

### 10.3. Financial Statements for the Year Ended 30 June 2024

<b>AUTHOR</b>	Christian Menday, Financial Controller Daniel Peacock, Assets and Taxation Accountant Aigul Utegenova, Chief Financial Officer
<b>ENDORSED BY</b>	Luke Harvey, Director Corporate Support
<b>ATTACHMENTS</b>	1. Annual Financial Statements-2024 1810 [10.3.1 - 73 pages]
<b>CSP LINK</b>	5. Our Civic Leadership 5.1 Lead North Sydney's strategic direction

#### PURPOSE:

The purpose of this report is to present the draft Financial Statements for the year ended 30 June 2024 and seek Council's approval.

Once approved, the financial statements will be submitted to the Audit Office of NSW for the issuance of the final Independent Auditor's Report on the General Purpose Financial Statements and the Report on the Conduct of the Audit for the year ended 30 June 2024.

#### EXECUTIVE SUMMARY:

- Net operating surplus: \$13.1 million (Original budget: \$1.6 million)
- Net operating result before Capital Grants and Contributions: -\$3.6 million deficit (Original budget: -\$2 million deficit)
- Operating Performance Ratio: -0.02 (below OLG benchmark of >0)
- Short-term financial position: Adequate, but strategic attention needed to address ongoing cost increases and budget deficits
- The Audit Office of NSW has largely completed the audit of the General Purpose Financial Statements and Special Schedule of Permissible Income for general rates, with the final reports pending Council's approval.
- The General Purpose Financial Statements were presented to the Audit, Risk, and Improvement Committee on 11 October 2024.

#### RECOMMENDATION:

**1. THAT** Council resolves that, in its opinion, the General Purpose Financial Statements and Special Schedules for the year ended 30 June 2024:

- have been properly drawn up in accordance with the provisions of the Act and the associated Regulations thereunder, the Australian Accounting Standards and professional pronouncements and the Local Government Code of Accounting Practice and Financial Reporting;

- to the best of Council’s knowledge and belief, the statements present fairly Council’s operating result and financial position for the year and accord with Council’s accounting and other records; and
  - Council is unaware of any matter that would render the Financial Statements false or misleading in any way.
- 2. THAT** Council declares there are no business activities requiring the preparation of Special Purpose Financial Statements.
  - 3. THAT** the Statement by Councillors and Management for the General Purpose Financial Statements be signed by the Mayor, Deputy Mayor, Chief Executive Officer, and Responsible Accounting Officer.
  - 4. THAT** the Financial Statements be referred to the Audit Office of NSW for audit.
  - 5. THAT** arrangements be made to place copies of the audited Financial Statements on public exhibition and the necessary advertisements be published.
  - 6. THAT** a copy of the audited Financial Statements be forwarded to the NSW Office of Local Government.
  - 7. THAT** in accordance with Section 418 of the Act, the audited Financial Statements be presented to the ordinary meeting of 25 November 2024.

## **Background**

Under section 416(1) of the Local Government Act 1993, Council's financial statements must be prepared and audited within 4 months of the end of the financial year.

The statutory process that must be followed is:

1. The financial statements must include a statement made by resolution of the Council and signed by the Mayor and at least one other Councillor, the Chief Executive Officer, and the Responsible Accounting Officer.
2. The financial statements must then be referred to Council's auditors and, once audited, included in Council's Annual Report.
3. A copy of the audited financial statements must be forwarded to the Office of Local Government by 31 October 2024.
4. As soon as practicable after Council receives a copy of the auditor's report, the financial statements must be placed on public exhibition and notice given of a meeting at which Council proposes to present the audited financial statements, together with the auditor's report. The date fixed for the meeting must be at least seven days after the date on which the notice is given, but not more than 5 weeks after the auditor's reports are provided to Council.

The draft 2022/24 Financial Statements are attached to this report. The statements have been prepared in accordance with the Act and associated Regulations, the Australian Accounting Standards, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements were presented to the Audit, Risk, and Improvement Committee on 11 October 2024 to provide committee members with an opportunity to review the document and provide feedback for consideration.

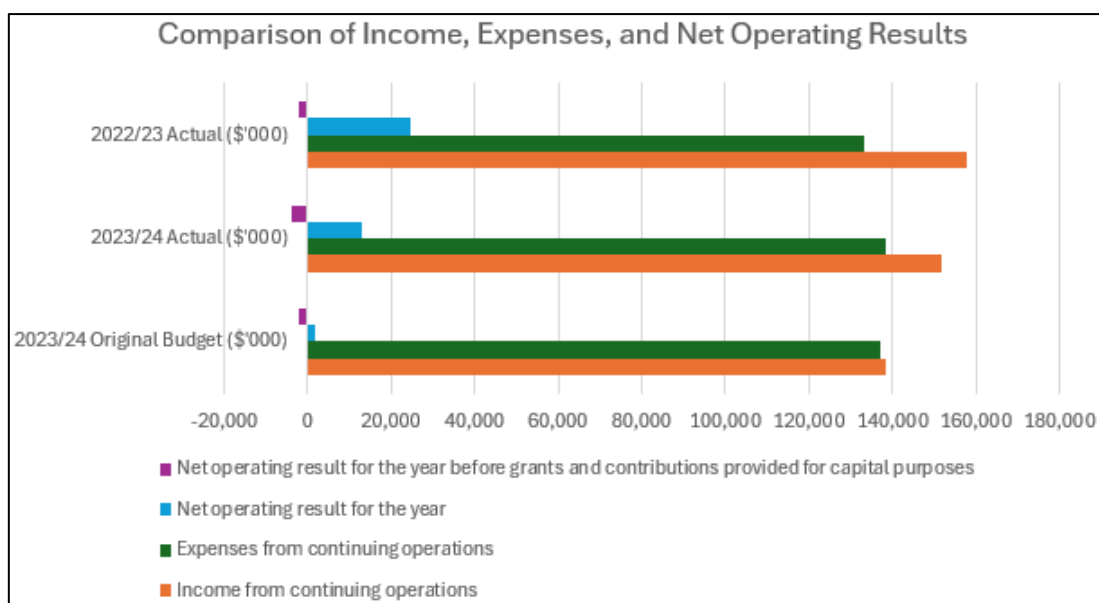
## **Report**

### **Net Operating Result**

Council has achieved a net operating result of \$13.1 million, which exceeded the forecast by \$11.5 million, primarily driven by higher-than-expected capital grants and developer contributions.

Excluding capital grants and contributions, the net operating result was a deficit of \$3.6 million. A deficit of \$1.6 million more than the \$2 million deficit forecast in the original budget.

This result was an improvement, of \$1.2 million, to the \$4.8 million deficit forecast in the March Quarterly Budget Review. The improvement is mostly due to the \$2.1 million early receipt of 2024/25 Financial Assistance Grant. These funds had been budgeted for receipt and allocated for expenditure in the 2024/25 budget.



The following table provides a summary of the net operating result.

	2023/24 Original Budget (\$'000)	2023/24 Actual (\$'000)	2023/24 Variance) (\$'000)	2022/23 Actual (\$'000)
<b>2023/24 Operating Result</b>				
Income from continuing operations	138,561	151,657	13,096	157,744
Expenses from continuing operations	136,994	138,604	(1,610)	133,271
Net operating result for the year	1,567	13,053	11,486	24,473
Net operating result for the year before grants and contributions provided for capital purposes	(2,041)	(3,637)	(1,596)	(2,280)

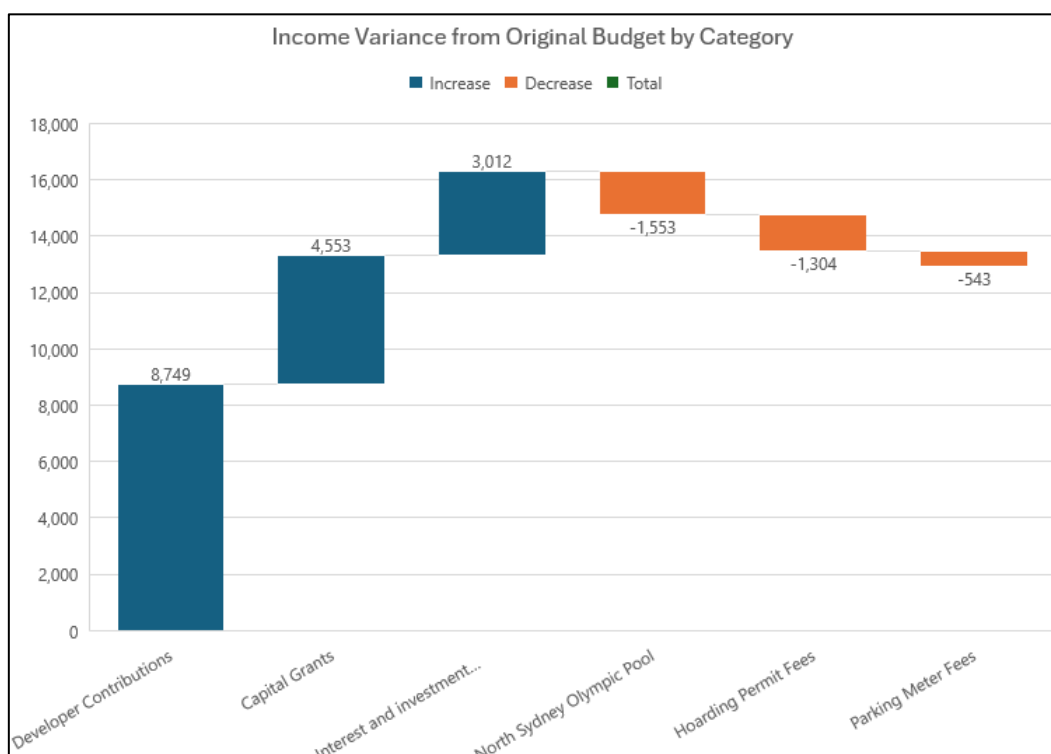
**Income from continuing operations** was \$13.1 million more than forecast in the original budget. The following table details major income sources that materially contributed to the variation.

Category/Type	Variance from original budget (\$'000)	Reason
Developer Contributions	8,749	Higher than expected activity resulted in increased developer contributions including the receipt of a large contribution for 168 Walker Street.
Capital Grants	4,553	Grants previously received were recognised as income including Denison Street Streetscape \$1.6 million and Miller Street On-Ramp \$1.4 million. Several other smaller grants were secured by Council staff during the year and applied to infrastructure projects.

Category/Type	Variance from original budget (\$'000)	Reason
Interest and investment revenue	3,012	Greater than expected funds available for investment due to delays in the commencement of some capital works projects and higher than forecast interest rates.

These favourable variations were offset by unfavorable variances in User Fees and Charges including:

Category/Type	Variance from original budget (\$'000)	Reason
North Sydney Olympic Pool	(1,553)	Due to project delays the pool did not trade during the year. This change was identified and adjusted in the September 2023 Quarter Review.
Hoarding Permit Fees	(1,304)	There was lower than expected development in the financial year. This change was identified and adjusted in the December 2023 Quarter Review.
Parking Meter Fees	(543)	26 on-street parking meters were removed to make way for the State Government Warringah Freeway infrastructure project. This change was identified in the September 2023 Quarter Review and adjusted in the December review when data became available to quantify the loss of income.



## Parking related income

While there has been a recovery in Parking Station fees and infringements, parking related income levels are still not at pre-pandemic levels. Additionally, the reliability of these income sources in the medium to long term is uncertain. State Government legislation and policy, as well as Council's own policies, aim to reduce vehicle traffic in CBD areas. Therefore, it is likely that these income sources will not persist at current levels in the long term.

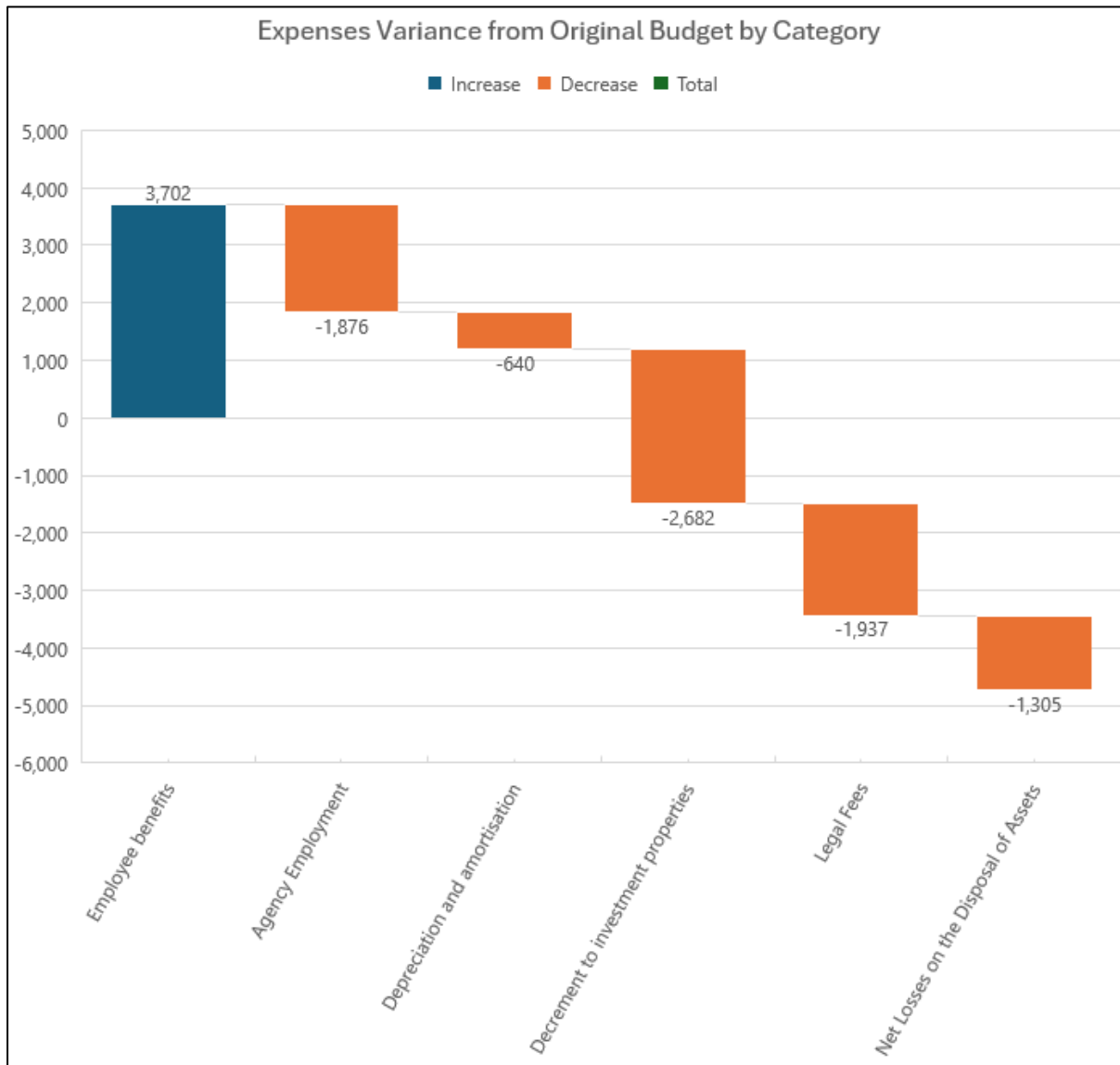
**Interest and investment income** significantly exceeded the original budget due to unforeseen interest rate increases and higher-than-expected cash and investment balances, driven by lower-than-budgeted capital expenditures. Council's \$45.4 million capital works program is expected to reduce cash balances over the financial year 2024/25 financial year, particularly as payments for the North Sydney Pool project are finalised.

When inflation returns to the RBA target range it is expected official cash rates and hence term deposit returns will fall. It is not expected income will persist at this level into the future.

**Expenses from continuing operations** were \$1.6 million more than forecast in the original budget. While expenditure was in line with the budget in total, the following variances are noted.

Category/Type	Variance from original budget (\$'000)	Reason
Employee benefits and on-costs	3,702	The original budget forecast the pool would open during the year. An \$805k adjustment was made at the September Quarter Review. With the subsequent savings due to vacancies were identified and adjusted at the Quarterly Reviews.
Agency Employment	(1,876)	Contract staff were used to cover some vacancies in the organisation whilst undertaking permanent recruitment, and during the organisational realignment process.
Depreciation and amortisation	(640)	Increased depreciation expense due to increased construction costs in recent years.
Revaluation decrement to investment properties	(2,682)	A decrease in the value of Council's investment properties is recorded as an expense in the Financial Statements. This was not expected in the original budget.
Legal Fees	(1,937)	Driven by the Transport for NSW Warringah Freeway matter and greater than expected Land and Environment Court matters
Net Losses on the Disposal of Assets	(1,305)	The value of disposals was higher than budget due to the observed value of assets disposed of during renewal activities.

The below graph shows the \$3.7m saving in employee benefits and on-costs, but how this saving was offset by increased costs across other categories.

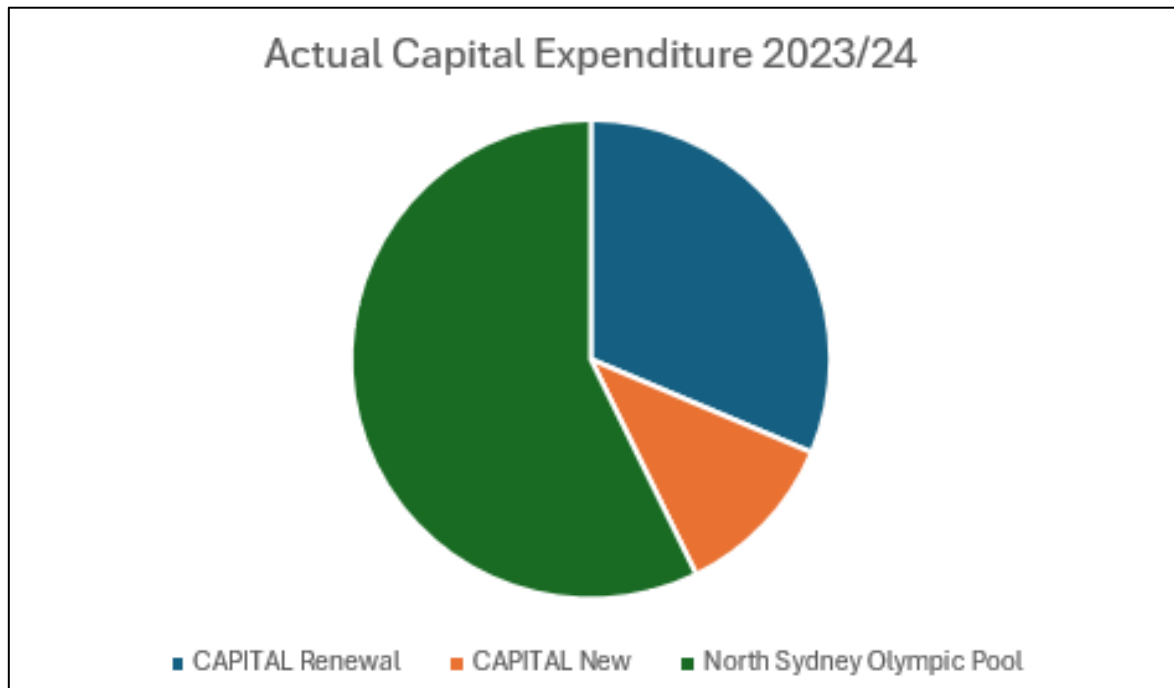


The commissioning of the new North Sydney Olympic Pool will result in a further increase in **depreciation** of at least \$2.3 million per annum. Development of the pool’s business plan is well advanced, and increased income opportunities will go some way to funding the pool’s depreciation. This new cost of depreciation for all asset classes, however, represents a strategic challenge to Council and will need to be factored into Asset Management Plans, budgets and the Long-Term Financial Plan.

The **revaluation decrement to investment properties** is a non-cash expense. Council’s portfolio remains well occupied and continues to provide a reliable income stream. The decrement is driven by trends in CBD commercial properties in Australia and globally. These trends are to lower returns on commercial properties due to social and technological change.

**Legal fees** exceeded original budget by \$2 million due to large development related matters including the Warringah Freeway compulsory acquisition of open space. While this large matter can be considered rare or one-off, extensive development work is in progress in the LGA. The increased possibility of legal dispute in these large developments represents strategic risk to Council.

### Capital Expenditure



A total of \$66.72 million was spent on capital projects during the year. Of this, \$59.12 million was allocated to renewing existing infrastructure, property, plant, and equipment, including \$38.2 million for the North Sydney Olympic Pool project. An additional \$7.6 million was invested in acquiring new infrastructure, property, plant, and equipment.

\$333,000 was spent on the refurbishment of investment properties.

To fund the completion of these projects, it is estimated that \$24.01 million will need to be carried forward from the 2023/24 budget to the 2024/25 budget. This will include \$9.7 million for the North Sydney Olympic Pool project.

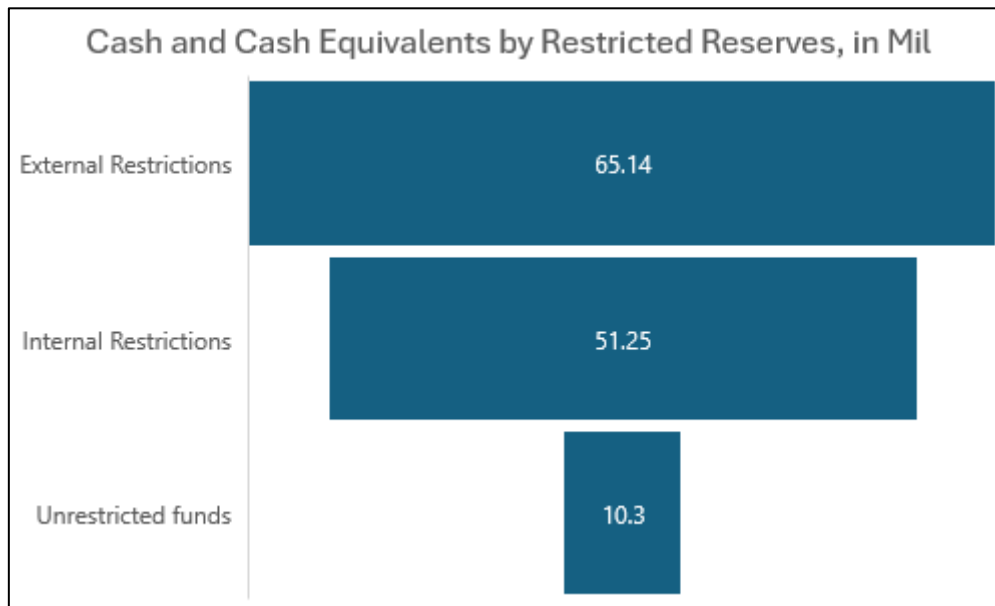
### Year-end Cash Position

As of 30 June 2024, cash and investments totaled \$126.75 million, a decrease of \$20.30 million from the previous year.

Of the cash and investments balance, \$65.14 million is externally restricted and \$51.28 million is internally allocated. The remaining \$10.3 million is unrestricted. There is an ongoing need to fund the North Sydney Olympic Pool Project and manage its risks. In this context the \$10.3



million buffer is narrow, and Council must take strategic steps to address its financial performance and position during the 2025 Financial Year.



The following table provides a breakdown of externally restricted funds on 30 June 2024.

External Restriction	\$'000
Developer Contributions	43,496
Domestic Waste Management	11,241
Specific Purpose Unexpended Grants	7,937
Mainstreet Levies	445
Specific Purpose Unexpended Contributions	1,982
Waste and Sustainability Improvement funds	38
<b>Total</b>	<b>65,139</b>

The following table provides a breakdown of internally restricted funds on 30 June 2024.

Internal Restriction	\$'000
Capital Works Reserve	9,703
Deposits, retentions, and bonds	14,657
Employee Leave Entitlements Reserve	7,127
North Sydney Olympic Pool Redevelopment Reserve	12,166
Plant and Vehicle Replacement Reserve	2,387
Financial Assistance Grant paid in advance	2,073
Community Housing - Capital Purchases Reserve	960
Community Housing - Major Maintenance Reserve	491
Income Producing Projects Reserve	498
I.T. Reserve	1,218
<b>Total</b>	<b>51,280</b>

The Capital Works Reserve is allocated to fund projects not completed as of 30 June 2024. These projects will be reviewed to determine if any can be deferred in favor of funding the NSOP project. There is \$14.7 million reserved for deposits, retentions, and bonds that will eventually be refunded. \$7.1 million is reserved to cover 50% of the employee leave liability.

### Asset Revaluations

No comprehensive revaluations were undertaken in the year.

In recent years there has been a pronounced change in construction costs across the government and infrastructure sectors.

Council determined that the carrying values of some **infrastructure and property** asset classes, valued on a cost basis, were no longer materially consistent with fair value. Interim valuations of these asset classes were completed to bring carrying values in line with fair value. The following classes met the threshold for reassessment and were indexed (increments) following the assessment with gains recognized in the Asset Revaluation Reserve:

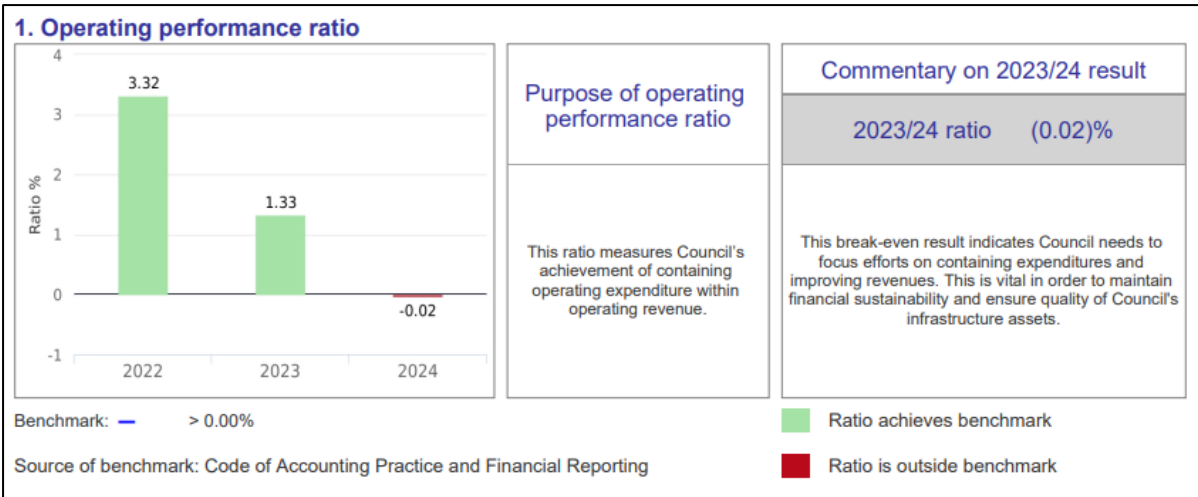
- Buildings non-specialised \$2.2 million,
- Buildings specialised \$11.1 million,
- Roads \$12.6 million,
- Footpaths \$3.8 million, and
- Stormwater Drainage \$7.7 million.

### Financial Performance Measures

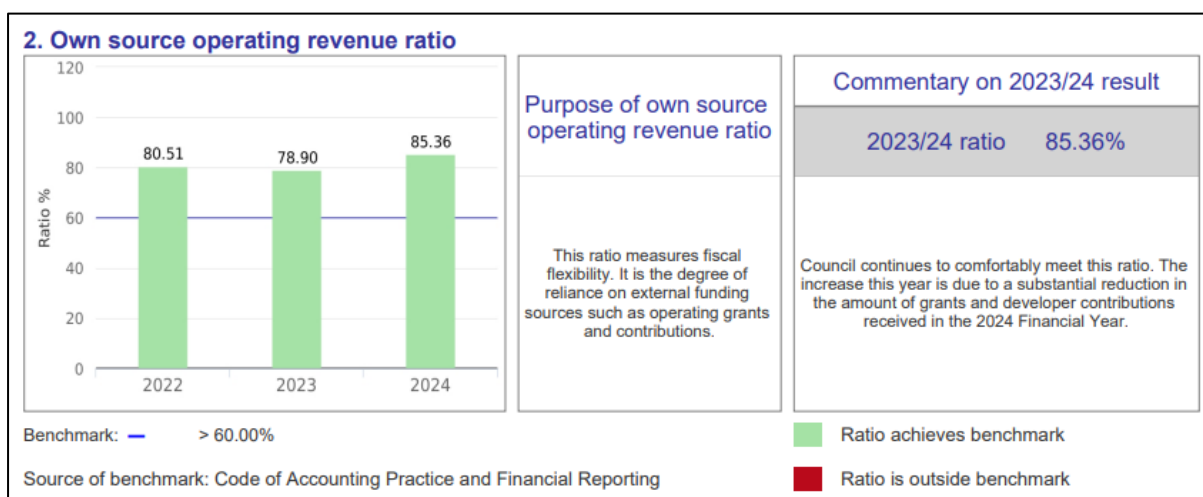
The performance measure ratios are presented in the following table.

Financial Performance Measure	Result	Benchmark
Operating Performance Ratio	-0.02%	> 0%
Own Source Operating Revenue Ratio	85.36%	> 60%
Unrestricted Current Ratio	2.42x	> 1.5x
Debt Service Cover Ratio	7.90x	> 2x
Rates and Annual Charges Outstanding Percentage	3.74%	< 5%
Cash Expense Cover Ratio	11.84 months	> 3 months

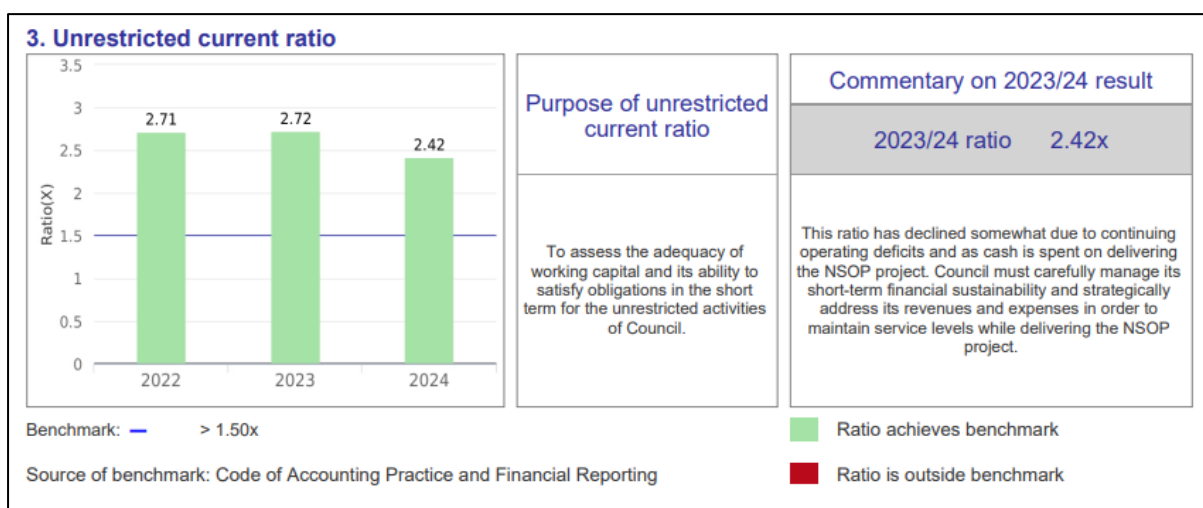
The declining **Operating Performance Ratio** reflects a weakening financial position for the Council year on year. The ratio was 3.32 in the 2021/22 financial year, dropping to 1.33 in 2022/23, and has fallen further to -0.2 in 2023/24. This continued decline is largely due to a reduction in own-source revenue streams and increases in costs due to high inflation. Action is needed to address the Council’s financial structure and implement necessary remediation measures.



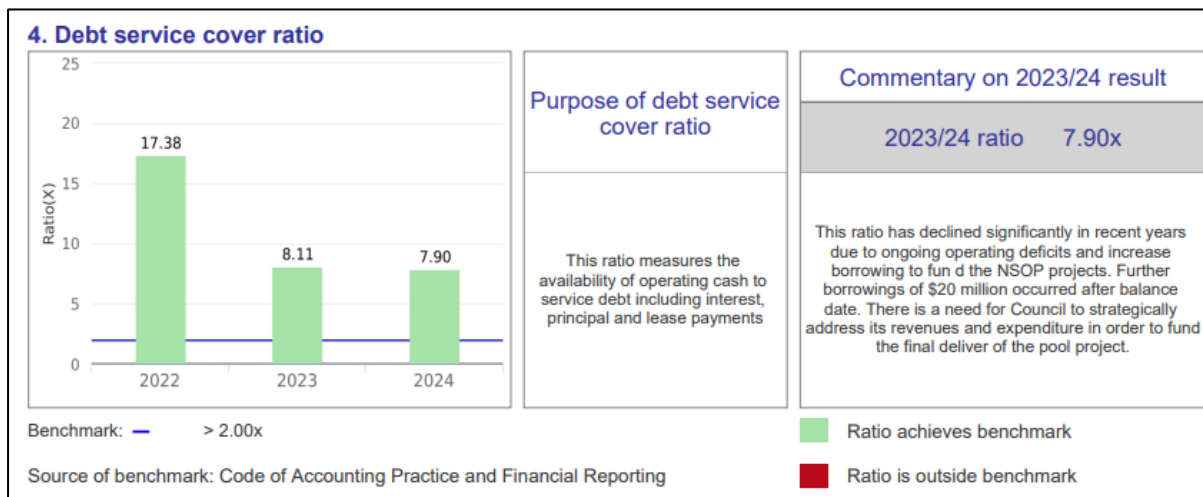
The **Own Source Operating Revenue Ratio** has improved compared to the previous financial year, primarily due to a decrease in grants and developer contributions.



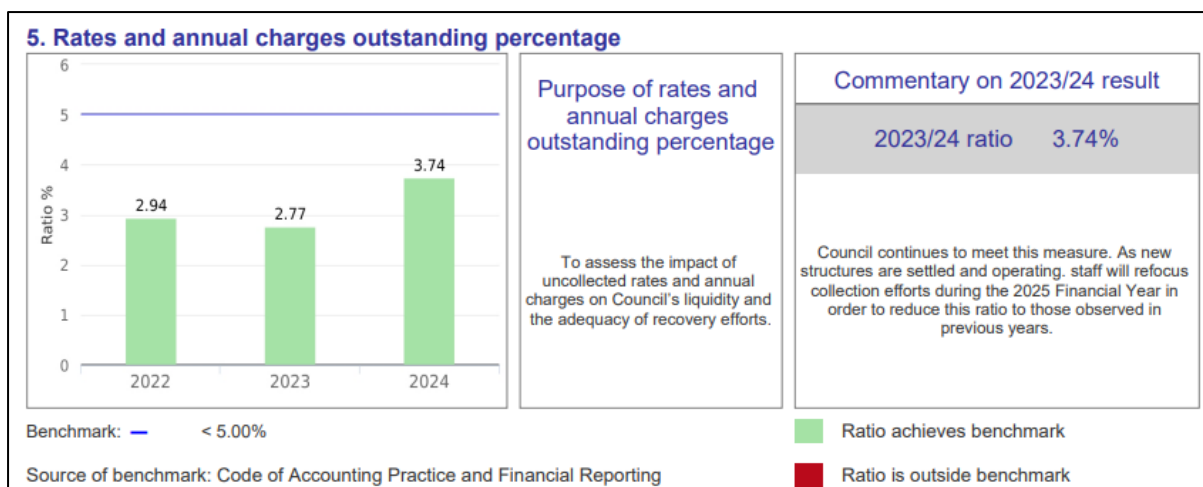
**Unrestricted Current Ratio.** This ratio has declined somewhat due to continuing operating deficits and as cash is spent on delivering the NSOP project.



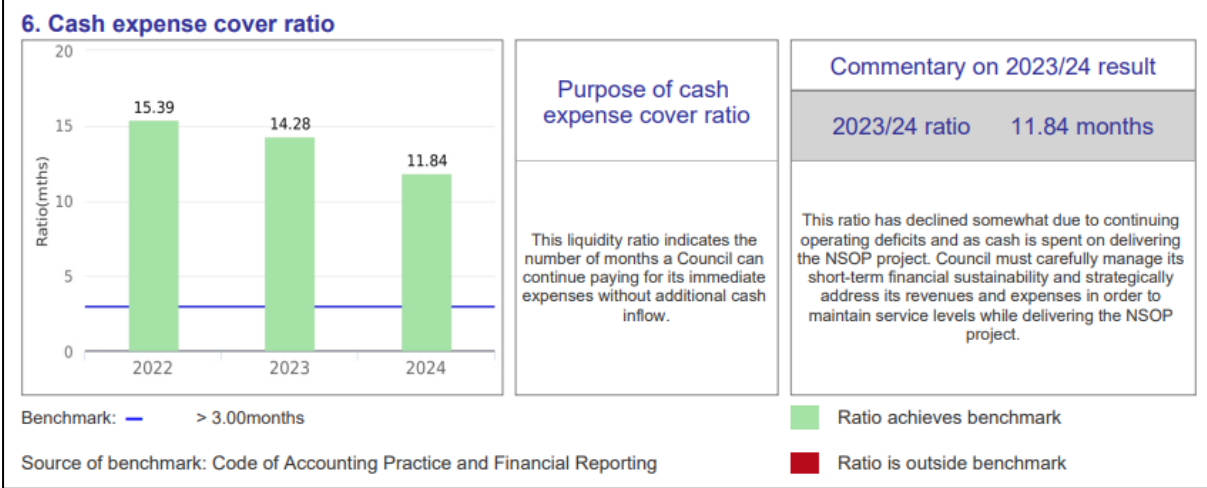
The **Debt Service Cover Ratio** exceeds the benchmark, indicating that Council has retained the capacity to borrow. Council has secured a TCorp loan of \$20 million for the North Sydney Olympic Pool project, in July 2024.



**Rates and annual charges outstanding percentage**, Council continues to meet this measure. We are refocusing our collection efforts during the 2025 Financial Year to reduce this ratio to those observed in previous years.



The **Cash Expense Cover Ratio** has declined due to ongoing operating deficits and cash outflows for the delivery of the North Sydney Olympic Pool project. Council must carefully manage its short-term financial sustainability and strategically balance its revenues and expenses to maintain service levels while continuing to deliver the North Sydney Olympic Pool project.



### Infrastructure Management Measures

Infrastructure Management Measure	Result	Benchmark
Buildings and Infrastructure Renewals Ratio	231.72%	> = 100%
Asset Maintenance Ratio	98.64%	> = 100%
Infrastructure Backlog Ratio	18.59%	< 2%
Cost to bring assets to agreed service level	13.46%	N/A

The high Infrastructure Renewal Ratio is inflated by the North Sydney Olympic Pool project. Excluding the \$38.2 million spent on the project, the renewal ratio stands at 66%, indicating that Council did not renew its other infrastructure assets at a sustainable rate during the year.

The Infrastructure Backlog Ratio falls short of the benchmark, with \$146.8 million needed to bring assets to an acceptable condition. Council must take action to improve its financial position to sustainably manage its assets.

### Consultation requirements

The draft Statements will be exhibited according to Section 418 of the Local Government Act NSW 1993 prior to the finalised Statements being presented to Council at its meeting of 25 November 2024.

### Financial/Resource Implications

As of 30 June 2024, Council's financial position, while considered a going concern, presents immediate challenges.

A financially sustainable Council is one that can maintain service levels, and renew infrastructure as and when it falls due, ensuring a strong foundation for future generations.

A Council with a strong financial position is one that is both sustainable and has the capacity to withstand financial shocks.

The escalating costs associated with the North Sydney Olympic Pool (NSOP) Project will continue to exert pressure on the Council's finances, leading to further reductions in cash reserves, increased borrowing, and a decline in infrastructure renewals. These additional capital expenditures will have lasting impacts on future operational and renewal costs.

Compounding these challenges, expenses are rising faster than revenue. The steady decline of key revenue streams such as parking, hoarding, and advertising fees also poses a significant threat.

Currently, internal reserves for infrastructure (excluding NSOP) total \$11.1 million, while there is an estimated renewal backlog of \$146 million. Although the Council successfully navigated the financial challenges posed by the COVID-19 pandemic in 2020, that resilience is no longer present.

Over the next year, strong financial management will be essential, and the Council will need to make critical decisions to improve its financial position and meet the community's needs and expectations.

### **Legislation**

Section 413 of the Local Government Act (NSW) 1993 says councils must prepare financial statements for the financial year and refer them to audit. Section 416 sets a deadline of four months to prepare, have audited and lodged (with the Office of Local Government) the statements. Section 418 provides that Council must fix a date for a meeting for the presentation of its final audited Statements and give public notice of at least seven days. The meeting must be no longer than five weeks after the auditor's reports are given to Council.

# North Sydney Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2024

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*Shaping a progressive, diverse and vibrant North Sydney  
community.*



# North Sydney Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2024

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*Shaping a progressive, diverse and vibrant North Sydney  
community.*





## North Sydney Council

### General Purpose Financial Statements

for the year ended 30 June 2024

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#### Overview

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

200 Miller Street  
North Sydney NSW 2060

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

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

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

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

## North Sydney Council

### General Purpose Financial Statements

for the year ended 30 June 2024

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

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

- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder;
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board; and
- 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; and
- accord with Council's accounting and other records.

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

**Signed in accordance with a resolution of Council made on 28 October 2024.**

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Zoë Baker  
**Mayor**  
28 October 2024

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Godfrey Santer  
**Councillor**  
28 October 2024

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Therese Cole  
**Chief Executive Officer**  
28 October 2024

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Aigul Utegenova  
**Responsible Accounting Officer**  
28 October 2024

## North Sydney Council

## Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
<b>Income from continuing operations</b>				
75,110	Rates and annual charges	B2-1	75,559	72,253
35,831	User charges and fees	B2-2	32,134	33,443
10,050	Other revenues	B2-3	10,239	9,649
5,388	Grants and contributions provided for operating purposes	B2-4	5,453	6,535
3,608	Grants and contributions provided for capital purposes	B2-4	16,690	26,753
2,605	Interest and investment income		5,612	3,690
5,969	Other income	B2-6	5,970	5,421
<u>138,561</u>	<b>Total income from continuing operations</b>		<u>151,657</u>	<u>157,744</u>
<b>Expenses from continuing operations</b>				
52,820	Employee benefits and on-costs	B3-1	49,118	47,068
48,512	Materials and services	B3-2	51,176	49,555
1,452	Borrowing costs		1,497	1,583
27,600	Depreciation, amortisation and impairment of non-financial assets	B3-4	28,240	27,184
6,341	Other expenses	B3-5	7,269	6,628
269	Net loss from the disposal of assets		1,304	1,253
<u>136,994</u>	<b>Total expenses from continuing operations</b>		<u>138,604</u>	<u>133,271</u>
<u>1,567</u>	<b>Operating result from continuing operations</b>		<u>13,053</u>	<u>24,473</u>
<u>1,567</u>	<b>Net operating result for the year attributable to Council</b>		<u>13,053</u>	<u>24,473</u>
<u>(2,041)</u>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<u>(3,637)</u>	<u>(2,280)</u>

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

## North Sydney Council

## Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
<b>Net operating result for the year – from Income Statement</b>		<b>13,053</b>	24,473
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	<u>37,383</u>	56,493
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>37,383</b>	56,493
<b>Total other comprehensive income for the year</b>		<b>37,383</b>	56,493
<b>Total comprehensive income for the year attributable to Council</b>		<b>50,436</b>	80,966

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

## North Sydney Council

## Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	22,849	24,150
Investments	C1-2	103,901	122,897
Receivables	C1-4	9,969	10,822
Inventories		60	69
Other		626	577
<b>Total current assets</b>		<b>137,405</b>	<b>158,515</b>
<b>Non-current assets</b>			
Receivables	C1-4	770	421
Infrastructure, property, plant and equipment (IPPE)	C1-5	1,609,044	1,535,112
Investment property	C1-6	53,698	56,047
Right of use assets	C2-1	1,314	1,576
Investments accounted for using the equity method		34	35
<b>Total non-current assets</b>		<b>1,664,860</b>	<b>1,593,191</b>
<b>Total assets</b>		<b>1,802,265</b>	<b>1,751,706</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	32,833	26,813
Contract liabilities	C3-2	8,033	11,680
Lease liabilities	C2-1	303	303
Borrowings	C3-3	2,091	2,005
Employee benefit provisions	C3-4	13,100	14,004
<b>Total current liabilities</b>		<b>56,360</b>	<b>54,805</b>
<b>Non-current liabilities</b>			
Lease liabilities	C2-1	1,109	1,367
Borrowings	C3-3	31,349	33,441
Employee benefit provisions	C3-4	1,154	236
<b>Total non-current liabilities</b>		<b>33,612</b>	<b>35,044</b>
<b>Total liabilities</b>		<b>89,972</b>	<b>89,849</b>
<b>Net assets</b>		<b>1,712,293</b>	<b>1,661,857</b>
<b>EQUITY</b>			
Accumulated surplus		976,316	963,263
IPPE revaluation reserve	C4-1	735,977	698,594
<b>Council equity interest</b>		<b>1,712,293</b>	<b>1,661,857</b>
<b>Total equity</b>		<b>1,712,293</b>	<b>1,661,857</b>

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

## North Sydney Council

## Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		963,263	698,594	1,661,857	938,790	642,101	1,580,891
Net operating result for the year		13,053	–	13,053	24,473	–	24,473
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	–	37,383	37,383	–	56,493	56,493
<b>Other comprehensive income</b>		–	37,383	37,383	–	56,493	56,493
<b>Total comprehensive income</b>		13,053	37,383	50,436	24,473	56,493	80,966
<b>Closing balance at 30 June</b>		976,316	735,977	1,712,293	963,263	698,594	1,661,857

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

## North Sydney Council

## Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
72,554	Rates and annual charges		74,889	72,299
33,245	User charges and fees		33,588	35,411
3,777	Interest received		5,402	3,103
27,557	Grants and contributions		19,629	32,933
3,600	Bonds, deposits and retentions received		3,950	2,491
15,719	Other		26,287	20,387
<b>Payments:</b>				
(48,489)	Payments to employees		(49,893)	(45,939)
(48,951)	Payments for materials and services		(50,182)	(52,353)
(1,538)	Borrowing costs		(1,512)	(1,599)
(3,600)	Bonds, deposits and retentions refunded		(2,312)	(2,095)
(3,835)	Other		(11,721)	(9,606)
50,039	<b>Net cash flows from operating activities</b>	F1-1	<b>48,125</b>	<b>55,032</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
–	Sale of investments		1,246	–
–	Redemption of term deposits		165,750	98,500
–	Proceeds from sale of IPPE		888	899
<b>Payments:</b>				
–	Purchase of investments		5	–
(2,670)	Acquisition of term deposits		(148,000)	(132,500)
–	Purchase of investment property		(333)	(1,033)
(64,858)	Payments for IPPE		(66,718)	(49,142)
–	Contributions paid to joint ventures and associates		1	–
(67,528)	<b>Net cash flows from investing activities</b>		<b>(47,161)</b>	<b>(83,276)</b>
<b>Cash flows from financing activities</b>				
<b>Payments:</b>				
–	Repayment of borrowings		(2,006)	(1,927)
(53)	Principal component of lease payments		(259)	(250)
(53)	<b>Net cash flows from financing activities</b>		<b>(2,265)</b>	<b>(2,177)</b>
(17,542)	<b>Net change in cash and cash equivalents</b>		<b>(1,301)</b>	<b>(30,421)</b>
24,150	Cash and cash equivalents at beginning of year		24,150	54,571
6,608	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>22,849</b>	<b>24,150</b>
125,567	plus: Investments on hand at end of year	C1-2	103,901	122,897
132,175	<b>Total cash, cash equivalents and investments</b>		<b>126,750</b>	<b>147,047</b>

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

## North Sydney Council

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## North Sydney Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 28 October 2024. 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 material accounting policy information related to these consolidated financial statements are set out below.

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not-for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

#### Historical cost convention

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

#### Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

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

- (i) estimated fair values of infrastructure, property, plant and equipment - refer Note C1-5
- (ii) estimated fair values of investment property – refer Note C1-6
- (iii) employee benefit provisions – refer Note C3-4.

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

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

#### Monies and other assets received by Council

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.

#### 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 2024 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2023

Council's assessment of these new standards and interpretations are set out below.

#### AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

**Nature of Change in Accounting Policy:** This Standard amends AASB 101 to clarify the presentation of liabilities as current or non-current. For instance, it clarifies that a liability is classified as non-current if the council has the right at the end of the reporting period to defer settlement for at least 12 months. The meaning of settlement of a liability is also clarified.

**Effective Date:** Annual reporting period beginning on or after 1 January 2024; applicable for financial statements for the year ended 30 June 2025.

## A1-1 Basis of preparation (continued)

**Expected Impact on Council Financial Statements:** Minimal impact is anticipated; Councils will review the classification of liabilities to ensure they are appropriately categorized as either current or non-current.

### **AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback**

**Nature of Change in Accounting Policy:** This Standard amends AASB 16 by adding subsequent measurement requirements for sale and leaseback transactions that meet the criteria in AASB 15 to be accounted for as a sale. It ensures that a seller-lessee measures lease liabilities arising from a leaseback in a way that does not recognize any gain or loss related to the right of use retained.

**Effective Date:** Annual reporting period beginning on or after 1 January 2024; applicable for financial statements for the year ended 30 June 2025.

**Expected Impact on Council Financial Statements:** Unlikely to be significant impact; however, requirements will be reviewed if Council enters into sale and leaseback arrangements.

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

**Nature of Change in Accounting Policy:** This Standard amends AASB 13, providing guidance on the highest and best use, financially feasible uses, use of assumptions, costs to include in the replacement cost, and economic obsolescence.

**Effective Date:** Annual reporting period beginning on or after 1 January 2024; applicable for financial statements for the year ended 30 June 2025.

**Expected Impact on Council Financial Statements:** There is not expected to be a significant impact; Councils reviewed their fair value methodology to ensure compliance with the new guidance.

- **Highest and best use:** AASB 2022-10 streamlines the conditions under which public sector entities must consider if an asset is being used for its highest and best use. This applies only if the asset is held for sale or distribution, or if it's highly probable the asset will be used for a different purpose within a year, with all necessary approvals in place. Council can now avoid this assessment unless these criteria are met, using the current use of the asset when determining fair value.
- **Financial feasibility:** AASB 2022-10 clarifies that for public sector entities, financial feasibility means the use of an asset is viable if it generates adequate income or service capacity that market participants, including other non-profit entities, would invest in. This clarification is not expected to significantly impact Council.
- **Use of own assumptions:** AASB 2022-10 permits public sector entities to start with their own assumptions when determining fair value if they are market participants, while still considering available information about other market participants' assumptions. This acknowledges the unique nature of these entities and should reduce the time and costs involved. There is not expected to be a significant impact.
- **Application of the cost approach:** AASB 2022-10 provides guidance for public sector entities using replacement cost to measure the fair value of non-financial physical assets. It includes rules for estimating current replacement costs, adjusting for differences in service capacity, and accounting for obsolescence. This helps Council to estimate current replacement costs more accurately. There is not expected to be a significant impact.
- **Costs to be included in estimating replacement cost:** When estimating replacement costs, entities should include necessary costs such as restoring disturbed utility infrastructures, site preparation, and additional costs incurred for maintaining service quality or adhering to government policies. Judgment is needed to determine which costs would be incurred in a hypothetical acquisition or construction. There is not expected to be a significant impact, as the Council is already applying this judgement to specific projects.
- **Obsolescence:** Obsolescence, including physical deterioration, functional obsolescence, and economic obsolescence, must be considered when adjusting the current replacement cost of a reference asset under the cost approach. This reflects the decrease in value due to technological, market-related, or other changes that reduce the asset's utility. There is not expected to be a significant impact.

## **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 2024.

The following new standard is effective for the first time at 30 June 2024:

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

The most significant change introduced by this standard is to remove the requirement to disclose significant accounting policies and instead require disclosure of material accounting policy information.

*“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.”*

In applying the new requirements, Council has after taking into account the various specific facts and circumstances applied professional judgement to ensure it discloses only material accounting policies as opposed to significant accounting policies throughout these financial statements.

## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Functions or activities</b>										
Our Living Environment	30,901	41,913	41,919	46,090	(11,018)	(4,177)	8,269	20,331	472,960	471,994
Our Built Infrastructure	39,640	39,332	32,855	26,717	6,785	12,615	7,042	6,285	757,414	686,062
Our Future Planning	16,704	15,274	16,802	15,940	(98)	(666)	3,897	2,270	225,305	224,114
Our Social Vitality	1,556	2,663	11,332	11,763	(9,776)	(9,100)	1,357	2,178	169,423	168,983
Our Civic Leadership	62,856	58,562	35,696	32,761	27,160	25,801	1,578	2,224	177,163	200,553
<b>Total functions and activities</b>	<b>151,657</b>	<b>157,744</b>	<b>138,604</b>	<b>133,271</b>	<b>13,053</b>	<b>24,473</b>	<b>22,143</b>	<b>33,288</b>	<b>1,802,265</b>	<b>1,751,706</b>

## B1-2 Components of functions or activities

---

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

### **Our Living Environment**

Encompasses but is not limited to bushland management, environmental sustainability, recreational facilities, tree preservation and community gardens.

### **Our Built Infrastructure**

Encompasses but is not limited to asset management, land use planning, development and design, heritage preservation, streetscapes, compliance and traffic and transport planning.

### **Our Future Planning**

Encompasses but is not limited to economic development, tourism and our commercial centres and shopping villages.

### **Our Social Vitality**

Encompasses but is not limited to community services, arts and culture, access and safety, housing, health and wellbeing, recreational planning and volunteering.

### **Our Civic Leadership**

Encompasses but is not limited to governance (i.e. how Council is managed).

**B2 Sources of income****B2-1 Rates and annual charges**

<b>\$ '000</b>	<b>2024</b>	<b>2023</b>
<b>Ordinary rates</b>		
Residential	31,989	30,889
Business	20,922	19,736
Less: pensioner rebates (mandatory)	(140)	(139)
Less: pensioner rebates (Council policy)	(115)	(113)
<b>Rates levied to ratepayers</b>	<b>52,656</b>	<b>50,373</b>
Pensioner rate subsidies received	136	139
<b>Total ordinary rates</b>	<b>52,792</b>	<b>50,512</b>
<b>Special rates</b>		
Infrastructure levy	2,344	2,257
Environmental levy	2,630	2,533
Main street levies	498	498
<b>Rates levied to ratepayers</b>	<b>5,472</b>	<b>5,288</b>
<b>Total special rates</b>	<b>5,472</b>	<b>5,288</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	16,702	15,856
Stormwater management services	577	576
Section 611 charges	49	52
Less: pensioner rebates (mandatory)	(40)	(39)
Less: pensioner rebates (Council policy)	(32)	(32)
<b>Annual charges levied</b>	<b>17,256</b>	<b>16,413</b>
Pensioner annual charges subsidies received:		
– Domestic waste management	39	40
<b>Total annual charges</b>	<b>17,295</b>	<b>16,453</b>
<b>Total rates and annual charges</b>	<b>75,559</b>	<b>72,253</b>

Council has used 2022 year valuations provided by the NSW Valuer General in calculating its rates.

**Material accounting policy information**

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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 in substance a rates payment.

## B2-2 User charges and fees

\$ '000	2024	2023
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>		
Domestic waste management services (additional)	1,245	1,180
<b>Total specific user charges</b>	<b>1,245</b>	<b>1,180</b>
<b>Other user charges and fees</b>		
<b>(i) Charges and fees – statutory and regulatory functions (per s608)</b>		
Planning and building regulation	2,727	4,204
Regulatory / statutory fees	5,148	6,896
Section 10.7 certificates (EP&A Act)	369	284
Section 603 certificates	217	176
<b>Total charges and fees– statutory/regulatory</b>	<b>8,461</b>	<b>11,560</b>
<b>(ii) Charges and fees – other (incl. general user charges (per s608))</b>		
Community centres / facilities	190	94
Domestic waste management – other	48	46
Family day care	226	212
Library	99	89
On street parking	10,347	9,601
Off street parking	7,202	6,993
Ovals	1,525	1,416
Planning and building regulation (non-statutory)	816	480
Public events	64	108
Reinstatements	1,511	1,439
Other	400	225
<b>Total charges and fees – other</b>	<b>22,428</b>	<b>20,703</b>
<b>Total other user charges and fees</b>	<b>30,889</b>	<b>32,263</b>
<b>Total user charges and fees</b>	<b>32,134</b>	<b>33,443</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time (1)	8,917	8,503
User charges and fees recognised at a point in time (2)	23,217	24,940
<b>Total user charges and fees</b>	<b>32,134</b>	<b>33,443</b>

**Material accounting policy information**

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 14 days of the provision of the service or in some cases such as parking meter fees, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as permanent reserved parking spaces in parking stations, the fee is recognised on a straight-line basis over the expected life of the reservation.

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

**B2-3 Other revenues**

<b>\$ '000</b>	<b>2024</b>	<b>2023</b>
Advertising on Council infrastructure	436	750
Community housing accumulated surplus (from Link Housing)	–	275
Fines – parking	8,555	7,655
Fines – environmental and compliance	91	60
Credit card payment surcharge	97	99
Legal fees recovered	627	319
New Years Eve event revenue	5	77
Other	428	414
<b>Total other revenue</b>	<b>10,239</b>	<b>9,649</b>

**Timing of revenue recognition for other revenue**

Other revenue recognised over time (1)	436	750
Other revenue recognised at a point in time (2)	9,803	8,899
<b>Total other revenue</b>	<b>10,239</b>	<b>9,649</b>

**Material accounting policy information for other revenue**

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

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

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



## B2-4 Grants and contributions

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>General purpose grants and non-developer contributions (untied)</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	18	401	–	–
Financial assistance – local roads component	6	142	–	–
<b>Payment in advance - future year allocation</b>				
Financial assistance – general component	1,560	1,821	–	–
Financial assistance – local roads component	513	590	–	–
<b>Amount recognised as income during current year</b>	<b>2,097</b>	<b>2,954</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
Community Care	748	643	–	–
Environment Programs	781	638	30	25
Recreation and culture	330	216	798	5,011
Recreation and culture	–	–	393	–
Transport	–	–	271	–
Town Planning	260	441	–	–
Roads to Recovery	305	305	–	–
Transport for NSW contributions (regional roads, block grant)	420	712	–	–
Other roads and transport	429	458	2,712	2,411
Other	30	74	–	–
Transport (other roads and bridges funding)	2	–	–	–
- Footpaths	51	94	–	–
Public domain improvements	–	–	1,800	387
<b>Total special purpose grants and non-developer contributions – cash</b>	<b>3,356</b>	<b>3,581</b>	<b>6,004</b>	<b>7,834</b>
<b>Non-cash contributions</b>				
Recreation and culture	–	–	–	4,060
<b>Total other contributions – non-cash</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,060</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>3,356</b>	<b>3,581</b>	<b>6,004</b>	<b>11,894</b>
<b>Total grants and non-developer contributions</b>	<b>5,453</b>	<b>6,535</b>	<b>6,004</b>	<b>11,894</b>
<b>Comprising:</b>				
– Commonwealth funding	3,106	3,859	42	3,008
– State funding	1,667	2,091	3,710	8,444
– Other funding	680	585	2,252	442
	<b>5,453</b>	<b>6,535</b>	<b>6,004</b>	<b>11,894</b>

## B2-4 Grants and contributions (continued)

## Developer contributions

\$ '000	Notes	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.4 – contributions using planning agreements	F4	–	–	457	–
S 7.11 – contributions towards amenities/services		–	–	6,622	13,241
S 7.12 – fixed development consent levies		–	–	3,607	1,618
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>10,686</b>	<b>14,859</b>
<b>Total developer contributions</b>		<b>–</b>	<b>–</b>	<b>10,686</b>	<b>14,859</b>
<b>Total grants and contributions</b>		<b>5,453</b>	<b>6,535</b>	<b>16,690</b>	<b>26,753</b>
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time (1)		2,182	1,484	2,569	–
Grants and contributions recognised at a point in time (2)		3,271	5,051	14,121	26,753
<b>Total grants and contributions</b>		<b>5,453</b>	<b>6,535</b>	<b>16,690</b>	<b>26,753</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	407	626	7,563	5,621
<b>Add:</b> Funds received and not recognised as revenue in the current year	130	274	408	4,373
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(396)	(493)	(2,077)	(2,431)
<b>Unspent funds at 30 June</b>	<b>141</b>	<b>407</b>	<b>5,894</b>	<b>7,563</b>
<b>Contributions</b>				
Unspent funds at 1 July	144	120	45,394	31,805
<b>Add:</b> contributions received and not recognised as revenue in the current year	91	144	15,340	17,173
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(144)	(120)	(3,755)	(3,584)
<b>Unspent contributions at 30 June</b>	<b>91</b>	<b>144</b>	<b>56,979</b>	<b>45,394</b>

As at 30 June 2024, Council held \$43.4 million of unspent developer contributions levied under S7.11 or S7.4 of the Environmental Planning & Assessment Act, 1979. These funds will be utilised in future years to assist in the cost of providing local public infrastructure and facilities required as a consequence of development.

## B2-4 Grants and contributions (continued)

### Material accounting policy information

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include funds received from the NSW Department of Planning, Industry & Environment to implement the Faster Regionally Significant Development Applications Pilot Program, Transport for NSW to deliver projects aimed at the promotion of road safety and Sydney Metro/Transport for NSW to fund two additional staff to undertake strategic and support functions arising from the Sydney Metro project. Payment terms vary depending on the terms of the grant. Cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

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

#### Developer contributions

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

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

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

#### Other grants and contributions

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

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

## B2-5 Interest and investment income

\$ '000	2024	2023
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	192	116
– Cash and investments	4,357	2,927
– Developer contributions	1,063	647
<b>Total interest and investment income</b>	<b>5,612</b>	<b>3,690</b>

## B2-6 Other income

\$ '000	Notes	2024	2023
<b>Reversal of impairment losses on receivables</b>			
Other		375	–
<b>Total reversal of impairment losses on receivables</b>	C1-4	<b>375</b>	<b>–</b>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		4,593	4,400
<b>Total Investment properties</b>		<b>4,593</b>	<b>4,400</b>
<b>Other lease income</b>			
Room/Facility Hire		776	732
Leaseback fees - council vehicles		221	281
<b>Total other lease income</b>		<b>997</b>	<b>1,013</b>
<b>Total rental income</b>	C2-2	<b>5,590</b>	<b>5,413</b>
<b>Fair value increment on investments</b>			
Fair value increment on investments through profit and loss		5	5
<b>Total Fair value increment on investments</b>		<b>5</b>	<b>5</b>
<b>Net share of interests in joint ventures and associates using the equity method</b>			
Joint ventures		–	3
<b>Total net share of interests in joint ventures and associates using the equity method</b>		<b>–</b>	<b>3</b>
<b>Total other income</b>		<b>5,970</b>	<b>5,421</b>

**B3 Costs of providing services****B3-1 Employee benefits and on-costs**

<b>\$ '000</b>	<b>2024</b>	<b>2023</b>
Salaries and wages	<b>36,691</b>	36,336
Employee leave entitlements (ELE)	<b>7,492</b>	5,835
Superannuation – defined contribution plans	<b>4,669</b>	3,578
Superannuation – defined benefit plan	<b>380</b>	445
Workers' compensation insurance	<b>938</b>	1,086
Fringe benefit tax (FBT)	<b>270</b>	230
Gratuities	<b>10</b>	216
Other	<b>155</b>	158
Recruitment cost	<b>88</b>	208
<b>Total employee costs</b>	<b>50,693</b>	<b>48,092</b>
Less: capitalised costs	<b>(1,575)</b>	(1,024)
<b>Total employee costs expensed</b>	<b>49,118</b>	<b>47,068</b>

**Material accounting policy information***Superannuation plans*

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 18 for more information.

### B3-2 Materials and services

\$ '000	Notes	2024	2023
<b>Audit Fees</b>	E2-1	<b>(23)</b>	23
<b>Consultancy</b>		<b>1,918</b>	1,111
<b>Contractor costs:</b>			
– Agency staff		1,982	1,844
– Cash collection		283	230
– Cleaning of Council properties		350	349
– Computer hardware and software maintenance		1,908	1,741
– Mowing		1,046	965
– Infrastructure maintenance		3,190	4,409
– Parking meter maintenance		1,087	1,004
– Parks, gardens and tree maintenance		1,995	1,955
– Property maintenance and management		4,326	4,073
– Public events		1,147	774
– Waste and recycling collection		8,066	8,166
– Waste and recycling disposal		4,428	4,234
– Other contractor costs		3,014	2,417
<b>Infringement notice contract costs (SEINS)</b>		<b>1,303</b>	1,202
<b>Raw materials and consumables</b>		<b>4,769</b>	4,812
<b>Service costs</b>			
– Bank charges		521	526
– Election expenses		–	7
– Electricity and heating		622	585
– Insurance		2,513	2,394
– Postage		320	320
– Staff training		276	300
– Staff travel expenses		159	222
– Street lighting		783	727
– Telephone and communications		323	342
– Other service costs		1,482	1,215
<b>Legal expenses:</b>			
– Legal expenses: planning and development		3,241	3,411
– Legal expenses: debt recovery		38	95
– Legal expenses: other		109	47
<b>Total materials and services</b>		<b>51,176</b>	49,555
<b>Total materials and services</b>		<b>51,176</b>	49,555

### B3-3 Borrowing costs

#### (i) Interest bearing liability costs

Interest on leases	45	53
Interest on loans	1,452	1,530
<b>Total interest bearing liability costs</b>	<b>1,497</b>	1,583
<b>Total borrowing costs expensed</b>	<b>1,497</b>	1,583

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

\$ '000	2024	2023
<b>Depreciation and amortisation</b>		
Furniture and fittings	416	459
Office equipment	758	905
Land improvements (depreciable)	528	480
Plant and equipment	1,831	1,843
<b>Infrastructure:</b>		
– Buildings – specialised	4,128	3,417
– Buildings – non-specialised	920	916
– Footpaths	3,904	3,703
– Other structures	14	13
– Roads	6,846	6,578
– Stormwater drainage	2,408	2,236
– Swimming pools	75	75
– Other open space / recreational assets	1,609	1,496
– Other infrastructure	4,095	4,350
Right of use assets	263	263
<b>Other assets:</b>		
– Heritage collections	120	118
– Library books	325	332
<b>Total depreciation and amortisation costs</b>	<b>28,240</b>	<b>27,184</b>

**Material accounting policy information****Depreciation and amortisation**

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

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

**Impairment of non-financial assets**

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

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

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

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

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



## B3-5 Other expenses

\$ '000	Notes	2024	2023
<b>Impairment of receivables</b>			
User charges and fees		–	103
<b>Total impairment of receivables</b>	C1-4	<b>–</b>	<b>103</b>
<b>Fair value decrement on investment properties</b>			
Fair value decrement on investment properties		<b>2,682</b>	2,673
<b>Total fair value decrement on investment properties</b>	C1-6	<b>2,682</b>	<b>2,673</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Department of planning levy		<b>300</b>	290
– Emergency services levy (includes FRNSW and SES levies)		<b>2,317</b>	1,832
– Land tax		–	1
– Parking Space Levy		<b>805</b>	626
Donations, contributions and assistance to other organisations		<b>1,165</b>	1,103
<b>Total other</b>		<b>4,587</b>	<b>3,852</b>
<b>Total other expenses</b>		<b>7,269</b>	<b>6,628</b>

## B4 Performance against budget

### B4-1 Material budget variations

Council's original budget was adopted by the Council on 26 June 2023 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	2024 Budget	2024 Actual	2024 ----- Variance -----	
<b>Revenues</b>				
<b>User charges and fees</b>	35,831	32,134	(3,697)	(10)% <b>U</b>
User fees were less than budget due three main items:				
North Sydney Olympic Pool - (-\$1,553k) Due to project delays the pool did not trade during the year. This change was identified and adjusted in the September 2023 Quarter Review.				
Hoarding Permit Fees - (-\$1,304k) The original budget was made with optimistic expectations about the level of development. This change was identified and adjusted in the December 2023 Quarter Review.				
Parking Meter Fees - (-\$543k) 26 on-street parking meters were removed to make way for the State Government Warringah Freeway infrastructure project. This change was identified and adjusted in the September 2023 Quarter Review adjusted in the December review when data became available to quantify the loss of income.				
<b>Capital grants and contributions</b>	3,608	16,690	13,082	363% <b>F</b>
Developer contributions exceeded budget by \$8,749k.				
Staff take a conservative approach to budgeting for Capital Grants and Contributions and will only budget for grants certain to be received. Subsequent to preparing the budget, Council was successful in securing \$4,000k additional grants including:				
Local Regional Repair Program for capital renewal of the road network \$1,440k, Bligh Street Streetscape \$948k, and NSW Public Spaces Legacy Program for Quarantine Depot and St Leonards Park Playground \$443k.				
Adjustments were identified and made at Quarter Reviews through the year.				
<b>Interest and investment revenue</b>	2,605	5,612	3,007	115% <b>F</b>
Project delays in the Capital Works program resulted in higher than expected cash and investment balances through the year. This was identified and adjusted through each Quarter Review as the cash and investment balances persisted to be higher than expected.				
<b>Expenses</b>				
<b>Other expenses</b>	6,341	7,269	(928)	(15)% <b>U</b>
A revaluation decrement to Investment Properties (\$2,682k) was identified late in the reporting year. The Emergency Services Levy was higher than budgeted (\$393k). This was identified and adjusted at September 2023 Quarter Review.				
These were offset by a reclassification of Council's contribution to the 287 Miller Street affordable housing project from Other Expenses to Capital Expenses (-\$2,235k). This was identified and adjusted at September 2023 Quarter Review.				
<b>Net losses from disposal of assets</b>	269	1,304	(1,035)	(385)% <b>U</b>

continued on next page ...

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**B4-1 Material budget variations (continued)**

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----
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The value of disposals was higher than budget due to the observed value of assets disposed of during renewal activities. It is difficult to estimate the value of assets disposed in renewal activities until the works take place and close observation of the disposed assets are made.

**Statement of cash flows**

<b>Cash flows from investing activities</b>	<b>(67,528)</b>	<b>(47,161)</b>	<b>20,367</b>	<b>(30)%</b>	<b>F</b>
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As noted above the Capital Works program was subject to delays resulting in a higher than expected balance of cash and investments.

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2024	2023
<b>Cash assets</b>		
Cash on hand and at bank	3,999	459
Cash equivalent assets		
– Deposits at call	13,850	12,691
– Short-term deposits	5,000	11,000
<b>Total cash and cash equivalents</b>	<b>22,849</b>	<b>24,150</b>

#### C1-2 Financial investments

\$ '000	2024	2023
<b>Financial assets at fair value through the profit and loss</b>		
NCD's, FRN's (with maturities > 3 months)	10,401	11,647
<b>Total</b>	<b>10,401</b>	<b>11,647</b>
<b>Debt securities at amortised cost</b>		
Long term deposits	93,500	111,250
<b>Total</b>	<b>93,500</b>	<b>111,250</b>
<b>Total financial investments</b>	<b>103,901</b>	<b>122,897</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>126,750</b>	<b>147,047</b>

#### Material accounting policy information

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

Assets measured at amortised cost are financial assets where:

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

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position.

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

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

## C1-2 Financial investments (continued)

### Financial assets through profit or loss

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

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

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

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>126,750</b>	147,047
Less: Externally restricted cash, cash equivalents and investments	<u>(65,139)</u>	<u>(82,977)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>61,611</b>	64,070
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	7,937	7,970
<b>External restrictions – included in liabilities</b>	<b>7,937</b>	7,970
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	43,496	43,561
Infrastructure levy	–	126
Domestic waste management	11,241	11,098
Environment levy	–	1,731
Mainstreet levies	445	374
Unspent borrowings - North Sydney Olympic Pool redevelopment	–	17,757
Waste and sustainability improvement funds	38	38
Other specific purpose contributions	1,982	322
<b>External restrictions – other</b>	<b>57,202</b>	75,007
<b>Total external restrictions</b>	<b>65,139</b>	82,977

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

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

\$ '000	2024	2023
<b>(b) Internal allocations</b>		
<b>Internal allocations</b>		
At 30 June, Council has internally allocated funds to the following:		
Capital works	9,703	2,229
Community housing – capital purchases	960	963
Community housing – major maintenance	491	491
Deposits, retentions and bonds	14,657	13,019
Employees leave entitlement	7,127	7,093
Financial Assistance Grant paid in advance	2,073	–
I.T. hardware and software	1,218	856
Income producing projects	498	777
Olympic Pool Redevelopment	12,166	27,162
Plant and vehicle replacement	2,387	2,712
<b>Total internal allocations</b>	<b>51,280</b>	<b>55,302</b>

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

**C1-4 Receivables**

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Rates and annual charges	2,062	556	1,541	286
Interest and extra charges	147	144	124	115
User charges and fees	1,548	–	1,346	–
Accrued revenues				
– Interest on investments	1,283	–	1,125	–
– Other income accruals	1,306	–	2,771	–
Government grants and subsidies	865	–	2,134	–
Net GST receivable	1,799	–	1,145	–
Outstanding infringements	1,292	–	1,328	–
Other debtors	1	70	61	20
<b>Total</b>	<b>10,303</b>	<b>770</b>	<b>11,575</b>	<b>421</b>
<b>Less: provision for impairment</b>				
User charges and fees	(334)	–	(753)	–
<b>Total provision for impairment – receivables</b>	<b>(334)</b>	<b>–</b>	<b>(753)</b>	<b>–</b>
<b>Total net receivables</b>	<b>9,969</b>	<b>770</b>	<b>10,822</b>	<b>421</b>

**Material accounting policy information**

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 14 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

## C1-4 Receivables (continued)

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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.

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.

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 Infrastructure, property, plant and equipment

By aggregated asset class <sup>2</sup>	At 1 July 2023			Asset movements during the reporting period						At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>												
Capital work in progress	50,242	–	50,242	41,368	4,901	–	–	(1,064)	–	95,447	–	95,447
Plant and equipment	18,883	(13,391)	5,492	2,205	–	(273)	(1,831)	–	–	19,555	(13,962)	5,593
Office equipment	21,669	(19,976)	1,693	372	–	(1)	(758)	–	–	22,040	(20,734)	1,306
Furniture and fittings	9,048	(7,710)	1,338	108	–	–	(416)	–	–	9,156	(8,126)	1,030
<b>Land:</b>												
– Operational land	303,530	–	303,530	–	–	–	–	–	–	303,530	–	303,530
– Community land	121,723	–	121,723	–	–	–	–	–	–	121,723	–	121,723
– Crown land	56,219	–	56,219	–	–	–	–	–	–	56,219	–	56,219
Land improvements – depreciable	9,938	(4,429)	5,509	9	110	–	(528)	4	–	10,061	(4,957)	5,104
<b>Infrastructure:</b>												
– Buildings – non-specialised	33,889	(2,085)	31,804	–	–	(33)	(920)	–	2,222	36,303	(3,230)	33,073
– Buildings – specialised	242,011	(95,696)	146,315	964	35	–	(4,128)	38	11,128	262,366	(108,014)	154,352
– Other structures	1,147	(162)	985	–	–	–	(14)	–	–	1,146	(175)	971
– Roads	427,846	(132,764)	295,082	6,219	660	(1,511)	(6,846)	150	12,558	449,887	(143,575)	306,312
– Footpaths	146,752	(53,604)	93,148	2,441	9	(375)	(3,904)	206	3,821	155,039	(59,693)	95,346
– Stormwater drainage	256,600	(76,184)	180,416	1,206	1,490	–	(2,408)	121	7,654	270,451	(81,972)	188,479
– Swimming pools	7,548	(4,542)	3,006	–	–	–	(75)	–	–	7,547	(4,616)	2,931
– Other open space / recreational assets	39,406	(14,529)	24,877	303	303	–	(1,609)	197	–	40,209	(16,138)	24,071
– Other infrastructure	299,972	(95,477)	204,495	3,521	92	–	(4,095)	332	–	303,916	(99,571)	204,345
<b>Other assets:</b>												
– Heritage collections	14,043	(5,697)	8,346	44	–	–	(120)	16	–	14,103	(5,817)	8,286
– Library books	2,013	(1,121)	892	359	–	–	(325)	–	–	1,982	(1,056)	926
<b>Total infrastructure, property, plant and equipment</b>	<b>2,062,479</b>	<b>(527,367)</b>	<b>1,535,112</b>	<b>59,119</b>	<b>7,600</b>	<b>(2,193)</b>	<b>(27,977)</b>	<b>–</b>	<b>37,383</b>	<b>2,180,680</b>	<b>(571,636)</b>	<b>1,609,044</b>

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

(2) Council leases 21 residential properties under long term leases (terms from 25 to 53 years) to Link Wentworth for the provision of social and affordable housing. Council retains ownership of the properties at the end of the leases. The net carrying amount of these properties as at 30 June 2024 included in the above amounts is, operational land \$40m and buildings non-specialised \$30.4m.



## C1-5 Infrastructure, property, plant and equipment (continued)

By aggregated asset class <sup>2</sup>	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount restated	Accumulated depreciation restated	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount restated	Accumulated depreciation restated	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	37,772	–	37,772	19,982	1,008	–	–	(8,520)	–	–	–	50,242	–	50,242
Plant and equipment	18,619	(12,977)	5,642	2,067	–	(374)	(1,843)	–	–	–	–	18,883	(13,391)	5,492
Office equipment	21,255	(19,278)	1,977	469	149	(1)	(905)	4	–	–	–	21,669	(19,976)	1,693
Furniture and fittings	8,983	(7,252)	1,731	66	–	–	(459)	–	–	–	–	9,048	(7,710)	1,338
<b>Land:</b>														
– Operational land	322,025	–	322,025	–	–	–	–	–	–	(18,495)	–	303,530	–	303,530
– Community land	124,792	–	124,792	–	4,060	–	–	–	–	(7,129)	–	121,723	–	121,723
– Crown land	61,878	–	61,878	–	–	–	–	–	–	(5,659)	–	56,219	–	56,219
Land improvements – depreciable	8,408	(3,949)	4,459	640	167	–	(480)	723	–	–	–	9,938	(4,429)	5,509
<b>Infrastructure:</b>														
– Buildings – non-specialised	35,086	(1,353)	33,733	–	17	–	(916)	–	–	(1,030)	–	33,889	(2,085)	31,804
– Buildings – specialised	242,671	(95,154)	147,517	1,830	85	–	(3,417)	400	(850)	–	750	242,011	(95,696)	146,315
– Other structures	1,146	(148)	998	–	–	–	(13)	–	–	–	–	1,147	(162)	985
– Roads	399,135	(120,889)	278,246	6,371	1,057	(1,135)	(6,578)	235	–	–	16,886	427,846	(132,764)	295,082
– Footpaths	135,535	(47,947)	87,588	3,581	478	(642)	(3,703)	938	–	–	4,908	146,752	(53,604)	93,148
– Stormwater drainage	233,297	(68,252)	165,045	3,513	150	–	(2,236)	456	–	–	13,488	256,600	(76,184)	180,416
– Swimming pools	7,547	(4,466)	3,081	–	–	–	(75)	–	–	–	–	7,548	(4,542)	3,006
– Other open space/recreational assets	31,007	(11,819)	19,188	1,302	317	–	(1,496)	3,488	–	–	2,078	39,406	(14,529)	24,877
– Other infrastructure	287,499	(136,244)	151,255	3,410	1,435	–	(4,350)	2,049	–	–	50,696	299,972	(95,477)	204,495
<b>Other assets:</b>														
– Heritage collections	13,797	(5,579)	8,218	8	11	–	(118)	227	–	–	–	14,043	(5,697)	8,346
– Library books	2,044	(1,174)	870	354	–	–	(332)	–	–	–	–	2,013	(1,121)	892
<b>Total infrastructure, property, plant and equipment</b>	<b>1,992,496</b>	<b>(536,481)</b>	<b>1,456,015</b>	<b>43,593</b>	<b>8,934</b>	<b>(2,152)</b>	<b>(26,921)</b>	<b>–</b>	<b>(850)</b>	<b>(32,313)</b>	<b>88,806</b>	<b>2,062,479</b>	<b>(527,367)</b>	<b>1,535,112</b>

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

(2) Council leases 21 residential properties under long term leases (terms from 25 to 53 years) to Link Wentworth for the provision of social and affordable housing. Council retains ownership of the properties at the end of the leases. The Net carrying amount of these properties as at 30 June 2023 included in the above amounts is, operational land \$40m and buildings non-specialised \$29.1m.

## C1-5 Infrastructure, property, plant and equipment (continued)

### Material accounting policy information

#### Initial recognition of infrastructure, property, plant and equipment (IPPE)

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.

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

<b>Plant and equipment</b>	Years	<b>Buildings</b>	Years
Office equipment	3 to 10	Buildings	25 to 200
Computer equipment	3 to 8	Building components	
Furniture	5 to 10	Substructure	10 to 250
Vehicles	5	Superstructure	10 to 250
Other plant and equipment	5 to 10	Roof cladding	22 to 60
		Finishes	8 to 30
		Fittings	10 to 30
<b>Transportation assets</b>	Years	Mechanical services	16 to 40
Sealed roads: surface	18 to 40	Other services	10 to 60
Sealed roads: structure	60 to 100		
Sealed roads: formation	200	<b>Other sport and recreation assets</b>	Years
Kerb and gutter	34 to 67	Playgrounds	15
Footpaths	10 to 60	Sports lighting	55
Traffic facilities	70	Park furniture	15 to 100
Street furniture	15 to 90	Sport and fitness	5 to 60
Bus shelters	50	Irrigation and subsurface drainage	25
		Swimming pools	20 to 200
<b>Stormwater drainage assets</b>	Years	<b>Depreciable land improvements</b>	Years
Drainage pipes	70 to 100	Depreciable land improvements	5 to 100
Drainage pits	80		
Culverts	70 to 100	<b>Other</b>	Years
Gross pollutant traps	40 to 50	Other structures	25 to 50
		Library collection	5
<b>Other infrastructure</b>	Years	Heritage collection	10 to 100
Lighting	20 to 35		
Seawalls	80 to 120		
Marine structures	50 to 100		
Fences	35 to 80		
Retaining walls	90		

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

#### Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008. 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.

## C1-6 Investment properties

## C1-6 Investment properties (continued)

## Owned investment property

\$ '000	2024	2023
<b>At fair value</b>		
Opening balance at 1 July	56,047	57,687
Capitalised subsequent expenditure	333	183
Net gain/(loss) from fair value adjustments	(2,682)	(2,673)
Transfers from/(to) owner-occupied property (Note C1-5)	-	850
<b>Closing balance at 30 June</b>	<b>53,698</b>	<b>56,047</b>

**Material accounting policy information**

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council.

## C2 Leasing activities

### C2-1 Council as a lessee

Council does not have any material lease contracts over land and buildings, machinery or IT equipment.

#### Waste and recycling collection contract

On 1 July 2019, Council entered into a seven (7) year contract with URM Environmental Services Pty Ltd to provide the waste and recycling collection service.

Embedded within the contract is the lease of eight (8) garbage collection trucks dedicated specifically to the service. Under the terms of the contract, Council has the right to obtain substantially all of the economic benefits from these vehicles for the duration of the contract. This results in a right of use asset for Council. Information relating to the right of use asset and associated balances and transactions is provided below.

#### Extension options

The waste and recycling collection contract contains an option to extend by a further three (3) years to provide a degree of flexibility and certainty to Council's operations. The extension is at Council's discretion.

At reporting date, Council assesses if it is reasonably certain that the extension option will be exercised. At 30 June 2024, it is considered reasonably certain that the option will be exercised and the information below has been prepared on that assumption.

#### (a) Right of use assets

\$ '000	Waste Disposal Contract	Total
<b>2024</b>		
Opening balance at 1 July	1,576	1,576
Depreciation charge	(263)	(263)
<b>Balance at 30 June</b>	<b>1,314</b>	<b>1,314</b>
<b>2023</b>		
Opening balance at 1 July	1,839	1,839
Depreciation charge	(263)	(263)
<b>Balance at 30 June</b>	<b>1,576</b>	<b>1,576</b>

#### (b) Lease liabilities

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Lease liabilities	303	1,109	303	1,367
<b>Total lease liabilities</b>	<b>303</b>	<b>1,109</b>	<b>303</b>	<b>1,367</b>

## 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:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2024</b>					
<b>Cash flows</b>	<b>303</b>	<b>1,211</b>	<b>–</b>	<b>1,514</b>	<b>1,412</b>
2023					
Cash flows	303	1,211	303	1,817	1,670

### (d) Income Statement

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

\$ '000	2024	2023
Interest on lease liabilities	45	53
Depreciation of right of use assets	263	263
	<b>308</b>	<b>316</b>

### (e) Statement of Cash Flows

Total cash outflow for leases (principal and interest)	303	303
	<b>303</b>	<b>303</b>

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

Council has a number of leases at significantly below market value for land which is used for:

- land beautification
- dinghy storage
- boat ramps and jetties

The leases are generally between 1 and 5 years and require payments of a maximum amount of \$5,000 per year. The use of the right to use asset is restricted by the lessors to specified community services which Council must provide, 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.

#### **Exceptions to Lease Accounting**

Council has estimated the standalone price of the right of use asset obtained from the waste collection contract. In making this estimate Council has maximised the use of observable information

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

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties to commercial tenants and community groups as well as vehicles to Council employees. These leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer Note C1-9) and 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.

\$ '000	2024	2023
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#### (i) Assets held as investment property

Investment property operating leases relate to properties leased to commercial tenants.

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)	3,735	3,636
<b>Total income relating to operating leases for investment property assets</b>	<b>3,735</b>	<b>3,636</b>

#### Operating lease expenses

Direct operating expenses that generated rental income	1,397	1,562
<b>Total expenses relating to operating leases</b>	<b>1,397</b>	<b>1,562</b>

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

PPE operating leases relate to vehicles leased to eligible employees and facilities leased to community groups.

Lease income (excluding variable lease payments not dependent on an index or rate)	1,855	1,777
<b>Total income relating to operating leases for Council assets</b>	<b>1,855</b>	<b>1,777</b>

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

## Reconciliation of IPPE assets leased out as operating leases

\$ '000	Plant & Equipment 2024	Plant & Equipment 2023
<b>Opening balance as at 1 July</b>	<b>1,653</b>	1,538
Additions renewals	1,036	928
Carrying value of disposals	(252)	(268)
Depreciation expense	(543)	(545)
<b>Closing balance as at 30 June</b>	<b>1,894</b>	1,653
<b>\$ '000</b>	<b>2024</b>	2023

## (iii) Maturity analysis of contractual lease income

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

< 1 year	4,510	5,100
1–2 years	3,867	4,076
2–3 years	2,788	3,259
3–4 years	2,335	2,136
4–5 years	1,818	1,738
> 5 years	9,504	9,468
<b>Total undiscounted lease payments to be received</b>	<b>24,822</b>	25,777

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2024		2023	2023
	Current	Non-current	Current	Non-current
Prepaid rates	705	–	584	–
Goods and services	13,708	–	8,329	–
Accrued expenses:				
– Borrowings	239	–	254	–
– Salaries and wages	2,100	–	2,792	–
– Other expenditure accruals	754	–	913	–
Security bonds, deposits and retentions	14,657	–	13,019	–
Other	670	–	922	–
<b>Total payables</b>	<b>32,833</b>	<b>–</b>	<b>26,813</b>	<b>–</b>

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

\$ '000	2024	2023
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	11,726	8,882
<b>Total payables</b>	<b>11,726</b>	<b>8,882</b>

#### Payables

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



## C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets) <sup>i</sup>	(i)	5,894	-	7,562	-
Unexpended operating grants (received prior to performance obligation being satisfied) <sup>ii</sup>	(ii)	141	-	407	-
Unexpended capital contributions (to construct Council controlled assets)	(i)	-	-	1,833	-
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	91	-	144	-
<b>Total grants received in advance</b>		<b>6,126</b>	<b>-</b>	<b>9,946</b>	<b>-</b>
<b>User fees and charges received in advance:</b>					
DA Compliance Levy <sup>iii</sup>	(iii)	243	-	662	-
Hoarding Permit fees	(iii)	253	-	10	-
Outdoor Dining fees	(iii)	82	-	62	-
Work Zone Permit fees	(iii)	1,197	-	749	-
Rental income - investment properties	(iii)	132	-	229	-
Rental income - other	(iii)	-	-	22	-
<b>Total user fees and charges received in advance</b>		<b>1,907</b>	<b>-</b>	<b>1,734</b>	<b>-</b>
<b>Total contract liabilities</b>		<b>8,033</b>	<b>-</b>	<b>11,680</b>	<b>-</b>

(i) Council has received grants from both the Commonwealth and State Governments to fund a number of infrastructure upgrade or renewal projects. The funds received are under an enforceable contract which require Council to construct identified assets 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 and contributions received prior to the revenue recognition criteria in AASB 15 being satisfied as the performance obligations are ongoing.

(iii) The contract liability relates to user charges and fees received in advance prior to the revenue recognition criteria in AASB 15 being satisfied as the performance obligations are ongoing.

## C3-2 Contract Liabilities (continued)

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

\$ '000	2024	2023
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	2,077	2,431
Operating grants (received prior to performance obligation being satisfied)	378	493
Operating contributions (received prior to performance obligation being satisfied)	144	120
<b>User fees and charges received in advance:</b>		
Hoarding Permit fees	167	534
Outdoor Dining fees	62	62
Swimming Centre fees	-	-
Work Zone Permit fees	591	591
Rental income - investment properties	229	229
Rental income - other	-	-
Other	418	-
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>4,066</b>	<b>4,460</b>

## C3-3 Borrowings

\$ '000	2024		2023	2023
	Current	Non-current	Current	Non-current
Loans – secured <sup>1,2</sup>	2,091	31,349	2,005	33,441
<b>Total borrowings</b>	<b>2,091</b>	<b>31,349</b>	<b>2,005</b>	<b>33,441</b>

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note D1-1.

(2) During the current and prior year there were no defaults or breaches of any of the loans.

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

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	35,446	(2,006)	–	–	–	–	33,440
Lease liability (Note C2-1b)	1,670	(258)	–	–	–	–	1,412
<b>Total liabilities from financing activities</b>	<b>37,116</b>	<b>(2,264)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>34,852</b>

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	37,373	(1,927)	–	–	–	–	35,446
Lease liability (Note C2-1b)	1,920	(250)	–	–	–	–	1,670
<b>Total liabilities from financing activities</b>	<b>39,293</b>	<b>(2,177)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>37,116</b>

## (b) Financing arrangements

\$ '000	2024	2023
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**Total facilities**

Total financing facilities available to Council at the reporting date are:

Bank overdraft facilities <sup>1</sup>	500	500
Credit cards/purchase cards	350	350
Borrowings Facilities	40,500	40,500
<b>Total financing arrangements</b>	<b>41,350</b>	<b>41,350</b>

**Drawn facilities**

Financing facilities drawn down at the reporting date are:

Borrowings Facilities	40,500	40,500
<b>Total drawn financing arrangements</b>	<b>40,500</b>	<b>40,500</b>

**Undrawn facilities**

Undrawn financing facilities available to Council at the reporting date are:

– Bank overdraft facilities	500	500
– Credit cards/purchase cards	334	309
<b>Total undrawn financing arrangements</b>	<b>834</b>	<b>809</b>

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank subject to the notice period in accordance with the terms and conditions of the facility.

## C3-4 Employee benefit provisions

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Annual leave	4,500	–	4,097	–
Sick leave	6	–	6	–
Long service leave	7,339	574	7,374	236
Gratuities	1,105	580	2,379	–
Other leave – RDO's	150	–	148	–
<b>Total employee benefit provisions</b>	<b>13,100</b>	<b>1,154</b>	<b>14,004</b>	<b>236</b>

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	6,828	10,150
	<b>6,828</b>	<b>10,150</b>

### Material accounting policy information

#### 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.

## 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 Risks and accounting uncertainties

### D1-1 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) market (interest rate) risk.**

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 team under policies approved by the Council.

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 held-to-maturity 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) **'available-for-sale'** – 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 team manages the cash and investments portfolio with the assistance of independent advisors.

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

The risks associated with the instruments held are:

- **Market (Interest rate) risk** – the risk that movements in interest rates could affect returns.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

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

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

\$ '000	2024	2023
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	1,271	1,491
Impact of a 10% movement in price of investments		
– Equity / Income Statement	140	274

#### (b) Credit risk

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

## D1-1 Risks relating to financial instruments held (continued)

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

Council makes suitable provision for doubtful receivables as required. There are no material receivables that have been subjected to a re-negotiation of repayment terms.

### Credit risk profile

#### Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
<b>2024</b>				
Gross carrying amount	2,177	174	267	2,618
2023				
Gross carrying amount	1,113	647	67	1,827

## D1-1 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 and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2024</b>						
Gross carrying amount	7,801	30	55	184	385	8,455
Expected loss rate (%)	0.00%	0.00%	26.23%	35.18%	38.59%	2.69%
<b>ECL provision</b>	<b>–</b>	<b>–</b>	<b>14</b>	<b>65</b>	<b>149</b>	<b>228</b>
<b>2023</b>						
Gross carrying amount	6,917	2,927	137	65	123	10,169
Expected loss rate (%)	0.00%	0.00%	26.23%	35.18%	38.59%	1.05%
<b>ECL provision</b>	<b>–</b>	<b>–</b>	<b>36</b>	<b>23</b>	<b>47</b>	<b>106</b>

**(c) Liquidity risk <sup>1</sup>**

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

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

Borrowings are also subject to interest rate risk, i.e. the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. Both of Councils loans were negotiated at a fixed interest rate for their entire terms. 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 and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2024</b>							
Payables	0.00%	14,657	13,593	–	–	28,250	32,833
Borrowings	4.21%	–	3,473	13,023	30,088	46,584	33,440
<b>Total financial liabilities</b>		<b>14,657</b>	<b>17,066</b>	<b>13,023</b>	<b>30,088</b>	<b>74,834</b>	<b>66,273</b>
<b>2023</b>							
Payables	0.05%	13,019	13,777	–	–	26,796	26,813
Borrowings	4.21%	–	3,461	12,959	19,026	35,446	35,446
<b>Total financial liabilities</b>		<b>13,019</b>	<b>17,238</b>	<b>12,959</b>	<b>19,026</b>	<b>62,242</b>	<b>62,259</b>

(1) A separate maturity analysis of lease liabilities is at Note 14. Leases

## D2-1 Fair value measurement

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

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

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

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

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below shows the assigned level for each asset class held at fair value by North Sydney Council.

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2024	2023
		2024	2023	2024	2023	2024	2023
<b>Recurring fair value measurements</b>							
<b>Financial assets</b>							
Financial investments	C1-2						
At fair value through profit or loss		10,401	11,647	–	–	10,401	11,647
<b>Total financial assets</b>		<b>10,401</b>	<b>11,647</b>	<b>–</b>	<b>–</b>	<b>10,401</b>	<b>11,647</b>
<b>Investment property</b>							
Investment properties	C1-6	53,698	56,047	–	–	53,698	56,047
<b>Total investment property</b>		<b>53,698</b>	<b>56,047</b>	<b>–</b>	<b>–</b>	<b>53,698</b>	<b>56,047</b>
<b>Infrastructure, property, plant and equipment</b>							
Plant and equipment	C1-5	–	–	5,593	5,492	5,593	5,492
Office equipment		–	–	1,306	1,693	1,306	1,693
Furniture and fittings		–	–	1,030	1,338	1,030	1,338
Operational land		24,425	24,425	279,105	279,105	303,530	303,530
Community land		–	–	121,723	121,723	121,723	121,723
Crown land		–	–	56,219	56,219	56,219	56,219
Land improvements – depreciable		–	–	5,104	5,509	5,104	5,509
Buildings – non-specialised		1,247	1,286	31,826	30,518	33,073	31,804
Buildings – specialised		8,938	9,854	145,414	136,461	154,352	146,315
Other structures		–	–	971	985	971	985
Roads		–	–	306,312	295,082	306,312	295,082
Footpaths		–	–	95,346	93,148	95,346	93,148
Stormwater drainage		–	–	188,479	180,416	188,479	180,416
Swimming pools		–	–	2,931	3,006	2,931	3,006
Other open space/recreation assets		–	–	24,071	24,877	24,071	24,877
Other infrastructure assets		–	–	204,345	204,495	204,345	204,495
Heritage collections		–	–	8,286	8,346	8,286	8,346
Library books		–	–	926	892	926	892
<b>Total infrastructure, property, plant and equipment</b>		<b>34,610</b>	<b>35,565</b>	<b>1,478,987</b>	<b>1,449,305</b>	<b>1,513,597</b>	<b>1,484,870</b>

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## D2-1 Fair value measurement (continued)

### Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

### Valuation techniques

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

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

#### Investment property

The market approach using Level 2 inputs was used to value Council's investment properties. The level 2 inputs used were quoted prices for similar assets in active markets and comparison of rate per square metre of floor area.

The 2024 revaluations were based on Independent Assessments made by Ms Elise Wallace of Australis Advisory Group Pty Ltd. There has been no change to the valuation process during the reporting period.

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

The market approach using Level 2 inputs was used to value selected buildings and operational land. The level 2 inputs used were quoted prices for similar assets in active markets and comparison of rates per square metre of floor area.

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

Class	Valuation Technique	Unobservable Inputs
Plant & Equipment, Office Equipment, Furniture & Fittings	Cost approach	Depreciated historic cost and useful life.
Operational Land	Market approach	Price per square metre from sales evidence available.
Community Land	Land values obtained from the NSW Valuer-General	Land value, land area and level of restriction.
Land Improvements - depreciable	Cost approach	Unit rates, useful life, remaining life and residual value.
Buildings - non-specialised	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, useful life and residual value.
Buildings - specialised	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, useful life and residual value.
Other Structures	Cost approach	Current replacement cost of modern equivalent asset, useful life, remaining life and residual value.
Roads	Cost approach	Unit rates, useful life, remaining life and residual value.
Footpaths	Cost approach	Unit rates, useful life, remaining life and residual value.
Stormwater Drainage	Cost approach	Unit rates, useful life, remaining life and residual value.
Swimming Pools	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, useful life and residual value.
Open Space/Recreation Assets	Cost approach	Unit rates, useful life, remaining life and residual value.
Other Infrastructure Assets	Cost approach	Unit rates, useful life, remaining life and residual value.
Heritage Collections	Cost approach	Current replacement cost, useful life, remaining life and residual value.
Library Books	Cost approach	Depreciated historic cost and useful life.

## D2-1 Fair value measurement (continued)

### Reconciliation of Movements

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

	2024	2023
	\$'000	\$'000
<b>Balance as at 1 July</b>	1,449,305	1,391,363
Total gains or losses for the period		
Recognised in profit and loss - realised (refer to Note B3-4 and B4-1)	(28,941)	(28,430)
Recognised in other comprehensive income - revaluation surplus	37,383	57,616
Other Movements		
Purchases	21,514	40,041
Sales	(274)	(375)
Transfers into Level 3	0	0
Transfers out of Level 3	0	(10,910)
Other movements	0	0
<b>Balances as at 30 June</b>	<b>1,478,987</b>	<b>1,449,305</b>

### Highest and best use

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

## D3-1 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, i.e. 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.

### D3-1 Contingencies (continued)

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 to which they are not borne by members).

(a) A description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements.

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 were required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to **9.0% in 2024/25** 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 2023. 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.

(b) 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.

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

(i) wind-up of the plan

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

(ii) the entity's withdrawal from the plan

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

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2024 was **\$272,057.9**. The last formal valuation of the Fund was undertaken by the Fund Actuary, **Richard Boyfield FIAA as at 30 June 2022**.

The amount of additional contributions included in the total employer contribution advised above is **\$99,346.27** Council's expected contribution to the plan for the next annual reporting period is **\$167,215.99**.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2024 is:

Defined Benefit reserves only *	\$millions	Asset Coverage
<b>Assets</b>	<b>2,237.5</b>	
<b>Past Service Liabilities</b>	<b>2,141.9</b>	<b>104.5%</b>
<b>Vested Benefits</b>	<b>2,159.8</b>	<b>103.6%</b>

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## D3-1 Contingencies (continued)

\* excluding other accumulation accounts and reserves in both assets and liabilities.

Council's share of the 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	<b>6.0% per annum</b>
Salary inflation *	<b>3.5% per annum</b>
Increase in CPI	<b>3.5% for FY 23/24 2.5% per annum thereafter</b>

\* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation and once all of 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 2024**.

### (ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government. Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

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

## 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, it has not been possible to establish reliable estimates of the value of any potential liability (and subsequent land asset) from such potential acquisitions.

### (iii) Legal Claims

Council is the planning authority for its area under the Environmental Planning and Assessment Act 1979. Pursuant to that Act, certain persons dissatisfied by a planning decision of the Council may appeal to the Land and Environment Court. It is the Court's normal practice in Class 1 proceedings that parties bear their own legal costs. In Class 4 proceedings, costs usually follow the event.

As at 30 June 2024, there were **eighteen (18)** Land and Environment Court matters and no NSW Civil and Administrative Tribunal matters ongoing. All known costs have been recognised but the amount of further costs are unknown until the appeals are determined.

## E People and relationships

### E1 Related party disclosures

#### E1-1 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 KMP for North Sydney Council are the Mayor, Councillors, Chief Executive Officer, Director Corporate Services, Director Planning & Environment and Director Open Space & Infrastructure.

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

\$ '000	2024	2023
<b>Compensation:</b>		
Short-term benefits (salaries, Mayoral Allowance, Councillors fees)	1,656	2,171
Post-employment benefits (superannuation)	179	202
Other long-term benefits (increase in employee leave entitlements)	151	194
Termination Benefits	203	1,677
<b>Total</b>	<b>2,189</b>	<b>4,244</b>

#### E1-2 Councillor and Mayoral fees and associated expenses

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	73	77
Councillors' fees	277	280
Other Councillors' expenses (including Mayor)	106	97
<b>Total</b>	<b>456</b>	<b>454</b>

## E2 Other relationships

### E2-1 Audit fees

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

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

Audit and review of financial statements	125	109
<b>Total Auditor-General remuneration</b>	<b>125</b>	<b>109</b>

## F Other matters

### F1-1 Statement of Cash Flows information

#### (a) Reconciliation of Operating Result

\$ '000	2024	2023
<b>Net operating result from Income Statement</b>	<b>13,053</b>	24,473
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	<b>28,240</b>	27,184
(Gain) / loss on disposal of assets	<b>1,304</b>	1,253
Non-cash capital grants and contributions	–	(4,060)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	<b>(5)</b>	(5)
– Investment property	<b>2,682</b>	2,673
Share of net (profits)/losses of associates/joint ventures using the equity method	–	(3)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	<b>923</b>	(1,725)
Increase / (decrease) in provision for impairment of receivables	<b>(419)</b>	65
(Increase) / decrease of inventories	<b>9</b>	(29)
(Increase) / decrease of other current assets	<b>(49)</b>	(8)
Increase / (decrease) in payables	<b>5,379</b>	767
Increase / (decrease) in accrued interest payable	<b>(15)</b>	(16)
Increase / (decrease) in other accrued expenses payable	<b>(851)</b>	1,179
Increase / (decrease) in other liabilities	<b>1,507</b>	692
Increase / (decrease) in contract liabilities	<b>(3,647)</b>	2,830
Increase / (decrease) in employee benefit provision	<b>14</b>	(238)
<b>Net cash flows from operating activities</b>	<b>48,125</b>	<b>55,032</b>

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

Dedications	–	4,060
<b>Total non-cash investing and financing activities</b>	<b>–</b>	<b>4,060</b>

## F2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	253	445
Infrastructure	4,107	3,688
Library books	39	27
Other structures	361	52
North Sydney Olympic Pool Redevelopment	21,975	10,506
Plant and equipment	893	1,713
<b>Total commitments</b>	<b>27,628</b>	<b>16,431</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	27,628	16,431
<b>Total payable</b>	<b>27,628</b>	<b>16,431</b>

### Details of capital commitments

Council has committed to the redevelopment of the North Sydney Olympic Pool complex, Infrastructure Capital works in Neutral Bay and various Parks, purchase of Plant and Equipment.

### F3-1 Events occurring after the reporting date

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Council is aware of the following 'non-adjusting events' that merit disclosure:

- A dispute regarding structural steel at the North Sydney Olympic Pool redevelopment is subject to ongoing professional assessment and negotiation. It is not possible to quantify the amount of any resolution at this stage.
- In July 2024, Council established and drew down a \$20 million loan from TCORP to fund the increasing construction cost of the North Sydney Olympic Pool redevelopment.



## F4 Statement of developer contributions

### F4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Active Transport	270	88	-	-	-	(548)	190	-	(190)
Administration	1,048	31	-	-	27	-	-	1,106	-
Affordable Housing	3,498	-	-	-	26	(2,472)	-	1,052	-
Community facilities	3,644	405	-	-	101	(16)	-	4,134	-
Open Space and Recreation	6,522	5,969	-	-	197	(4,529)	(190)	7,969	190
Public Domain	12,036	130	-	-	300	(249)	-	12,217	-
<b>S7.11 contributions – under a plan</b>	27,018	6,623	-	-	651	(7,814)	-	26,478	-
<b>S7.12 levies – under a plan</b>	2,550	3,607	-	-	154	-	-	6,311	-
<b>Total S7.11 and S7.12 revenue under plans</b>	29,568	10,230	-	-	805	(7,814)	-	32,789	-
S7.4 planning agreements	13,993	456	-	-	258	(4,000)	-	10,707	-
<b>Total contributions</b>	43,561	10,686	-	-	1,063	(11,814)	-	43,496	-

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.

## F4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
<b>NORTH SYDNEY PLAN 2004</b>									
Affordable Housing	3,498	-	-	-	26	(2,472)	-	1,052	-
<b>Total</b>	<b>3,498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26</b>	<b>(2,472)</b>	<b>-</b>	<b>1,052</b>	<b>-</b>
<b>NORTH SYDNEY PLAN 2020</b>									
Active transport	270	88	-	-	-	(548)	190	-	(190)
Administration	1,048	31	-	-	27	-	-	1,106	-
Community facilities	3,644	405	-	-	101	(16)	-	4,134	-
Open space and recreation	6,522	5,969	-	-	197	(4,529)	(190)	7,969	190
Public Domain	12,036	130	-	-	300	(249)	-	12,217	-
<b>Total</b>	<b>23,520</b>	<b>6,623</b>	<b>-</b>	<b>-</b>	<b>625</b>	<b>(5,342)</b>	<b>-</b>	<b>25,426</b>	<b>-</b>

## S7.12 Levies – under a plan

<b>NORTH SYDNEY PLAN 2020</b>									
Other	2,550	3,607	-	-	154	-	-	6,311	-
<b>Total</b>	<b>2,550</b>	<b>3,607</b>	<b>-</b>	<b>-</b>	<b>154</b>	<b>-</b>	<b>-</b>	<b>6,311</b>	<b>-</b>

## F5 Statement of performance measures

### F5-1 Statement of performance measures – consolidated results

	Amounts	Indicator	Indicators		Benchmark
	2024	2024	Restated 2023	Restated 2022	
<b>\$ '000</b>					
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<u>(31)</u>	<b>(0.02)%</b>	1.33%	3.32%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<u>134,587</u>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<u>129,134</u>	<b>85.36%</b>	78.90%	80.51%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<u>151,277</u>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<u>71,681</u>	<b>2.42x</b>	2.72x	2.71x	> 1.50x
Current liabilities less specific purpose liabilities	<u>29,566</u>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation, amortisation and impairment <sup>1</sup>	<u>29,706</u>	<b>7.90x</b>	8.11x	17.38x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>3,762</u>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<u>2,909</u>	<b>3.74%</b>	2.77%	2.94%	< 5.00%
Rates and annual charges collectable	<u>77,817</u>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<u>116,349</u>	<b>11.84</b>	14.28	15.39	> 3.00
Monthly payments from cash flow of operating and financing activities	<u>9,824</u>	<b>months</b>	months	months	months

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

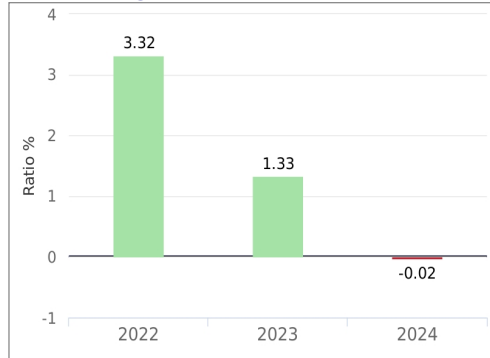
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

**G Additional Council disclosures (unaudited)**

**G1-1 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 2023/24 result**

2023/24 ratio (0.02)%

This break-even result indicates Council needs to focus efforts on containing expenditures and improving revenues. This is vital in order to maintain financial sustainability and ensure quality of Council's infrastructure assets.

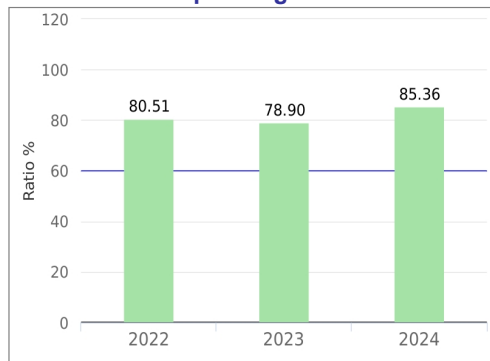
Benchmark: — > 0.00%

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 2023/24 result**

2023/24 ratio 85.36%

Council continues to comfortably meet this ratio. The increase this year is due to a substantial reduction in the amount of grants and developer contributions received in the 2024 Financial Year.

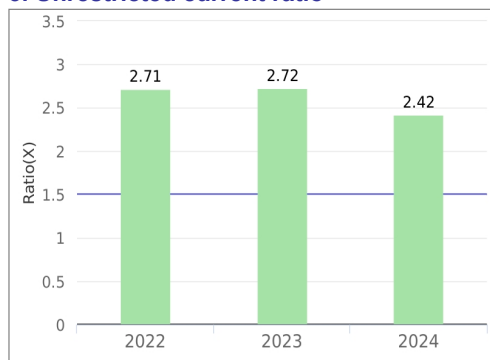
Benchmark: — > 60.00%

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 2023/24 result**

2023/24 ratio 2.42x

This ratio has declined somewhat due to continuing operating deficits and as cash is spent on delivering the NSOP project. Council must carefully manage its short-term financial sustainability and strategically address its revenues and expenses in order to maintain service levels while delivering the NSOP project.

Benchmark: — > 1.50x

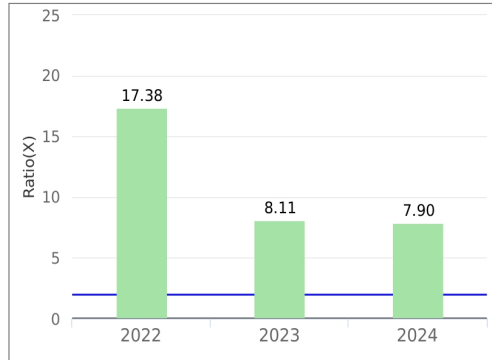
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-1 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 2023/24 result**

2023/24 ratio 7.90x

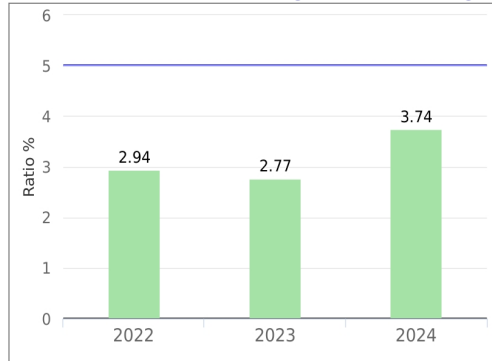
This ratio has declined significantly in recent years due to ongoing operating deficits and increase borrowing to fund the NSOP projects. Further borrowings of \$20 million occurred after balance date. There is a need for Council to strategically address its revenues and expenditure in order to fund the final deliver of the pool project.

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 2023/24 result**

2023/24 ratio 3.74%

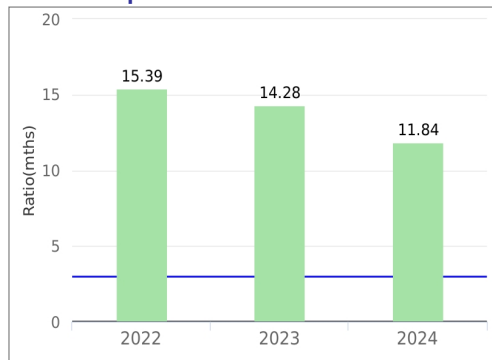
Council continues to meet this measure. As new structures are settled and operating, staff will refocus collection efforts during the 2025 Financial Year in order to reduce this ratio to those observed in previous years.

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 2023/24 result**

2023/24 ratio 11.84 months

This ratio has declined somewhat due to continuing operating deficits and as cash is spent on delivering the NSOP project. Council must carefully manage its short-term financial sustainability and strategically address its revenues and expenses in order to maintain service levels while delivering the NSOP project.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

- Ratio achieves benchmark
- Ratio is outside benchmark

## North Sydney Council

### General Purpose Financial Statements

for the year ended 30 June 2024

#### Independent Auditor's Reports:

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On the Financial Statements (Sect 417 [2])

#### **Independent Auditor's Report**

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

## North Sydney Council

### General Purpose Financial Statements

for the year ended 30 June 2024

#### Independent Auditor's Reports: (continued)

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On the Financial Statements (Sect 417 [3])

#### **Independent Auditor's Report**

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

# North Sydney Council

SPECIAL SCHEDULES  
for the year ended 30 June 2024

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*Shaping a progressive, diverse and vibrant North Sydney  
community.*





## North Sydney Council

### Special Schedules

for the year ended 30 June 2024

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Contents	Page
<b>Special Schedules:</b>	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2024	5

## North Sydney Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	56,736	<b>58,815</b>
Plus or minus adjustments <sup>2</sup>	b	(44)	<b>166</b>
<b>Notional general income</b>	c = a + b	<b>56,692</b>	<b>58,981</b>
<b>Permissible income calculation</b>			
Percentage increase	d	3.70%	<b>5.00%</b>
Plus percentage increase amount <sup>3</sup>	f = d x (c + e)	2,098	<b>2,949</b>
<b>Sub-total</b>	g = (c + e + f)	<b>58,790</b>	<b>61,930</b>
Plus (or minus) last year's carry forward total	h	62	<b>36</b>
<b>Sub-total</b>	j = (h + i)	<b>62</b>	<b>36</b>
<b>Total permissible income</b>	k = g + j	<b>58,852</b>	<b>61,966</b>
Less notional general income yield	l	58,815	<b>61,966</b>
<b>Catch-up or (excess) result</b>	m = k - l	36	-
Plus income lost due to valuation objections claimed <sup>4</sup>	n	-	<b>34</b>
<b>Carry forward to next year <sup>6</sup></b>	p = m + n + o	<b>36</b>	<b>34</b>

**Notes**

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (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.

## Permissible income for general rates

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Permissible income for general rates: PLUS PDF inserted here

Council needs to uplift custom PDF here - please uplift via "PLUS PDF" choice in the Home/TOC screen

## North Sydney Council

## Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2023/24 Required maintenance <sup>a</sup> \$ '000	2023/24 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
<b>Buildings</b>	Buildings	68,866	68,866	2,522	2,655	155,790	264,346	13.3%	23.9%	38.7%	19.1%	5.0%
	Service concession buildings	12	12	–	–	31,635	34,323	30.3%	61.4%	8.3%	0.0%	0.0%
	Heritage buildings	500	500	–	–	835	2,944	0.0%	0.0%	83.0%	17.0%	0.0%
	<b>Sub-total</b>	<b>69,378</b>	<b>69,378</b>	<b>2,522</b>	<b>2,655</b>	<b>201,932</b>	<b>347,015</b>	<b>13.4%</b>	<b>24.3%</b>	<b>42.3%</b>	<b>16.2%</b>	<b>3.8%</b>
<b>Other structures</b>	Other structures	–	–	–	–	971	1,146	44.0%	56.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>971</b>	<b>1,146</b>	<b>44.0%</b>	<b>56.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Roads</b>	Sealed roads	20,180	20,180	1,202	1,087	223,433	321,156	32.9%	37.8%	23.0%	5.9%	0.4%
	Footpaths	9,204	9,204	1,986	1,915	95,345	155,039	36.2%	35.3%	22.6%	5.6%	0.3%
	Other road assets	5,927	5,927	240	274	82,879	128,731	30.1%	40.9%	24.4%	3.9%	0.7%
	<b>Sub-total</b>	<b>35,311</b>	<b>35,311</b>	<b>3,428</b>	<b>3,276</b>	<b>401,658</b>	<b>604,926</b>	<b>33.1%</b>	<b>37.8%</b>	<b>23.2%</b>	<b>5.4%</b>	<b>0.5%</b>
<b>Stormwater drainage</b>	Stormwater drainage	30,140	30,140	801	779	188,479	270,451	58.9%	28.1%	1.8%	1.7%	9.5%
	<b>Sub-total</b>	<b>30,140</b>	<b>30,140</b>	<b>801</b>	<b>779</b>	<b>188,479</b>	<b>270,451</b>	<b>58.9%</b>	<b>28.1%</b>	<b>1.8%</b>	<b>1.7%</b>	<b>9.5%</b>
<b>Open space / recreational assets</b>	Swimming pools	60	60	–	–	2,931	7,547	52.0%	27.4%	19.8%	0.8%	0.0%
	Other	904	904	1,157	992	24,071	40,209	47.3%	25.7%	24.8%	2.0%	0.2%
	<b>Sub-total</b>	<b>964</b>	<b>964</b>	<b>1,157</b>	<b>992</b>	<b>27,002</b>	<b>47,756</b>	<b>48.0%</b>	<b>26.0%</b>	<b>24.0%</b>	<b>1.8%</b>	<b>0.2%</b>
<b>Other infrastructure assets</b>	Other	11,001	11,001	1,177	1,259	204,345	303,917	9.5%	50.6%	36.2%	2.0%	1.7%
	<b>Sub-total</b>	<b>11,001</b>	<b>11,001</b>	<b>1,177</b>	<b>1,259</b>	<b>204,345</b>	<b>303,917</b>	<b>9.5%</b>	<b>50.6%</b>	<b>36.2%</b>	<b>2.0%</b>	<b>1.7%</b>
<b>Total – all assets</b>		<b>146,794</b>	<b>146,794</b>	<b>9,085</b>	<b>8,961</b>	<b>1,024,387</b>	<b>1,575,211</b>	<b>29.1%</b>	<b>35.3%</b>	<b>26.3%</b>	<b>6.4%</b>	<b>2.9%</b>

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

## Infrastructure asset condition assessment 'key'

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

## North Sydney Council

### Report on infrastructure assets as at 30 June 2024 (continued)

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5 **Very poor**

Urgent renewal/upgrading required

## North Sydney Council

## Report on infrastructure assets as at 30 June 2024

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts	Indicator	Indicators		Benchmark
	2024	2024	Restated 2023	Restated 2022	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<u>55,611</u>	<b>231.72%</b>	86.79%	150.63%	> 100.00%
Depreciation, amortisation and impairment	<u>23,999</u>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard <sup>2</sup>	<u>146,794</u>	<b>13.11%</b>	13.19%	11.07%	< 2.00%
Net carrying amount of infrastructure assets	<u>1,119,834</u>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<u>8,961</u>	<b>98.64%</b>	108.32%	88.69%	> 100.00%
Required asset maintenance	<u>9,085</u>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<u>146,794</u>	<b>9.32%</b>	9.17%	7.49%	
Gross replacement cost	<u>1,575,211</u>				

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

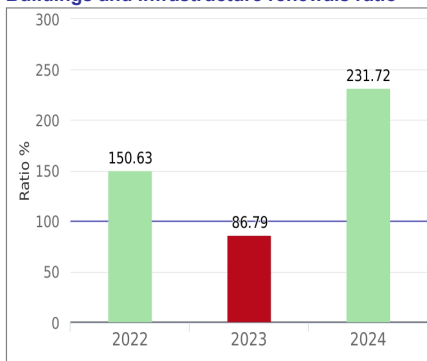
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. The high Infrastructure Renewal Ratio is inflated by the North Sydney Olympic Pool project. Excluding the \$38.2 million spent on the project, the renewal ratio stands at 66%, indicating that Council did not renew its other infrastructure assets at a sustainable rate during the year.

(2) Council has elected to use the estimated cost of fully renewing all infrastructure assets assessed to be in categories 4 (poor) and 5 (very poor condition) as the estimated cost to bring assets to a satisfactory standard.

## North Sydney Council

### Report on infrastructure assets as at 30 June 2024

#### Buildings and infrastructure renewals ratio



**Buildings and infrastructure renewals ratio**

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

**Commentary on result**

23/24 ratio 231.72%

This result is heavily skewed by \$38.2 million spent on renewal of North Sydney Olympic Pool. In reality, renewals of other infrastructure were postponed to fund the pool. Excluding the pool, there is a significant underspend on renewals.

This will need to be addressed by improving Council's financial position.

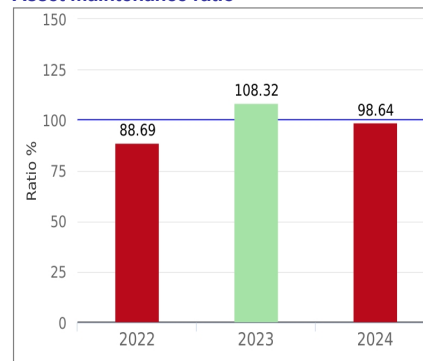
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### Asset maintenance ratio



**Asset maintenance ratio**

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

**Commentary on result**

23/24 ratio 98.64%

The benchmark was slightly missed. This will need to be addressed by increased maintenance in coming years.

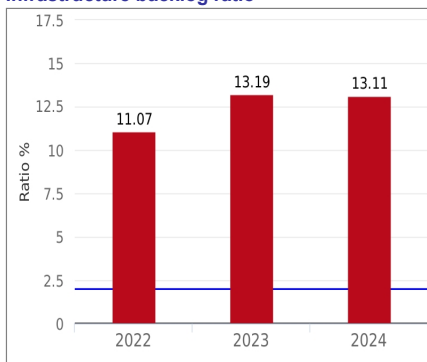
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### Infrastructure backlog ratio



**Infrastructure backlog ratio**

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

**Commentary on result**

23/24 ratio 13.11%

It is estimated that \$146.8 million is needed to bring Council's to an acceptable condition. This will need to be addressed by improving Council's financial position.

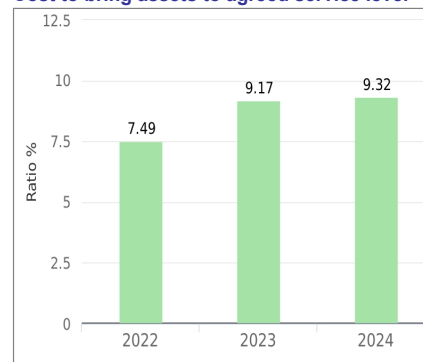
Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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



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

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

**Commentary on result**

23/24 ratio 9.32%

It is estimated that \$146.8 million is needed to bring Council's to an acceptable condition.