets	1,948	948	786	14,575	27,080	17.0%	65.0%	11.0%	0.0%	7.0%
	Leisure Facilities	129	623	460	23,696	37,627	48.0%	44.0%	7.0%	1.0%	0.0%
	Other – Emergency Services	33	311	315	11,369	19,439	15.0%	63.0%	21.0%	0.0%	1.0%
	Sub-total	3,358	4,153	4,587	116,967	204,606	33.2%	51.0%	13.4%	1.0%	1.4%
Other structures	Other structures	686	34	1	7,028	10,318	22.0%	48.0%	22.0%	7.0%	1.0%
	Sub-total	686	34	1	7,028	10,318	22.0%	48.0%	22.0%	7.0%	1.0%
Roads	Sealed Roads Surface	11,137	3,359	4,219	60,000	122,417	5.0%	26.0%	47.0%	16.0%	6.0%
	Unsealed roads	2,884	1,673	1,137	39,827	68,260	17.0%	56.0%	17.0%	9.0%	1.0%
	Sealed Roads Structure	17,886	6,237	6,698	448,287	599,736	9.0%	17.0%	63.0%	10.0%	1.0%
	Bridges	–	39	1	26,929	50,902	29.0%	69.0%	2.0%	0.0%	0.0%
	Footpaths/ Cycle Ways	252	77	12	13,498	25,173	42.0%	23.0%	33.0%	2.0%	0.0%
	Kerb and Gutter	–	12	28	31,057	65,698	20.0%	32.0%	48.0%	0.0%	0.0%
	Car Park	–	41	50	14,618	22,276	18.0%	31.0%	51.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	305	460	524	112,813	120,124	27.0%	19.0%	47.0%	5.0%	2.0%
	Sub-total	32,464	11,898	12,669	746,106	1,074,586	13.6%	24.5%	51.7%	8.6%	1.6%
Water supply network	Recycle Water Network – Reticulation	–	–	–	3,126	4,581	0.0%	100.0%	0.0%	0.0%	0.0%
	Recycle Water Network – Treatment Plant	–	–	–	2,349	4,347	0.0%	100.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	–	–	8,928	0.0%	100.0%	0.0%	0.0%	0.0%

Hawkesbury City Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Sewerage network	Mains	–	572	604	16,725	23,228	52.0%	22.0%	26.0%	0.0%	0.0%
	Manholes	55	112	130	19,768	27,579	18.0%	38.0%	43.0%	1.0%	0.0%
	Reticulation	1,102	4,816	4,911	59,084	83,738	23.0%	4.0%	67.0%	6.0%	0.0%
	Pump Stations	–	2,345	2,509	23,490	29,997	43.0%	56.0%	1.0%	0.0%	0.0%
	Treatment Works	–	2,447	2,977	49,352	67,162	43.0%	37.0%	20.0%	0.0%	0.0%
	Sub-total		1,157	10,292	11,131	168,419	231,704	33.7%	26.1%	37.9%	2.3%
Stormwater drainage	Retarding Basins	–	–	3	147	172	100.0%	0.0%	0.0%	0.0%	0.0%
	Stormwater Conduits	–	107	222	149,293	200,953	22.0%	44.0%	34.0%	0.0%	0.0%
	Inlet and Junction Pits	–	5	14	13,433	16,592	34.0%	21.0%	45.0%	0.0%	0.0%
	Head Walls	–	2	11	1,181	1,500	12.0%	43.0%	45.0%	0.0%	0.0%
	Gross Pollutant Traps	–	57	41	4,419	6,442	72.0%	10.0%	18.0%	0.0%	0.0%
	Sub-total		–	171	291	173,948	225,659	24.3%	41.3%	34.4%	0.0%
Open space / recreational assets	Swimming pools	61	136	102	3,197	5,608	29.0%	56.0%	13.0%	2.0%	0.0%
	Open Space/Rec	992	3,715	2,929	23,354	35,255	27.0%	46.0%	22.0%	4.0%	1.0%
	Sub-total	1,053	3,851	3,031	26,551	40,863	27.3%	47.4%	20.8%	3.7%	0.8%
Total – all assets		38,718	30,399	31,710	1,239,019	1,796,664	20.1%	30.9%	42.3%	5.7%	1.0%

(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

Hawkesbury City Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	23,558	111.88%	145.01%	> 100.00%
Depreciation, amortisation and impairment ²	21,056			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	38,718	3.01%	1.89%	< 2.00%
Net carrying amount of infrastructure assets	1,284,776			
Asset maintenance ratio				
Actual asset maintenance	31,710	104.31%	115.26%	> 100.00%
Required asset maintenance	30,399			

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

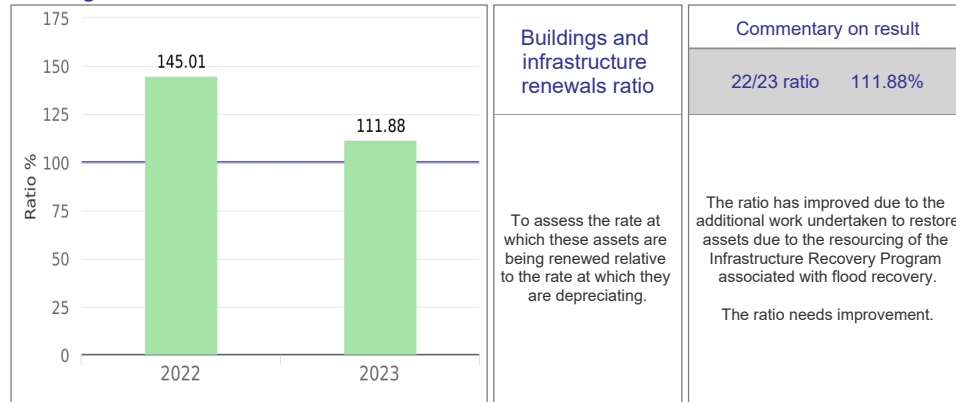
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

(2) Impairment relates to the damage caused by the July 2022 flood. It is anticipated that the reinstatement of these assets will occur within the next two years. Removing impairment would bring this ratio to 112%.

Hawkesbury City Council

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio

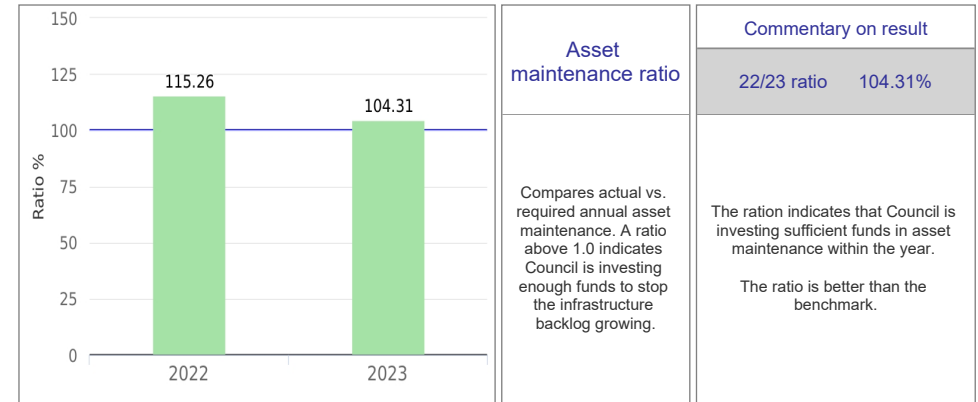


Buildings and infrastructure renewals ratio	Commentary on result
	22/23 ratio 111.88%
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	The ratio has improved due to the additional work undertaken to restore assets due to the resourcing of the Infrastructure Recovery Program associated with flood recovery. The ratio needs improvement.

Benchmark: — > 100.00%
 Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio achieves benchmark
■ Ratio is outside benchmark

Asset maintenance ratio

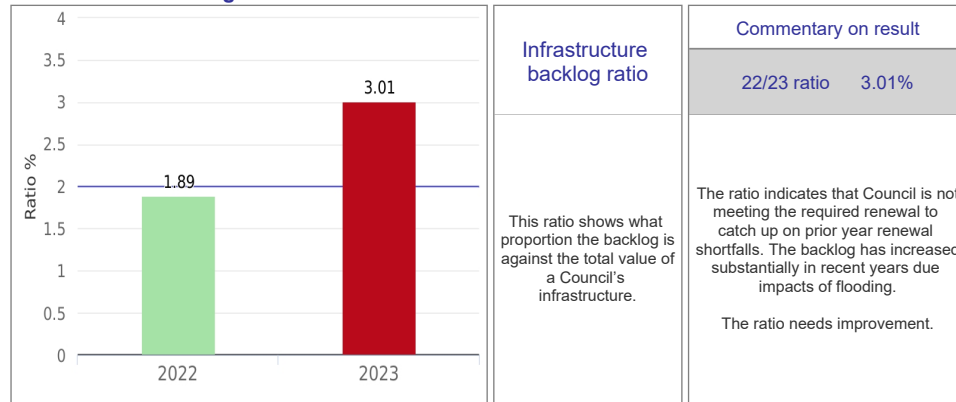


Asset maintenance ratio	Commentary on result
	22/23 ratio 104.31%
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	The ratio indicates that Council is investing sufficient funds in asset maintenance within the year. The ratio is better than the benchmark.

Benchmark: — > 100.00%
 Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio achieves benchmark
■ Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio	Commentary on result
	22/23 ratio 3.01%
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	The ratio indicates that Council is not meeting the required renewal to catch up on prior year renewal shortfalls. The backlog has increased substantially in recent years due impacts of flooding. The ratio needs improvement.

Benchmark: — < 2.00%
 Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio achieves benchmark
■ Ratio is outside benchmark

Hawkesbury City Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Sewer fund		Benchmark
	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	125.49%	150.00%	28.22%	100.00%	> 100.00%
Depreciation, amortisation and impairment					
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	3.36%	2.06%	0.69%	0.67%	< 2.00%
Net carrying amount of infrastructure assets					
Asset maintenance ratio					
Actual asset maintenance	102.35%	91.69%	108.15%	235.72%	> 100.00%
Required asset maintenance					

(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.