

GENERAL PURPOSE &
SPECIAL PURPOSE
**FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2023



Camden Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

Executive Summary – 2022/23 Annual Financial Statements

This summary provides an overview of Council's financial performance and position for year ending 30 June 2023. Also provided is a summary of Council's financial outlook, the challenges that come with being one of the fastest growing LGAs in Australia and the strategies that need to be employed to ensure Council's financial sustainability.

This summary should be read in conjunction with the General-Purpose Financial Statements, Special Purpose Financial Statements and Special Schedules prepared for the year ending 30 June 2023.

Changes to Financial Accounting & Reporting Environment

There were no significant changes in relation to Council's financial reporting requirements, with only minor changes made to the Local Government Code of Accounting Practice and Financial Reporting (released in December 2022).

Council has considered the impact of new accounting standards adopted during the 2022/23 financial year. These newly adopted standards have not impacted Council's financial reports for this reporting period. Further information regarding accounting standards mandated during this period can be found in Note A1-1 of the General-Purpose Financial Statements.

Financial Performance

The following table highlights Council's financial performance between the 2022/23 and 2021/22 financial years:

Income Statement ('000)	2022/23	2021/22 (Restated)
Total Income from Continuing Operations	\$261,628	\$294,505
Total Expenses from Continuing Operations	\$155,938	\$136,435
Operating Result from Continuing Operations	\$105,690	\$158,070
Capital Grants and Contributions	\$112,294	\$168,327
Net Operating Result before Capital Grants and Contributions	(\$6,604)	(\$10,257)

It is important to note that the net operating result (including capital grants and contributions) shown in the Income Statement is not the same as Council's budget or cash position.

The Income Statement is prepared in accordance Australian Accounting Standards and is required to be reported on an accruals basis, it considers non-cash disclosures (such as depreciation) and the timing of the receipt or payment of money.

The net operating surplus (including capital items) of \$105.7 million does not mean Council has additional funds of \$105.7 million to spend.

Similarly, the fact that Council's Income Statement has a reported deficit (before capital items) of \$6.6 million does not mean Council has exceeded its budget or that its liquidity position is poor.

Council continues to balance its cash budget position annually and its liquidity position is strong as demonstrated by the financial indicators in Note F6-1 of the General-Purpose Financial Statements.

Operating Result (after capital items)

The 2022/23 operating result after accounting for capital income is a surplus of \$105.7 million (\$158.1 million 2021/22). This surplus is primarily due to non-cash contributions made by developers for infrastructure such as roads, drainage, and open space. The value of non-cash dedications for 2022/23 was \$64.9 million (\$82.8 million 2021/22).

Accounting standards require the dedication of infrastructure assets delivered by developers (non-cash) to be brought to account as capital income. With the level of growth occurring across the Camden LGA, this represents a significant amount and continues to distort the operating result surplus reported by Council.

Operating Result (before capital items)

Council's net operating result before capital items is a deficit of \$6.6 million. This result excludes capital income of \$112.3 million.

The movement from last year's result (\$10.3 million) is primarily due to an increase in investment income of \$6.6 million due to improving market conditions and a greater pool of funds available for investment, an increase in other income by \$3.1 million due to an increment in investment properties following annual valuation and an increase in operating grants and contributions of \$2.7 million.

Other movements include an increase in rate income of \$5.4 million (growth and allowable rate peg) and an

increase in annual charges of \$1.5 million primarily due to additional domestic waste services income. There was a further increase in user fees and charges of \$2.7 million which primarily relates to community halls and the Mount Annan Leisure Centre returning to pre-pandemic utilisation levels.

There was a further increase in other revenues of \$1.2 million which is primarily a result of the sale of energy savings certificates for the conversion of street lighting to LED lights.

Council allowed for an additional 17 new positions to meet the demand for essential services and there was a mandatory award increase of 2.0% resulting in an increase in salaries and wages of \$3.3 million. There was a further increase in employee overheads such as superannuation, leave entitlements and workers compensation which led to an increase of \$3.7 million.

Materials and services increased by \$8.1 million. This increase is primarily driven through additional infrastructure maintenance and repairs due to the July 2022 floods, an increase in open space maintenance as a result of growth and the Mount Annan Leisure Centre returning to pre-pandemic utilisation levels.

Depreciation expense has increased by \$2.7 million, which reflects Council's growing asset base. Movements in interest on loans, other expenses, and the net loss on disposal of assets resulted in a marginal increase of \$1.7 million.

Statement of Financial Position

The net value of assets owned by our community is \$2.9 billion (\$2.5 billion in 2021/22). The majority of this equity relates to the ownership of land and infrastructure assets such as roads, stormwater drainage, footpaths, and bridges.

Council's increase in equity is predominately due to the revaluation of existing infrastructure and the dedication of infrastructure assets (non-cash) as part of continued urban development.

During the 2022/23 financial year, Council undertook a comprehensive revaluation of its transport infrastructure (increment \$44.1 million), stormwater drainage infrastructure (increment of \$54.4 million), land under roads, community land and crown land (increment \$118.6 million).

Council also applied fair value indexation of \$32.6 million (increment) across all land and infrastructure asset classes. The net increase in the asset base through revaluation was \$249.7 million.

Council's loan debt is \$46.6 million with an increase of \$5.5 million from 2021/22; primarily a result of a new loan for \$8.6 million to part fund the Community Support Package Stage 3 (\$5.1 million) and road renewal program (\$3.5 million) and principal repayments of \$3.1 million made during the 2022/23 financial year.

Council's debt service cover ratio has improved marginally from 3.42% to 3.50%, which remains above the industry benchmark of 2.0%. This ratio also demonstrates that Council continues to use loan borrowings prudently and that Council has a strong capacity for debt.

Prior Year Adjustments

Council has been required to disclose corrections to prior year financial statements due to a further review of its infrastructure assets and the required disclosures for biodiversity credits held for sale as Inventory.

During the 2022/23 financial year, Council has continued to improve the quality and accuracy of its asset management data. This has included the identification of newly discovered assets and the deletion of assets which are no longer in Council's ownership. Council has also continued to refine its measurement of certain infrastructure and corrected unit rates used to determine fair value rates.

The net result of adjustments which are due to Council's improvements to its asset data is a \$37.0 million net increase in the balance of infrastructure, property plant and equipment (IPPE).

During the 2022/23 financial year, Council has also recognised biodiversity credits which were generated through a biobanking agreement entered into in 2019.

Council signed a Biobanking Agreement for 37.5 hectares of land located at Gundungurra Reserve, Elderslie in May 2019.

The Biobanking Agreement generates biodiversity credits which can be sold to parties that require credits to offset urban development or construction projects. Council did not account for these credits upon signing the agreement primarily due to the difficulty in valuing these credits with no established market.

The correction of this was a net increase in the balance of inventory and receivables by \$4.3 million.

The net result of all prior year adjustments is a net increase of \$41.3 million to the opening equity balance as at 1 July 2021 and a net increase in the operating

result restated for the period ending 30 June 2022 of \$2.8 million.

Prior year adjustments can be found in Note F4-1 of the General-Purpose Financial Statements.

Despite the further corrections which have been required this financial year to Council's asset valuations, Council continues to improve its asset management systems.

In addition to the comprehensive revaluations performed on a 3-year rolling cycle for each asset class, additional resources have been employed to support the Assets function in ensuring the quality and accuracy of asset data, including the peer-review of fair value measurement techniques.

While it is expected that historical discrepancies will continue to be found and corrected throughout this process, it is envisaged that the materiality (value) of these adjustments will continue to decrease over the coming years.

Financial Health Indicators

Council utilises a range of industry agreed benchmarks (performance ratios) to measure its overall financial health.

The financial health indicators for the 2022/23 financial year can be found in Note F6-1 of the General-Purpose Financial Statements and the Special Schedule – Report on Infrastructure Assets.

This section of the financial statements provides an explanation of each indicator and any unique circumstances which need to be considered when assessing Council's financial performance.

In summary, the financial health indicators demonstrate that Council is in a sound financial position, with financial performance improving across a number of indicators, including a continued improvement in the operating performance ratio.

The unrestricted current ratio and cash expense ratio demonstrate Council's sound financial position. The unrestricted current ratio shows that for every \$1 of current liabilities, Council has \$2.81 in current assets to meet these obligations, while the cash expense cover ratio shows that Council can continue to meet its current obligations for a period of 26 months without additional revenue.

While the rates and annual charges outstanding ratio remains outside industry benchmark (benchmark less than 5%) at 6.64%, it is expected that the ratio will improve with the re-introduction of debt recovery procedures after a 2-year grace period during COVID.

Council continues to work with residents who are experiencing financial hardship either because of COVID-19 or cost of living pressures. Many of these residents have entered into payment arrangements, so the ratio is expected to improve over the next 12-18 months.

Financial Sustainability Outlook

Population Growth (Urban Development)

Camden continues to be one of the fastest growing areas in the Country with approx. 120 new residents per week. This growth places substantial pressure on Council's finances and resources. The cost of planning for growth is an upfront cost that is required before additional rate income is realised through growth.

The recent introduction of a population growth factor into the rate peg will assist Council in meeting these challenges into the future, however the magnitude of infrastructure that Council is constructing or is dedicated by developers (and the associated depreciation) is significant and will continue to place pressure on Council's ability to meet industry benchmarks in the short-medium term.

The continued adoption of the rate peg (in full) is fundamental to Council's long term financial sustainability, as it will ensure that the organisation has the revenue base to continue to provide the breadth and quality of infrastructure/services our community has come to expect now and into the future.

The Impact of Depreciation and Financial Sustainability

As a growth Council, Council's operating performance is significantly impacted by depreciation.

Council is currently constructing or receiving dedicated assets that provides for a population in the future. The straight-line method of calculating depreciation expense does not consider growth or the current population, meaning the expense is representative of a higher capacity to pay or greater economies of scale.

There is also a timing issue to consider, Council must provide local infrastructure up-front, this cannot be deferred until the population (and additional rating revenue) arrives.

There is a delicate balance between what the current population is responsible for and those who are not yet part of our community. It is not a simple matter of increasing revenue through a Special Rate Variation to offset the expense or decreasing expenditure through service level reductions. Savings through

operational efficiencies are embedded into Council's procedures and operational reviews.

Council's strategy for managing these issues is a long-term position of maintaining strong liquidity, utilising long-term debt (inter-generational equity) and prudent asset management planning that monitors and addresses the condition of community assets aligned to long-term financial planning.

Council's immediate response to the cost of growth is through a natural increase in its economies of scale over time through the Rate Peg (in full), it remains the fairest and most equitable approach to financial sustainability in the context of a rapidly growing environment.

Long Term Financial Planning

Additional strategies that Council has adopted to ensure its long-term financial outlook remains sustainable include:

- **Balanced Budget**

Council annually adopts and maintains a balanced cash budget and does not spend beyond its means.

- **Loans**

Council has a strong capacity to borrow for capital projects (one-off) upon the appropriate financial assessment being completed.

Council also considers low-interest loan programs offered by the State Government. Council has entered into low interest loan arrangements in recent years which will result in over \$1 million in savings in loan interest repayments.

- **Long-Term Financial Plan (LTFP)**

Council has a 10-year LTFP which is reviewed on a quarterly basis. The LTFP is critical to Council's planning and monitoring of its immediate and future financial sustainability.

It allows Council to make informed decisions about sustainable levels of debt and reserves (liquidity). It also forms part of a suite of resourcing plans that support Council's Integrated Planning and Reporting Package.

Through the LTFP, Council continues to monitor its financial performance and while Council's liquidity and debt position is strong, Council recognises that longer term, operating deficits are not sustainable and will ultimately reduce Council's ability to maintain or replace its asset base over time.

Council expects that this position will improve in the long-term, through increased income associated with

growth and continued prudent long-term financial management of expenditure budgets, that consider future maintenance and the asset renewal requirements of the Council.

Council's Long-Term Financial Plan (LTFP) considers future income received through this unprecedented level of growth, the rate peg (including population growth factor) or indicative Special Rate Variations (SRV) where endorsed by Council as part of adopting the LTFP.

Special Rate Variations are only considered following consultation with the community. There are currently no SRV's proposed in the LTFP.

Council recently adopted the revised 2023- 2033 Long Term Financial Plan adopted by Council on the 20 June 2023. A copy of this plan can be found on Council's website.

- **Asset Management Planning**

Sound asset management and the correct allocation of resources are central to Council's sustainability. Council has a dedicated asset management section which continues to monitor Council's asset maintenance and renewal programs now and into the future.

Council's Infrastructure Backlog Ratio is 1.19% and remains better than the industry benchmark of not more than 2%. This ratio has increased marginally when compared to previous years, however this is reflective of recent natural disasters and is currently being addressed through programs such as the Regional and Local Road Repair Program (RLRRP).

- **Design and use of new Infrastructure Assets**

Council continues to consider financial and environmental sustainability in the design, construction, and maintenance of facilities, including the economies of scale and cost savings achieved through shared/centralised facilities.

- **Cash Position and Cash Reserves**

Council has established reserves for capital improvement, asset replacement and technology improvements.

Council's unrestricted current ratio is 2.81 which exceeds the industry benchmark of more than 1.50. Council's cash expense cover ratio is 26 months and is well above the industry benchmark of more than 3 months.

- **Community Infrastructure Renewal Program**

Council endorsed the continuation of the Community Infrastructure Renewal Program as part of its 2023/24 Budget. This is four-year program with \$5 million

allocated towards the renewal of community buildings, playgrounds, open space, and sportsgrounds.

- **Building Partnerships**

Council continues to actively pursue both State and Federal funding opportunities to fund infrastructure and service requirements when made available. Examples include accessing the low interest loans under Local Infrastructure Renewal Schemes.

Long-term Financial Risks

Over the next 10-20 years Council will be required to coordinate and acquire significant amounts of land in Leppington and future precinct releases in the south-west growth area. This includes the delivery of supporting infrastructure.

While in-part these acquisitions will be funded through Section 7.11 Contributions Plans (developer contributions), the amount of funding required and timing for financing will need to be carefully managed in consultation with the NSW State Government, to ensure the plans and aspirations of a third City can be delivered on time.

Conclusion

Council continues to demonstrate a strong commitment to sound financial management.

The Annual Financial Statements for the reporting period ending 30 June 2023 continues to highlight the impact of population growth and urban development on Council's financial performance and position.

As a significant growth area, Camden will continue to find it challenging to meet all industry benchmarks in relation to financial performance, primarily until it reaches the economies of scale representative of a large metropolitan council.

Council's strong cash position and prudent budget management will ensure it continues to provide a high level of service and support to its community now and into the future.

Chief Financial Officer
October 2023

Camden Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

Camden Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

70 Central Avenue
Oran Park NSW 2570

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

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

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

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

Camden Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Camden Council

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

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

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

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

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

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



Ashleigh Cagney
Mayor
10 October 2023



Therese Fedeli
Deputy Mayor
10 October 2023



Andrew Carfield
General Manager
10 October 2023



Paul Rofe
Responsible Accounting Officer
10 October 2023

Camden Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Restated Actual 2022 \$ '000
	Income from continuing operations			
92,531	Rates and annual charges	B2-1	91,590	84,687
19,680	User charges and fees	B2-2	17,990	15,332
1,218	Other revenues	B2-3	5,488	4,274
8,810	Grants and contributions provided for operating purposes	B2-4	15,836	13,158
164,309	Grants and contributions provided for capital purposes	B2-4	112,294	168,327
2,511	Interest and investment income	B2-5	8,688	2,083
2,645	Other income	B2-6	9,742	6,644
291,704	Total income from continuing operations		261,628	294,505
	Expenses from continuing operations			
59,626	Employee benefits and on-costs	B3-1	64,360	57,398
53,214	Materials and services	B3-2	52,191	44,068
1,358	Borrowing costs	B3-3	1,547	1,296
35,000	Depreciation, amortisation and impairment of non-financial assets	B3-4	32,923	30,179
2,810	Other expenses	B3-5	1,830	1,516
–	Net loss from the disposal of assets	B4-1	3,087	1,978
152,008	Total expenses from continuing operations		155,938	136,435
139,696	Operating result from continuing operations		105,690	158,070
139,696	Net operating result for the year attributable to Council		105,690	158,070
(24,613)	Net operating result for the year before grants and contributions provided for capital purposes		(6,604)	(10,257)

Camden Council

Statement of Comprehensive Income

for the year ended 30 June 2023

	Notes	Actual 2023 \$ '000	Restated Actual 2022 \$ '000
Net operating result for the year – from Income Statement		105,690	158,070
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<u>249,697</u>	118,696
Total items which will not be reclassified subsequently to the operating result		249,697	118,696
Total other comprehensive income for the year		249,697	118,696
Total comprehensive income for the year attributable to Council		355,387	276,766

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

Camden Council

Statement of Financial Position

as at 30 June 2023

	Notes	Actual 2023 \$ '000	Restated Actual 2022 \$ '000	Restated Actual 1 July 2021 \$ '000
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	26,017	13,316	15,767
Investments	C1-2	272,200	215,000	165,008
Receivables	C1-4	45,194	54,750	13,602
Inventories	C1-5	3,457	3,880	3,892
Other	C1-9	1,976	1,808	1,126
Total current assets		348,844	288,754	199,395
Non-current assets				
Investments	C1-2	731	30,821	29,301
Receivables	C1-4	4,298	3,630	4,877
Infrastructure, property, plant and equipment (IPPE)	C1-6	2,638,435	2,282,077	2,062,240
Investment property	C1-7	45,960	38,820	34,480
Intangible assets	C1-8	748	780	815
Right of use assets	C2-1	2,431	1,851	1,848
Total non-current assets		2,692,603	2,357,979	2,133,561
Total assets		3,041,447	2,646,733	2,332,956
LIABILITIES				
Current liabilities				
Payables	C3-1	61,028	33,443	27,930
Contract liabilities	C3-2	57,369	38,926	12,244
Lease liabilities	C2-1	1,520	1,287	1,310
Borrowings	C3-3	3,390	3,071	2,346
Employee benefit provisions	C3-4	14,762	14,574	15,193
Total current liabilities		138,069	91,301	59,023
Non-current liabilities				
Payables	C3-1	11	12,863	12,919
Lease liabilities	C2-1	946	707	615
Borrowings	C3-3	43,160	37,999	33,270
Employee benefit provisions	C3-4	293	282	312
Total non-current liabilities		44,410	51,851	47,116
Total liabilities		182,479	143,152	106,139
Net assets		2,858,968	2,503,581	2,226,817
EQUITY				
Accumulated surplus		1,776,346	1,670,656	1,512,587
IPPE revaluation reserve	C4-1	1,082,622	832,925	714,230
Council equity interest		2,858,968	2,503,581	2,226,817
Total equity		2,858,968	2,503,581	2,226,817

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

Camden Council

Statement of Changes in Equity

for the year ended 30 June 2023

	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
		\$ '000	\$ '000	\$ '000	Restated \$ '000	Restated \$ '000	Restated \$ '000
Opening balance at 1 July		1,658,727	803,521	2,462,248	1,503,890	684,347	2,188,237
Correction of prior period errors	F4-1	11,929	29,404	41,333	8,696	29,882	38,578
Restated opening balance		1,670,656	832,925	2,503,581	1,512,586	714,229	2,226,815
Net operating result for the year		105,690	–	105,690	154,837	–	154,837
Correction of prior period errors	F4-1	–	–	–	3,233	–	3,233
Net operating result for the period		105,690	–	105,690	158,070	–	158,070
Other comprehensive income							
Correction of prior period errors	F4-1	–	–	–	–	(477)	(477)
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	249,697	249,697	–	119,173	119,173
Other comprehensive income		–	249,697	249,697	–	118,696	118,696
Total comprehensive income		105,690	249,697	355,387	158,070	118,696	276,766
Closing balance at 30 June		1,776,346	1,082,622	2,858,968	1,670,656	832,925	2,503,581

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

Camden Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
92,531	Rates and annual charges		91,438	83,713
19,680	User charges and fees		19,588	15,451
2,511	Interest received		5,226	1,744
65,765	Grants and contributions		95,366	85,451
–	Bonds, deposits and retentions received		6,310	7,594
8,069	Other		16,964	17,382
<i>Payments:</i>				
(59,626)	Payments to employees		(64,135)	(57,929)
(53,214)	Payments for materials and services		(60,539)	(52,372)
(1,358)	Borrowing costs		(1,542)	(1,276)
–	Bonds, deposits and retentions refunded		(4,581)	(3,594)
(7,183)	Other		(2,350)	(2,206)
67,175	Net cash flows from operating activities	F1-1	101,745	93,958
Cash flows from investing activities				
<i>Receipts:</i>				
135,419	Sale of investments		215,000	181,000
326	Proceeds from sale of IPPE		189	382
–	Proceeds from sale of Biodiversity credits		728	–
<i>Payments:</i>				
(135,419)	Purchase of investments		(242,000)	(232,492)
(93,727)	Payments for IPPE		(66,047)	(48,581)
–	Purchase of intangible assets		(269)	(286)
(93,401)	Net cash flows from investing activities		(92,399)	(99,977)
Cash flows from financing activities				
<i>Receipts:</i>				
11,850	Proceeds from borrowings		8,550	7,800
<i>Payments:</i>				
(3,121)	Repayment of borrowings		(3,070)	(2,346)
–	Principal component of lease payments		(2,125)	(1,886)
8,729	Net cash flows from financing activities		3,355	3,568
(17,497)	Net change in cash and cash equivalents		12,701	(2,451)
8,398	Cash and cash equivalents at beginning of year		13,316	15,767
(9,099)	Cash and cash equivalents at end of year	C1-1	26,017	13,316
159,565	plus: Investments on hand at end of year ¹	C1-2	272,931	245,821
150,466	Total cash, cash equivalents and investments		298,948	259,137

(1) Refer to Note G4-2 for details regarding restatement of prior year.

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

Camden 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 10 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, 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.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes and are clearly marked:

- Income statement
- Statement of cash flows
- Note B5-1 Material budget variations

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties – refer Note C1-7
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6 and Note D2-1
- (iii) employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council's accounting policies

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

(ii) Council has made a significant judgement about the determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 Revenue from Contracts with Customers and / or AASB 1058 Income of Not-for-Profit Entities – refer to Notes B2-2 – B2-4.

(iii) Council has made a significant judgement about the determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

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

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, 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.

Council does not hold any monies or property that are not under control of the Council.

Macaria Gallery Ltd

Macaria Gallery Ltd is an independent company run by a board of seven directors which includes four Councillors, the General Manager and one representative each of the Tegel & Baker families. The company is the trustee of the Alan Baker Art Gallery Trust with the primary objective of collecting, promoting, preserving and exhibiting the arts. The company directs the activities of the Alan Baker Art Gallery, which occupies the historic Macaria building in Camden and displays the Alan Baker art collection.

Council is the sole member of the company.

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council dependence on Volunteer workers is not significant and these services have not been recognised in the financial statements.

Volunteers are engaged in Council's services and programs who undertake such activities of their own free will and without monetary reward. The activities undertaken are of benefit to Camden Council and the local community and complement, but do not replace the services and programs provided by paid staff.

Volunteers will work no more than 18 hours each week except for one off event based activities.

Although volunteer opportunities are open to people of all ages, there are different insurance provisions, based on age, as well as other additional checks that may be required as a volunteer.

All children under 18 years of age must have parental care permission to participate in the activity. All activities must be low risk and be included in the volunteers management system or be insured through the participating organisation.

Council has categorised their volunteers into 4 groups:

1. Regular Volunteers
2. Casual Volunteers
3. Social Volunteers
4. Advisory Committee Volunteers

A1-1 Basis of preparation (continued)

New accounting standards and interpretations issued but not yet effective

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

Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2022.

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

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

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

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

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

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

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

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

This Standard amends a number of standards as follows:

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

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

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

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

- the entity has changed accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements.
- the entity (or OLG) chose the accounting policy from one or more options permitted by Australian Accounting Standards.
- the accounting policy was developed in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* in the absence of an Australian Accounting Standard that specifically applies.
- the accounting policy relates to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy, and the entity discloses those judgements or assumptions in the financial statements

A1-1 Basis of preparation (continued)

- the accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions.

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

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

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

New accounting standards adopted during the year

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

- AASB 2022-3 *Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments*

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

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$ '000	Restated \$ '000	\$ '000	Restated \$ '000	\$ '000	Restated \$ '000	\$ '000	Restated \$ '000	\$ '000	Restated \$ '000
Functions or activities										
Managing Camden's Growth	76,606	108,826	11,541	11,814	65,065	97,012	1,106	38,517	179,170	157,874
Urban and Natural Environments	26,527	24,256	13,061	10,119	13,466	14,137	2,420	563	9,572	3,994
Prosperous Economy	1,931	729	6,876	7,909	(4,945)	(7,180)	198	300	47,174	40,753
Sustainable Transport	79,022	86,013	22,024	19,089	56,998	66,924	74,518	85,915	1,990,037	1,725,287
Enriched and Connected Community	14,990	14,422	21,498	19,157	(6,508)	(4,735)	4,384	5,448	78,659	64,612
Stong Local Leadership (Governance)	62,552	60,259	80,938	68,347	(18,386)	(8,088)	45,504	50,742	736,835	654,213
Total functions and activities	261,628	294,505	155,938	136,435	105,690	158,070	128,130	181,485	3,041,447	2,646,733

B1-2 Components of functions or activities

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

Managing Camden's Growth

Managing growth determined under the State Government's Metropolitan Strategy while retaining Camden's rural setting, country town feel and the lifestyle of the community.

Resources relating to the delivery of this strategic outcome include: Development Control, Heritage Protection and Urban and Rural Planning.

Urban and Natural Environments

A Camden in which its unique natural systems have been protected and enhanced and are enjoyed and valued by the community.

Resources relating to the delivery of this strategic outcome include: Regulating the Use of Public Areas, Public Health, Protecting Natural Environment, Parks and Playgrounds, Environmental Activities, Enforcement of Legislation and Policies and Appearance of Public Areas.

Prosperous Economy

A Camden which is characterised by vibrant town and commercial centres, thriving local businesses, stable and diverse employment opportunities, skilled local residents and a thriving tourist/visitor market.

Resources relating to the delivery of this strategic outcome include: Economic Development, Tourism and The Management of Significant Places.

Sustainable Transport

A Camden that provides an affordable, convenient and integrated public transport system for equitable access to services, facilities and places for all members of the community.

Resources relating to the delivery of this strategic outcome include: Transport Options, Road Safety, Local Traffic Management, Construction and Maintenance of Local Roads, Footpath and Kerbing.

Enriched and Connected Community

A Camden which has achieved a broad range of opportunities for a prosperous and complete lifestyle.

Resources relating to the delivery of this strategic outcome include: Recreational Services and Facilities, Community and Cultural Development & Planning, Community Support Facilities and Services, Community Safety, Community Events and Library Services.

Stong Local Leadership (Governance)

A Camden which has strong leadership who are responsible to the community and who are working together to achieve the community's vision for the future.

Resources relating to the delivery of this strategic outcome include: Strong Local Democracy, Stewardship of Community Resources, Community Engagement, Community Information, Management of Emergency Events, and Support Services.

B2 Sources of income

B2-1 Rates and annual charges

	Timing	2023 Actual \$ '000	2022 Actual \$ '000
Ordinary rates			
Residential	1058 (1)	59,444	54,942
Farmland	1058 (1)	886	851
Business	1058 (1)	11,413	10,403
Less: pensioner rebates (mandatory)	1058 (1)	(665)	(656)
Less: pensioner rebates (Council policy)	1058 (1)	(164)	–
Rates levied to ratepayers		70,914	65,540
Pensioner rate subsidies received	1058 (1)	366	362
Total ordinary rates		71,280	65,902
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)			
Domestic waste management services	1058 (1)	19,295	17,846
Section 611 charges	1058 (1)	87	61
Stormwater management levy	1058 (1)	1,007	967
Less: pensioner rebates (mandatory)	1058 (1)	(211)	(202)
Less: pensioner rebates (Council policy)	1058 (1)	(77)	(78)
Annual charges levied		20,101	18,594
Pensioner annual charges subsidies received:			
– Domestic waste management	1058 (1)	209	191
Total annual charges		20,310	18,785
Total rates and annual charges		91,590	84,687

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

- 15(1) income recognised under AASB15 “at a point in time”
- 15(2) income recognised under AASB15 “over time”
- 1058 (1) income recognised under AASB1058 “at a point in time”
- 1058 (2) income recognised under AASB1058 “over time”

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

Accounting policy

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

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners’ place of residence in the local government council area.

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

B2-2 User charges and fees

	Timing	2023 Actual \$ '000	2022 Actual \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Domestic waste management services (additional services)	15 (1)	21	22
On site sewerage inspection	15 (1)	19	34
Commercial waste management	15 (1)	770	716
On site sewerage annual charges	15 (1)	202	196
Total specific user charges		1,012	968
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Building services – other	15 (1)	2,916	3,593
Restoration works	15 (1)	754	553
Section 10.7 certificates (EP&A Act)	15 (1)	406	491
Section 603 certificates	15 (1)	221	274
Town planning	15 (1)	2,848	3,220
Other	15 (1)	735	5
Total fees and charges – statutory/regulatory		7,880	8,136
(ii) Fees and charges – other (incl. general user charges (per s608))			
Cemeteries	15 (1)	484	524
Child care	15 (1)	447	430
Parks and leisure centres	15 (2)	6,566	4,132
Public halls	15 (1)	1,350	877
Other	1058 (1)	251	265
Total fees and charges – other		9,098	6,228
Total other user charges and fees		16,978	14,364
Total user charges and fees		17,990	15,332
Timing of revenue recognition for user charges and fees			
15(1) income recognised under AASB15 “at a point in time”		11,173	10,935
15(2) income recognised under AASB15 “over time”		6,566	4,132
1058 (1) income recognised under AASB1058 “at a point in time”		251	265
Total user charges and fees		17,990	15,332

Accounting policy

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as leisure centre, 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 membership fees for the leisure centre the 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 Other revenues

	Timing	2023 Actual \$ '000	2022 Actual \$ '000
Fines	1058 (1)	58	32
Fines – parking	1058 (1)	122	41
Legal fees recovery – rates and charges (extra charges)	1058 (1)	291	–
Legal fees recovery – other	1058 (1)	42	198
Commissions and agency fees	15 (1)	120	126
Diesel rebate	15 (1)	77	71
Insurance claims recoveries ¹	1058 (1)	1,674	1,671
Sales – general	15 (1)	31	11
Employee relations	1058 (1)	122	148
Rental income – council properties	15 (1)	46	–
Risk mgmt. performance incentive rebates	1058 (1)	130	130
Contributions to long service leave – other councils	15 (1)	367	473
Energy savings certificates	15 (1)	1,056	–
Container Deposit Scheme	15 (1)	575	892
Other	1058 (1)	777	481
Total other revenue		5,488	4,274
Timing of revenue recognition for other revenue			
15(1) income recognised under AASB15 “at a point in time”		2,272	681
1058 (1) income recognised under AASB1058 “at a point in time”		3,216	3,593
Total other revenue		5,488	4,274

Accounting policy for other revenue

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

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

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

(1) in 2022/2023 Council has recovered Insurance claims of \$810k for flood damage, \$382k pertaining to a safe work matter at the Bicentennial Equestrian Park (BEP) in 2018 and \$482k relates to other insurance claims.

B2-4 Grants and contributions

		Operating 2023	Operating 2022	Capital 2023	Capital 2022
		Actual	Actual	Actual	Restated Actual
	Timing	\$ '000	\$ '000	\$ '000	\$ '000
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	1058 (1)	707	1,264	–	–
Financial assistance – local roads component	1058 (1)	558	900	–	–
Payment in advance - future year allocation					
Financial assistance – general component	1058 (1)	2,829	1,941	–	–
Financial assistance – local roads component	1058 (1)	2,086	1,389	–	–
Amount recognised as income during current year		6,180	5,494	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Better waste and recycling fund	1058 (1)	–	125	–	–
Bushfire and emergency services	1058 (1)	175	548	–	–
Community centres	1058 (2)	–	–	739	1,181
Community services	15 (2)	158	111	–	–
Economic development	15 (1)	–	8	–	–
Employment and training programs	1058 (1)	171	267	–	–
Floodplain management	15 (2)	43	–	–	–
Library – per capita	1058 (1)	326	286	–	–
Local Infrastructure Renewal Scheme subsidy	1058 (1)	35	49	–	–
Library – special projects	1058 (1)	56	45	–	11
Noxious weeds	15 (2)	43	60	–	–
Planning Studies	15 (2)	122	420	–	–
Recreation and culture	1058 (2)	706	253	2,737	7,301
Storm/flood damage	1058 (1)	1,692	1,000	2,041	–
Street lighting	1058 (1)	136	134	–	–
Transport (other roads and bridges funding)	1058 (2)	3,177	1,328	11,226	4,186
Transport (roads to recovery)	1058 (1)	–	863	793	–
Other specific grants	1058 (1)	109	119	235	–
Previously contributions:					
Other councils – joint works/services	1058 (1)	62	41	–	–
Paving	1058 (1)	17	16	–	–
Recreation and culture	1058 (1)	–	–	663	42
Transport for NSW contributions (regional roads, block grant)	1058 (1)	153	150	470	167
Other contributions	1058 (1)	267	77	–	–
Total special purpose grants and non-developer contributions – cash		7,448	5,900	18,904	12,888

B2-4 Grants and contributions (continued)

		Operating 2023	Operating 2022	Capital 2023	Capital 2022
	Timing	Actual \$ '000	Actual \$ '000	Actual \$ '000	Restated Actual \$ '000
Non-cash contributions					
Bushfire services	1058 (1)	–	–	494	296
Dedicated land under roads	1058 (1)	–	–	1,168	2,325
Dedicated drainage	1058 (1)	–	–	13,284	23,684
Dedicated open space assets	1058 (1)	–	–	168	115
Dedicated Roads	1058 (1)	–	–	17,608	34,178
Dedications - RMS	1058 (1)	–	–	15,134	222
Other	1058 (1)	–	–	575	–
Total other contributions – non-cash		–	–	48,431	60,820
Total special purpose grants and non-developer contributions (tied)		7,448	5,900	67,335	73,708
Total grants and non-developer contributions		13,628	11,394	67,335	73,708
Comprising:					
– Commonwealth funding		6,181	6,357	3,015	5,527
– State funding		7,104	4,892	15,226	7,319
– Other funding		343	145	49,094	60,862
		13,628	11,394	67,335	73,708

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

- 15(1) income recognised under AASB15 “at a point in time”
- 15(2) income recognised under AASB15 “over time”
- 1058 (1) income recognised under AASB1058 “at a point in time”
- 1058 (2) income recognised under AASB1058 “over time”

B2-4 Grants and contributions (continued)

Developer contributions

	Notes	Timing	Operating 2023 Actual \$ '000	Operating 2022 Actual \$ '000	Capital 2023 Actual \$ '000	Capital 2022 Restated Actual \$ '000
Developer contributions: (s7.4 & s7.11 - EP&A Act):	F5					
Cash contributions						
S 7.11 – contributions towards amenities/services		1058 (1)	70	36	–	–
Other section 7.11 developer contributions		1058 (1)	2,131	1,696	5	–
Open space		1058 (1)	–	–	11,502	60,375
Traffic facilities		1058 (1)	7	32	27	53
Drainage		1058 (1)	–	–	7,438	4,618
Roadworks		1058 (1)	–	–	7,271	3,634
Community facilities		1058 (1)	–	–	2,199	3,931
Total developer contributions – cash			2,208	1,764	28,442	72,611
Non-cash contributions						
VPA – dedicated drainage		1058 (1)	–	–	3,586	2,086
VPA – dedicated roads		1058 (1)	–	–	2,640	4,291
VPA – dedicated land		1058 (1)	–	–	5,422	4,156
VPA - dedicated buildings		1058 (1)	–	–	–	3,973
VPA - Open Space		1058 (1)	–	–	2,452	7,237
WIKA - Roadworks		1058 (1)	–	–	867	–
WIKA - Drainage		1058 (1)	–	–	950	–
WIKA - Land		1058 (1)	–	–	600	265
Total developer contributions non-cash			–	–	16,517	22,008
Total developer contributions			2,208	1,764	44,959	94,619
Total contributions			2,208	1,764	44,959	94,619
Total grants and contributions			15,836	13,158	112,294	168,327
Timing of revenue recognition for grants and contributions						
15(1) income recognised under AASB15 “at a point in time”			–	8	–	–
15(2) income recognised under AASB15 “over time”			366	581	–	–
1058 (1) income recognised under AASB1058 “at a point in time”			11,587	10,988	97,592	155,659
1058 (2) income recognised under AASB1058 “over time”			3,883	1,581	14,702	12,668
Total grants and contributions			15,836	13,158	112,294	168,327

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

	Operating 2023 Actual \$ '000	Operating 2022 Actual \$ '000	Capital 2023 Actual \$ '000	Capital 2022 Actual \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	3,134	959	38,657	14,150
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,765	1,386	3,815	978
Add: Funds received and not recognised as revenue in the current year	778	1,376	22,332	28,677
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(356)	(43)	(1,608)	(2,106)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(972)	(544)	(4,508)	(3,042)
Unspent funds at 30 June	5,349	3,134	58,688	38,657

Unexpended and held as externally restricted assets (operating grants)

\$5.349 million of operating grants were not expended as of 30 June 2023 being mainly the Regional and Local Roads Repair Program and the Disaster Recovery Flood Funding received in FY 2022/23 plus some smaller operating grants for example Greener our City Grants and Culture Up Late Western Sydney Program. These amounts represent a timing issue between receiving the grant and actual expenditure incurred.

Unexpended and held as externally restricted assets (capital grants)

\$58.688 million of capital grants were not expended as of 30 June 2023, these include the Accelerated Infrastructure Fund for Byron Road and Scalabrini East Design and Construction Works, Heath Road (Camden Valley Way to Dickson Road), Dickson Road and Town Centre Entry Road, Woolgen Park Road Upgrade, the Regional and Local Roads Repair Program, the Nepean River Pathway Extension, Byron Road Upgrade Design, the Design of Springfield Road, Catherine Field and Dickson Road, Leppington funding received in FY 2022/23. These amounts represent a timing issue between receiving the grant and actual expenditure incurred.

Developer contributions

Unspent funds at 1 July	-	-	193,610	133,441
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	31,299	71,501
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	(31,446)	(11,332)
Unspent contributions at 30 June	-	-	193,463	193,610

Unexpended and held as externally restricted assets (developer contributions)

This section includes the section 7.11 funds received towards the provision, extension or augmentation of local infrastructure only where development is likely to require the provision of or increase the demand for local infrastructure in new release areas; and the recoupment of the cost of providing existing local infrastructure. Refer to note G5 Developer Contributions for further details.

B2-4 Grants and contributions (continued)

Accounting policy

Grant income under AASB 15

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

The performance obligations are varied based on the agreement but include the provision of concept design, strategic business case, detailed design and final business case and delivery of events. 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.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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.

Grant income Under AASB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the asset's 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 unless they are capital grants.

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 as there is no profit margin.

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

Developer Contributions

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

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

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

B2-5 Interest and investment income

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	359	297
– Restricted funds	5,316	1,210
– General fund	3,013	576
Total interest and investment income (losses)	8,688	2,083
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
General Council cash and investments	3,372	873
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	2,878	688
– Other Developer Contributions	2,082	433
Domestic waste management operations	356	89
Total interest and investment income	8,688	2,083

Accounting policy

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

B2-6 Other income

		2023	2022
	Notes	Actual	Actual
		\$ '000	\$ '000
Reversal of impairment losses on receivables			
Other		73	–
Total reversal of impairment losses on receivables	C1-4	73	–
Fair value increment on investment properties			
Fair value increment on investment properties		7,140	4,340
Total fair value increment on investment properties	C1-7	7,140	4,340
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		1,135	1,132
Total Investment properties		1,135	1,132
Other lease income			
Leaseback fees - council vehicles		1,284	1,152
Total other lease income		1,284	1,152
Total rental income	C2-2	2,419	2,284
Fair value increment on investments			
– Movements in investments at fair value through profit and loss (CivicRisk)		110	20
Total Fair value increment on investments		110	20
Total other income		9,742	6,644

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2023 Actual \$ '000	2022 Actual \$ '000
Salaries and wages	49,555	46,265
Travel expenses	3,177	2,725
Employee leave entitlements (ELE)	6,007	4,382
Superannuation	5,573	4,780
Workers' compensation insurance	2,042	1,369
Fringe benefit tax (FBT)	429	407
Training costs (other than salaries and wages)	562	361
Protective clothing	47	40
Other	367	170
Total employee costs	67,759	60,499
Less: capitalised costs	(3,399)	(3,101)
Total employee costs expensed	64,360	57,398

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

	Notes	2023 Actual \$ '000	2022 Actual \$ '000
Advertising		61	78
Advertising – recruitment related		97	63
Agency agreements		1,199	1,383
Audit Fees	E2-1	260	271
Bank charges		220	167
Building maintenance		1,747	1,281
Community support programs		1,443	1,257
Companion animal control		190	105
Contractor costs		1,676	1,323
Councillor and Mayoral fees and associated expenses	E1-2	326	277
Electricity and heating		904	653
Emergency services		60	42
Information technology		2,751	2,179
Infrastructure maintenance and repairs		4,636	3,470
Insurance		1,823	1,330
Leisure centre and pools		6,085	4,057
Noxious weeds control		50	63
Parks and garden maintenance		5,427	4,163
Postage		209	252
Printing and stationery		395	198
Raw materials and consumables		5,651	5,923
Sec 7.11 administration – operating expenses		112	24
Street lighting		2,436	2,510
Subscriptions and publications		428	329
Telephone and communications		955	1,193
Tourism expenses (excluding employee costs)		18	–
Town Planning		249	97
Valuation fees		294	289
Waste management		9,272	8,534
Water charges		371	289
Legal expenses:			
– Legal expenses: planning and development		460	281
– Legal expenses: debt recovery		290	–
– Legal expenses: other		622	796
– Legal expenses: penalties and fines ¹		–	750
Other expenses		1,828	805
Total materials and services		52,545	44,432
Less: capitalised costs		(354)	(364)
Total materials and services		52,191	44,068

Accounting policy

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

(1) This fine in 2021/2022 related to a safe work matter at Bicentennial Equestralian Park (BEP) in 2018.

B3-3 Borrowing costs

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
(i) Interest bearing liability costs		
Interest on leases	69	36
Interest on loans	1,478	1,260
Total interest bearing liability costs expensed	1,547	1,296
Total borrowing costs expensed	1,547	1,296

Accounting policy

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

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

	Notes	2023 \$ '000	2022 Restated \$ '000
Depreciation and amortisation			
Plant and equipment		2,015	1,552
Office equipment		246	182
Furniture and fittings		416	380
Land improvements (depreciable)		1,114	832
Infrastructure:	C1-6		
– Buildings and other structures		7,499	6,711
– Roads		9,512	9,479
– Bridges		723	646
– Footpaths		2,304	2,028
– Stormwater drainage		5,379	4,765
– Other open space/recreational assets		630	580
Other assets:			
– Library books		248	235
– Other		519	516
Intangible assets	C1-8	301	321
Right of use assets	C2-1	2,017	1,952
Total depreciation and amortisation costs		32,923	30,179
Total depreciation and amortisation costs		32,923	30,179
Total depreciation, amortisation and impairment for non-financial assets		32,923	30,179

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets and Note C1-8 for intangible assets and Note C2-1 for Right of Use Assets.

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

	Notes	2023 Actual \$ '000	2022 Actual \$ '000
Impairment of receivables			
Other		–	61
Total impairment of receivables	C1-4	–	61
Other			
Contributions/levies to other levels of government			
– Department of planning levy		75	45
– Emergency services levy (includes FRNSW, SES, and RFS levies)		1,175	869
Donations, contributions and assistance to other organisations (Section 356)		382	528
Write-down of inventories held for sale or distribution		198	13
Total other		1,830	1,455
Total other expenses		1,830	1,516

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

	Notes	2023 Actual \$ '000	2022 Actual \$ '000
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		189	382
Less: carrying amount of plant and equipment assets sold/written off		(205)	(318)
Gain (or loss) on disposal		(16)	64
Gain (or loss) on disposal of infrastructure	C1-6		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets written off		(3,479)	(2,042)
Gain (or loss) on disposal		(3,479)	(2,042)
Gain (or loss) on Biodiversity Credits	C1-5		
Proceeds from disposal – Biodiversity Credits		728	–
Less: carrying amount of Biodiversity Credits		(320)	–
Gain (or loss) on disposal		408	–
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		215,000	181,000
Less: carrying amount of investments sold/redeemed/matured		(215,000)	(181,000)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(3,087)	(1,978)

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

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

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	92,531	91,590	(941)	(1)% U
User charges and fees	19,680	17,990	(1,690)	(9)% U
Other revenues	1,218	5,488	4,270	351% F
Income from Other Revenues exceeded budget expectations by \$4.270M. This is primarily a result of additional revenue from insurance recoveries of \$1.67M in relation to the July 2022 floods and an increase in revenue of \$1.056M from the sale of energy savings certificates. There were also increases in other revenue when compared to original budget with respect to land use planning proposals, the resumption of debt recovery activities and additional infringement notice income.				
Operating grants and contributions	8,810	15,836	7,026	80% F
Income from Operating Grants and Contributions exceeded budget expectations by \$7.026M. This increase is due to several additional grants received during the year, which included \$4.26M in relation to flood and storm damage repair works and an adjustment in relation to the timing and the amount received for the Financial Assistance Grant of \$1.98M.				
Capital grants and contributions	164,309	112,294	(52,015)	(32)% U
Income from Capital Grants and Contributions was below budget expectations by \$52.015M. This was primarily due to a lower than expected level of non-cash capital dedications of \$59M. The timing and receipt of dedicated infrastructure is driven through the development process and can be difficult to predict. This reduction was partly offset by additional capital grants of \$7.71M which related to primarily storm and flood recovery capital works.				
Interest and investment revenue	2,511	8,688	6,177	246% F
Income from Interest and Investment revenue exceeded budget expectations by \$6.177M due to higher than expected interest rates when compared to original budget forecasts. This was driven through several increases in the official cash rate announced by the Reserve Bank of Australia (RBA) over the course of the 2022/23 financial year. Council also realised a greater pool of funds available for investment due to the advance payment of a number of infrastructure grants from other tiers of government and additional developer contributions income.				
Other income	2,645	9,742	7,097	268% F
Other Income exceeded budget expectations by \$7.097M. This is primarily due to the non-cash fair value movement in Council's investment properties of \$7.104M. This is a non-cash movement which Council does not budget for.				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Employee benefits and on-costs	59,626	64,360	(4,734)	(8)% U
Materials and services	53,214	52,191	1,023	2% F
Borrowing costs	1,358	1,547	(189)	(14)% U
Borrowing costs exceeded budget by \$189K due to an increase in the interest rate on loan borrowings when compared to the forecast assumptions used as part of the original budget.				
Depreciation, amortisation and impairment of non-financial assets	35,000	32,923	2,077	6% F
Other expenses	2,810	1,830	980	35% F
Other expenses were below budget expectation for the 2022/23 financial year by \$0.980M. This is primarily due to the reclassification of a number of expenditure disclosures to Materials and Services.				
Net losses from disposal of assets	-	3,087	(3,087)	∞ U
The variance is primarily due to non-cash adjustments which are not included in Council's original budget forecasts.				

Statement of cash flows

Cash flows from operating activities	67,175	101,745	34,570	51% F
Cashflow from operating activities was above budget expectations by \$44.846M. This is primarily a result of an increase in developer contributions and grants, and the payment of bonds and deposits that were not known at the time of preparing the budget.				
Cash flows from investing activities	(93,401)	(92,399)	1,002	(1)% F
Cashflow from investing activities is below budget expectation by \$9.274M. This is primarily due to a higher than expected increase in Council's investment portfolio.				
Cash flows from financing activities	8,729	3,355	(5,374)	(62)% U
Cashflow from financing activities were below budget expectations by \$5.374M. This variance primarily relates a deferment (reduction) in loan funding of \$3.0M, in line with a revised program of capital expenditure adopted by Council as part of the 2023/24 Budget. There was also an increase in lease payments of \$2.1M.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
Cash assets		
Cash on hand and at bank	1,767	7,316
Cash equivalent assets		
Deposits at call	14,250	6,000
Term Deposit <90 Days	10,000	–
Total cash and cash equivalents	26,017	13,316

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	26,017	13,316
Balance as per the Statement of Cash Flows	26,017	13,316

Accounting policy

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

C1-2 Financial investments

	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000
Financial assets at fair value through the profit and loss				
Civic Risk	–	231	–	121
Total	–	231	–	121
Debt securities at amortised cost				
Term deposits	272,200	500	215,000	30,700
Total	272,200	500	215,000	30,700
Total financial investments	272,200	731	215,000	30,821
Total cash assets, cash equivalents and investments	298,217	731	228,316	30,821

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

Financial assets through profit or loss

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

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

Interest in insurance mutuals

Council is member of CivicRisk Mutual Ltd (CRM Ltd) which is a company limited by guarantee owned and operated by its member Councils in NSW. CRM Ltd provides members protection which includes mutual self-insurance, group insurance arrangements and risk management support for general insurance lines of cover (excluding workers compensation). The member designed Constitution and Membership Rules ensures members are provided with a right to the surplus or deficit in protection years in which they were members.

Up until 1 July 2020, Council was a member of CivicRisk West and CivicRisk Mutual which were joint ventures operating for the same purpose as CRM Ltd since the late 1980's. The members decided to novate assets, liabilities and members equity of the joint ventures into CRM Ltd for compliance and efficiency reasons.

C1-2 Financial investments (continued)

The interest in CRM Ltd is accounted for as a financial asset in accordance with AASB 9 and held at fair value. Council's interest in its share of the surplus is calculated by CRM Ltd's Actuary, and changes in fair value recognized, as an increase or decrease through its income statement at each reporting period. Fair value is calculated using the income approach whereby expected future cash flows are discounted to present value. Expected cash flows include investment income.

	2022/2023
	\$'000
Reconciliation	
Opening Balance	121
Write down to fair value 1 July 2022	(15)
Fair Value at 1 July 2022	106
Fair Value of CRM Ltd operations in 2022/2023	125
Fair Value at end of year	231

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

	2023	2022
	Actual	Restated
	\$ '000	Actual
		\$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	298,948	259,137
Less: Externally restricted cash, cash equivalents and investments	<u>(240,780)</u>	<u>(203,157)</u>
Cash, cash equivalents and investments not subject to external restrictions	58,168	55,980
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>45,121</u>	<u>33,121</u>
External restrictions – included in liabilities	45,121	33,121
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	<u>176,816</u>	<u>156,986</u>
Domestic waste management	<u>10,118</u>	<u>9,116</u>
Stormwater management levy	<u>716</u>	<u>541</u>
Specific purpose unexpended grants (recognised as revenue) – general fund	<u>8,009</u>	<u>3,393</u>
External restrictions – other	195,659	170,036
Total external restrictions	240,780	203,157

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.

	2023	2022
	Actual	Restated
	\$ '000	Actual
		\$ '000
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	58,168	55,980
Less: Internally restricted cash, cash equivalents and investments	<u>(57,044)</u>	<u>(54,174)</u>
Unrestricted and unallocated cash, cash equivalents and investments	1,124	1,806

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

	2023	2022
	Actual	Restated
	\$ '000	Actual
		\$ '000
Internal allocations		
Plant and vehicle replacement	2,998	2,240
Employees leave entitlement	1,858	2,571
Deposits, retentions and bonds	25,526	23,358
Revote/carry forward reserve	1,253	2,437
Asset renewal reserve	565	755
Camden parking reserve	121	121
Capital works reserve	716	1,664
Cemetery improvements	2,424	2,064
Camden Regional Economic Taskforce	50	50
Commercial waste services	1,813	1,413
CSP 3 Loan Reserve	3,793	1,896
Contributions Reserve	1,023	224
Information technology reserve	932	675
Elections reserve	309	163
Engineering services deposits	194	225
Family day care trust	73	149
Technology improvement reserve	1,920	1,707
Public appeals reserve	14	14
Risk management reserve	126	706
BEP & Town Farm reserve	368	464
Stormwater management (general fund)	113	398
Water savings action plan reserve	166	151
Working funds reserve	2,034	559
Unexpended grants reserve	5,627	3,330
Unexpended loans reserve	2,314	6,156
Central Administration Building	302	395
Work Health & Safety Reserve	412	289
Total internal allocations	57,044	54,174

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

	2023	2022
	Actual	Restated
	\$ '000	Actual
		\$ '000
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	1,124	1,806

C1-4 Receivables

	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000	2022 Current Restated Actual \$ '000	2022 Non-current Restated Actual \$ '000
Rates and annual charges	6,199	–	5,975	–
Interest and extra charges	339	–	309	–
User charges and fees	208	–	196	–
Restoration and private works	285	–	260	–
Accrued revenues				
– Oran Park Leisure Centre VPA	16,612	–	36,612	–
– Grant income accruals	6,488	–	4,680	–
– Interest on investments	4,227	–	795	–
– Other income accruals	861	–	270	–
Government grants and subsidies	4,419	–	597	–
Health and environment inspections	18	–	30	–
Leisure centre contracts	218	–	1,553	–
Net GST receivable	1,566	–	1,305	–
Section 7.11 contributions	35	–	12	–
Insurance recoveries	1,582	–	650	–
Air Bridge Lease Receivable	60	2,571	61	2,631
Biodiversity Conservation Trust (BCT)	–	1,727	–	999
Other debtors	2,159	–	1,619	–
Total	45,276	4,298	54,924	3,630
Less: provision for impairment				
Other debtors	(82)	–	(174)	–
Total provision for impairment – receivables	(82)	–	(174)	–
Total net receivables	45,194	4,298	54,750	3,630
Externally restricted receivables				
Domestic waste management	1,346	–	1,301	–
Stormwater management	57	–	60	–
Other				
Oran Park Leisure Centre VPA	16,612	–	36,612	–
Government Grants	10,907	–	5,277	–
Section 7.11 contributions	35	–	12	–
Biodiversity Conservation Trust (BCT)	–	1,727	–	999
Total external restrictions	28,957	1,727	43,262	999
Internally restricted receivables				
Revote Reserve	5,012	–	5,335	–
Capital Works Reserve	1,642	–	–	–
Commercial Waste Reserve	16	–	16	–
Internally restricted receivables	6,670	–	5,351	–
Unrestricted receivables	9,567	2,571	6,137	2,631
Total net receivables	45,194	4,298	54,750	3,630

C1-4 Receivables (continued)

	2023 Actual \$ '000	2022 Actual \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	174	115
+ new provisions recognised during the year	45	62
– amounts already provided for and written off or reversed this year	<u>(137)</u>	<u>(3)</u>
Balance at the end of the year	<u>82</u>	<u>174</u>

Accounting policy

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

Impairment

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

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

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

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

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

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

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

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

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.

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

	2023 Current	2023 Non-current	2022 Current Restated	2022 Non-current
	Actual \$ '000	Actual \$ '000	Actual \$ '000	Actual \$ '000
(i) Inventories at cost				
Stores and materials	349	-	437	-
Trading stock	26	-	29	-
Stores and materials – domestic waste	-	-	12	-
Biodiversity Credits	3,082	-	3,402	-
Total inventories at cost	3,457	-	3,880	-
Total inventories	3,457	-	3,880	-

Externally restricted assets

	2023 Current	2023 Non-current	2022 Current	2022 Non-current
	Actual \$ '000	Actual \$ '000	Actual \$ '000	Actual \$ '000
Domestic waste management				
Stores and materials	-	-	12	-
Total domestic waste management	-	-	12	-
Total externally restricted assets	-	-	12	-
Total unrestricted assets	3,457	-	3,868	-
Total inventories	3,457	-	3,880	-

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Infrastructure, property, plant and equipment

	At 1 July 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
By aggregated asset class	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	49,523	–	49,523	–	50,126	–	–	(24,526)	(1,285)	–	73,838	–	73,838
Plant and equipment	25,566	(11,333)	14,233	–	3,135	(205)	(2,015)	102	–	–	28,222	(12,972)	15,250
Office equipment	6,192	(5,321)	871	–	48	–	(246)	–	–	–	6,244	(5,567)	677
Furniture and fittings	4,490	(3,279)	1,211	–	67	–	(416)	–	–	–	4,553	(3,694)	859
Land:													
– Land	280,591	–	280,591	–	20,068	–	–	–	–	23,262	323,921	–	323,921
– Land under roads	209,435	–	209,435	–	1,507	(9)	–	–	–	95,319	306,251	–	306,251
Land improvements – non-depreciable	6,535	–	6,535	–	9	(68)	–	367	–	651	7,494	–	7,494
Land improvements – depreciable	34,473	(9,623)	24,850	49	167	(111)	(1,114)	4,436	–	2,252	42,196	(11,666)	30,530
Infrastructure:													
– Buildings and other structures	298,890	(83,076)	215,814	1,586	3,300	(218)	(7,499)	6,891	–	11,993	325,284	(93,420)	231,864
– Roads	881,206	(220,770)	660,436	5,018	16,543	(1,304)	(9,512)	5,354	–	17,116	928,786	(235,134)	693,652
– Bridges	71,660	(16,790)	54,870	1,213	1,362	(160)	(723)	1,971	–	8,406	85,596	(18,656)	66,940
– Footpaths	195,534	(44,321)	151,213	1,157	12,638	(468)	(2,304)	2,426	–	7,822	221,486	(49,002)	172,484
– Bulk earthworks (non-depreciable)	63,999	–	63,999	32	2,812	(24)	–	518	–	20,990	88,327	–	88,327
– Stormwater drainage	617,413	(82,272)	535,141	247	20,169	(879)	(5,379)	1,738	–	61,011	704,962	(92,915)	612,047
– Other open space/recreational assets	15,012	(4,699)	10,313	121	93	(239)	(630)	723	–	875	16,889	(5,632)	11,257
Other assets:													
– Library books	4,977	(3,515)	1,462	–	291	–	(248)	–	–	–	5,268	(3,762)	1,506
– Other	8,075	(6,495)	1,580	–	477	–	(519)	–	–	–	8,552	(7,014)	1,538
Total infrastructure, property, plant and equipment	2,773,571	(491,494)	2,282,077	9,423	132,812	(3,685)	(30,605)	–	(1,285)	249,697	3,177,869	(539,434)	2,638,435

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

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

	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022			
	Gross carrying amount Restated	Accumulated depreciation Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets Restated	Carrying value of disposals	Depreciati- on expense Restated	WIP transfers	Adjustme- nts and transfers Restated	Revaluati- on decrements to equity (ARR)	Revaluati- on increments to equity (ARR) Restated	Gross carrying amount Restated	Accumulated depreciation Restated	Net carrying amount Restated
By aggregated asset class	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	31,953	–	31,953	549	27,964	–	–	(10,563)	(380)	–	–	49,523	–	49,523
Plant and equipment	22,754	(11,030)	11,724	–	4,268	(318)	(1,552)	111	–	–	–	25,566	(11,333)	14,233
Office equipment	5,673	(5,140)	533	–	296	–	(182)	223	–	–	–	6,192	(5,321)	871
Furniture and fittings	4,259	(2,899)	1,360	–	87	–	(380)	144	–	–	–	4,490	(3,279)	1,211
Land:														
– Land	279,620	–	279,620	–	9,932	–	–	309	–	(9,270)	–	280,591	–	280,591
– Land under roads	165,869	–	165,869	–	2,125	–	–	55	–	–	41,386	209,435	–	209,435
Land improvements – non-depreciable	5,079	–	5,079	–	1,065	(32)	–	–	–	–	423	6,535	–	6,535
Land improvements – depreciable	26,207	(7,311)	18,896	26	863	(208)	(832)	2,753	1,950	–	1,401	34,473	(9,623)	24,850
Infrastructure:														
– Buildings and other structures	259,822	(79,809)	180,013	1,233	8,211	(354)	(6,711)	4,689	(1,044)	–	29,776	298,890	(83,076)	215,814
– Roads	806,618	(186,786)	619,832	3,965	29,363	(1,258)	(9,479)	1,601	(2,362)	–	18,774	881,206	(220,770)	660,436
– Bridges	61,392	(14,146)	47,246	–	4,688	(4)	(646)	–	1,166	–	2,419	71,660	(16,790)	54,870
– Footpaths	178,046	(37,049)	140,997	133	7,859	(67)	(2,028)	94	(2)	–	4,228	195,534	(44,321)	151,213
– Bulk earthworks (non-depreciable)	58,368	–	58,368	–	1,548	–	–	–	461	–	3,621	63,999	–	63,999
– Stormwater drainage	551,837	(64,379)	487,458	11	26,427	(28)	(4,765)	94	(172)	–	26,118	617,413	(82,272)	535,141
– Other open space/recreational assets	13,295	(3,029)	10,266	271	136	(92)	(580)	490	3	(181)	–	15,012	(4,699)	10,313
Other assets:														
– Library books	4,703	(3,279)	1,424	–	274	–	(235)	–	–	–	–	4,977	(3,515)	1,462
– Other	7,581	(5,979)	1,602	–	495	–	(516)	–	–	–	–	8,075	(6,495)	1,580
Total infrastructure, property, plant and equipment	2,483,076	(420,836)	2,062,240	6,188	125,601	(2,361)	(27,906)	–	(380)	(9,451)	128,146	2,773,571	(491,494)	2,282,077

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

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

Accounting policy

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every three 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.

Infrastructure, property, plant and equipment are measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

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

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

Land is not depreciated. 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:

Asset descriptions	Useful lives
Plant and equipment	3-15
Office equipment	3-10
Furniture and fittings	3-10
Land improvements - depreciable	20-50
Infrastructure:	
– Buildings and other structures	15-150
– Roads	20-100
– Bridges	50-100
– Footpaths	20-80
– Stormwater drainage	10-150
– Open space / recreational assets	10-50
Other assets:	
– Library books	5-10
– Other	5-10

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

Land under roads

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

Council has elected to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

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

Crown reserves

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

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

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

Rural Fire Service assets

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

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

C1-7 Investment properties

	2023 \$ '000	2022 \$ '000
Owned investment property		
Investment property on hand at fair value	45,960	38,820
Total owned investment property	45,960	38,820

Owned investment property

At fair value

Opening balance at 1 July	38,820	34,480
Net gain/(loss) from fair value adjustments	7,140	4,340
Closing balance at 30 June	45,960	38,820

Accounting policy

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

Valuation Basis

The basis of valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 2023 revaluations were based on independent assessments made by Civiciand Property Consultants and Valuers Pty Ltd - ACN 630 673 853 in June 2023.

C1-8 Intangible assets

Intangible assets are as follows:

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
Software		
Opening values at 1 July		
Gross book value	2,578	2,291
Accumulated amortisation	(1,798)	(1,476)
Net book value – opening balance	780	815
Movements for the year		
Purchases	269	286
Amortisation charges	(301)	(321)
Closing values at 30 June		
Gross book value	2,847	2,578
Accumulated amortisation	(2,099)	(1,798)
Total software – net book value	748	780
Total intangible assets – net book value	748	780

Accounting policy

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

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

C1-9 Other

Other assets

	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000
Prepayments	1,283	-	1,100	-
Information technology holding account	15	-	30	-
Refundable Bonds	545	-	545	-
Telecommunication Special Redemption Fund (SRF)	133	-	133	-
Total other assets	1,976	-	1,808	-

Current other assets not anticipated to be settled within the next 12 months

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

	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000
Total unrestricted assets	1,976	-	1,808	-
Total other assets	1,976	-	1,808	-

C2 Leasing activities

C2-1 Council as a lessee

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

Vehicles

Council leases vehicles and equipment with lease terms varying from 1 to 4 years; the lease payments are fixed during the lease term and there is generally no renewal option exercised.

Each car has a separate lease and can vary in terms based of estimated distance travelled each year.

Some running costs are part of the costs charged from the leasing company but are treated as a separate cost to leasing and are expensed as materials in the year incurred.

Gym equipment

Council leases gym equipment on fixed term lease for approximately 5 years with option to further renewal. The lease payments are fixed during the term of the lease.

Office and IT equipment

Leases for office and IT equipment are generally items such as photocopiers. The leases are for approximately 5 years with no renewal option, the payments are fixed, however some of the leases include payments based on usage, which are included as expenses in Materials and Services Note B3-2.

Extension options

Council's lease for vehicles and gym equipment have an extension option but Council does not normally exercise this provision, however there have been times where this option has been taken up due to the plant & equipment availability.

There has been no inclusion for extension options for the future other than known extensions which have been included in the current lease liability.

(a) Right of use assets

	Plant & Equipment Actual \$ '000	Office Equipment Actual \$ '000	Total Actual \$ '000
2023			
Opening balance at 1 July	1,562	289	1,851
Additions to right-of-use assets	2,468	130	2,598
Depreciation of right-of-use assets	(1,874)	(144)	(2,018)
Balance at 30 June	2,156	275	2,431
2022			
Opening balance at 1 July	1,472	376	1,848
Additions to right-of-use assets	1,829	126	1,955
Depreciation of right-of-use assets	(1,739)	(213)	(1,952)
Balance at 30 June	1,562	289	1,851

(b) Lease liabilities

	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000
Lease liabilities	1,520	946	1,287	707
Total lease liabilities	1,520	946	1,287	707

C2-1 Council as a lessee (continued)

(c) (i) The maturity analysis

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

	< 1 year Actual \$ '000	1 – 5 years Actual \$ '000	> 5 years Actual \$ '000	Total Actual \$ '000	Total per Statement of Financial Position Actual \$ '000
2023					
Cash flows	1,520	946	–	2,466	2,466
2022					
Cash flows	1,287	707	–	1,994	1,994

(ii) Lease liabilities relating to unrestricted assets

	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000
Total lease liabilities relating to unrestricted assets	1,520	946	1,287	707
Total lease liabilities	1,520	946	1,287	707

(d) Income Statement

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

	2023 Actual \$ '000	2022 Actual \$ '000
Interest on lease liabilities	69	36
Depreciation of right of use assets	2,018	1,952
Expenses relating to short-term leases	–	25
Lease Modifications (ordinary leases)	(3)	–
	2,084	2,013

(e) Statement of Cash Flows

Interest Payments	70	39
Short term lease	–	25
Lease Payments	2,125	1,884
Total Cash outflow for Leases	2,195	1,948

C2-1 Council as a lessee (continued)

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

Council has a number of leases at significantly below market for office space which are used for general office operations.

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

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

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties. These leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer Note C1-7) and property, plant and equipment (refer to Note C1-6) in the Statement of Financial Position.

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

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

(i) Assets held as investment property

Council has 7 Investment Properties in which 5 were leased during the 2022/2023 Financial Year.

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

Lease income (excluding variable lease payments not dependent on an index or rate)	1,135	1,132
Total income relating to operating leases for investment property assets	1,135	1,132

Operating lease expenses

Direct operating expenses that generated rental income	48	92
Total expenses relating to operating leases	48	92

Repairs and maintenance: investment property

Contractual obligations for future repairs and maintenance	21	21
Total repairs and maintenance: investment property	21	21

(ii) Assets held as property, plant and equipment

This comprises of Council's Employee contributions towards the leasing of its motor vehicle fleet.

Lease income (excluding variable lease payments not dependent on an index or rate)	1,284	1,152
Total income relating to operating leases for Council assets	1,284	1,152

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

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

< 1 year	1,175	1,065
1–2 years	1,212	1,037
2–3 years	1,184	1,018
3–4 years	1,181	1,012
4–5 years	585	1,019
> 5 years	2,172	2,205
Total undiscounted lease payments to be received	7,509	7,356

C3 Liabilities of Council

C3-1 Payables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Government departments and agencies	–	–	103	–
Prepaid rates	2,084	–	2,012	–
Goods and services – operating expenditure	9,652	11	6,735	9
Accrued expenses:				
– Borrowings	539	–	533	–
– Salaries and wages	1,197	–	903	–
– Interest on leases	3	–	4	–
Security bonds, deposits and retentions	24,751	–	23,022	–
Section 7.11 – works in kind agreements	12,722	–	–	12,854
Section 7.11 - Land Purchase	9,956	–	–	–
Other	124	–	131	–
Total payables	61,028	11	33,443	12,863

Payables relating to restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Externally restricted assets				
Section 7.11 - Works in kind agreements	12,722	–	–	12,854
Section 7.11 - Land purchase	9,956	–	–	–
Payables relating to externally restricted assets	22,678	–	–	12,854
Total payables relating to restricted assets	22,678	–	–	12,854
Total payables relating to unrestricted assets	38,350	11	33,443	9
Total payables	61,028	11	33,443	12,863

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

	2023 Actual \$ '000	2022 Actual \$ '000
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	21,107	19,376
Total payables	21,107	19,376

Accounting policy

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

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

Payables

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

C3-2 Contract Liabilities

	Notes	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	54,504	–	36,680	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	1,524	–	1,718	–
Total grants received in advance		56,028	–	38,398	–
User fees and charges received in advance:					
Leisure centre	(iii)	165	–	169	–
Statutory and regulatory fees	(iv)	566	–	–	–
Other		610	–	359	–
Total user fees and charges received in advance		1,341	–	528	–
Total contract liabilities		57,369	–	38,926	–

Notes

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

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

(iii) Upfront membership fees for the leisure centre do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life.

(iv) Statutory and regulatory fees (development application income) is recognised as a contract liability on receipt and recognised as revenue when performance obligation is satisfied.

Contract liabilities relating to restricted assets

	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000
Externally restricted assets				
Unspent grants held as contract liabilities	56,028	–	38,398	–
Contract liabilities relating to externally restricted assets	56,028	–	38,398	–
Total contract liabilities relating to restricted assets	56,028	–	38,398	–
Total contract liabilities relating to unrestricted assets	1,341	–	528	–
Total contract liabilities	57,369	–	38,926	–

C3-2 Contract Liabilities (continued)

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

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	4,508	3,042
Operating grants (received prior to performance obligation being satisfied)	972	544
Total revenue recognised that was included in the contract liability balance at the beginning of the period	5,480	3,586

Significant changes in contract liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in contract liabilities for 2022/2023 is primarily due to additional grant funding secured in relation to new growth precincts.

Accounting policy

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

C3-3 Borrowings

	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000
Loans – secured ¹	3,390	43,160	3,071	37,999
Total borrowings	3,390	43,160	3,071	37,999

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

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

Borrowings relating to restricted assets

	2023 Current Actual \$ '000	2023 Non-current Actual \$ '000	2022 Current Actual \$ '000	2022 Non-current Actual \$ '000
Total borrowings relating to restricted assets	–	–	–	–
Total borrowings relating to unrestricted assets	3,390	43,160	3,071	37,999
Total borrowings	3,390	43,160	3,071	37,999

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

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

Total borrowings	–	–
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(a) Changes in liabilities arising from financing activities

	2022		Non-cash movements				2023
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	41,070	5,480	–	–	–	–	46,550
Lease liability (Note C2-1b)	1,994	(2,125)	2,598	–	–	–	2,467
Total liabilities from financing activities	43,064	3,355	2,598	–	–	–	49,017

	2021		Non-cash movements				2022
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	35,616	5,454	–	–	–	–	41,070
Lease liability (Note C2-1b)	1,925	(1,885)	1,954	–	–	–	1,994
Total liabilities from financing activities	37,541	3,569	1,954	–	–	–	43,064

C3-3 Borrowings (continued)

(b) Financing arrangements

	2023 Actual \$ '000	2022 Actual \$ '000
Total facilities		
Bank overdraft facilities ¹	150	150
Credit cards/purchase cards	450	450
Master lease facilities ²	500	–
Total financing arrangements	1,100	600
Undrawn facilities		
– Bank overdraft facilities	150	150
– Credit cards/purchase cards	450	450
– Lease facilities	500	–
Total undrawn financing arrangements	1,100	600

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

(2) Council entered into a master lease facility during 2023 for ICT equipment which can be used for future capital replacement programs.

Accounting policy

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

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

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

C3-4 Employee benefit provisions

	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
	Actual	Actual	Actual	Actual
	\$ '000	\$ '000	\$ '000	\$ '000
Annual leave	4,903	–	5,090	–
Long service leave	9,859	293	9,484	282
Total employee benefit provisions	14,762	293	14,574	282

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

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

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

Provisions – employees benefits	9,869	10,375
	9,869	10,375

Description of and movements in provisions

	ELE provisions		
	Annual leave	Long service leave	Total
	\$ '000	\$ '000	\$ '000
2023			
At beginning of year	5,090	9,766	14,856
Additional provisions	4,036	2,049	6,085
Amounts used (payments)	(4,223)	(1,663)	(5,886)
Total ELE provisions at end of year	4,903	10,152	15,055
2022			
At beginning of year	4,757	10,748	15,505
Additional provisions	3,674	665	4,339
Amounts used (payments)	(3,341)	(1,647)	(4,988)
Total ELE provisions at end of year	5,090	9,766	14,856

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

C3-4 Employee benefit provisions (continued)

the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

On-costs

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk. Financial risk management is carried out by Council's finance section under policies approved by the Council. A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

	Carrying value 2023 \$ '000	Carrying value 2022 Restated \$ '000	Fair value 2023 \$ '000	Fair value 2022 Restated \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	26,017	13,316	26,017	13,316
Receivables	49,492	58,380	49,492	58,380
Investments				
– Debt securities at amortised cost	272,700	245,700	272,700	245,700
Fair value through profit and loss				
Investments				
– Held for trading	231	121	231	121
Total financial assets	348,440	317,517	348,440	317,517
Financial liabilities				
Payables	61,039	46,306	61,039	46,306
Loans/advances	46,550	41,070	46,550	41,070
Lease liabilities	2,466	1,994	2,466	1,994
Total financial liabilities	110,055	89,370	110,055	89,370

Fair value is determined as follows:

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

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. Council's finance area manages the cash and Investments portfolio with the assistance of an independent advisor.

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

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

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

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

(a) Market risk – interest rate and price risk

	2023 \$ '000	2022 \$ '000
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The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Impact of a 1% movement in interest rates

– Equity / Income Statement	2,727	2,457
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(b) Credit risk

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

Council typically manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. However, over the course of the 2020/21 financial year, Council introduced a range of measures in response to the COVID-19 Pandemic. This included the suspension of debt recovery on overdue amounts. Debt Recovery actions recommenced during the 2022/2023 Financial year.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Council makes suitable provision for expected credit losses as required and carries out credit checks on most non-rate debtors. There are no material receivables that have been subjected to a re-negotiation of repayment terms.

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to 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.

	Not yet overdue \$ '000	overdue rates and annual charges < 5 years \$ '000	≥ 5 years \$ '000	Total \$ '000
2023				
Gross carrying amount	–	6,199	–	6,199
2022				
Gross carrying amount	–	5,975	–	5,975

Receivables - non-rates and annual charges and contract assets

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

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts			Total \$ '000
			31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2023						
Gross carrying amount	9,595	27,447	4,767	–	–	41,809
Expected loss rate (%)	0.00%	0.00%	1.74%	0.00%	0.00%	0.20%
ECL provision	–	–	82	–	–	82

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

	Not yet overdue Restated \$ '000	Overdue debts				Total Restated \$ '000
		0 - 30 days \$ '000	31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2022						
Gross carrying amount	43,663	3,723	3,797	–	–	51,183
Expected loss rate (%)	0.00%	0.00%	4.56%	0.00%	0.00%	0.34%
ECL provision	–	–	174	–	–	174

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in:			Total cash outflows \$ '000	Actual carrying values \$ '000
			≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000		
2023							
Borrowings	4.64%	–	3,390	15,693	27,467	46,550	46,550
Payables	0.00%	24,751	23,555	12,733	–	61,039	61,039
Total financial liabilities		24,751	26,945	28,426	27,467	107,589	107,589
2022							
Borrowings	4.51%	–	3,071	13,419	24,580	41,070	41,070
Payables	0.00%	23,022	10,421	12,863	–	46,306	46,306
Total financial liabilities		23,022	13,492	26,282	24,580	87,376	87,376

D2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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

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

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

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

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

D2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022 Restated	2023	2022 Restated
Recurring fair value measurements							
Investment property C1-7							
Properties		45,960	38,820	–	–	45,960	38,820
Total investment property		45,960	38,820	–	–	45,960	38,820
Infrastructure, property, plant and equipment C1-6							
Land		157,540	157,540	166,381	123,051	323,921	280,591
Land under Roads		–	–	306,251	209,435	306,251	209,435
Land Improvements		–	–	38,024	31,385	38,024	31,385
Buildings and Other Structures		–	–	231,864	215,814	231,864	215,814
Roads		–	–	693,652	660,436	693,652	660,436
Bridges		–	–	66,940	54,870	66,940	54,870
Footpaths		–	–	172,484	151,213	172,484	151,213
Bulk Earthworks		–	–	88,327	63,999	88,327	63,999
Stormwater Drainage		–	–	612,047	535,141	612,047	535,141
Other Open Space / Recreational Assets		–	–	11,257	10,313	11,257	10,313
Other Assets		–	–	3,044	3,042	3,044	3,042
Total infrastructure, property, plant and equipment		157,540	157,540	2,390,271	2,058,699	2,547,811	2,216,239

Valuation techniques

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

Investment property**Land - Operational and Investment properties**

Level two valuation input were used to value land held in freehold title as well as land used for special purposes which is restricted in use under current zoning rules. Sales proceeds of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Building and Investments properties

The commercial property market across the Macarthur region has shown clear signs of improvement over the last three (3) years with an increase in sale volumes and escalating values. Specialised buildings were valued using the cost approach using registered valuers. The unit rate based on square meters could be supported from market evidence.

Infrastructure, property, plant and equipment (IPPE)**Land - Operational Land**

This asset class contains land defined as operational land in accordance with the NSW Local Government Act 1993. Council valued operational land at fair value in June 2022. Operational land values were provided by an external valuer (Scott Fullarton Valuations Pty Ltd).

Generally fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that agency management would rationally pay to acquire the asset if it did not hold it, taking into account; quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset and cash flows from the future use and disposal.

D2-1 Fair value measurement (continued)

There has been no change to the valuation process for this asset class during this reporting period.

Land - Community Land

This asset class contains land defined as community land in accordance with the NSW Local Government Act 1993. Community land is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access. Therefore there a number of restrictions on community land including that; it cannot be sold, cannot be leased for more than 21 years, and must have a plan of management.

Councils are permitted to use the NSW Valuer General's valuations to represent fair valuation for the revaluation of community land. Camden Council has adopted this approach for the valuation of its community land assets. Community land was valued as at 30 June 2023 using the NSW Valuer General's valuations.

There has been no change to the valuation process for this asset class during this reporting period.

Land under Roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. All land under roads has been recognised on an Englobo valuation basis, based upon a municipal rate. The Englobo basis of valuation is based on the concept of developing a raw land value for land under roads.

Land under roads were revalued as at 30 June 2023 financial year, the value being calculated according to the revised municipal rate. Council uses the englobo basis for valuation and as per the methodology a discount rate of 90% is applied for Land under roads. There has been no change to the valuation process for this asset class during this reporting period.

Land Improvements

This asset class contains all works carried out on land to improve its utility, service potential or make it ready for an identified use. It includes items such as but not limited to playing courts and fields, irrigation and landscaping. In 2020-21, valuations were undertaken for this Asset Category and were completed by Council staff using the depreciated replacement cost. To estimate the replacement cost rates for this Asset Category, the following sources were accessed:

- Cordell's Cost Estimating Guide June 2021
- Rawlinson's – 2021 – Australian Construction Handbook and/or
- Actual supplied project cost rates for unique items.

The inputs used to value these assets, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this class of asset during the reporting period.

Buildings and Other Structures - Buildings (Specialised & Non Specialised)

Council's buildings (specialised and non-specialised) were valued by an external valuer in June 2022. The valuations were provided by Scott Fullarton Valuations Pty Ltd(SFV).

Non- specialised buildings were valued as per market approach and specialised buildings were valued at cost approach.

SFV's schedule provides the gross replacement cost of a modern equivalent asset for 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. Gross replacement cost rates have been determined utilising local projects/data, where available, local knowledge and SFV's database which analyses "new" builds by other Councils and is verified by first principle calculations. Data sources, also, included current published reference rates from Rawlinsons Construction Handbook. Whilst each building was physically inspected, the inputs used to value these assets, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this asset class during this reporting period.

Buildings and Other Structures - Other Structures

This asset class contains all other structures not included in the category of buildings that are controlled by Council and have been constructed for a variety of purposes.

D2-1 Fair value measurement (continued)

- Other Structures - In 2020-21, valuations were undertaken for this Asset Category and were completed by Council staff using the depreciated replacement cost. To estimate the replacement cost rates for this Asset Category, the following sources were accessed:
 - Cordell's Cost Estimating Guide June 2021
 - Rawlinson's – 2021 – Australian Construction Handbook and/or
 - Actual supplied project cost rates for unique items.
- Other Structures (Artworks) - In 2020-21, valuations were undertaken for this category and were completed by McWilliams & Associated Pty Ltd where the Valuer nominated Market Value was utilised as the Current Replacement Cost of an Asset.

The inputs used to value these assets, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this asset class during this reporting period.

Roads

This asset class comprises of the road structure (carriageway), kerb and gutter, traffic signs, road structures (such as roundabouts and medians) and road furniture (such as bus shelters and guardrails). The valuation of roads and road structures was undertaken as at 30 June 2023 using the depreciated replacement cost (unit rate). The construction cost estimation was undertaken using 2023 Rawlinson's – Australian Construction Handbook standard rates.

The condition assessment for all Asset Classes under Roads Asset category was conducted using several methodologies:

1. External Data Collection by Pavement Management Services
2. Internal Asset Data collection by Camden Council – LGA wide sample testing the level of componentisation adopted by Council is in accordance with AASB116, OLG Circular 09-09 and the Institute of Public Works Engineers International Infrastructure Management Manual (IIMM).

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation and consumption pattern within Camden or in comparison with other Councils.

Bridges

Council has three main types of bridges which are culverts, footbridges and road bridges. The valuation of bridges was undertaken as at 30 June 2023 using the depreciated replacement cost (unit rate). The construction cost estimation was based on actual project cost rates for footbridges and road bridges. The construction cost rate estimation for culverts was undertaken using 2023 Rawlinson's Australian Construction Handbook standard rates.

The inputs used to value these assets, including ; patterns of consumption, asset condition and useful life have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation pattern in the Council and comparing the information with other Councils.

Condition assessments were conducted through

1. In-house level visual inspection and sample testing.
2. External Data collection by Pavement Management Services.

Condition assessments were based on four key components: superstructure, abutment, sub-structure and general/miscellaneous.

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation and consumption pattern within Camden or in comparison with other Councils.

Footpaths

This asset class comprises footpaths and cycle ways. The valuation of footpaths was as at 30 June 2023 using the depreciated replacement cost (unit rate). The construction cost estimation was undertaken using 2023 Rawlinson's – Australian Construction Handbook standard rates.

D2-1 Fair value measurement (continued)

The condition assessment for all Asset Classes under Footpath asset class was conducted by internal Asset Data collection by Camden Council – LGA wide sample data collection in 2022 and 2023. The internal data collection was undertaken to provide comprehensive condition assessment for footpath and cycleway assets.

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation and consumption pattern within Camden or in comparison with other Councils.

Stormwater Drainage

Council has grouped its stormwater assets into four main types which are pits, pipes, headwalls and stormwater quality improvement devices. The valuation of stormwater drainage was as at 30 June 2023 using the depreciated replacement cost (unit rate). The construction cost estimation was undertaken using 2023 Rawlinson's – Australian Construction Handbook standard rates.

The inputs used to value these assets, including estimates of pattern of consumption; asset condition and useful life have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation pattern in the Council and comparing the information with other Councils.

Condition assessments were conducted through in-house sample data collection over 2020/21, 2021/22 and 2022/23 by conducting visual inspections including collecting photographic evidence of sample assets.

The written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116. The component standard useful lives have been identified using suggested lives in IPWEA IIMM or as part of professional judgement after noting the asset depreciation within Camden or in comparison with other Councils.

Open Space / Recreational Assets & Other Assets

This asset class includes all of the Council's Playgrounds and associated Playground Components such as fitness equipment, play equipment, playground Softfall and edging assets.

Valuations were undertaken in 2020-21 and were completed by KICO Playground Inspection Services using the depreciated replacement cost for all Playground Equipment. The inputs used to value the Playground Assets, including estimates of residual value, patterns of consumption required extensive professional judgement which was externally sourced. The external valuer also performed detailed condition and defect assessments and assessed the total and remaining useful lives of each playground equipment component.

In 2020/21, valuations were undertaken for the Playground Softfall and Softfall Edging assets and were completed by Council staff using the depreciated replacement cost. This was completed with the assistance of specialist staff such as Landscape Architects within the Council and developer/contractor component breakdown. To estimate the replacement cost rates for this Asset Category, the following sources were accessed:

- Cordell's Cost Estimating Guide June 2021
- Rawlinsons – 2021 – Australian Construction Handbook and/or
- Actual supplied project cost rates for unique items.

The inputs used to value the assets in this Asset Category, including estimates of residual value, patterns of consumption, asset condition and useful life required extensive professional judgement which has had a significant impact on the final determination of fair value.

There has been no change to the valuation process for this asset class during this reporting period and the written down value of each asset was determined based on asset remaining useful life and asset depreciation was calculated using straight-line depreciation methodology as described in AASB116.

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
Division D	1.64 times member contributions

* For 180 Point Members, Employers are required to contribute 8% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 to 31 December 2021 and \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$210,950.79. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

D3-1 Contingencies (continued)

The amount of additional contributions included in the total employer contribution advised above is \$113,420.28. Council's expected contribution to the plan for the next annual reporting period is \$215,860.44.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 0.61%

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

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

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

* Plus promotional increases

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

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

(ii) 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.

(iii) Other guarantees

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

2. Other liabilities

(i) Third party claims

Council has been named as a defendant in two related actions for undisclosed damages arising from land subsidence in a development area. It is not possible to estimate the potential financial impact of these actions however these may attract contribution from other parties and be covered under the Council's risk and insurance programme. Camden Council is defending these actions.

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.

D3-1 Contingencies (continued)

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

(ii) CivicRisk Mutual

Council is a member of CivicRisk Mutual Ltd, a mutual self-insurance scheme providing general insurance to local government. CivicRisk Mutual Ltd membership includes the potential to share in either the net surplus or deficit of protection years depending on its past performance. Council's share of the net surplus or deficit 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 30/6/2023 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.

ASSETS NOT RECOGNISED

(i) Infringement notices/fines

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

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

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

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

(ii) Biodiversity Credits

Camden Council signed a Biobanking Agreement for 37.5 hectares of land located at Gundungurra Reserve, Elderslie in May 2019. The Biobanking Agreement generates biodiversity credits which can be sold to parties that require credits to offset urban development or construction projects.

Council recognises the value of biodiversity credits which have not yet been sold as inventory. The value of these credits is recognised in line with the Bio Banking Agreement entered into in May 2019.

The sale price of each biodiversity credit occurs after negotiation between Council and the prospective buyer. While there is a limited market for the sale of Biodiversity credits, the sale price is affected by market conditions such as supply and demand. The market for biodiversity credits is heavily impacted by previous sales and for a number of credits held by Council, there is no observable market reference which can be used to consider current value. Despite the lack of a observable market reference, Council believes it will achieve a higher value for the sale of these credits than disclosed in Note C1-5 Inventories. However, due to the limited information on the market value, Council is unable to determine the value which will be received upon the sale of credits in future reporting periods.

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 comprising the Mayor, Councillors, Chief Executive Officer and Directors.

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

	2023 \$ '000	2022 \$ '000
Compensation:		
Short-term benefits	2,591	2,392
Post-employment benefits	167	170
Other long-term benefits	34	86
Total	2,792	2,648

Other transactions with KMP and their related parties

Nature of the transaction	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2023						
Traineeship Program	1	825	-		-	-
2022						
Traineeship Program	1	586	-		-	-

1 Camden Council uses a training company to source trainees that are offered apprenticeships at Camden Council. The funding of this program is endorsed by the Council upon adoption of the budget each year, which includes a public exhibition period of 28 days. A KMP of the training company is a close family member of a KMP of Camden Council.

The KMP of Camden Council has no influence or control over the transactions between the two entities. AASB124 Related Party Disclosures does not allow the exclusion of transactions between related parties for reporting purposes even deemed at arm's length.

E1-2 Councillor and Mayoral fees and associated expenses

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	59	52
Councillors' fees	200	178
Other Councillors' expenses (including Mayor)	67	47
Total	326	277

E2 Other relationships

E2-1 Audit fees

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

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

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

154	204
154	204

Remuneration for audit and other assurance services

Total Auditor-General remuneration

154	204
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Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Other audit and assurance services – Internal Audit

106	67
106	67

Remuneration for audit and other assurance services

Total remuneration of non NSW Auditor-General audit firms

106	67
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Total audit fees

260	271
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F Other matters

F1-1 Statement of Cash Flows information

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

	2023	2022
	Actual	Restated
	\$ '000	Actual
		\$ '000
Net operating result from Income Statement	105,690	158,070
Add / (less) non-cash items:		
Depreciation and amortisation	32,923	30,179
(Gain) / loss on disposal of assets	3,087	1,978
Non-cash capital grants and contributions	(64,948)	(82,828)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	(110)	(20)
– Investment property	(7,140)	(4,340)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	8,980	(39,960)
Increase / (decrease) in provision for impairment of receivables	(92)	59
(Increase) / decrease of inventories	103	12
(Increase) / decrease of other current assets	(168)	(682)
Increase / (decrease) in payables	2,920	1,017
Increase / (decrease) in accrued interest payable	5	20
Increase / (decrease) in other accrued expenses payable	294	277
Increase / (decrease) in other liabilities	1,559	4,143
Increase / (decrease) in contract liabilities	18,443	26,682
Increase / (decrease) in employee benefit provision	199	(649)
Net cash flows from operating activities	101,745	93,958

(b) Non-cash investing and financing activities

Other dedications	64,948	82,828
Total non-cash investing and financing activities	64,948	82,828

F2-1 Commitments

Capital commitments (exclusive of GST)

	2023	2022
	Actual	Actual
	\$ '000	\$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	33,655	3,504
Plant and equipment	1,397	844
Infrastructure assets	10,709	10,649
Other	234	368
Total commitments	45,995	15,365
These expenditures are payable as follows:		
Within the next year	45,995	15,365
Total payable	45,995	15,365
Sources for funding of capital commitments:		
Unrestricted general funds	264	–
Externally restricted reserves	42,077	8,122
Internally restricted reserves	3,654	7,243
Total sources of funding	45,995	15,365

Details of capital commitments

The above capital commitments relate to signed contracts entered into and operative as at 30 June 2023.

F3-1 Events occurring after the reporting date

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

F4 Changes from prior year statements

F4-1 Correction of errors

Details of errors	Impact of correction of errors (\$'000)
<p>Infrastructure Assets Inventory Review - Drainage Infrastructure Measurement</p> <p>Council continues to undertake a comprehensive review of each asset class to improve the accuracy and quality of information in its asset management system. Council has continued to refine the measurement of certain infrastructure and corrected unit rates to determine fair value rates. This adjustment relates to the correction of unit rates applied to sandstone retaining walls (drainage basins). The correction of these errors was a net increase in the balance of infrastructure, property, plant and equipment (IPPE) by \$35.43m which required a prior year adjustment to the opening balance as at 1 July 2021 and as at 30 June 2022.</p>	35,434
<p>Infrastructure Assets Inventory Review - Drainage Infrastructure Revaluation</p> <p>Council continues to undertake a comprehensive review of each asset class to improve the accuracy and quality of information in its asset management system. Council has continued to refine and improve its condition rating data and inspection regimes. This adjustment relates to the correction of condition data which impacted the last comprehensive revaluation performed for drainage infrastructure. The correction of these errors was a net decrease in the balance of infrastructure, property, plant and equipment (IPPE) by \$5.10m which required a prior year adjustment to the closing balance as at 30 June 2022.</p>	(5,106)
<p>Infrastructure Assets Inventory Review - Drainage Infrastructure Disposal</p> <p>Council continues to undertake a comprehensive review of each asset class to improve the accuracy and quality of information in its asset management system. This review resulted in the identification of assets which are no longer in Council's ownership, which should have been disposed off in prior year periods. The correction of these errors was a net decrease in the balance of infrastructure, property, plant and equipment (IPPE) by \$2.33m which required a prior year adjustment to the opening balance as at 1 July 2021 and as at 30 June 2022.</p>	(2,335)
<p>Dedicated Infrastructure - Asset Capitalisation Timing</p> <p>Council continues to undertake a comprehensive review of each asset class to improve the accuracy and quality of information in its asset management system. As part of the 2022/23 capitalisation process, a number of assets were identified which had been transferred into Council's ownership in prior year periods. These assets had been transferred into Council's ownership either as a result of development consent or Voluntary Planning Agreements. The correction of these errors was a net increase in the balance of infrastructure, property, plant and equipment (IPPE) by \$9.03m which required a prior year adjustment to the opening balance as at 1 July 2021 and as at 30 June 2022.</p>	9,030
<p>Biodiversity Credits</p> <p>In order to save certain threatened species & ecosystems, the Department of Planning and Environment (Environment & Heritage) allows for the creation of Biodiversity Stewardship Agreement. Camden Council signed a Biodiversity Stewardship Agreement for 37.5 hectares of land located at Gundungurra Reserve, Elderslie in May 2019. The Agreement generates biodiversity credits which can be sold to parties that require credits to offset urban development or construction projects. Council did not account these credits upon signing of the agreement. The correction of these errors was a net increase in the balance of Inventory(\$3.40m) and Receivables(\$0.91m) which required a prior year adjustment to the opening balance as at 1 July 2021 and as at 30 June 2022.</p>	4,310
Net Impact	41,333

The errors identified above relating to the financial year 2021/22 have been corrected by restating the income statement and statement of financial position as at 30 June 2022. The errors identified above relating to entries prior to 1 July 2021 have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2021) and taking the adjustment through to accumulated surplus and revaluation reserves at that date.

F4-1 Correction of errors (continued)

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

Changes to the opening Statement of Financial Position at 1 July 2021

Statement of Financial Position

	Original Balance 1 July, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July, 2021 \$ '000
Receivables	13,693	(91)	13,602
Inventories	490	3,402	3,892
Total current assets	196,084	3,311	199,395
Receivables	3,878	999	4,877
Infrastructure Property Plant & equipment	2,027,972	34,268	2,062,240
Total non-current assets	2,098,294	35,267	2,133,561
Total assets	2,294,378	38,578	2,332,956
Total liabilities	106,139	–	106,139
Net assets	2,188,239	38,578	2,226,817
Accumulated surplus	1,503,891	8,696	1,512,587
Revaluation reserves	684,348	29,882	714,230
Total equity	2,188,239	38,578	2,226,817

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

Statement of Financial Position

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
Receivables	54,607	(91)	54,516
Inventories	478	3,402	3,880
Total current assets	285,209	3,311	288,520
Receivables	2,865	999	3,864
Infrastructure Property Plant & equipment	2,245,054	37,023	2,282,077
Total non-current assets	2,320,191	38,022	2,358,213
Total assets	2,605,400	41,333	2,646,733
Total liabilities	143,152	–	143,152
Net assets	2,462,248	41,333	2,503,581
Accumulated surplus	1,658,727	11,929	1,670,656
Revaluation reserves	803,521	29,404	832,925
Total equity	2,462,248	41,333	2,503,581

F4-1 Correction of errors (continued)

Income Statement

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
Grants and contributions provided for capital purposes	164,281	4,046	168,327
Total income from continuing operations	290,459	4,046	294,505
Depreciation, amortisation and impairment of non-financial assets	29,367	813	30,180
Total expenses from continuing operations	135,623	813	136,436
Net operating result for the year	154,836	3,233	158,069
Net operating result for the year before grants and contributions provided for capital purposes	(9,445)	(813)	(10,258)

Statement of Comprehensive Income

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
Net operating result for the year	154,836	3,233	158,069
Gain (loss) on revaluation of infrastructure, property, plant and equipment	119,173	(477)	118,696
Other comprehensive income	119,173	(477)	118,696
Total comprehensive income for the year	274,009	2,756	276,765

F5 Statement of developer contributions as at 30 June 2023

F5-1 Summary of developer contributions

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Open space	26,065	8,551	–	–	1,693	(7,612)	284	28,981	22,596
Drainage	23,671	7,323	–	–	1,011	(272)	(15)	31,718	13,565
Roads	14,349	7,275	–	–	(112)	(1,402)	(812)	19,298	(19,428)
Parking	190	–	–	–	(100)	–	–	90	(3,553)
Community facilities	22,663	3,472	–	–	462	(547)	(145)	25,905	(7,662)
Traffic facilities	123	27	–	–	(31)	(277)	287	129	(1,464)
Other	1,323	304	–	–	(49)	(786)	401	1,193	(4,054)
S7.11 contributions – under a plan	88,384	26,952	–	–	2,874	(10,896)	–	107,314	–
Total S7.11 and S7.12 revenue under plans	88,384	26,952	–	–	2,874	(10,896)	–	107,314	–
S7.11 not under plans	139	–	–	–	4	–	–	143	–
S7.4 planning agreements	105,087	3,698	6,022	10,494	2,082	(41,378)	–	86,006	–
Total contributions	193,610	30,650	6,022	10,494	4,960	(52,274)	–	193,463	–

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.

F5-2 Developer contributions by plan

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
CONTRIBUTION PLAN - MANAGEMENT & PROVISION OF INFRASTRUCTURE IN LGA									
Drainage	10,953	248	–	–	531	(118)	(15)	11,599	12,757
Roads	2,630	231	–	–	(545)	(537)	–	1,779	(20,676)
Traffic facilities	–	17	–	–	(25)	(7)	15	–	(862)
Parking	190	–	–	–	(100)	–	–	90	(3,553)
Open space	869	2,029	–	–	813	(1,765)	–	1,946	20,406
Community facilities	4,315	893	–	–	(65)	(1)	–	5,142	(7,204)
Other	938	106	–	–	–	(245)	–	799	(868)
Community facilities	–	–	–	–	–	–	–	–	–
Total	19,895	3,524	–	–	609	(2,673)	–	21,355	–
CONTRIBUTION PLAN NO 3 - UPPER NARELLAN CREEK (TRUNK DRAINAGE & WATER QUALITY FACILITIES)									
Drainage	4,534	17	–	–	136	–	–	4,687	–
Parking	–	–	–	–	–	–	–	–	–
Total	4,534	17	–	–	136	–	–	4,687	–
CONTRIBUTION PLAN NO 5 - TRUNK DRAINAGE CATHERINE FIELD									
Drainage	161	17	–	–	5	–	–	183	–
Open space	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total	161	17	–	–	5	–	–	183	–
CONTRIBUTION PLAN NO 7 - ROAD MAINTENANCE - EXTRACTIVE INDUSTRIES									
Roads	338	23	–	–	10	–	–	371	–
Community facilities	–	–	–	–	–	–	–	–	–
Total	338	23	–	–	10	–	–	371	–
CONTRIBUTION PLAN NO 11 - SMEATON GRANGE ROADWORKS									
Roads	2,596	–	–	–	77	–	–	2,673	–
Open space	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total	2,596	–	–	–	77	–	–	2,673	–
CONTRIBUTION PLAN NUMBER 16 - ELLIS LANE / GRASMERE DEVELOPMENT									
Roads	915	–	–	–	28	–	–	943	38
Traffic facilities	125	1	–	–	3	–	–	129	–
Community facilities	130	4	–	–	4	–	–	138	–
Other	34	–	–	–	–	–	–	34	(38)
Total	1,204	5	–	–	35	–	–	1,244	–

F5-2 Developer contributions by plan (continued)

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
CONTRIBUTION PLAN NO 17 - NARELLAN TOWN CENTRE									
Traffic facilities	(2)	9	–	–	(9)	(270)	272	–	(602)
Open space	1,097	28	–	–	33	(598)	(272)	288	602
Other	346	–	–	–	10	–	–	356	–
Total	1,441	37	–	–	34	(868)	–	644	–
CONTRIBUTION PLAN NO 18 - HARRINGTON PARK RELEASE AREA (COMMUNITY & RECREATION FACILITIES)									
Parking	–	–	–	–	–	–	–	–	–
Open space	54	–	–	–	2	–	–	56	770
Community facilities	2	–	–	–	–	–	–	2	(770)
Other	4	–	–	–	–	–	–	4	–
Total	60	–	–	–	2	–	–	62	–
CONTRIBUTION PLAN - ORAN PARK AND TURNER ROAD PRECINCTS									
Drainage	1,677	453	–	–	176	–	–	2,306	3,937
Roads	3,151	47	–	–	105	–	–	3,303	223
Parking	–	–	–	–	–	–	–	–	–
Open space	17,204	2,754	–	–	587	–	–	20,545	478
Community facilities	15,838	2,369	–	–	478	(546)	–	18,139	86
Other	–	–	–	–	–	–	–	–	(251)
Total	37,870	5,623	–	–	1,346	(546)	–	44,293	4,473
CONTRIBUTION PLAN - CATHERINE FIELD (PART) PRECINCT									
Drainage	503	–	–	–	15	–	–	518	–
Roads	231	–	–	–	7	–	–	238	–
Open space	2,293	280	–	–	105	(57)	–	2,621	188
Community facilities	2,081	104	–	–	38	–	(145)	2,078	226
Other	1	–	–	–	(10)	(136)	145	–	(414)
Total	5,109	384	–	–	155	(193)	–	5,455	–

F5-2 Developer contributions by plan (continued)

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
CONTRIBUTION PLAN - LEPPINGTON NORTH PRECINCT									
Drainage	818	2,591	-	-	(79)	(81)	-	3,249	(3,129)
Roads	1,165	3,441	-	-	40	(156)	(681)	3,809	781
Open space	-	-	-	-	(11)	(545)	556	-	(824)
Community facilities	7	-	-	-	(3)	-	-	4	-
Other	-	126	-	-	(25)	(226)	125	-	(1,301)
Total	1,990	6,158	-	-	(78)	(1,008)	-	7,062	(4,473)
CONTRIBUTION PLAN - LEPPINGTON PRECINCT									
Drainage	5,025	3,997	-	-	227	(73)	-	9,176	-
Roads	3,323	3,533	-	-	166	(709)	(131)	6,182	206
Open space	4,547	3,460	-	-	164	(4,647)	-	3,524	976
Community facilities	290	102	-	-	10	-	-	402	-
Other	-	72	-	-	(24)	(179)	131	-	(1,182)
Total	13,185	11,164	-	-	543	(5,608)	-	19,284	-

F5-3 Contributions not under plans

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
S7.11 CONTRIBUTIONS – NOT UNDER A PLAN									
Drainage	24	–	–	–	–	–	–	24	–
Open space	67	–	–	–	2	–	–	69	–
Community facilities	48	–	–	–	2	–	–	50	–
Total	139	–	–	–	4	–	–	143	–

F5-4 S7.4 planning agreements

S7.4 planning agreements

Drainage	4,714	98	–	4,536	137	(4,536)	–	4,949	–
Roads	2,607	8	–	3,507	77	(3,507)	–	2,692	–
Traffic facilities	188	–	–	–	6	–	–	194	–
Open space	12,869	588	6,022	2,452	390	(8,474)	–	13,847	–
Community facilities	82,599	1,241	–	–	1,379	(24,522)	–	60,697	–
Other	2,110	1,763	–	–	93	(339)	–	3,627	–
Total	105,087	3,698	6,022	10,495	2,082	(41,378)	–	86,006	–

F6 Statement of performance measures

F6-1 Statement of performance measures – consolidated results

	Amounts	Indicator	Indicators		Benchmark
	Actual 2023	Actual 2023	Restated Actual 2022	Actual 2021	
\$ '000					
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(10,840)	(7.63)%	(10.33)%	(19.84)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	142,011				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	126,175	49.62%	37.45%	31.59%	> 60.00%
Total continuing operating revenue ¹	254,305				
3. Unrestricted current ratio					
Current assets less all external restrictions	79,838	2.81x	3.16x	3.08x	> 1.50x
Current liabilities less specific purpose liabilities	28,387				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	23,630	3.50x	3.42x	2.76x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	6,742				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	6,538	6.64%	6.98%	6.34%	< 5.00%
Rates and annual charges collectable	98,524				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	298,717	25.91	25.56	23.10	> 3.00
Monthly payments from cash flow of operating and financing activities	11,528	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

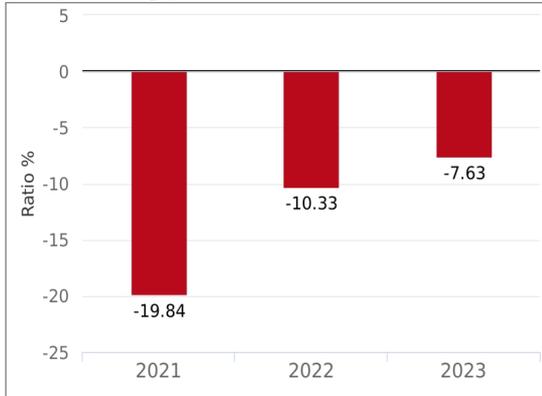
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

G Additional Council disclosures (unaudited)

G1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio (7.63)%

Council's operating performance ratio for the 2022/23 financial year is -7.63%. This is an improvement on the operating performance ratio reported for the 2021/22 financial year of -10.33% (restated ratio). Further details in relation to the improvement of this ratio can be found in the Executive Summary section of Council's Annual Financial Statements.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2022/23 result

2022/23 ratio 49.62%

Council's own source operating revenue ratio for the 2022/23 financial year is 49.62%, which is below the industry benchmark of 60.00%. The improvement in the ratio when compared to the previous financial year is primarily due to a decrease in the non-cash capital dedications received during the 2022/23 financial year. The timing and receipt of dedicated infrastructure is driven through the development process and can be difficult to predict.

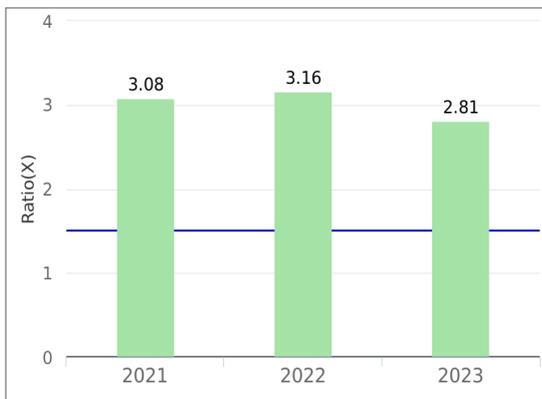
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2022/23 result

2022/23 ratio 2.81x

Council's unrestricted current ratio continues to exceed benchmark at 2.81 as at 30 June 2023. This means for every \$1 of current liabilities, Council has \$2.81 of current assets to meet these obligations. The decrease in this ratio when compared to the unrestricted current ratio for the 2021/2022 financial year is primarily due to an increase in payables and contract liabilities and is largely a timing issue. Despite this reduction, Council remains in a strong financial position to meet its future liabilities.

Benchmark: — > 1.50x

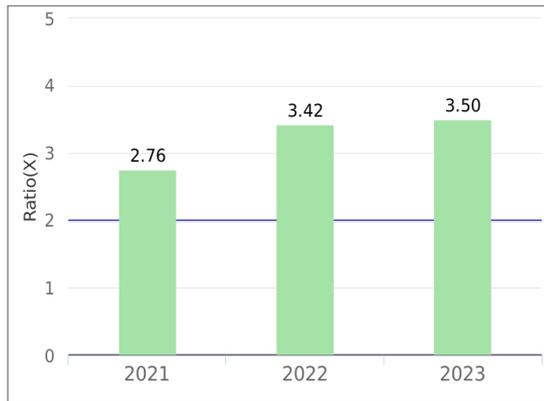
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 3.50x

Council's debt service cover ratio for the 2022/23 financial year is 3.50x which is above the industry benchmark of 2.00x. The measure is consistent with the debt service ratio reported for the 2021/22 financial year and demonstrates that Council continues to use loan borrowings prudently and has adequate capacity to meet its current loan obligations.

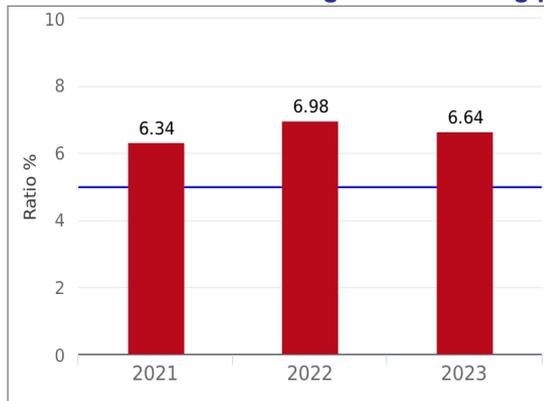
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

2022/23 ratio 6.64%

Council's rates and annual charges outstanding ratio remains outside industry benchmark at 6.64%. Council reintroduced debt recovery action in late 2022 and is continuing to work with residents who are experiencing financial hardship either as a result of COVID-19 or cost of living pressures. A large number of these residents have entered into payment arrangements. This ratio will continue to improve over the next 12-18 months.

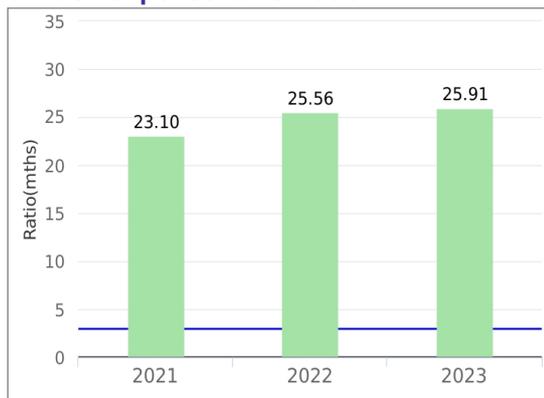
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 25.91 months

Council's cash expense ratio reflects its strong cash position at 28.19 months. This is significantly better than the industry benchmark of greater than 3 months. This ratio essentially demonstrates that Council could continue to meet its current obligations for a period of 28 months without additional revenue.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-2 Council information and contact details

Principal place of business:

70 Central Ave
Oran Park NSW 2570

Contact details

Mailing Address:

PO Box 183
Camden NSW 2570

Telephone: 13 CAMDEN

Facsimile: (02) 4654 7829

Opening hours:

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

Internet: www.camden.nsw.gov.au

Email: camden@council.nsw.gov.au

Officers

Andrew Carfield

General Manager

Paul Rofe

Responsible Accounting Officer

Auditors

Audit Office of New South Wales
GPO box 12
SYDNEY NSW 2001

Elected members

Mayor

Ashleigh Cagney

Deputy Mayor

Therese Fedeli

Councillors

Cindy Cagney
Eva Campbell
Lara Symkowiak
Paul Farrow
Peter McLean
Russell Zammit
Usha Dommaraju

Other information

ABN: 31 117 341 764



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Camden Council

To the Councillors of Camden Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

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

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



Mary Yuen
Delegate of the Auditor-General for New South Wales

1 December 2023
SYDNEY



Ashleigh Cagney
Mayor
Camden Council
70 Central Ave
ORAN PARK NSW 2570

Contact: Mary Yuen
Phone no: 02 9275 7215
Our ref: R008-16585809-48726

1 December 2023

Dear Mayor

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

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

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

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

INCOME STATEMENT

	2023	2022*	Variance
	\$m	\$m	%
Rates and annual charges revenue	91.6	84.7	8.2
Grants and contributions revenue	128.1	181.5	29.4
Operating result from continuing operations	105.7	158.1	33.1
Net operating result before capital grants and contributions	(6.6)	(10.3)	35.9

* The 2022 comparatives have been restated to correct prior period errors. Note F4-1 of the financial statements provides details of the prior period errors.

The Council's operating result from continuing operations (\$105.7 million including depreciation, amortisation and impairment expense of \$32.9 million) was \$52.4 million lower than the 2021–22 result. This is primarily due to a \$56 million decrease in grants and contributions received for capital purposes. All other revenue and expenses from continuing operations have generally increased from 2021–22.

The net operating result before capital grants and contributions (\$6.6 million deficit) improved by \$3.7 million from 2021–22. This is primarily due to increase in rates and annual charges and an increase in financial assistance grants.

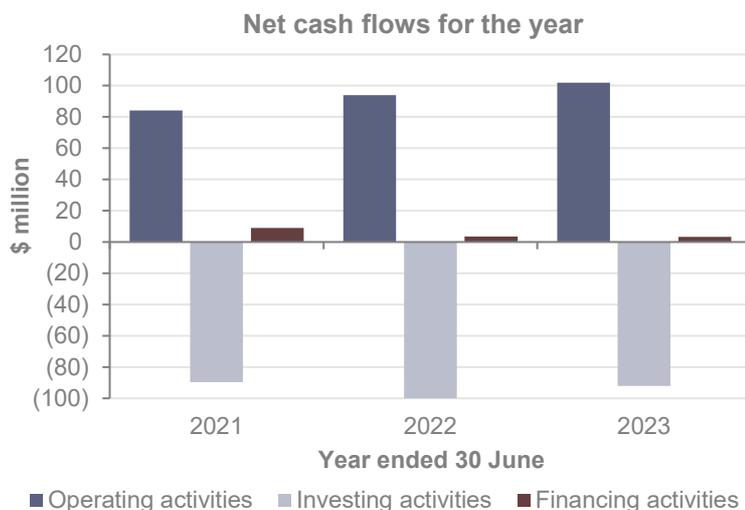
Rates and annual charges revenue (\$91.6 million) increased by \$6.9 million (8.2 per cent) in 2022–23 mainly due to the five per cent rate peg and the increase in rateable properties.

Grants and contributions revenue (\$128.1 million) decreased by \$53.4 million (29.4 per cent) in 2022–23 mainly due to a reduction in cash developer contribution towards open space, and non-cash developer contribution of roads and drainage compared to 2021–22.

Total expenses (\$155.9 million) increased by \$19.5 million (14.3 per cent) in 2022–23 primarily due to an increase in employee-related expenses (\$7 million) and material and services (\$8.1 million).

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$26 million (\$13.3 million for the year ended 30 June 2022). The Council reported a net increase of \$12.7 million in cash and cash equivalents at 30 June 2023. Cash balances increased due to receiving 92 per cent of the 2023-24 financial assistance grant in advance.
- Net cash inflows from operating activities increased by \$7.8 million primarily due to increase in rates and annual charges received.
- Net cash outflows from investing activities increased by \$7.6 million due to increase in purchases of infrastructure, property, plant and equipment and term deposits during the year.
- Net cash outflows from financing activities remained relatively consistent with a slight decrease of \$0.2 million primarily due to an increase in repayment of borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	299.0	259.1	Externally restricted cash and investments are restricted in their use by externally imposed requirements. Council's externally restricted cash and investments have increased by \$37.6 million is primarily due to an increase in developer contributions and specific purpose unexpended grants (general fund).
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	240.8	203.2	Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. Council's internally restricted cash and investments have increased by \$2.8 million.
• Internal allocations	57.0	54.2	

Debt

The Council has \$46.6 million of borrowings as at 30 June 2023 (2022: 41.1 million). Council has an aggregate overdraft facility limit of \$150,000 which remains unused as at 30 June 2023.

PERFORMANCE

Performance measures

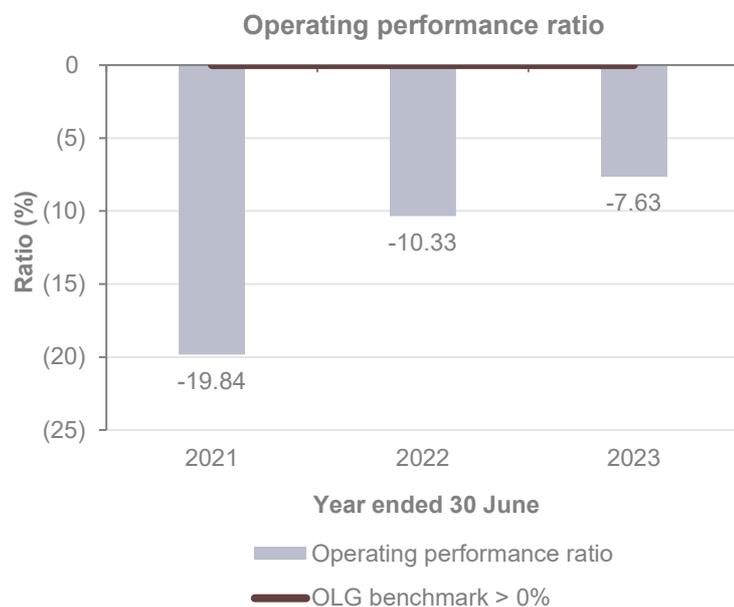
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

The Council's operating performance ratio of -7.63 did not meet the benchmark for the current reporting period.

The operating performance ratio has improved compared to the prior year mainly due to increase in rates and annual charges and financial assistance grants.

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

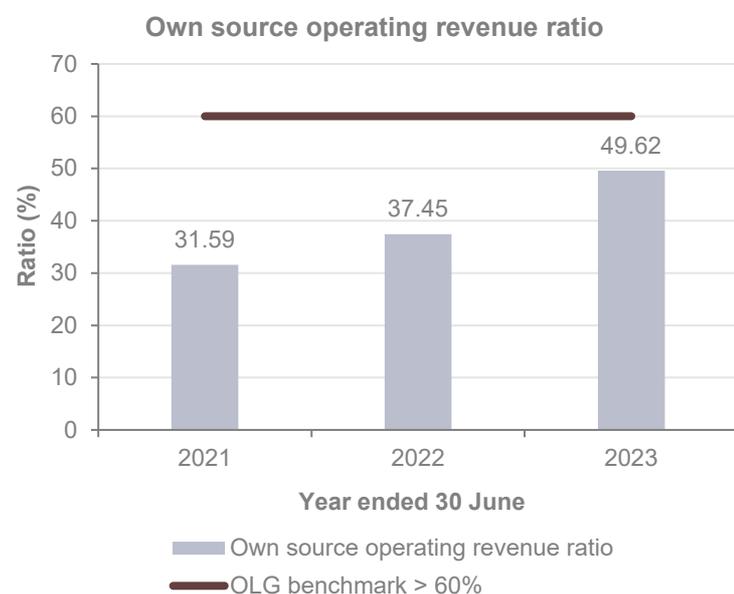


Own source operating revenue ratio

The Council's own source operating revenue ratio of 49.62 did not meet the benchmark for the current reporting period.

The Council's own source operating revenue ratio has improved compared to 2022 primarily due to a decrease in developer contributions.

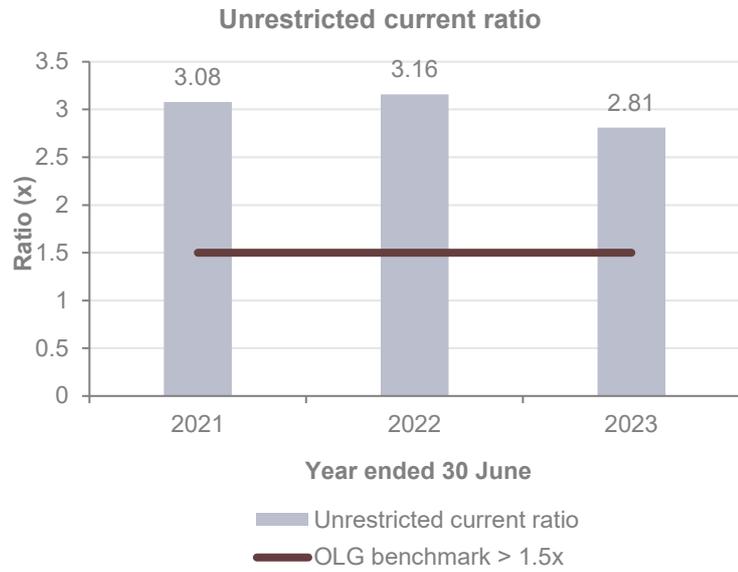
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

The Council's unrestricted current ratio of 2.81 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.

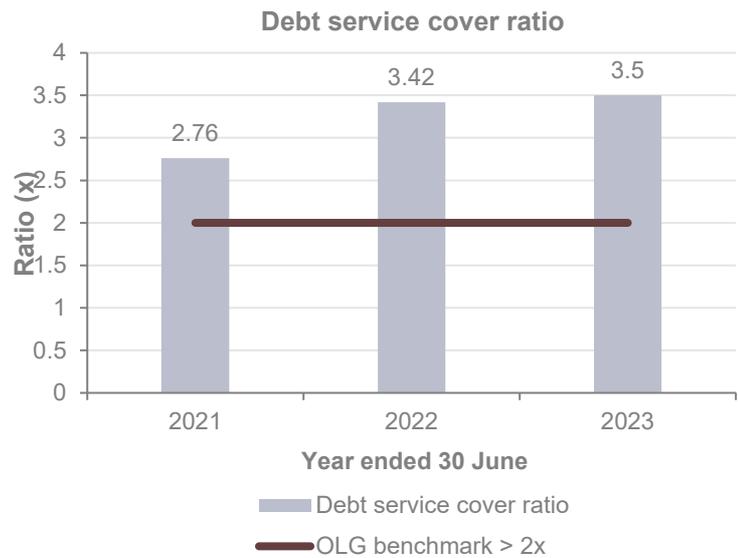


Debt service cover ratio

The Council's debt service cover ratio of 3.5 times exceeded the benchmark for the current reporting period.

The Debt Service Ratio has steadily improved since 2021.

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

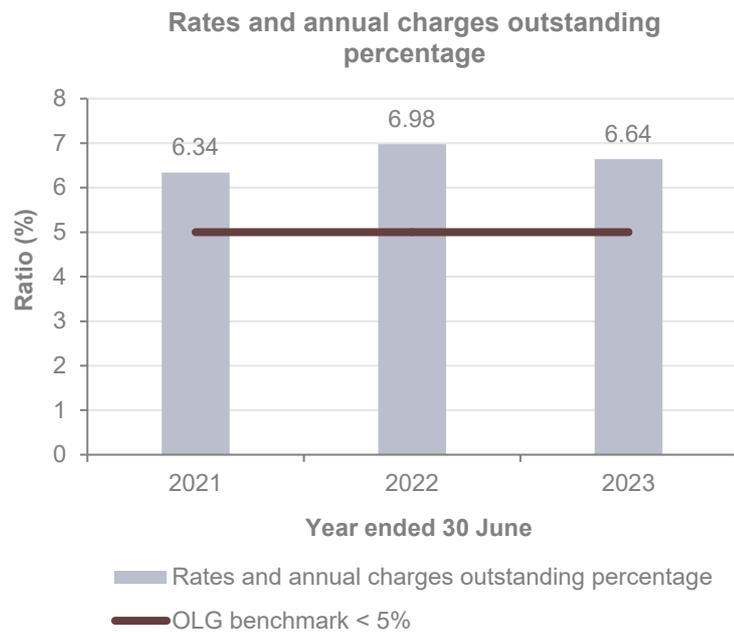


Rates and annual charges outstanding percentage

The Council's rates and annual charges outstanding percentage of 6.64 per cent did not meet the benchmark for the current reporting period.

The rates and annual charges outstanding percentage has decreased compared to the prior year. Ratepayers are deferring rate payments due to cost of living pressures.

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

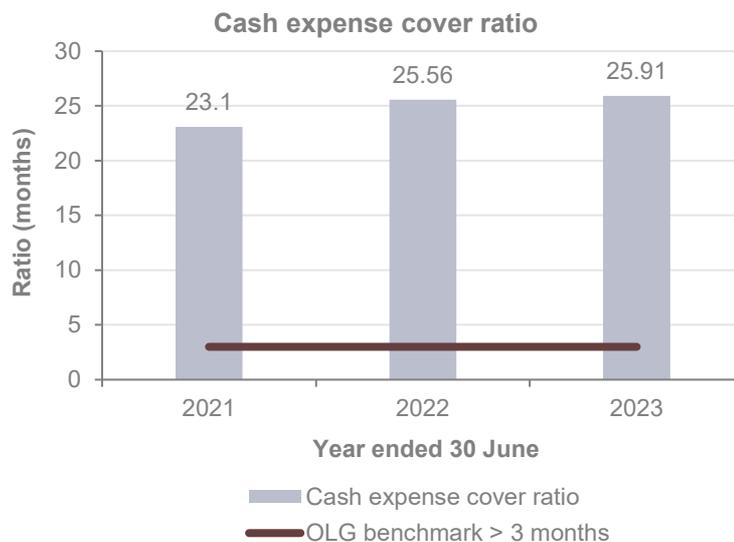


Cash expense cover ratio

The Council's cash expense ratio of 25.91 months exceeded the benchmark for the current reporting period.

The cash expense cover ratio has increased compared to the prior year mainly due to increase in term deposits.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$9.4 million of infrastructure, property, plant and equipment during the 2022-23 financial year. This was mainly spent on roads, building and other structures. A further \$132.8 million was spent on new assets including land, stormwater drainage, roads and capital work in progress. This includes assets dedicated to Council as a result of urban development.

OTHER MATTERS

Legislative compliance

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

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



Mary Yuen
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Andrew Carfield, General Manager
Ms Elizabeth Gavey, Chair of Audit, Risk and Improvement Committee
Ms Kiersten Fishburn, Secretary of the Department of Planning and Environment

Camden Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

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Background

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

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

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

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

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

Camden Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

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

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

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

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

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



Ashleigh Cagney
Mayor
10 October 2023



Therese Fedeli
Deputy Mayor
10 October 2023



Andrew Carfield
General Manager
10 October 2023



Paul Rofe
Responsible Accounting Officer
10 October 2023

Camden Council

Income Statement of Commercial Waste

for the year ended 30 June 2023

	2023 Category 2 Actual \$ '000	2022 Category 2 Actual \$ '000
Income from continuing operations		
User charges	1,443	1,341
Total income from continuing operations	1,443	1,341
Expenses from continuing operations		
Employee benefits and on-costs	316	376
Materials and services	196	167
Depreciation, amortisation and impairment	60	56
Other expenses	170	167
Total expenses from continuing operations	742	766
Surplus (deficit) from continuing operations before capital amounts	701	575
Surplus (deficit) from continuing operations after capital amounts	701	575
Surplus (deficit) from all operations before tax	701	575
Less: corporate taxation equivalent (25%) [based on result before capital]	(175)	(144)
Surplus (deficit) after tax	526	431
Plus accumulated surplus	1,833	1,515
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	175	144
Less:		
– Dividend paid	(315)	(257)
Closing accumulated surplus	2,219	1,833
Return on capital %	179.7%	142.3%

Camden Council

Statement of Financial Position of Commercial Waste

as at 30 June 2023

	2023	2022
	Category 2	Category 2
	Actual	Actual
	\$ '000	\$ '000
ASSETS		
Current assets		
Cash and cash equivalents	1,813	1,413
Receivables	16	16
Total current assets	1,829	1,429
Non-current assets		
Infrastructure, property, plant and equipment	390	404
Total non-current assets	390	404
Total assets	2,219	1,833
Net assets	2,219	1,833
EQUITY		
Accumulated surplus	2,219	1,833
Total equity	2,219	1,833

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

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

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

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

Declared business activities

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

Category 1

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

Nil

Category 2

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

Camden Commercial Waste Activity

Provide a diversified range of waste removal services to business operations in the Camden local government area

Taxation equivalent charges

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

Note – Significant Accounting Policies (continued)

Notional rate applied (%)

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

Land tax – the first \$969,000 of combined land values attracts 0%. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is \$100 + 1.6%. For the remaining combined land value that exceeds \$5,925,000, a premium threshold is applied at \$79,396 plus 2% of land value above the threshold.

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

Income tax

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

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iii) Dividends

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



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Camden Council

To the Councillors of Camden Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Mary Yuen
Delegate of the Auditor-General for New South Wales

1 December 2023
SYDNEY

Camden Council

SPECIAL SCHEDULES
for the year ended 30 June 2023

Camden Council

Special Schedules

for the year ended 30 June 2023

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Camden Council

Permissible income for general rates

	Notes	Calculation 2022/23 \$ '000	Calculation 2023/24 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	64,133	71,113
Plus or minus adjustments ²	b	3,536	1,598
Notional general income	c = a + b	67,669	72,711
Permissible income calculation			
Or rate peg percentage	e	5.00%	6.80%
Or plus rate peg amount	i = e x (c + g)	3,383	4,944
Sub-total	k = (c + g + h + i + j)	71,052	77,655
Plus (or minus) last year's carry forward total	l	59	-
Less valuation objections claimed in the previous year	m	(5)	(7)
Sub-total	n = (l + m)	54	(7)
Total permissible income	o = k + n	71,106	77,648
Less notional general income yield	p	71,113	77,648
Catch-up or (excess) result	q = o - p	(7)	-
Plus income lost due to valuation objections claimed ³	r	7	-
Less unused catch-up ⁴	s	-	-
Carry forward to next year ⁵	t = q + r + s	-	-

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) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (4) Unused catch-up amounts or the rate peg balance amounts will be deducted if they are not caught up within ten years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for when setting the rates in a future year.
- (5) 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

Camden Council

To the Councillors of Camden Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Mary Yuen
Delegate of the Auditor-General for New South Wales

1 December 2023
SYDNEY

Camden Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance ^b	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings	2,954	2,954	4,792	4,320	166,154	229,136	47.0%	43.0%	9.0%	1.0%	0.0%
	Sub-total	2,954	2,954	4,792	4,320	166,154	229,136	47.0%	43.0%	9.0%	1.0%	0.0%
Other structures	Other structures / Open space recreational assets	8,482	8,482	8,298	9,156	114,989	162,727	32.0%	45.0%	19.0%	3.0%	1.0%
	Sub-total	8,482	8,482	8,298	9,156	114,989	162,727	32.0%	45.0%	19.0%	3.0%	1.0%
Roads	Roads	10,539	10,539	5,957	7,170	1,021,403	1,324,193	67.0%	27.0%	6.0%	0.0%	0.0%
	Sub-total	10,539	10,539	5,957	7,170	1,021,403	1,324,193	67.0%	27.0%	6.0%	0.0%	0.0%
Stormwater drainage	Stormwater drainage	894	894	545	1,080	612,047	704,962	69.0%	30.0%	1.0%	0.0%	0.0%
	Sub-total	894	894	545	1,080	612,047	704,962	69.0%	30.0%	1.0%	0.0%	0.0%
Total – all assets		22,869	22,869	19,592	21,726	1,914,593	2,421,018	63.3%	30.6%	5.7%	0.3%	0.1%

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

(b) Actual maintenance for 2022/23 includes additional expenditures incurred due to the flood and Regional & Local Road Repair Program.

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

Camden Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

	Amounts	Indicator	Indicators		Benchmark
	Actual 2023	Actual 2023	Restated Actual 2022	Actual 2021	
\$ '000					
Buildings and infrastructure renewals ratio					
Asset renewals ¹	9,423	36.18%	25.56%	26.62%	> 100.00%
Depreciation, amortisation and impairment	26,047				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	22,869	1.19%	0.76%	0.76%	< 2.00%
Net carrying amount of infrastructure assets	1,914,593				
Asset maintenance ratio					
Actual asset maintenance	21,726	110.89%	101.69%	98.73%	> 100.00%
Required asset maintenance	19,592				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	22,869	0.94%	0.97%	0.95%	
Gross replacement cost	2,421,018				

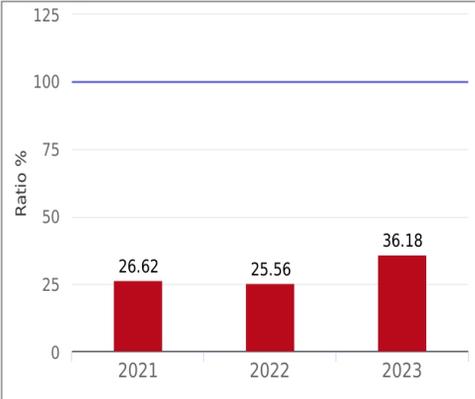
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Camden Council

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

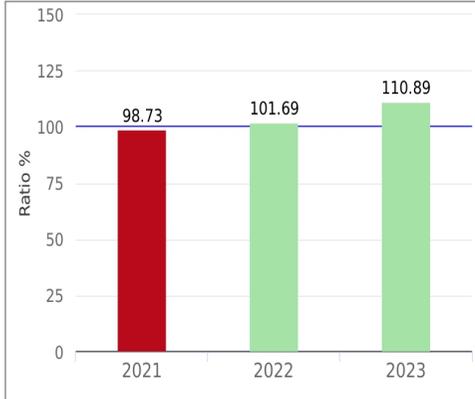
22/23 ratio 36.18%

It is difficult to justify a ratio of more than 100% for Camden Council when Council has a high proportion of new assets that at this point of their life cycle do not require renewal. Depreciation expense also continues to increase annually due to the acquisition/dedication of new assets through growth. Council continues to put into place renewal programs that address any assets in poor condition.

Benchmark: — > 100.00% ■ Ratio achieves benchmark ■ Ratio is outside benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

22/23 ratio 110.89%

Council's asset maintenance ratio for the 2022/2023 financial year is 110.89%. This is above the benchmark of 100% with a high portion of maintenance programs completed throughout the year. This continues to ensure Council's asset base remains in a good condition.

Benchmark: — > 100.00% ■ Ratio achieves benchmark ■ Ratio is outside benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

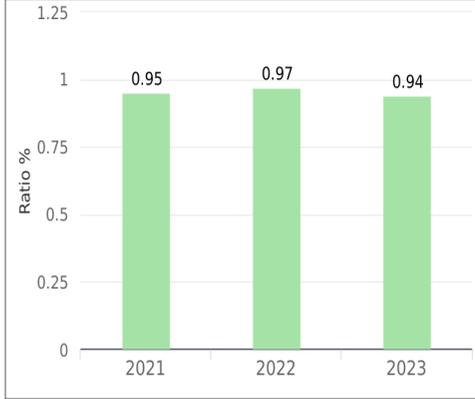
22/23 ratio 1.19%

Council's infrastructure backlog ratio for the 2022/2023 financial year is 1.19% which is well below the industry benchmark of less than 2%. Council continues to adequately fund its asset renewal requirements through programs such as the Community Infrastructure Renewal Program.

Benchmark: — < 2.00% ■ Ratio achieves benchmark ■ Ratio is outside benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

22/23 ratio 0.94%

Council continues to implement renewal programs based on the condition of assets to ensure Council's asset base remains in a good condition. Examples of such programs include the Community Infrastructure Renewal Program which is targeted as specific works under Council's care and stewardship.