

# Fairfield City Council

## GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

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*"...a thriving, safe and friendly place with people who support and respect each other. A community where people can be proud to live, invest and prosper."*



# Fairfield City Council

## General Purpose Financial Statements

for the year ended 30 June 2024

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# Fairfield City 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:

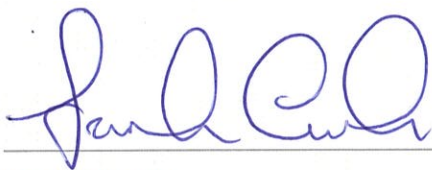
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

Signed in accordance with a resolution of Council made on 22 October 2024.



Frank Carbone  
Mayor  
22 October 2024



Reni Barkho  
Councillor  
22 October 2024



Bradley Cutts  
General Manager  
22 October 2024



Lachlan Gunn  
Responsible Accounting Officer  
22 October 2024

## Fairfield City 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>			
128,310	Rates and annual charges	B2-1	<b>128,688</b>	124,444
22,805	User charges and fees	B2-2	<b>19,768</b>	21,586
18,184	Other revenues		<b>12,486</b>	14,046
20,674	Grants and contributions provided for operating purposes	B2-3	<b>26,373</b>	26,002
58,211	Grants and contributions provided for capital purposes	B2-3	<b>37,351</b>	25,687
5,085	Interest and investment income		<b>8,792</b>	5,959
8,128	Other income		<b>11,031</b>	10,954
425	Net gain from the disposal of assets		<b>1,327</b>	1,912
<b>261,822</b>	<b>Total income from continuing operations</b>		<b>245,816</b>	230,590
	<b>Expenses from continuing operations</b>			
89,924	Employee benefits and on-costs	B3-1	<b>85,374</b>	82,960
47,321	Materials and services	B3-2	<b>51,265</b>	48,546
222	Borrowing costs		<b>183</b>	180
40,521	Depreciation, amortisation and impairment of non financial assets	B3-3	<b>36,555</b>	38,022
24,598	Other expenses	B3-4	<b>24,483</b>	20,069
<b>202,586</b>	<b>Total expenses from continuing operations</b>		<b>197,860</b>	189,777
<b>59,236</b>	<b>Operating result from continuing operations</b>		<b>47,956</b>	40,813
<b>59,236</b>	<b>Net operating result for the year attributable to Council</b>		<b>47,956</b>	40,813
	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>			
<b>1,025</b>			<b>10,605</b>	15,126

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

## Fairfield City 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>47,956</b>	40,813
<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>174,841</u>	<u>137,003</u>
<b>Other comprehensive income for the year</b>		<b>174,841</b>	<b>137,003</b>
<b>Total comprehensive income for the year attributable to Council</b>		<b>222,797</b>	<b>177,816</b>

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

## Fairfield City 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	71,830	54,778
Investments	C1-2	42,732	66,230
Receivables	C1-4	14,793	14,180
Inventories		643	609
Other		985	1,049
<b>Total current assets</b>		<b>130,983</b>	<b>136,846</b>
<b>Non-current assets</b>			
Investments	C1-2	43,530	45,828
Infrastructure, property, plant and equipment (IPPE)	C1-5	2,763,003	2,536,672
Investment properties	C1-6	22,400	19,900
Intangible assets		1,100	774
Right of use assets		1,005	612
<b>Total non-current assets</b>		<b>2,831,038</b>	<b>2,603,786</b>
<b>Total assets</b>		<b>2,962,021</b>	<b>2,740,632</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C2-1	26,664	30,549
Contract liabilities	C2-2	7,657	4,701
Lease liabilities		355	326
Borrowings	C2-3	988	949
Employee benefit provisions	C2-4	17,566	17,327
Provisions	C2-5	1,365	880
<b>Total current liabilities</b>		<b>54,595</b>	<b>54,732</b>
<b>Non-current liabilities</b>			
Lease liabilities		620	228
Borrowings	C2-3	5,644	6,659
Employee benefit provisions	C2-4	911	1,049
Provisions	C2-5	2,196	2,706
<b>Total non-current liabilities</b>		<b>9,371</b>	<b>10,642</b>
<b>Total liabilities</b>		<b>63,966</b>	<b>65,374</b>
<b>Net assets</b>		<b>2,898,055</b>	<b>2,675,258</b>
<b>EQUITY</b>			
Accumulated surplus	C3-1	1,036,298	988,342
IPPE revaluation reserve	C3-1	1,861,757	1,686,916
<b>Total equity</b>		<b>2,898,055</b>	<b>2,675,258</b>

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

**Fairfield City Council**  
**Statement of Changes in Equity**  
 for the year ended 30 June 2024

	2024			2023		
	Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July	988,342	1,686,916	2,675,258	947,529	1,549,913	2,497,442
Net operating result for the year	47,956	-	47,956	40,813	-	40,813
<b>Other comprehensive income</b>						
Gain (loss) on revaluation of infrastructure, property, plant and equipment	-	174,841	174,841	-	137,003	137,003
<b>Total comprehensive income</b>	<b>47,956</b>	<b>174,841</b>	<b>222,797</b>	<b>40,813</b>	<b>137,003</b>	<b>177,816</b>
<b>Closing balance at 30 June</b>	<b>1,036,298</b>	<b>1,861,757</b>	<b>2,898,055</b>	<b>988,342</b>	<b>1,686,916</b>	<b>2,675,258</b>

C1-5

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

## Fairfield City 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>				
<i>Receipts:</i>				
128,310	Rates and annual charges		<b>128,649</b>	124,615
22,805	User charges and fees		<b>19,764</b>	21,710
5,085	Interest received		<b>9,360</b>	4,600
78,885	Grants and contributions		<b>53,521</b>	52,107
–	Bonds, deposits and retentions received		<b>255</b>	–
26,312	Other		<b>19,938</b>	21,028
<i>Payments:</i>				
(89,924)	Payments to employees		<b>(85,134)</b>	(82,407)
(47,321)	Payments for materials and services		<b>(55,490)</b>	(51,302)
(222)	Borrowing costs		<b>(183)</b>	(180)
–	Bonds, deposits and retentions refunded		<b>–</b>	(111)
(23,750)	Other		<b>(24,532)</b>	(15,397)
<b>100,180</b>	<b>Net cash flows from operating activities</b>	F1-1	<b>66,148</b>	74,663
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Sale of investments		<b>25,797</b>	–
425	Proceeds from sale of IPPE		<b>2,535</b>	4,919
<i>Payments:</i>				
–	Purchase of investments		<b>–</b>	(24,519)
(110,047)	Payments for IPPE		<b>(75,690)</b>	(73,400)
–	Purchase of intangible assets		<b>(447)</b>	(211)
<b>(109,622)</b>	<b>Net cash flows from investing activities</b>		<b>(47,805)</b>	(93,211)
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(976)	Repayment of borrowings		<b>(976)</b>	(966)
(235)	Principal component of lease payments		<b>(315)</b>	(634)
<b>(1,211)</b>	<b>Net cash flows from financing activities</b>		<b>(1,291)</b>	(1,600)
<b>(10,653)</b>	<b>Net change in cash and cash equivalents</b>		<b>17,052</b>	(20,148)
59,215	Cash and cash equivalents at beginning of year		<b>54,778</b>	74,926
<b>48,562</b>	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>71,830</b>	54,778
86,176	plus: Investments on hand at end of year	C1-2	<b>86,262</b>	112,058
<b>134,738</b>	<b>Total cash, cash equivalents and investments</b>		<b>158,092</b>	166,836

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



# Fairfield City Council

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# Fairfield City Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 22 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 financial statements are set 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 2022 (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 infrastructure, property, plant and equipment and investment property.

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

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

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

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

Council makes estimates and assumptions concerning the future.

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

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

- (i) fair values of investment properties – refer Note C1-6
- (ii) fair values of infrastructure, property, plant and equipment – refer Note C1-5 and D2-1
- (iii) employee benefit provisions – refer Note C2-4.

High inflation and rising utility costs during the current financial year has created new challenges for Council, its community, its customers and suppliers. Council has proactively addressed economic issues in order to mitigate the financial impact wherever possible, but there are a number of factors outside of its control. As a result, estimates and assumptions have been made as to the magnitude of the economic impact on Council's operations, which have been incorporated into fair value estimates.

Council is of the view that its investment properties and Infrastructure, Property and Plant and Equipment (IPP&E) are recorded at fair value as at 30 June 2024 and that the estimated fair values have not been significantly impacted by current inflationary pressures. Council conducts strategic procurement and has sustainable rental terms with longer term tenants, and has no reason to believe that this will change due to the quality of its property portfolio.

The construction costs for Council's IPP&E has continued to be well controlled through effective procurement practices with contracted suppliers. It has been assumed that this will continue to be the case and that any potential inflationary pressure or supply chain uncertainty can largely be addressed through proactive planning and management.

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

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4 and D1-1.

Current economic conditions have had an impact on Council's ratepayers and customers, which has been taken into account when determining provisions for the impairment of receivables as at 30 June 2024. Council has worked to mitigate the impacts

## A1-1 Basis of preparation (continued)

of the economic challenges on its community through proactive customer engagement and tailored payment solutions. At present, there are no indications that current economic conditions will have a significant impact on the judgements applied by Council.

(ii) Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB15 Revenue from Contracts with Customers and/ or AASB1058 Income of Not-for-Profit Entities

Council has used judgement in determining whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB15 Revenue from Contracts with Customers and/ or AASB1058 Income of Not-for-Profit Entities - Refer Notes B2-2 - B2-3.

Council receives grants to fund both operational and capital requirements with the terms and conditions of the agreements needing to be carefully assessed in order to determine which accounting standard applies, and when the income should be recognised. The risk of using judgement has been mitigated by qualified staff performing a comprehensive review of the grant requirements.

(iii) Treatment of Capital Work in Progress Transfers

Capital projects are managed by Council and upon completion transferred from Capital Work in Progress to the relevant asset class. To provide transparency to the users of the financial statements the cost of the completed works are disclosed as "renewal" or "new asset" additions under each of the infrastructure asset classes. This provides greater transparency on Council's investment in the maintenance and renewal of its infrastructure assets than would be achieved if the capital expenditure was recognised in aggregate as "renewals" under Capital Work in Progress. Refer Note C1-5.

### Monies and other assets received by Council

#### The Consolidated Fund

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

The consolidated fund consists of cash and other assets associated with general purpose operations only.

#### The Trust Fund

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

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

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

### 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 elected not to apply any of these pronouncements before their operative dates in the annual reporting period beginning 1 July 2023.

Council's assessment of the impact of the new standards, and interpretations relevant to them, are set out below:

#### Pronouncement

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

AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

AASB 2022-6 Amendments to Australian Accounting Standards - Non-Current Liabilities with covenants.

#### Nature of change in accounting policy

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

#### Effective date

## A1-1 Basis of preparation (continued)

Annual reporting period beginning on or after 1 January 2024; i.e., councils' financial statements for the year ended 30 June 2025.

### Expected impact on council financial statements

Council does not expect that there will be a material impact to its financial statements and to its classification of liabilities as current or non-current following the implementation of this standard.

### Pronouncement

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, including adding authoritative implementation guidance and providing related illustrative examples, for application by not-for-profit public sector entities.

In particular, this standard provides guidance on:

- (a) highest and best use
- (b) financially feasible uses
- (c) use of assumptions
- (d) nature of costs to include in the replacement cost of a reference asset and on the identification of economic obsolescence when using the cost approach.

### Effective date

Annual reporting periods beginning on or after 1 January 2024; i.e., councils' financial statements for the year ended 30 June 2025.

### Expected impact on council financial statements

There is not expected to be a significant impact on Councils' reported financial position, however fair value methodology will be reviewed to ensure that it is in accordance with the guidance included in AASB 2022-10.

### Pronouncement

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 to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 Revenue from Contracts with Customers to be accounted for as a sale.

AASB 16 already requires a seller-lessee to recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The amendments made by this Standard ensure that a similar approach is applied by also requiring a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains.

### Effective date

Annual reporting periods beginning on or after 1 January 2024, i.e., councils' financial statements for the year ended 30 June 2025.

### Expected impact on council financial statements

There will be no impact for Council, however requirements will be reviewed if Council enters into any sale and lease back arrangements.

The following pronouncements are issued but not yet effective and are not expected to have relevance to Council, but have been included for completeness:

### Pronouncement

AASB2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

AASB2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128.

AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections .

Changes are effective for annual reporting periods beginning on or after 1 January 2025.

Impacts councils with associates or joint ventures where there has been a sale or contribution of assets between the entity and its investor.

### Pronouncement

AASB 17 Insurance Contracts and associated amendments

## A1-1 Basis of preparation (continued)

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Effective for annual reporting periods beginning on or after 1 January 2026 for public sector entities.

Will result in changes to accounting for insurance contracts.

### **Pronouncement**

AASB 2023 - 1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements

Effective for annual reporting periods beginning on or after 1 January 2024.

Will result in additional disclosures regarding an entity's supplier finance arrangements.

### **Pronouncement**

AASB 2023 - 5 Amendments to Australian Accounting Standards - Lack of Exchangeability

Effective for annual reporting periods beginning on or after 1 January 2025.

Will result in consistency in determining whether a currency is exchangeable into another currency and the spot exchange rate to use when it is not exchangeable.

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

During the year, Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective as at 30 June 2024:

- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- *AASB 2022-7 Amendments to Australian Accounting Standards – Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*

None of these standards had a significant impact on Council's reported position or performance.

The most significant change introduced by AASB 2021-2 is to remove the requirement to disclose significant accounting policies and instead require disclosure of material accounting policy information.

## B Financial Performance

### B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Functions or activities</b>										
Asset Management – Civil & Built	5,037	15,169	26,946	27,513	(21,909)	(12,344)	4,635	13,646	1,641,386	1,496,804
Asset Management – Open Space	1,917	3,510	5,465	4,954	(3,548)	(1,444)	1,574	3,115	142,441	146,883
Building Control and Compliance	895	872	2,931	2,773	(2,036)	(1,901)	-	-	-	-
Business Continuity and Insurance	-	-	1,612	1,543	(1,612)	(1,543)	-	-	-	-
Business Improvement	-	-	996	999	(996)	(999)	-	-	144	229
Catchment Planning	1,947	1,589	1,551	1,684	396	(95)	383	27	7,312	5,989
Children and Family Services	18,629	17,106	16,057	15,224	2,572	1,882	13,366	9,380	21,058	20,259
City Connect Bus	-	-	80	35	(80)	(35)	-	-	-	19
Communication and Marketing	4	27	2,226	1,975	(2,222)	(1,948)	-	18	10	12
Community Business Hub (Fairfield City HQ)	142	62	500	558	(358)	(496)	-	-	4,277	3,887
Community Compliance	5,658	5,343	3,364	2,942	2,294	2,401	-	-	52	66
Community Facilities	5,886	943	2,689	2,736	3,197	(1,793)	4,849	-	52,934	47,463
Corporate Planning	-	-	444	451	(444)	(451)	-	-	-	7
Customer Service Administration Centre	-	-	928	879	(928)	(879)	-	-	-	-
Design Management	1,045	1,411	1,101	1,153	(56)	258	1,042	1,404	1,230	2,592
Development Planning	845	1,147	2,031	2,104	(1,186)	(957)	(25)	160	3	3
Economic Development	-	4	299	308	(299)	(304)	-	4	-	-
Emergency Management	76	75	3,403	2,146	(3,327)	(2,071)	82	81	870	901
Environment and Public Health	213	315	819	901	(606)	(586)	-	-	99	100
Financial Sustainability	219	179	3,824	3,712	(3,605)	(3,533)	-	-	217	270
Fleet and Stores Management	753	429	1,906	1,875	(1,153)	(1,446)	-	-	3,152	2,276
Governance	3	84	1,744	1,773	(1,741)	(1,689)	-	-	17	4
Human Resources	-	-	3,373	3,635	(3,373)	(3,635)	-	-	18,764	20
Information and Communication Technology	(98)	1	8,509	7,398	(8,607)	(7,397)	-	-	1,539	1,952
Infrastructure Construction and Maintenance	2,250	2,088	13,820	14,292	(11,570)	(12,204)	1,793	1,172	59,537	63,578
Internal Audit	-	-	111	123	(111)	(123)	-	-	-	-
Land Information Services	-	-	325	299	(325)	(299)	-	-	-	-
Leisure Centres	9,408	8,345	14,657	14,813	(5,249)	(6,468)	-	-	92,080	89,834
Library Services	881	851	7,509	7,031	(6,628)	(6,180)	764	708	18,155	17,621
Major Events	543	392	1,368	886	(825)	(494)	120	-	-	-

continued on next page ...

**B1-1 Functions or activities – income, expenses and assets (continued)**

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>\$ '000</b>										
Major Projects and Planning	4,879	2,269	733	894	4,146	1,375	4,879	2,269	2,884	4,554
Museum and Gallery	240	147	689	900	(449)	(753)	205	114	5,283	4,962
Natural Resource Management	79	184	2,049	1,915	(1,970)	(1,731)	70	182	32	1
Parks and Gardens Operations	291	90	4,207	3,968	(3,916)	(3,878)	-	-	-	17,557
Place Management	84	746	1,382	2,213	(1,298)	(1,467)	82	746	171	2,963
Procurement	5	3	1,079	947	(1,074)	(944)	-	-	1,510	17
Property Strategy and Services	13,011	12,611	4,910	4,317	8,101	8,294	-	-	11	111,828
Quality Management and Assurance	-	-	136	127	(136)	(127)	-	-	114,126	-
Records and Information Management	-	-	1,667	1,460	(1,667)	(1,460)	-	-	-	-
Showground and Golf Course	2,027	1,706	3,031	3,183	(1,004)	(1,477)	-	-	47,870	40,903
Social Planning and Community Development	774	758	2,808	2,719	(2,034)	(1,961)	706	646	71	95
Strategic Land Use Planning	370	415	1,364	1,482	(994)	(1,067)	(24)	18	-	-
Street and Public Amenities Cleaning	590	520	6,769	6,353	(6,179)	(5,833)	-	-	1,009	1,128
Sustainable Resource Centre	1,044	2,960	2,338	2,527	(1,294)	433	-	-	18,488	18,628
Traffic and Transport	-	-	381	528	(381)	(528)	-	-	339	217
Waste Management	37,620	33,841	30,438	25,507	7,182	8,334	2,531	4	10,200	2,436
Corporate Services	128,549	114,398	3,291	4,022	125,258	110,376	26,692	17,995	694,750	634,574
<b>Total functions and activities</b>	<b>245,816</b>	<b>230,590</b>	<b>197,860</b>	<b>189,777</b>	<b>47,956</b>	<b>40,813</b>	<b>63,724</b>	<b>51,689</b>	<b>2,962,021</b>	<b>2,740,632</b>



## B1-2 Components of functions or activities

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

### Asset Management – Civil and Built

Ensure community assets (buildings, drainage, roads and street lighting) are maintained to an agreed standard by undertaking condition inspections to identify and program required repair and renewal works.

### Asset Management – Open Space

Ensure Open Space and related assets (Parks, Playgrounds, Reserves, Sportsfields, Trees and Public Toilets) are maintained to an agreed standard by undertaking condition inspections to identify and program required maintenance and renewal works.

### Building Control and Compliance

Performs the assessment, investigation, certification and enforcement of laws, regulations and policies for developments and land use activities within Fairfield City to ensure their compliance, health, safety and amenity.

### Business Continuity and Insurance

Develop, implement and manage Council's Opportunity and Risk Management Framework and Council's commercial insurance functions inclusive of general insurance renewals, management of claims and provision of insurance advice.

### Business Improvement

Identify opportunities and develop business improvement initiatives to meet the needs of the business by providing guidance, innovative solutions, and practical tools to drive growth, efficiency, and productivity.

### Catchment Planning

Develop policy, undertake studies to identify and plan measures, develop detailed designs for construction of measures and provide advice relating to catchment planning, floodplain, stormwater and waterway management.

### Children and Family Services

Provides quality children and family services including early education and care services as well as early intervention programs to ensure a good future for our children and families within Fairfield City.

### City Connect Bus

Provides free City Connect Bus Service for areas that are poorly serviced by existing private bus routes and increase accessibility to key destinations and community facilities.

### Communication and Marketing

Promote Council and encourage community engagement through communications materials, media liaison, Mayoral relations, as well as providing graphic design and print services for Council. Provide executive support for Mayor, General Manager and Directors.

### Community Business Hub (Fairfield City HQ)

Manage and maintain Council's Community Business Hub (Fairfield City HQ), which provides community and business spaces. Fairfield City HQ is a co-working space for start-ups and local small businesses. The Hub provides networking and programs to support businesses economic growth and employment opportunities.

### Community Compliance

Investigate and ensure compliance with the regulatory and compliance laws within Fairfield City on community, parking and companion animal issues.

### Community Facilities

Coordinate the management of Council community facilities including community buses, sporting fields, tennis/futsal and community centres/halls.

### Corporate Planning

Implement the compliance, coordination and development of the Integrated Planning and Reporting Framework (plans, reports and reviews).

### Customer Service Administration Centre

Delivers a centralised Customer Service Centre at the administration building, which provides information, transactions and advice to customers via the front counter and operates the call centre.

## B1-2 Components of functions or activities (continued)

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### Design Management

Defines, develops and manages civil, urban and landscape infrastructure designs; and provides surveying and spatial data services.

### Development Planning

Conduct the assessment and processing of all major development applications and engineering construction certificates across residential, commercial and industrial developments.

### Economic Development

Promote, manage and deliver economic development projects and initiatives supporting businesses, economic growth and employment opportunities for residents.

### Emergency Management

Provide leadership, assistance and resources in order to support emergency and disaster planning, response and recovery operations within Fairfield City.

### Environmental and Public Health

Monitor and enforce regulatory and compliance laws within Fairfield City for environmental and public health standards.

### Financial Sustainability

Deliver Council's financial services, rate payments, revenue collection, analysis, advice and statutory reporting to ensure appropriate cash flow and long-term financial viability.

### Fleet and Stores Management

Coordinate and manage Fleet and Plant acquisition, disposal and rolling Plant Replacement Program and budget as well as manage central Stores function.

### Governance

Ensure that Council has strong and effective governance and oversees the management of processes and protocols for Council's formal decision making that supports Council's capability to fulfil its legal, financial and ethical obligations.

### Human Resources

Provide strategic and operational human resources service including industrial and employee relations, work health and safety, workers compensation, payroll and organizational learning and development.

### Information and Communication Technology

Provide the implementation, maintenance and support of Council's information technology systems and infrastructure. Design, install and maintain the Closed Circuit Television (CCTV) program in public places and Council facilities across Fairfield City.

### Infrastructure Construction and Maintenance

Deliver Council's major programs for new capital and renewal of infrastructure assets (buildings, roads, kerb and gutter, footpaths, drainage, signs/line marking and sportsfields). Undertake breakdown repair and programmed maintenance for Council's infrastructure assets to meet Council's service standard.

### Internal Audit

Ensure that Council maintains a sound system of internal control, business improvement and compliance that supports Council's capability to fulfil its legal, financial and ethical obligations.

### Land Information Services

Prepare and manage Council's information relating to land in both text and geographic mapping formats across Fairfield City.

### Leisure Centres

Manage and maintain Council's three leisure centres (Prairiewood Leisure Centre including Aquatopia, Fairfield Leisure Centre and Cabravale Leisure Centre) and the Fairfield Youth and Community Centre. Provide indoor

## B1-2 Components of functions or activities (continued)

and outdoor dry and aquatic facilities and services for the community and visitors, promoting wellbeing, water safety, sport and recreation.

### Library Services

Manage and maintain Council's five library sites (Cabramatta, Bonnyrigg, Fairfield, Wetherill Park and Smithfield) to provide equitable, accessible, cost effective and efficient service to meet the leisure and information, lifelong learning and entertainment needs of Fairfield City community.

### Major Events

Delivers an integrated portfolio of major events across the City including Culinary Carnivale, Cabramatta Moon Festival, Lunar New Year, Bring it On and Illuminate New Years' Eve.

### Major Projects and Planning

Project manage and coordinate the funding, design, procurement, construction and commissioning of major new community infrastructure, other civil and building construction and special projects.

### Museum and Gallery

Engages the local communities through visual arts and social history exhibitions, workshops, education programs and events; and manages and maintains the Social History Collection, Vintage Village, Stein Gallery, Museum and the site.

### Natural Resource Management

Provide and deliver educational programs and community sustainability initiatives for the community and Council, and maintain and protect the natural environment in the City.

### Parks and Gardens Operations

Provide the resources to implement the service levels identified in Council's Parks and Recreation (Open Space) Asset Management Plan.

### Place Management

Manage and coordinate projects, activities, policies, plans, partnerships and project opportunities across Fairfield City in consultation with key stakeholders to ensure the sustainable development, vibrancy and resilience of town and business centres, employment and industrial lands are delivered for the benefit of residents and businesses.

### Procurement

Develop, implement and ensure a competitive, transparent, accountable and ethical procurement process in the acquisition of goods and services to deliver Council services.

### Property Strategy and Services

Provide a self-funded Property Development Fund to generate additional revenue through entrepreneurial real estate activities, allowing reinvestment into the community as well as managing Council owned properties, leases, shopping centres and car parks.

### Quality Management and Assurance

Maintain Council's Quality Management System, ensure all services align with the Integrated Planning and Reporting Framework and legislative requirements, and integrate processes, measures and controls.

### Records and Information Management

Manage Council's records and information including access, retrieval, storage and disposal.

### Showground and Golf Course

Undertakes the management and maintenance of Fairfield Showground, Sporting Fields, Fairfield Markets, Fairfield Golf Course, Parklands Function Centre and the Pavilion.

### Social Planning and Community Development

Seek to achieve social justice, minimise harm, enhance social inclusion, community participation and cohesion as well as safe and healthy people and places. Deliver this through advocacy, capacity building, support and strengthening of individuals and community organisations.

### Strategic Land Use Planning

## B1-2 Components of functions or activities (continued)

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Identify, map and coordinate planning for residential, business and rural land across Fairfield City, as well as preparing zoning certificates and representing Council on planning and infrastructure matters with State and Federal Governments.

### Street and Public Amenities Cleaning

Provide the cleaning of streets and public amenities in the town centres, residential and industrial areas across Fairfield City.

### Sustainable Resource Centre

Divert construction and demolition waste from landfill by recycling and selling construction materials.

### Traffic and Transport

Manages Fairfield City's road network, including traffic management, transport, road safety, parking restrictions and liaison with State Government entities.

### Waste Management

Manage domestic and commercial waste services across Fairfield City.

### Corporate Services

Executive management to ensure Council maintains a sound system of internal control, business improvement and compliance that supports Council's capability to fulfill its legal, financial and ethical obligations.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2024	2023
<b>Ordinary rates</b>		
Residential	55,405	53,542
Farmland	258	258
Business	37,481	36,304
Less: pensioner rebates	(1,924)	(1,903)
<b>Rates levied to ratepayers</b>	<b>91,220</b>	<b>88,201</b>
Pensioner rate subsidies received	1,812	1,654
<b>Total ordinary rates</b>	<b>93,032</b>	<b>89,855</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	35,206	34,128
Drainage	1,544	1,541
Less: pensioner rebates	(1,094)	(1,080)
<b>Annual charges levied</b>	<b>35,656</b>	<b>34,589</b>
<b>Total annual charges</b>	<b>35,656</b>	<b>34,589</b>
<b>Total rates and annual charges</b>	<b>128,688</b>	<b>124,444</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 at the beginning of the rating period to which they relate.

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

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

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

## B2-2 User charges and fees

\$ '000	2024	2023
<b>User charges</b>		
Domestic waste management services	59	51
Waste management services (non-domestic)	459	475
<b>Total user charges</b>	<b>518</b>	<b>526</b>
<b>Fees</b>		
Building regulation	114	115
Planning and building regulation	911	822
Regulatory fees	1,432	2,460
Section 10.7 certificates (EP&A Act)	368	360
<b>Total Fees</b>	<b>2,825</b>	<b>3,757</b>
Child care	3,894	6,055
Park rents	339	404
Entry fees	4,999	4,511
Fairfield showground	1,674	1,411
Golf course	50	37
Library	180	63
Recreation facilities	2,280	2,445
Membership Fees	3,009	2,377
<b>Total Fees</b>	<b>16,425</b>	<b>17,303</b>
<b>Total other user charges and fees</b>	<b>19,250</b>	<b>21,060</b>
<b>Total user charges and fees</b>	<b>19,768</b>	<b>21,586</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time	3,059	2,414
User charges and fees recognised at a point in time	16,709	19,172
<b>Total user charges and fees</b>	<b>19,768</b>	<b>21,586</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 30 days of the provision of the service or in some cases, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as joining fees for the leisure centre the Membership Fee is recognised on a straight-line basis over the expected life of the membership.

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 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	169	1,937	–	–
Financial assistance – local roads component	42	532	–	–
<b>Payment in advance - future year allocation</b>				
Financial assistance – general component	6,870	8,394	–	–
Financial assistance – local roads component	1,850	2,092	–	–
<b>Amount recognised as income during current year</b>	<b>8,931</b>	<b>12,955</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
Bushfire and emergency services	82	81	–	–
Community care	2,826	2,420	–	–
Heritage and cultural	–	18	–	–
Library	7,186	6,401	–	–
Recreation and culture	136	85	4,605	3,567
Street lighting	1,073	1,045	–	–
Transport (other roads and bridges funding)	–	–	5,034	11,480
Other specific grants	915	1,553	415	1,528
Drainage	–	–	1,170	1,448
Transport for NSW contributions (regional roads, block grant)	163	138	–	–
Other contributions	67	48	–	–
Child care	4,108	1,258	–	–
Waste program	886	–	1,624	–
<b>Total special purpose grants and non-developer contributions – cash</b>	<b>17,442</b>	<b>13,047</b>	<b>12,848</b>	<b>18,023</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>17,442</b>	<b>13,047</b>	<b>12,848</b>	<b>18,023</b>
<b>Total grants and non-developer contributions</b>	<b>26,373</b>	<b>26,002</b>	<b>12,848</b>	<b>18,023</b>
<b>Comprising:</b>				
– Commonwealth funding	8,931	12,955	3,206	2,187
– State funding	17,161	12,735	9,642	15,835
– Other funding	281	312	–	1
	<b>26,373</b>	<b>26,002</b>	<b>12,848</b>	<b>18,023</b>

## B2-3 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 7.11 – contributions towards amenities/services	F4	–	–	11,404	7,664
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>11,404</b>	<b>7,664</b>
<b>Non-cash contributions</b>					
S 7.11 – contributions towards amenities/services		–	–	13,099	–
<b>Total developer contributions non-cash</b>		<b>–</b>	<b>–</b>	<b>13,099</b>	<b>–</b>
<b>Total developer contributions</b>		<b>–</b>	<b>–</b>	<b>24,503</b>	<b>7,664</b>
<b>Total contributions</b>		<b>–</b>	<b>–</b>	<b>24,503</b>	<b>7,664</b>
<b>Total grants and contributions</b>		<b>26,373</b>	<b>26,002</b>	<b>37,351</b>	<b>25,687</b>
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time		–	–	–	–
Grants and contributions recognised at a point in time		26,373	26,002	37,351	25,687
<b>Total grants and contributions</b>		<b>26,373</b>	<b>26,002</b>	<b>37,351</b>	<b>25,687</b>



## B2-3 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	3,727	6,923	8,965	2,890
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	431	4	–	6,075
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(192)	(3,200)	(6,075)	–
<b>Unspent funds at 30 June</b>	<b>3,966</b>	<b>3,727</b>	<b>2,890</b>	<b>8,965</b>
<b>Contributions</b>				
Unspent funds at 1 July	17,620	23,979	–	–
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	12,170	6,305	–	–
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(5,708)	(12,664)	–	–
<b>Unspent contributions at 30 June</b>	<b>24,082</b>	<b>17,620</b>	<b>–</b>	<b>–</b>

### Material accounting policy information

#### Grants and Contributions - enforceable agreement with sufficiently specific performance obligations.

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised as or when control of each performance obligations is transferred.

The performance obligations are varied based on the agreement. 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, whereas over time recognition is where the control of the services is ongoing throughout the project.

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.

#### 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.

#### Capital grants

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

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

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

## B2-3 Grants and contributions (continued)

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### **Developer Contributions**

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

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

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

## B3 Costs of providing services

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

\$ '000	2024	2023
Salaries and wages	63,096	59,959
Employee leave entitlements (ELE)	9,654	10,719
Superannuation	7,737	7,268
Workers' compensation insurance	363	1,051
Fringe benefit tax (FBT)	181	134
Training costs (other than salaries and wages)	426	710
Protective clothing	293	249
Temporary contract labour	6,065	4,947
Other	159	137
<b>Total employee costs</b>	<b>87,974</b>	<b>85,174</b>
Less: capitalised costs	(2,600)	(2,214)
<b>Total employee costs expensed</b>	<b>85,374</b>	<b>82,960</b>

#### Material accounting policy information

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

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

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note D3-1 for more information.

## B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		24,101	22,421
Contractor costs		1,469	1,064
Audit Fees	E2-1	280	268
Councillor and Mayoral fees and associated expenses	E1-2	554	619
Election expenses		141	–
Electricity and heating		1,819	2,018
Insurance		1,785	1,264
Postage		783	680
Printing and stationery		491	365
Street lighting		2,434	2,608
Subscriptions and publications		805	804
Telephone and communications		868	811
Valuation fees		403	376
Advertising (general)		199	370
Advertising (positions vacant)		87	94
Children services		222	195
Commission / rebate		590	608
Conferences		264	248
Consumables		403	332
Equipment less than \$1,000		829	882
Financial charges		191	333
Photocopier operating costs		74	75
Other expenses		626	714
Publicity and promotion		1,301	858
Rates collection		3	6
Water rates		975	1,101
Legal expenses: other		622	707
Expenses from short-term leases		70	41
Expenses from leases of low value assets		788	690
Fuels		2,108	2,084
Increase/decrease stock valuation		124	116
Information technology		3,644	3,177
Materials fleet running expenses		2,075	2,629
Stock Adjustments		55	88
Trading requirement stock		93	95
<b>Total materials and services</b>		<b>51,276</b>	<b>48,741</b>
Less: capitalised costs		(11)	(195)
<b>Total materials and services</b>		<b>51,265</b>	<b>48,546</b>

### B3-3 Depreciation, amortisation and impairment of non-financial assets

\$ '000	2024	2023
<b>Depreciation and amortisation</b>		
Plant and equipment	3,870	3,786
Office equipment	403	326
Furniture and fittings	22	23
Buildings – non-specialised	7,411	9,113
Roads	11,639	11,642
Bridges	511	507
Footpaths	2,425	2,470
Stormwater drainage	2,450	2,464
Kerb and gutter	2,723	2,758
Park infrastructure	3,954	3,415
Right of use assets	343	631
Library books	253	221
Other	430	553
Intangible assets	121	113
<b>Total depreciation and amortisation costs</b>	<b>36,555</b>	<b>38,022</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>	<b>36,555</b>	<b>38,022</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.

##### 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 under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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

## B3-4 Other expenses

\$ '000	Notes	2024	2023
<b>Impairment of receivables</b>			
Other		–	126
<b>Total impairment of receivables</b>	C1-4	<b>–</b>	<b>126</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Board of fire commission		3,310	2,024
– Corporation sole EPA act		714	614
– NSW waste and recycling services		20,419	17,282
Donations, contributions and assistance to other organisations (Section 356)		40	23
<b>Total other</b>		<b>24,483</b>	<b>19,943</b>
<b>Total other expenses</b>		<b>24,483</b>	<b>20,069</b>

## B4 Performance against budget

### B4-1 Material budget variations

Council's original budget was adopted by the Council on 23 May 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>Rates and annual charges</b>	128,310	128,688	378	0% <b>F</b>
<b>User charges and fees</b>	22,805	19,768	(3,037)	(13)% <b>U</b>
Budget based on previous childcare funding model, which changed at the beginning of this financial year. User Charges and Fees decreased and Grant and Contribution provided for operating purposes increased by a corresponding amount.				
<b>Other revenues</b>	18,184	12,486	(5,698)	(31)% <b>U</b>
Revenue from the Sustainable Resource Centre was impacted by a reduction in demolition activities and equipment issues this Financial Year, which reduced the volume of material available for recycling. Parking enforcement income has not returned to pre-pandemic levels.				
<b>Operating grants and contributions</b>	20,674	26,373	5,699	28% <b>F</b>
Budget based on previous childcare funding model, with allocation between grant funding and user fees and charges changed this year. User charges and fees decreased, creating an unfavourable budget variance, and grant funding increased by a corresponding amount, creating a favourable budget variance. Council also received unbudgeted grant funding to assist with the implementation of a new Green Bin FOGO service this year.				
<b>Capital grants and contributions</b>	58,211	37,351	(20,860)	(36)% <b>U</b>
Shortfall to budget due to deferral of a number of large grant funded projects as a result of site issues and design delays. Partially offset by fair value gain arising from land and buildings transferred to Council arising from a Voluntary Planning Agreement for a residential development.				
<b>Interest and investment revenue</b>	5,085	8,792	3,707	73% <b>F</b>
Council's investment revenue has benefited from the RBA maintaining high cash rates to combat inflation. Interest is above budget because it was expected that cash rates would decline at the time the budget was set.				
<b>Net gains from disposal of assets</b>	425	1,327	902	212% <b>F</b>
Profit from sale of heavy fleet vehicles exceeded budget due to strong demand for used vehicles and financial benefit of lower cost base for vehicles acquired at pre-pandemic values.				
<b>Other income</b>	8,128	11,031	2,903	36% <b>F</b>
Budget did not include fair value gain on revaluation of investment properties of \$2.5 million as at balance date.				
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	89,924	85,374	4,550	5% <b>F</b>
<b>Materials and services</b>	47,321	51,265	(3,944)	(8)% <b>U</b>
<b>Borrowing costs</b>	222	183	39	18% <b>F</b>
Interest saving arising from the majority of Council's loan being fixed for a long-term at a low rate.				

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
<b>Depreciation, amortisation and impairment of non-financial assets</b>	40,521	36,555	3,966	10% <b>F</b>
Building depreciation is \$1.7m less than the prior year because the useful lives of this asset category were extended following the revaluation as at 30 June 2023. The budget was prepared prior to the finalisation of the revaluation. The deferral of projects due to site issues and design delays combined with the timing of capitalisation of large capital works projects further contributed to the favourable budget variance.				
<b>Other expenses</b>	24,598	24,483	115	0% <b>F</b>
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	100,180	66,148	(34,032)	(34)% <b>U</b>
Cash flows from operating activities were below budget primarily due to reduced grant funding for capital projects because a number of large projects were deferred this financial year. Above budget, expenditure was incurred on materials and services due to first year implementation costs for projects such as FOGO.				
<b>Cash flows from investing activities</b>	(109,622)	(47,805)	61,817	(56)% <b>F</b>
Capital expenditure in IPPE was below budget due to project deferrals. Redemptions of investments were above budget because additional funds were required to fund projects such as the implementation of the new Green Bin FOGO service.				
<b>Cash flows from financing activities</b>	(1,211)	(1,291)	(80)	7% <b>U</b>



**C Financial position****C1 Assets we manage****C1-1 Cash and cash equivalents**

<b>\$ '000</b>	<b>2024</b>	<b>2023</b>
<b>Cash assets</b>		
Cash on hand and at bank	29,830	17,056
Cash equivalent assets		
– Deposits at call	42,000	37,722
<b>Total cash and cash equivalents</b>	<b>71,830</b>	<b>54,778</b>
 <b>Reconciliation of cash and cash equivalents</b>		
Total cash and cash equivalents per Statement of Financial Position	71,830	54,778
<b>Balance as per the Statement of Cash Flows</b>	<b>71,830</b>	<b>54,778</b>

## C1-2 Financial investments

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
<b>Financial assets at fair value through profit and loss</b>				
Aust mortgaged backed securities	–	230	230	–
<b>Debt securities at amortised cost</b>				
Floating Rate Note	9,732	43,300	6,000	38,828
Term deposits	33,000	–	60,000	7,000
<b>Total</b>	<b>114,562</b>	<b>43,530</b>	<b>121,008</b>	<b>45,828</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 or 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, floating rates notes and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

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

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

### Financial assets through profit or loss

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

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

## 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>158,092</b>	166,836
Less: Externally restricted cash, cash equivalents and investments	(112,856)	(106,351)
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>45,236</b>	60,485
<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	7,537	4,577
<b>External restrictions – included in liabilities</b>	<b>7,537</b>	4,577
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	24,082	17,620
Specific purpose unexpended grants – general fund	6,856	12,692
Stormwater management	3,343	2,970
Other special levies	6,069	5,645
Voluntary purchase reserve	183	263
Other	55	–
Domestic waste management	64,731	62,584
<b>Total external restrictions</b>	<b>112,856</b>	106,351

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

\$ '000	2024	2023
(b) Internal allocations		
<b>Internal allocations</b>		
At 30 June, Council has internally allocated funds to the following:		
Infrastructure Reserve	11,176	4,962
Future capital works	1,120	1,083
Museum reserve	19	18
Property development	14,795	13,202
Sustainable resource centre plant reserve	1,555	1,504
Town funds	1,307	868
IT Core System	698	433
Surplus land Sales	881	852
Unspent loan	–	622
Insurance claims reserve	2,069	5,793
<b>Total internal allocations</b>	<b>33,620</b>	29,337

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		2023	
	Current	Non-current	Current	Non-current
Rates and annual charges	6,008	–	5,919	–
Interest on investments	1,088	–	1,656	–
Other income accruals	842	–	2,119	–
Government grants and subsidies	64	–	–	–
Net GST receivable	4,618	–	2,171	–
Other debtors	2,980	–	3,125	–
<b>Total</b>	<b>15,600</b>	<b>–</b>	<b>14,990</b>	<b>–</b>
<b>Less: provision for impairment</b>				
Rates and annual charges	(474)	–	(424)	–
Other debtors	(333)	–	(386)	–
<b>Total provision for impairment – receivables</b>	<b>(807)</b>	<b>–</b>	<b>(810)</b>	<b>–</b>
<b>Total net receivables</b>	<b>14,793</b>	<b>–</b>	<b>14,180</b>	<b>–</b>

\$ '000	2024	2023
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	810	684
+ new provisions recognised during the year	–	126
– Provisions utilised during the year	(3)	–
<b>Balance at the end of the year</b>	<b>807</b>	<b>810</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 30 days.

#### Impairment

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

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Credit losses are measured 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.

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

Current economic conditions have had an impact on Council's ratepayers and customers, which has been considered when assessing impairment of receivables as at 30 June 2024. However, the impacts of the economic challenges have been mitigated through proactive customer engagement and tailored payment solutions.

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

Where 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.

## C1-5 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023						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	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	
Capital work in progress	39,494	—	39,494	—	(3,048)	—	—	—	36,446	—	36,446	
Plant and equipment (MV, HV and MP)	38,766	(23,848)	14,918	—	10,387	(553)	(3,870)	—	44,972	(24,090)	20,882	
Office equipment (OE, computer and others)	3,396	(2,647)	749	—	701	(1)	(403)	—	4,084	(3,038)	1,046	
Furniture and fittings	516	(454)	62	—	—	—	(22)	—	475	(435)	40	
<b>Land:</b>												
– Operational land	404,451	—	404,451	—	8,250	—	—	10,895	423,596	—	423,596	
– Community land	558,230	—	558,230	—	4,943	(583)	—	—	562,590	—	562,590	
– Land under roads (post 30/6/2008)	2,222	—	2,222	—	—	—	—	—	2,222	—	2,222	
<b>Infrastructure:</b>												
– Buildings	429,929	(133,478)	296,451	6,515	6,450	—	(7,411)	24,160	467,053	(140,888)	326,165	
– Park Recreational assets	93,913	(23,818)	70,095	2,539	7,438	—	(3,954)	9,222	113,112	(27,773)	85,339	
– Roads	642,946	(175,886)	467,060	22,147	1,402	—	(11,639)	42,068	708,563	(187,525)	521,038	
– Bridges	50,634	(9,477)	41,157	849	33	—	(511)	7,542	59,057	(9,987)	49,070	
– Footpaths	162,521	(44,248)	118,273	4,297	2,718	(29)	(2,425)	15,967	185,465	(46,664)	138,801	
– Bulk earthworks (non-depreciable)	34,884	—	34,884	38	1,831	—	—	3,000	39,753	—	39,753	
– Stormwater drainage	422,490	(96,808)	325,682	1,612	362	—	(2,450)	41,814	466,278	(99,258)	367,020	
– Kerb and gutter	235,043	(76,227)	158,816	4,762	296	—	(2,723)	20,173	260,274	(78,950)	181,324	
<b>Other assets:</b>												
– Library books	5,464	(3,353)	2,111	—	343	(40)	(253)	—	5,709	(3,548)	2,161	
– Other Park Recreation & CCTV	10,365	(8,348)	2,017	68	3,857	(2)	(430)	—	14,283	(8,773)	5,510	
<b>Total infrastructure, property, plant and equipment</b>	<b>3,135,264</b>	<b>(598,592)</b>	<b>2,536,672</b>	<b>42,827</b>	<b>45,963</b>	<b>(1,208)</b>	<b>(36,091)</b>	<b>174,841</b>	<b>3,393,932</b>	<b>(630,929)</b>	<b>2,763,003</b>	

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

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

By aggregated asset class	Asset movements during the reporting period						At 30 June 2023					
	At 1 July 2022			At 30 June 2023			At 30 June 2023					
\$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>(1)</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	35,116	–	35,116	–	4,378	–	–	–	–	39,494	–	39,494
Plant and equipment (MV, HV and MP)	38,096	(22,739)	15,357	–	3,845	(498)	(3,786)	–	–	38,766	(23,848)	14,918
Office equipment (OE, computer and others)	3,468	(2,320)	1,148	–	36	–	(326)	(109)	–	3,396	(2,647)	749
Furniture and fittings	516	(431)	85	–	–	–	(23)	–	–	516	(454)	62
<b>Land:</b>												
– Operational land	324,707	–	324,707	–	–	(2,373)	–	–	82,117	404,451	–	404,451
– Community land	535,422	–	535,422	–	15,926	–	–	–	6,882	558,230	–	558,230
– Land under roads (post 30/6/08)	2,222	–	2,222	–	–	–	–	–	–	2,222	–	2,222
<b>Infrastructure:</b>												
– Buildings – non-specialised	466,796	(143,536)	323,260	3,951	11,334	–	(9,113)	(32,981)	–	429,929	(133,478)	296,451
– Park Recreational assets	89,320	(20,403)	68,917	2,968	1,625	–	(3,415)	–	–	93,913	(23,818)	70,095
– Roads	594,908	(164,242)	430,666	17,443	907	–	(11,642)	–	29,686	642,946	(175,886)	467,060
– Bridges	49,983	(9,017)	40,966	760	74	(136)	(507)	–	–	50,634	(9,477)	41,157
– Footpaths	149,237	(41,778)	107,459	3,344	1,374	–	(2,470)	–	8,566	162,521	(44,248)	118,273
– Bulk earthworks (non-depreciable)	34,884	–	34,884	–	–	–	–	–	–	34,884	–	34,884
– Stormwater drainage	385,532	(94,344)	291,188	33	333	–	(2,464)	–	36,592	422,490	(96,808)	325,682
– Kerb and gutter	224,100	(73,469)	150,631	4,693	–	–	(2,758)	–	6,250	235,043	(76,227)	158,816
<b>Other assets:</b>												
– Library books	5,156	(3,132)	2,024	–	308	–	(221)	–	–	5,464	(3,353)	2,111
– Other	10,297	(7,795)	2,502	–	68	–	(553)	–	–	10,365	(8,348)	2,017
<b>Total infrastructure, property, plant and equipment</b>	<b>2,949,760</b>	<b>(583,206)</b>	<b>2,366,554</b>	<b>33,192</b>	<b>40,208</b>	<b>(3,007)</b>	<b>(37,278)</b>	<b>(33,090)</b>	<b>170,093</b>	<b>3,135,264</b>	<b>(598,592)</b>	<b>2,536,672</b>

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

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

### Material accounting policy information

#### Useful lives of IPPE

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>Transportation assets</b>	Years
Office equipment	10	Road signs	20
Office furniture	10	Bridge	20 to 150
Computer equipment	3	Kerb & Gutter	80
Vehicles	5	Footpath	10 to 60
Heavy plant/road making equipment	7		
Other plant and equipment	7		
<b>Buildings</b>		<b>Stormwater assets</b>	
Electricals	40	Drains	10 to 150
Hydraulics	50		
Mechanicals	50	<b>Other infrastructure assets</b>	
Roof	45	Park infrastructure assets	10 to 150
Structure	100		
Fitout	50		
Floor Coverings	25		
<b>Transportation assets</b>		<b>Other Assets</b>	
Road pavements	100	Library Books	10
Road surface	15 to 30	Other Assets	10 to 150
Road Furniture	15 to 40		
Traffic Facilities	10 to 100		
Car park pavement	100		
Car park surface	20 to 30		

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

#### Revaluation Model

Infrastructure, property, plant and equipment are held at fair value. 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.

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

#### 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 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.

Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases.

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

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

### **Rural Fire Service assets**

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

Rural Fire Service assets under council's control are recognised in these financial statements.



## C1-6 Investment properties

### Owned investment property

\$ '000	2024	2023
<b>At fair value</b>		
Opening balance at 1 July	19,900	18,971
Net gain/(loss) from fair value adjustments	2,500	929
<b>Closing balance at 30 June</b>	<b>22,400</b>	<b>19,900</b>

## C2 Liabilities of Council

### C2-1 Payables

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	12,891	–	17,082	–
Accrued expenses:				
– Salaries and wages	2,584	–	2,445	–
– Other expenditure accruals	2,553	–	2,799	–
Security bonds, deposits and retentions	7,468	–	7,213	–
Other	1,168	–	1,010	–
<b>Total payables</b>	<b>26,664</b>	<b>–</b>	<b>30,549</b>	<b>–</b>

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

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
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			6,948	6,673
<b>Total payables</b>			<b>6,948</b>	<b>6,673</b>

#### Payables

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

### C2-2 Contract Liabilities

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
<b>Grants and contributions received in advance:</b>				
Unexpended capital grants (to construct Council controlled assets)	7,537	–	4,577	–
<b>Total grants received in advance</b>	<b>7,537</b>	<b>–</b>	<b>4,577</b>	<b>–</b>
<b>User fees and charges received in advance:</b>				
Upfront fees – leisure centre	107	–	124	–
Upfront fees - Golf Club	13	–	–	–
<b>Total user fees and charges received in advance</b>	<b>120</b>	<b>–</b>	<b>124</b>	<b>–</b>
<b>Total contract liabilities</b>	<b>7,657</b>	<b>–</b>	<b>4,701</b>	<b>–</b>

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

### C2-3 Borrowings

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	988	5,644	949	6,659

## C2-3 Borrowings (continued)

Total borrowings	988	5,644	949	6,659
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(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.

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

\$ '000	2023		Non-cash movements	2024
	Opening Balance	Cash flows	Acquisition	Closing balance
Loans – secured	7,608	(976)	–	6,632
Lease liability	554	(315)	736	975
<b>Total liabilities from financing activities</b>	<b>8,162</b>	<b>(1,291)</b>	<b>736</b>	<b>7,607</b>

\$ '000	2022		Non-cash movements	2023
	Opening Balance	Cash flows	Acquisition	Closing balance
Loans – secured	8,574	(966)	–	7,608
Lease liability	805	(634)	383	554
<b>Total liabilities from financing activities</b>	<b>9,379</b>	<b>(1,600)</b>	<b>383</b>	<b>8,162</b>

## (b) Financing arrangements

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

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

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

Bank overdraft facilities <sup>1,2</sup>	1,500	1,500
Credit cards/purchase cards	500	500
<b>Total financing arrangements</b>	<b>2,000</b>	<b>2,000</b>

**Drawn facilities**

Financing facilities drawn down at the reporting date are:

Financing facilities drawn down at the reporting date are:

– Bank overdraft facilities	–	–
– Credit cards/purchase cards	–	–
<b>Total drawn financing arrangements</b>	<b>–</b>	<b>–</b>

**Undrawn facilities**

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

– Bank overdraft facilities	1,500	1,500
– Credit cards/purchase cards	500	500
<b>Total undrawn financing arrangements</b>	<b>2,000</b>	<b>2,000</b>

**Breaches and defaults**

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

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. The loans are secured over the general rating income of council. Lease liabilities are secured by the underlying leased assets.

(2) Security over loans - The loans are secured over the general rating income of council. Lease liabilities are secured by the underlying leased assets

## C2-3 Borrowings (continued)

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### **Material accounting policy information**

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

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

## C2-4 Employee benefit provisions

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Annual leave	7,168	–	7,028	–
Sick leave	218	–	228	–
Long service leave	10,180	911	10,071	1,049
<b>Total employee benefit provisions</b>	<b>17,566</b>	<b>911</b>	<b>17,327</b>	<b>1,049</b>

There are no restricted assets (external or internal) applicable to the above provisions

### 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	10,361	10,246
	<b>10,361</b>	<b>10,246</b>

### Description of and movements in provisions

\$ '000	ELE provisions			
	Annual leave	Sick leave	Long service leave	Total
<b>2024</b>				
At beginning of year	7,028	228	11,120	18,376
Additional provisions	5,384	–	2,509	7,893
Amounts used (payments)	(4,917)	–	(2,038)	(6,955)
Remeasurement effects	(327)	(10)	(500)	(837)
<b>Total ELE provisions at end of year</b>	<b>7,168</b>	<b>218</b>	<b>11,091</b>	<b>18,477</b>
<b>2023</b>				
At beginning of year	6,896	334	10,902	18,132
Additional provisions	5,315	5	3,254	8,574
Amounts used (payments)	(4,886)	(101)	(2,568)	(7,555)
Remeasurement effects	(297)	(10)	(468)	(775)
<b>Total ELE provisions at end of year</b>	<b>7,028</b>	<b>228</b>	<b>11,120</b>	<b>18,376</b>

### Material accounting policy information

#### Other long-term employee benefit obligations

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

## C2-5 Provisions

\$ '000	2024	2024	2023	2023
	Current	Non-Current	Current	Non-Current
Self insurance – workers compensation	752	1,819	790	2,256
Self insurance – public liability	613	377	90	450
<b>Total provisions</b>	<b>1,365</b>	<b>2,196</b>	<b>880</b>	<b>2,706</b>

## C2-5 Provisions (continued)

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

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

### Description of and movements in provisions

\$ '000	Other provisions	
	Self insurance	Total
<b>2024</b>		
At beginning of year	3,586	3,586
Adjustment to provision	(25)	(25)
Total other provisions at end of year	<b>3,561</b>	<b>3,561</b>
<b>2023</b>		
At beginning of year	3,538	3,538
Adjustment to provision	48	48
Total other provisions at end of year	<b>3,586</b>	<b>3,586</b>

### Nature and purpose of provisions

#### Material accounting policy information

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

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

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

#### Self-insurance

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

## C3 Reserves

### C3-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

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

## D 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) interest rate risk.

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

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

Fair value is determined as follows:

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

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

The finance team manage the cash and investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with S625 of the *Local Government Act 1993* and the ministerial investment order. This policy is regularly reviewed by Council and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by local government regulations.

The risks associated with the financial instruments held are:

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

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



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

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

\$ '000	2024	2023
<p>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.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,387	1,498
Impact of a 10% movement in price of investments		
– Equity / Income Statement	23	23

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

### (b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

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

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

The level of outstanding receivables is reported to Council quarterly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

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

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 < 5 years	≥ 5 years	Total
<b>2024</b>				
Gross carrying amount	–	5,355	653	6,008
<b>2023</b>				
Gross carrying amount	–	4,937	982	5,919

##### 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	0 - 30 days	Overdue debts 31 - 60 days	61 - 90 days	> 90 days overdue	Total
<b>2024</b>						
Gross carrying amount	–	9,090	66	40	396	9,592
Expected loss rate (%)	0.00%	0.10%	0.00%	0.00%	81.82%	3.47%
<b>ECL provision</b>	–	<b>9</b>	–	–	<b>324</b>	<b>333</b>
<b>2023</b>						
Gross carrying amount	–	8,276	225	54	516	9,071
Expected loss rate (%)	0.00%	0.05%	2.25%	9.25%	71.90%	4.25%
<b>ECL provision</b>	–	<b>4</b>	<b>5</b>	<b>5</b>	<b>371</b>	<b>385</b>

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

### (c) Liquidity risk

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

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

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

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

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities 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	carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2024</b>							
Payables	0.00%	7,468	19,196	–	–	26,664	26,664
Borrowings	2.10%	–	988	4,069	1,575	6,632	6,632
Lease liabilities	2.21%	–	355	620	–	975	975
<b>Total financial liabilities</b>		<b>7,468</b>	<b>20,539</b>	<b>4,689</b>	<b>1,575</b>	<b>34,271</b>	<b>34,271</b>
<b>2023</b>							
Payables	0.00%	7,213	23,336	–	–	30,549	30,549
Borrowings	1.75%	–	949	3,985	2,674	7,608	7,608
Lease liabilities	2.76%	–	326	228	–	554	554
<b>Total financial liabilities</b>		<b>7,213</b>	<b>24,611</b>	<b>4,213</b>	<b>2,674</b>	<b>38,711</b>	<b>38,711</b>

## D2-1 Fair value measurement

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.

### Fair value hierarchy

All assets and liabilities measured at fair value are 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 council 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 and liability held at fair value by 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		230	230	–	–	230	230
<b>Total financial assets</b>		<b>230</b>	<b>230</b>	<b>–</b>	<b>–</b>	<b>230</b>	<b>230</b>
<b>Investment property</b>							
167 Meadows Road, Mount Pritchard NSW 2170	C1-6	5,600	5,400	–	–	5,600	5,400
9 Walker Place, Wetherill Park NSW 2164		6,600	5,900	–	–	6,600	5,900
396 Victoria Street, Wetherill Park, NSW 2164		10,200	8,600	–	–	10,200	8,600
<b>Total investment property</b>		<b>22,400</b>	<b>19,900</b>	<b>–</b>	<b>–</b>	<b>22,400</b>	<b>19,900</b>
<b>Infrastructure, property, plant and equipment</b>							
Plant and equipment	C1-5	–	–	20,882	14,918	20,882	14,918
Office equipment		–	–	1,046	749	1,046	749
Furniture and fittings		–	–	40	62	40	62
Operational land		383,744	364,599	39,852	39,852	423,596	404,451
Community land		–	–	562,590	558,230	562,590	558,230
Buildings Non Specialised		808	808	325,357	295,643	326,165	296,451
Park infrastructure		–	–	85,339	70,095	85,339	70,095
Roads		–	–	521,038	467,060	521,038	467,060
Bridges		–	–	49,070	41,157	49,070	41,157
Footpaths		–	–	138,801	118,273	138,801	118,273
Stormwater drainage		–	–	367,020	325,682	367,020	325,682
Kerb and gutter		–	–	181,324	158,816	181,324	158,816
Library books		–	–	2,161	2,111	2,161	2,111
Other assets Park Recreation & CCTV		–	–	5,510	2,017	5,510	2,017
Land under Roads		–	–	2,222	2,222	2,222	2,222
Bulk Earthworks		–	–	39,753	34,884	39,753	34,884

continued on next page ...

## D2-1 Fair value measurement (continued)

\$ '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>Total infrastructure, property, plant and equipment</b>		<b>384,552</b>	365,407	<b>2,342,005</b>	2,131,771	<b>2,726,557</b>	2,497,178

### 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 (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices.

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

#### Investment property

Council engages external, independent and qualified valuers to determine the fair value of its investment properties every three years. As at 30 June 2023 the valuation of the investment property portfolio was performed by Curtis Valuation AAPI CPV.

All investment property valuations are included in level 2 of the hierarchy. The value of investment property was determined using either the capitalisation of rental income method or with reference to value of similar properties within the area. The key unobservable input to the valuation is the rent or price per square metre.

Council's in-house property expert conducted a valuation of the investment property portfolio as at 30 June 2024 using the same technique as the independent valuer applied in the prior year. The fair value of the portfolio as at 30 June 2024 was brought to account in the financial statements.

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

##### Operational Land and Buildings

Council engages external, independent and qualified valuers to determine the fair value of the Council's operational land and buildings. The last revaluation of the operational land and buildings were undertaken by APV Valuers & Asset Management as at 30 June 2023.

Gross Value of each building, which is obtained by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology. The key unobservable input being the rate per square metre has been benchmarked to construction costs of similar properties across the industry.

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

To ensure operational land and buildings are recorded at fair value, indices were applied to both asset classes as at 30 June 2024. The indices reflect estimated annual construction cost increases for buildings and changes in market value for operational land.

Reference was made to industry benchmark data such as Rawlinsons Australian Construction Hand Book when establishing the building indices of 8.0% for the year ended 30 June 2024. Council's in-house property expert conducted a review of comparative industry land sales and assessed that there had been a 2.6% increase in operational land during the year ended 30 June 2024. The indices applied to operational land were derived from this assessment.

## D2-1 Fair value measurement (continued)

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### Community Land and Land under Roads

The fair value for community land in level 3 has been determined from the Valuer General's Valuation performed for rating space purposes. Land under roads has been determined using a unit rate per square metre.

Given the nature of Community land and Land under roads, comparable sales data is generally not available. As the Valuer General's valuation considers land in all zoning, average unit derived from Valuer's General's valuation is considered the most practicable approach to valuing Community Land and Land under roads.

The last revaluation of the community land based on Valuer General's valuation was performed at 30 June 2023.

To ensure community land and land under roads are recorded at fair value, an assessment of the ValuerGeneral's most current valuation data prepared for rating purposes was performed. This identified that these asset classes continue to be recorded at fair value as at 30 June 2024, and no adjustment is required.

### Infrastructure Assets

Valuations for infrastructure assets in level 3, other than specialised buildings, are performed internally by the Council, with input and advice on critical assumptions provided by an independant valuer. The gross value of the infrastructure assets are determined by unit rate to total volume which is normally square internal engineering meters, cubic metres or lineal metres.

The unit rate, which is a key unobservable input, is determined using rates stipulated in contracts with third party suppliers.

A detailed revaluation of all infrastructure asset classes was conducted as at 30 June 2020, with the exception of park recreational assets which were revalued as at 30 June 2021.

To ensure infrastructure assets are recorded at fair value, indices were applied to each of the asset classes as at 30 June 2024. The indices reflect estimated annual construction cost increases for each of the asset classes. Reference is made to industry benchmark data such as Rawlinsons Australian Construction Hand Book when establishing the indices.

The indices applied for each of the infrastructure asset classes for the year ended 30 June 2024 were:

Park Recreational Assets	12.2%
Roads	8.6%
Bridges	17.7%
Footpaths	12.4%
Bulk Earthworks (non-depreciable)	8.2%
Stormwater drainage	12.9%
Kerb and gutter	12.4%

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## D2-1 Fair value measurement (continued)

### Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

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

	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>		
Capital work in progress	Cost approach	Current replacement cost
Plant and equipment	Cost approach	Current replacement cost
Office equipment	Cost approach	Current replacement cost
Furniture and fittings	Cost approach	Current replacement cost
Community land	NSW Valuer General land valuation and acquisition cost for properties acquired during 2022/23	Land value, land area
Buildings Specialised	Cost approach	Gross replacement cost
Park infrastructure	Cost approach	Asset condition, remaining lives, residual value
Roads	Cost approach	Asset condition, remaining lives, residual value
Bridges	Cost approach	Asset condition, remaining lives, residual value
Footpaths	Cost approach	Asset condition, remaining lives, residual value
Stormwater drainage	Cost approach	Asset condition, remaining lives, residual value
Kerb and gutter	Cost approach	Asset condition, remaining lives, residual value
Library books	Cost approach	Current replacement cost
Other assets	Cost approach	Current replacement cost
Land under Roads	NSW Valuer General land valuation	Land value, land area
Bulk Earthworks	Cost approach	Asset condition, remaining lives, residual value

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

\$ '000	IPP&E	
	2024	2023
<b>Opening balance</b>	<b>2,131,771</b>	2,006,733
<b>Total gains or losses for the period</b>		
<b>Other movements</b>		
Purchases (GBV)	83,588	69,022
Disposals (WDV)	(1,208)	(634)
Depreciation and impairment	(36,091)	(37,278)
Other movement	163,946	54,886
Reclassification from Category 2	–	39,042
<b>Closing balance</b>	<b>2,342,006</b>	2,131,771

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

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

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

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

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

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

\* For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% 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 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 share of any funding surplus or deficit that can be attributed to council is 1.98%. It is estimated that there are \$198,060.25 past service contributions remaining.

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

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

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

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

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



### D3-1 Contingencies (continued)

The amount of employer contributions to the defined benefit section of the fund and recognised as an expense for the year ending 30 June 2024 was \$651,180.70. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2023.

Council's expected contribution to the plan for the next annual reporting period is \$442,497.13

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2,237.5	
Past Service Liabilities	2,141.9	104.5%
Vested Benefits	2,159.8	103.6%

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

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

Investment return	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI 2023/ 2024 Financial Year	3.5% per annum
Increase in CPI thereafter	2.5% per annum

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

#### (ii) Workers Compensation Self Insurance Bank Guarantee

Council is a Self Insurer for Workers Compensation and a condition of its Self Insurance Licence requires either a Term Deposit or Bank Guarantee to be held based on Actuarial Assessment. In June 1997 council decided to take out a Bank Guarantee to comply with the conditions of its Self Insurance Licence.

State Insurance Regulatory Authority has reviewed Council's workers compensation claims liability based on actuarial report dated 30 June 2023 and advised a bank guarantee of \$3.046m is required (2023: \$2.839m).

#### (iii) 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.

#### (iv) StateCover Limited

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

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

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

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

#### (v) Other guarantees

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

## D3-1 Contingencies (continued)

### 2. Other liabilities

#### (i) Third party claims

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

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

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

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

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

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

### ASSETS NOT RECOGNISED

#### (i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

#### (ii) Infringement notices/fines

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

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

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

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

### OTHER ASSETS & LIABILITIES NOT RECOGNISED:

#### (i) Regional Illegal Dumping Squads (RIDS)

RID Squads are regionally based teams that specialise in dealing with illegal dumping and illegal landfilling. The squads are funded by the NSW Environment protection Authority (EPA) and the member local councils who opt to work together and contribute resources to tackle illegal dumping.

The objective of the project is to identify, investigate and prosecute illegal waste dumping offences and trial a range of enforcement strategies.

Each Council has equal interest in the operation and has an undertaking to annually contribute. (\$87,975 for 2023/24).

The RIDS accounts are to be prepared by Resources NSW and were not available at the time of preparing these statements in order to determine the value of Council's interest.

Council's share of the asset, liabilities, income and expenses for this Joint Venture is not considered material.

#### Others

Council has a contingent liability limit of \$3,674,000 with CBA of which \$539,000 is unused.

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

\$ '000	2024	2023
<b>Compensation:</b>		
Short-term benefits	3,184	3,518
<b>Total</b>	<b>3,184</b>	<b>3,518</b>

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

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

There are no transactions with close family members of Council's KMP during financial year 2023/24.

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

\$ '000	2024	2023
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The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	92	98
Councillors' fees	409	454
Other Councillors' expenses (including Mayor)	53	67
<b>Total</b>	<b>554</b>	<b>619</b>

## E2 Other relationships

### E2-1 Audit fees

\$ '000	2024	2023
<b>Audit and other assurance services: Auditors of NSW Council - NSW Auditor-General</b>		
Audit of financial statements	264	233
Other audit and assurance services	16	35
<b>Total fees paid or payable to the Auditor General</b>	<b>280</b>	<b>268</b>

## F Other matters

### F1-1 Statement of Cash Flows information

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

\$ '000	2024	2023
<b>Net operating result from Income Statement</b>	<b>47,956</b>	40,813
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	36,555	38,022
(Gain) / loss on disposal of assets	(1,327)	(1,912)
Non-cash capital grants and contributions	(13,099)	-
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(1)	(1,363)
– Investment property	(2,500)	(929)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(610)	(2,868)
Increase / (decrease) in provision for impairment of receivables	(3)	126
(Increase) / decrease of inventories	(34)	157
(Increase) / decrease of other current assets	64	2,164
Increase / (decrease) in payables	(4,191)	(2,913)
Increase / (decrease) in other accrued expenses payable	(107)	2,626
Increase / (decrease) in other liabilities	413	(94)
Increase / (decrease) in contract liabilities	2,956	542
Increase / (decrease) in employee benefit provision	101	244
Increase / (decrease) in other provisions	(25)	48
<b>Net cash flows from operating activities</b>	<b>66,148</b>	<b>74,663</b>

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

	2024	2023
<b>Bank Guarantees</b>		
State Insurance Regulatory Authority - Workers Compensation	\$3,046,000	\$2,839,000
Sydney Water Corporation	\$89,000	-

## 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	2,553	2,033
Road infrastructure	1,542	14,562
Plant and equipment	222	4,750
Open Space Embellishment	14,685	–
Detention Basin	4,118	–
Other Infrastructure	862	2,218
<b>Total commitments</b>	<b>23,982</b>	<b>23,563</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	23,982	23,563
<b>Total payable</b>	<b>23,982</b>	<b>23,563</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	3,173	4,631
Unexpended grants	20,236	14,211
Externally restricted reserves	538	4,080
Internally restricted reserves	35	112
Developer Contributions	–	529
<b>Total sources of funding</b>	<b>23,982</b>	<b>23,563</b>

## F3-1 Events occurring after reporting date

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



## F4 Statement of developer contributions

### F4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year		Non-cash Other	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						
Open space	6,531	5,250	-	-	221	(5,274)	-	6,728	-
Community facilities	1,091	1,483	8,250	4,849	75	-	-	2,649	-
Public Domain Improvement	-	163	-	-	3	-	-	166	-
Stormwater Detention	-	39	-	-	1	-	-	40	-
Administration	1,002	176	-	-	32	(200)	-	1,010	-
City Wide	70	64	-	-	4	(20)	-	118	-
<b>S7.11 contributions – under a plan</b>	<b>8,694</b>	<b>7,175</b>	<b>8,250</b>	<b>4,849</b>	<b>336</b>	<b>(5,494)</b>	<b>-</b>	<b>10,711</b>	<b>-</b>
<b>S7.12 levies – under a plan</b>	<b>8,092</b>	<b>4,229</b>	<b>-</b>	<b>-</b>	<b>404</b>	<b>(105)</b>	<b>-</b>	<b>12,620</b>	<b>-</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>16,786</b>	<b>11,404</b>	<b>8,250</b>	<b>4,849</b>	<b>740</b>	<b>(5,599)</b>	<b>-</b>	<b>23,331</b>	<b>-</b>
S7.4 planning agreements	834	-	-	-	26	(109)	-	751	-
<b>Total contributions</b>	<b>17,620</b>	<b>11,404</b>	<b>8,250</b>	<b>4,849</b>	<b>766</b>	<b>(5,708)</b>	<b>-</b>	<b>24,082</b>	<b>-</b>

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

## F4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year		Non-cash Other	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						
<b>CONTRIBUTION PLAN - 1999 Roads adjacent to Open Space</b>									
-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CONTRIBUTION PLAN 2011 Community Facilities District</b>									
-	1	29	-	-	1	-	-	31	-
-	187	134	-	-	11	-	-	332	-
<b>Total</b>	<b>188</b>	<b>163</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>363</b>	<b>-</b>
<b>CONTRIBUTION PLAN 2011 Community Facilities Local</b>									
-	104	111	-	-	7	-	-	222	-
-	221	163	-	-	13	-	-	397	-
-	96	33	-	-	4	-	-	133	-
-	213	231	-	-	13	-	-	457	-
-	165	161	-	-	10	-	-	336	-
-	104	95	-	-	7	-	-	206	-
-	-	-	8,250	4,849	-	-	-	-	-
<b>Total</b>	<b>903</b>	<b>794</b>	<b>8,250</b>	<b>4,849</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>1,751</b>	<b>-</b>

F4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year		Non-cash Other	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						
<b>CONTRIBUTION PLAN 2011</b>									
<b>Land Acquisition</b>									
- Cabramatta	1,158	1,571	-	-	78	-	-	2,807	-
- Fairfield	492	1,482	-	-	49	(740)	-	1,283	-
- Western LGA	1,559	538	-	-	29	(1,202)	-	924	-
- Villawood	2,498	228	-	-	13	(3,173)	-	(434)	-
<b>Total</b>	<b>5,707</b>	<b>3,819</b>	<b>-</b>	<b>-</b>	<b>169</b>	<b>(5,115)</b>	<b>-</b>	<b>4,580</b>	<b>-</b>
<b>CONTRIBUTION PLAN 2011</b>									
<b>Open Space Embellishment</b>									
- Cabramatta	233	237	-	-	5	(251)	-	224	-
- Fairfield	355	198	-	-	24	258	-	835	-
- Villawood	72	24	-	-	4	22	-	122	-
- Western LGA	164	130	-	-	4	(188)	-	110	-
<b>Total</b>	<b>824</b>	<b>589</b>	<b>-</b>	<b>-</b>	<b>37</b>	<b>(159)</b>	<b>-</b>	<b>1,291</b>	<b>-</b>
<b>CONTRIBUTION PLAN 2011 Administration</b>									
- Administration	1,002	130	-	-	31	(200)	-	963	-
<b>Total</b>	<b>1,002</b>	<b>130</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>(200)</b>	<b>-</b>	<b>963</b>	<b>-</b>
<b>CONTRIBUTION PLAN 2011 - City Wide</b>									
- City Wide	70	64	-	-	4	(20)	-	118	-
<b>Total</b>	<b>70</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>(20)</b>	<b>-</b>	<b>118</b>	<b>-</b>
<b>CONTRIBUTION PLAN 2023 Community &amp; Recreation Facilities</b>									
- Eastern	-	474	-	-	8	-	-	482	-
- Central	-	52	-	-	1	-	-	53	-
<b>Total</b>	<b>-</b>	<b>526</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>535</b>	<b>-</b>
<b>CONTRIBUTION PLAN 2023 Land Acquisition</b>									
- Eastern	-	450	-	-	8	-	-	458	-
- Central	-	81	-	-	2	-	-	83	-
<b>Total</b>	<b>-</b>	<b>531</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>541</b>	<b>-</b>
<b>CONTRIBUTION PLAN 2023 Open Space Embellishment</b>									
- Eastern	-	254	-	-	4	-	-	258	-
- Central	-	57	-	-	1	-	-	58	-
<b>Total</b>	<b>-</b>	<b>311</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>316</b>	<b>-</b>
<b>CONTRIBUTION PLAN 2023 Public Domain</b>									
- Eastern	-	163	-	-	3	-	-	166	-
<b>Total</b>	<b>-</b>	<b>163</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>166</b>	<b>-</b>

continued on next page ...

**F4-2 Developer contributions by plan (continued)**

<b>CONTRIBUTION PLAN 2023 Stormwater Detention</b>						
- Eastern	-	-	-	39	-	-
<b>Total</b>	-	-	-	<b>39</b>	<b>1</b>	<b>40</b>
<b>CONTRIBUTION PLAN 2023 Administration</b>						
- Eastern	-	-	-	40	1	41
- Central	-	-	-	6	-	6
<b>Total</b>	-	-	-	<b>46</b>	<b>1</b>	<b>47</b>

## F4-2 Developer contributions by plan (continued)

### S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year		Non-cash Other	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						
<b>CONTRIBUTION PLAN NUMBER 2011</b>									
– Section 94A Levy Contributions	8,092	4,141	–	–	402	(105)	–	12,530	–
<b>Total</b>	<b>8,092</b>	<b>4,141</b>	<b>–</b>	<b>–</b>	<b>402</b>	<b>(105)</b>	<b>–</b>	<b>12,530</b>	<b>–</b>
<b>CONTRIBUTION PLAN 2023 Section 7.12 Admin Levy</b>									
Administration	–	–	–	–	–	–	–	–	–
Section 7.12 Admin Levy	–	88	–	–	2	–	–	90	–
<b>Total</b>	<b>–</b>	<b>88</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>90</b>	<b>–</b>
<b>F4-3 S7.4 planning agreements</b>									
<b>Bonnyrigg Living Community Communities</b>									
– Bonnyrigg Living Community Cont	834	–	–	–	26	(109)	–	751	–
<b>Total</b>	<b>834</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>26</b>	<b>(109)</b>	<b>–</b>	<b>751</b>	<b>–</b>

## F5 Statement of performance measures

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

\$ '000	Amounts 2024	Indicator 2024	2023	Indicators 2022	2021	Benchmark
<b>1. Operating performance ratio</b>						
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<u>6,777</u>	<b>3.31%</b>	5.32%	7.26%	3.30%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>204,637</b>					
<b>2. Own source operating revenue ratio</b>						
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<u>178,264</u>	<b>73.67%</b>	77.13%	78.04%	80.17%	> 60.00%
Total continuing operating revenue inclusive of all grants and contributions <sup>1</sup>	<b>241,988</b>					
<b>3. Unrestricted current ratio</b>						
Current assets less all external restrictions	<u>61,657</u>	<b>2.07x</b>	2.30x	2.01x	1.92x	> 1.50x
Current liabilities less specific purpose liabilities	<b>29,749</b>					
<b>4. Debt service cover ratio</b>						
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<u>43,515</u>	<b>29.52x</b>	27.45x	28.30x	29.08x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>1,474</b>					
<b>5. Rates and annual charges outstanding percentage</b>						
Rates and annual charges outstanding	<u>5,534</u>	<b>4.11%</b>	4.21%	4.48%	3.98%	< 5.00%
Rates and annual charges collectable	<b>134,811</b>					
<b>6. Cash expense cover ratio</b>						
Current year's cash and cash equivalents plus all term deposits	<u>71,830</u>	<b>5.17</b>	4.35	6.47	4.50	> 3.00
Payments from cash flow of operating and financing activities	<b>13,886</b>	<b>months</b>	months	months	months	months

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

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

End of the audited financial statements



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Fairfield City Council

To the Councillors of the Fairfield City Council

### Opinion

I have audited the accompanying financial statements of Fairfield City Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

### Basis for Opinion

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

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

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

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

- providing that only Parliament, and not the executive government, can remove an Auditor General
- mandating the Auditor General as auditor of councils

- precluding the Auditor General from providing non audit services.

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

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

### **Other Information**

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 'Material budget variations'



- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Susan Prichard  
Director, Financial Audit

Delegate of the Auditor General for New South Wales

23 October 2024  
SYDNEY



Mr Frank Carbone  
Mayor  
Fairfield City Council  
PO Box 21  
FAIRFIELD NSW 1860

Contact: Sue Prichard  
Phone no: 02 8280 5637  
Our ref: [R008-2124742775-7164](#)

24 October 2024

Dear Mayor

## Report on the Conduct of the Audit for the year ended 30 June 2024 Fairfield City Council

I have audited the general purpose financial statements (GPFS) of the Fairfield City Council (the Council) for the year ended 30 June 2024 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2024 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

### INCOME STATEMENT

#### Operating result

	2024	2023	Variance
	\$m	\$m	%
Rates and annual charges revenue	128.7	124.4	↑ 3.5
Grants and contributions revenue	63.7	51.7	↑ 23.2
Operating result from continuing operations	48.0	40.8	↑ 17.6
Net operating result before capital grants and contributions	10.6	15.1	↓ -29.8

Rates and annual charges revenue \$128.7 million increased by \$4.3 million (3.5 per cent) in 2023–24 due to rate peg increase of 3.7 per cent. During the year, the domestic waste levy also increased by 2.7 per cent due to an increase in the number of properties receiving domestic waste services compared to prior year.

Grants and contributions revenue of \$63.7 million increased by \$12.0 million or 23.2 per cent in 2023–24 due to:

- increase of \$4.0 million in Children and Family Services Funding compared to 2022-23;
- one-off funding received during the year for the Council's FOGO project amounting to \$0.9 million;
- receiving 85 per cent of the financial assistance grants being \$8.9 million for 2024-25 in advance (100 per cent in 2022-23 being \$12.9 million); and
- non-cash developer contribution of \$13.1 million (2023: \$Nil) brought to account in 2023-24 following dedication of land and buildings to the Council under a Voluntary Planning Agreement.

Council's operating result from continuing operations of \$48.0 million including depreciation, amortisation and impairment expense of \$36.6 million was \$7.2 million higher than the 2022–23 result. The increment was largely driven by increase in rates and annual charges as well as grants and contributions compared to 2022-23.

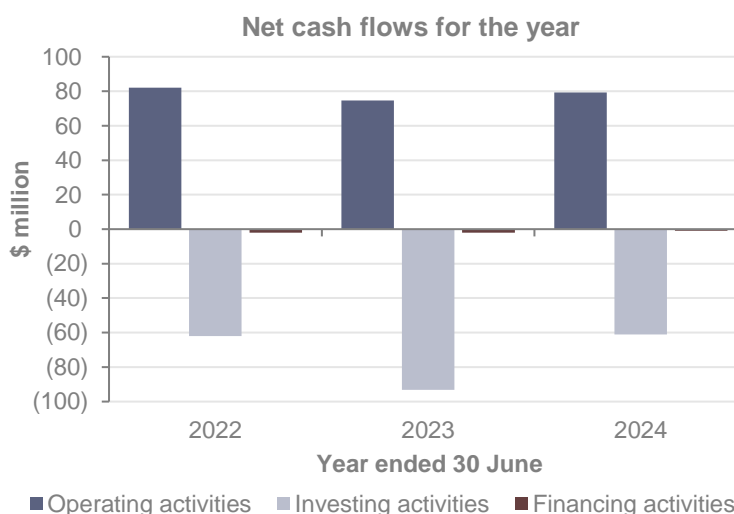
The net operating result before capital grants and contributions of \$10.6 million was \$4.5 million lower than the 2022–23 result. The decrease was a result of rising employee benefits and on-costs and materials and services expenses as well as the implementation of the FOGO project during the year.

## STATEMENT OF CASH FLOWS

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

Cash outflows from investing activities decreased primarily due to lower purchases of investments.

Cash from financing activities which are mainly relate repayment of borrowings and leases remain consistent in both years.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>158.1</b>	<b>166.8</b>	External restrictions include unspent specific purpose grants, developer contributions, and domestic waste management charges. The increase in external restrictions of \$5.2 million compared to 2022–23 is mainly due to increases in unspent specific purpose grants and developer contributions.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	111.6	106.4	

• Internal allocations	33.6	29.3	Balances are internally allocated due to Council policy or decisions for forward plans including the works program. The increase in internal allocations mainly relate to increase in infrastructure reserve.
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## Debt

The Council has not taken on any new borrowings in 2023-24.

The Council has bank overdraft facility of \$1.5 million which remain unused as at 30 June 2024.

## PERFORMANCE

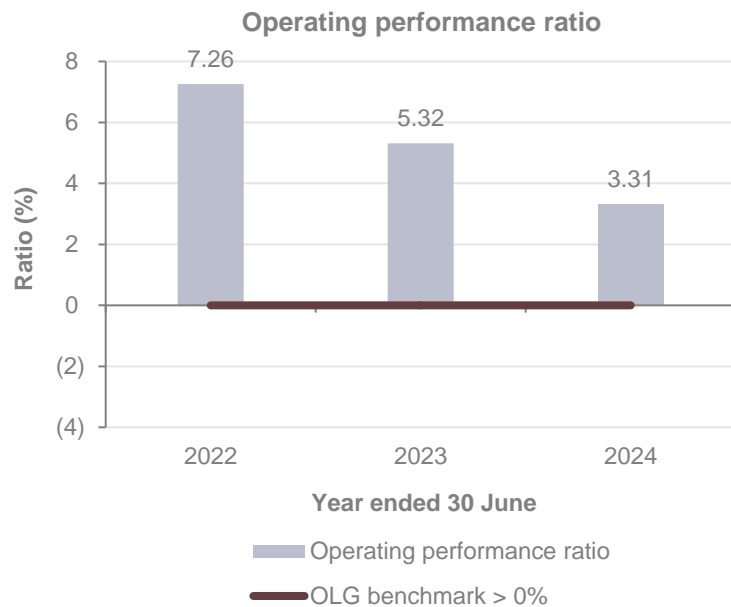
### Performance measures

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

#### Operating performance ratio

Council exceeded the benchmark for the current reporting period.

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



### Own source operating revenue ratio

Council exceeded the benchmark for the current reporting period.

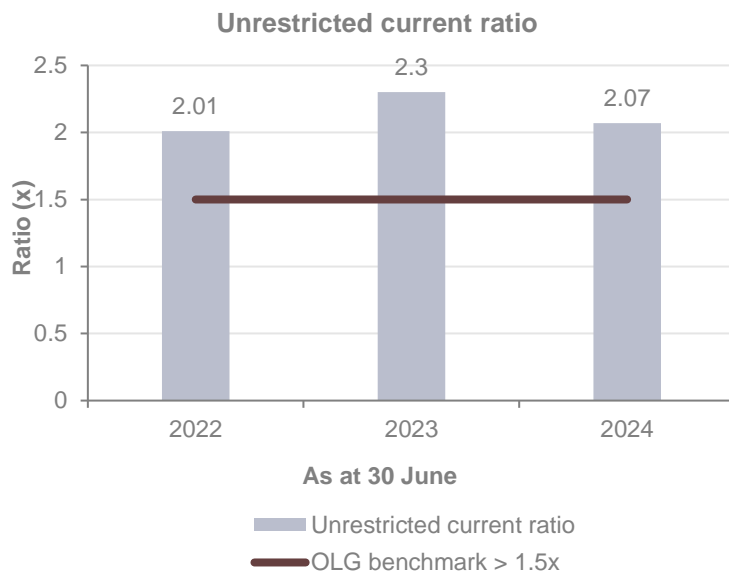
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

Council exceeded the benchmark for the current reporting period.

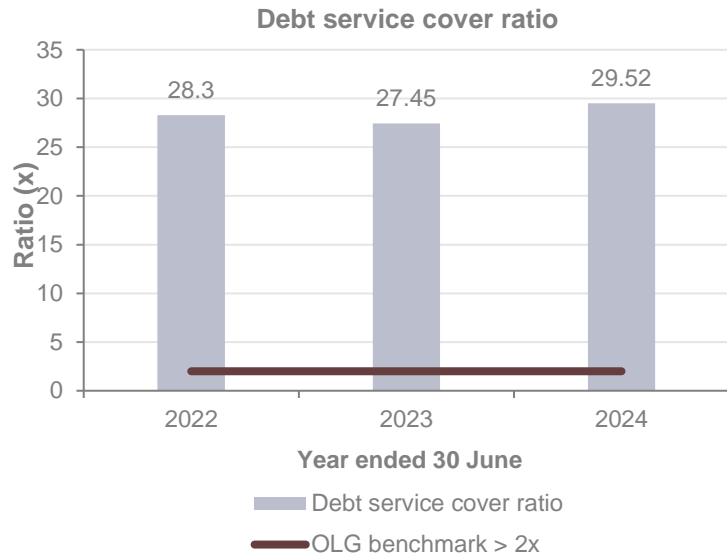
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

Council exceeded the benchmark for the current reporting period.

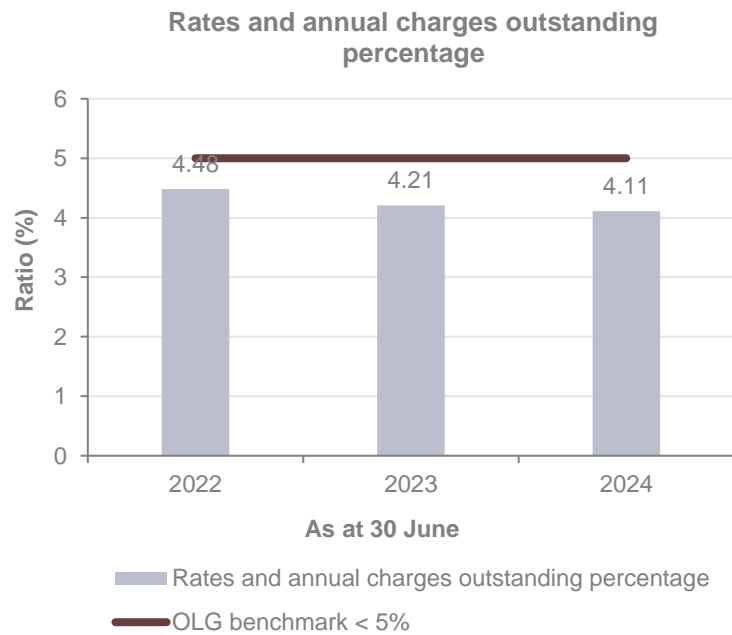
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



### Rates and annual charges outstanding percentage

Council exceeded the benchmark for the current reporting period.

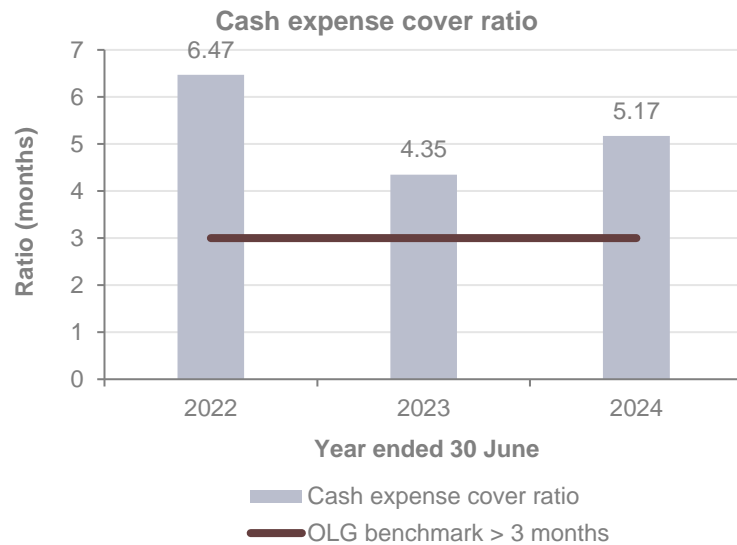
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



### Cash expense cover ratio

Council exceeded the benchmark for the current reporting period.

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



### Infrastructure, property, plant and equipment renewals

Council renewed \$42.8 million of infrastructure, property, plant and equipment during the 2023-24 financial year. This was mainly spent on roads, buildings, footpaths and kerb and gutter. A further \$46.0 million was spent on new assets including plant and equipment.

## OTHER MATTERS

### Legislative compliance

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation or a material deficiency in the Council's accounting records or financial statements. The Council's:

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

Susan Prichard  
Delegate of the Auditor-General for New South Wales





# Fairfield City Council

SPECIAL SCHEDULES  
for the year ended 30 June 2024

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*"...a thriving, safe and friendly place with people who support and respect each other. A community where people can be proud to live, invest and prosper."*



# Fairfield City 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
Independent Audit Report	4
Report on infrastructure assets as at 30 June 2024	6

## Fairfield City 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	90,541	93,958
Plus or minus adjustments <sup>2</sup>	b	62	189
<b>Notional general income</b>	<b>c = a + b</b>	<b>90,603</b>	<b>94,147</b>
<b>Permissible income calculation</b>			
Percentage increase	d	3.70%	4.90%
Plus percentage increase amount <sup>3</sup>	f = d x (c + e)	3,352	4,613
<b>Sub-total</b>	<b>g = (c + e + f)</b>	<b>93,955</b>	<b>98,760</b>
Plus (or minus) last year's carry forward total	h	–	(3)
<b>Sub-total</b>	<b>j = (h + i)</b>	<b>–</b>	<b>(3)</b>
<b>Total permissible income</b>	<b>k = g + j</b>	<b>93,955</b>	<b>98,757</b>
Less notional general income yield	l	93,958	98,757
<b>Catch-up or (excess) result</b>	<b>m = k – l</b>	<b>(2)</b>	<b>1</b>
<b>Carry forward to next year <sup>6</sup></b>	<b>p = m + n + o</b>	<b>(2)</b>	<b>1</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).
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Fairfield City Council

To the Councillors of Fairfield City Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Fairfield City Council (the Council) for the year ending 30 June 2025.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code) and is in accordance with the books and records of the Council.

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

### Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have

received comprise the general purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2024'.

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Susan Prichard  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

23 October 2024  
SYDNEY

# Fairfield City Council

## Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost			2023/24 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring assets to agreed level of service set by Council \$ '000	2023/24 Required maintenance \$ '000				1	2	3	4	5
<b>Buildings</b>	Buildings	8,540	8,540	12,427	11,807	326,165	442,893	19.0%	46.0%	31.1%	3.8%	0.1%
	<b>Sub-total</b>	<b>8,540</b>	<b>8,540</b>	<b>12,427</b>	<b>11,807</b>	<b>326,165</b>	<b>442,893</b>	<b>19.0%</b>	<b>46.0%</b>	<b>31.1%</b>	<b>3.8%</b>	<b>0.1%</b>
<b>Other structures</b>	Park & Recreation	1,506	1,506	4,568	3,803	85,339	103,890	53.1%	24.7%	20.2%	1.8%	0.2%
	<b>Sub-total</b>	<b>1,506</b>	<b>1,506</b>	<b>4,568</b>	<b>3,803</b>	<b>85,339</b>	<b>103,890</b>	<b>53.1%</b>	<b>24.7%</b>	<b>20.2%</b>	<b>1.8%</b>	<b>0.2%</b>
<b>Roads</b>	Sealed roads	9,246	9,246	18,123	24,968	521,038	624,265	41.2%	43.8%	13.2%	1.7%	0.1%
	Bridges	282	282	486	861	49,070	51,516	50.4%	43.3%	5.9%	0.2%	0.2%
	Footpaths	2,884	2,884	3,157	4,798	138,801	153,715	35.0%	44.0%	19.0%	1.0%	1.0%
	Bulk earthworks	-	-	-	-	39,753	39,753	100.0%	0.0%	0.0%	0.0%	0.0%
	Kerb and gutter	3,826	3,826	4,519	4,821	181,324	228,337	20.0%	51.0%	27.0%	2.0%	0.0%
	<b>Sub-total</b>	<b>16,238</b>	<b>16,238</b>	<b>26,285</b>	<b>35,448</b>	<b>929,986</b>	<b>1,097,586</b>	<b>38.5%</b>	<b>43.7%</b>	<b>16.1%</b>	<b>1.5%</b>	<b>0.2%</b>
<b>Stormwater drainage</b>	Stormwater drainage	672	672	2,087	2,521	367,020	367,020	20.0%	62.0%	17.0%	0.0%	1.0%
	<b>Sub-total</b>	<b>672</b>	<b>672</b>	<b>2,087</b>	<b>2,521</b>	<b>367,020</b>	<b>367,020</b>	<b>20.0%</b>	<b>62.0%</b>	<b>17.0%</b>	<b>0.0%</b>	<b>1.0%</b>
<b>Total – all assets</b>		<b>26,956</b>	<b>26,956</b>	<b>45,367</b>	<b>53,579</b>	<b>1,708,510</b>	<b>2,011,389</b>	<b>31.6%</b>	<b>46.6%</b>	<b>19.8%</b>	<b>1.8%</b>	<b>0.2%</b>

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

### Infrastructure asset condition assessment 'key'

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

## Fairfield City Council

## Report on infrastructure assets as at 30 June 2024

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2024	Indicator 2024	2023	Indicators 2022	2021	Benchmark
<b>Buildings and infrastructure renewals ratio</b>						
Asset renewals <sup>1</sup>	<b>42,759</b>					
Depreciation, amortisation and impairment	<b>31,113</b>	<b>137.43%</b>	102.54%	77.78%	130.52%	> 100.00%
<b>Infrastructure backlog ratio</b>						
Estimated cost to bring assets to a satisfactory standard	<b>26,956</b>					
Net carrying amount of infrastructure assets	<b>1,478,293</b>	<b>1.82%</b>	1.98%	1.73%	1.84%	< 2.00%
<b>Asset maintenance ratio</b>						
Actual asset maintenance	<b>53,579</b>					
Required asset maintenance	<b>45,367</b>	<b>118.10%</b>	101.53%	79.51%	103.57%	> 100.00%
<b>Cost to bring assets to agreed service level</b>						
Estimated cost to bring assets to an agreed service level set by Council	<b>26,956</b>					
Gross replacement cost	<b>2,011,389</b>	<b>1.34%</b>	1.36%	1.36%	1.38%	

(\*) 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.