



Financial statements

1 July 2023 to 30 June 2024



northern
beaches
council

Northern Beaches Council

Financial Commentary

Introduction

Council achieved an operating surplus of \$44.1m. The operating result was a surplus of \$14.9m after excluding grants and contributions received for capital purposes.

The surplus from operations contributed towards the funding required to deliver the capital works program and repay loans. The operating surplus also includes funds restricted for future purposes.

Both income and operating expenses were higher than the previous year (income \$16m (3.8%); operating expenses \$24m (6.4%)). Principal items impacting the operating result including capital grants and contributions were:

- **Interest and investment income:** \$4.0m higher than the previous financial year due to increasing interest rates and cash balances.
- **Financial Assistance Grant:** \$3.4m lower mainly due to changes in the amount of the grant that was received in advance. Specifically, 25% of the 2023 grant was received in the 2023 year (\$2.3m) along with 100% of the 2024 allocation (\$9.4m). While in 2024, 85% of the 2025 grant was received (\$8.2m).
- **Core operating systems replacement:** Council is currently replacing its core operating systems, with an increased investment of \$2.4m in 2024.
- **Domestic waste service:** the net cost of the service was \$1.9m lower than 2023 primarily due to lower waste disposal costs than anticipated and rephasing of several waste projects. These funds are held in the domestic waste reserve for future bin replacements and planned projects.
- **Emergency Services Levy:** increased by \$1.5m with no grant from the NSW Government to assist in offsetting the cost (a \$1.6m subsidy was discontinued with the last payment in June 2022 (for the 2023 year)).
- **Capital grants and contributions:** \$4.7m decrease in 2024. The 2023 year included several large grant funded projects including Safer Schools Infrastructure (\$2.6m) and Duffys Forest RFS (\$2.2m).

Financial snapshot

\$412.5m Income ¹	\$397.6m Operating expenses	\$14.9m Operating surplus ^{1,2}
\$29.2m Capital grants & contributions	\$73.5m Capital expenditure	\$3.4m Loan repayments ³
\$49.7m Unrestricted cash	\$5,643.3m Infrastructure, plant, property and equipment	\$9.2m Closing loan balance

¹ Excludes grants and contributions received for capital purposes.

² Numbers presented may not sum precisely to the total due to rounding.

³ Loan repayments (excluding the \$2.5 million refinancing of an existing loan during 2024).

Northern Beaches Council

Summary results

Income Statement	2024	2023	2022	2021
Income	\$441.7m	\$425.4m	\$408.1m	\$365.8m
Operating expenses	\$397.6m	\$373.8m	\$346.4m	\$365.7m
Net operating result for the year	\$44.1m	\$51.7m	\$61.6m	\$0.1m
Result excl capital grants & contributions	\$14.9m	\$17.8m	\$17.7m	(\$26.5m)
Capital expenditure	2024	2023	2022	2021
New capital works	\$29.9m	\$41.7m	\$44.2m	\$33.8m
Capital renewal works	\$43.4m	\$40.3m	\$32.7m	\$39.4m
Non-cash asset dedications	\$0.2m	\$0.8m	-	\$0.8m
Total capital expenditure	\$73.5m	\$82.9m	\$76.9m	\$73.9m
Loan repayments	2024	2023	2022	2021
Total loan repayments	\$3.4m	\$4.8m	\$5.0m	\$5.1m
Cash and investments	2024	2023	2022	2021
Externally restricted	\$62.0m	\$53.1m	\$41.5m	\$30.8m
Internally allocated	\$88.6m	\$90.8m	\$80.2m	\$83.4m
Unrestricted	\$49.7m	\$38.9m	\$36.4m	\$33.0m
Total cash and investments	\$200.2m	\$182.9m	\$158.1m	\$147.2m
Cashflows	2024	2023	2022	2021
Net cash from operating activities	\$92.8m	\$110.7m	\$90.2m	\$74.6m
Net cash from investing activities*	(\$70.8m)	(\$79.8m)	(\$73.0m)	(\$75.2m)
Net cash from financing activities	(\$4.7m)	(\$6.1m)	(\$6.3m)	(\$6.5m)
Net incr / (decr) in cash & investments	\$17.3m	\$24.8m	\$10.8m	(\$7.1m)
* Excludes purchase and sale of investments				
Financial Position	2024	2023	2022	2021
Total assets	\$5,888.9m	\$5,636.4m	\$5,421.0m	\$5,245.2m
Total liabilities	\$186.5m	\$187.3m	\$184.5m	\$198.6m
Net assets	\$5,702.4m	\$5,449.2m	\$5,236.5m	\$5,046.6m

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Summary results (continued)

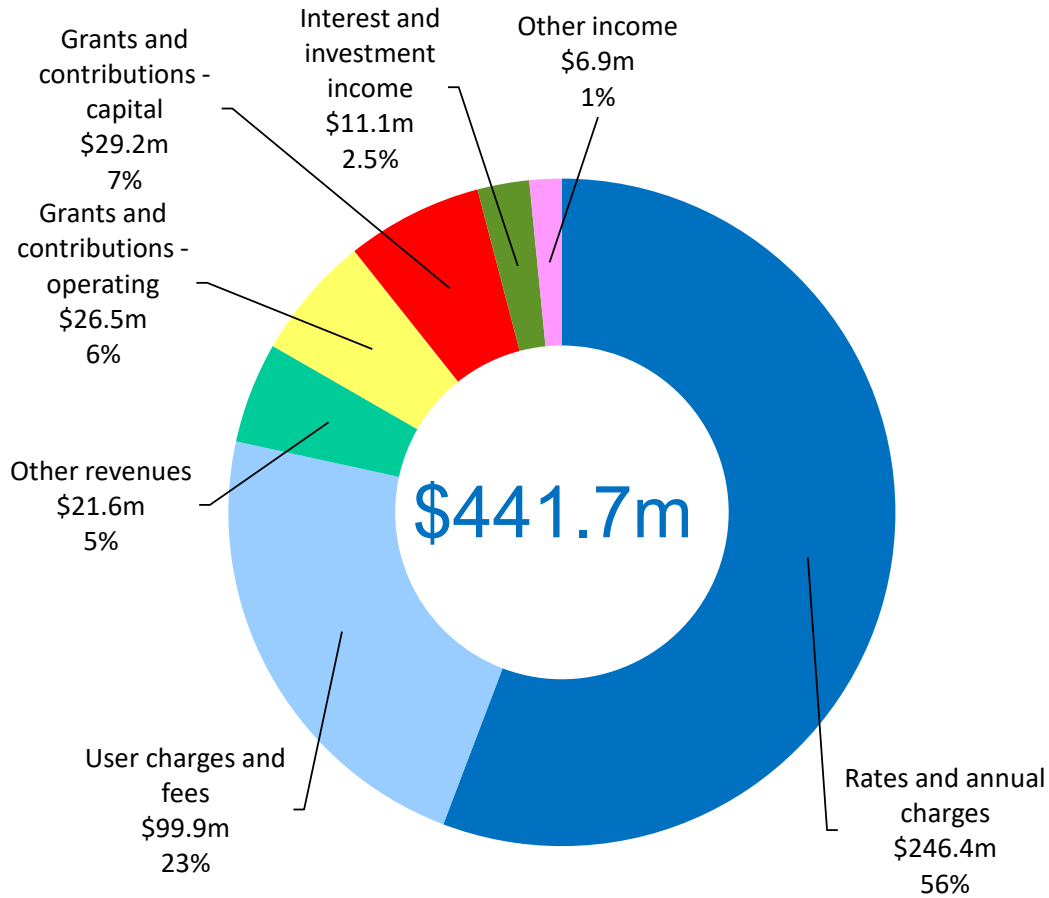
Financial performance indicators	2024	2023	2022	2021
Operating performance	3.73%	4.46%	4.53%	(7.32)%
Own source operating revenue	87.37%	84.61%	82.52%	87.42%
Unrestricted current ratio	2.18x	1.92x	1.90x	1.69x
Debt service cover ratio	6.85x	7.65x	7.25x	2.81x
Rates and annual charges outstanding percentage	3.83%	3.57%	3.63%	3.92%
Cash expense cover ratio	6.40 months	6.13 months	5.59 months	5.13 months

Asset performance indicators	2024	2023	2022	2021
Building and infrastructure renewals	94.55%	130.77%	112.67%	117.19%
Infrastructure backlog ratio	1.52%	1.49%	1.53%	1.50%
Asset maintenance ratio	98.11%	109.69%	100.55%	106.52%
Cost to bring assets to agreed service level	1.17%	1.22%	1.26%	1.24%

Green font indicates performance indicator has achieved the Office of Local Government (OLG) benchmark
The OLG set benchmarks for all indicators, apart from the 'Cost to bring assets to agreed service level'.

Northern Beaches Council

Income from continuing operations



Income Items	1 July 2023 - 30 June 2024 (\$'000)
Rates and annual charges	246,432
User charges and fees	99,931
Other revenues	21,620
Grants and contributions - operating	26,529
Grants and contributions - capital	29,218
Interest and investment income	11,083
Other income	6,915
Net gain from the disposal of assets	-
Total Income from Continuing Operations	441,728

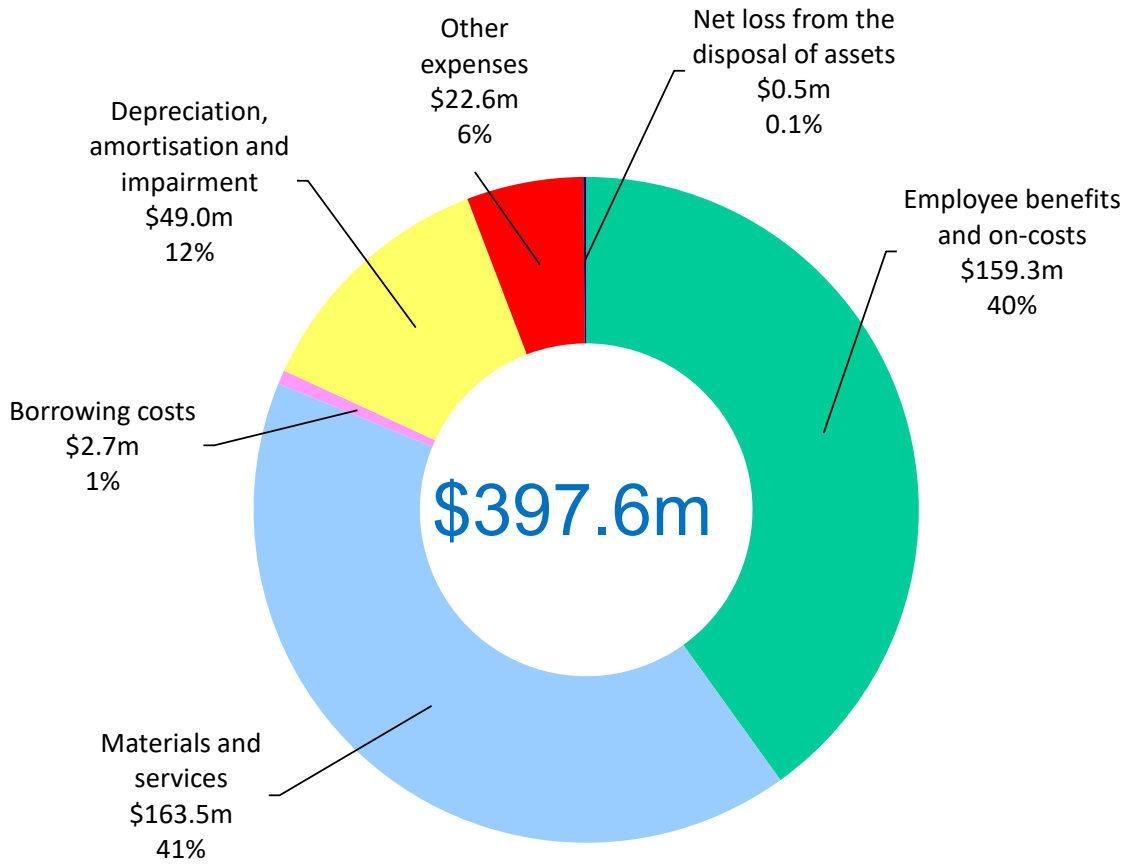
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Income from continuing operations analysis

2024 \$'000	2023 \$'000	Incr/(Decr) \$'000	%	Details
246,432	234,424	12,008	5.1%	Rates and annual charges
Rates were \$186.4m, a 3.73% (\$6.7m) increase on 2023 primarily due to the IPART approved increase of 3.7%. Annual charges are predominantly represented by domestic waste charges of \$58.5m which increased by 9.9% (\$5.3m) due to an increase in the charge to \$555 to fund inflation on contracts, new projects and an increase in the EPA waste levy. The income was offset by the net cost of pensioner rebates on waste charges (\$0.9m). The stormwater charge raised \$2.2m and s611 charges remained \$0.2m.				
99,931	91,876	8,055	8.8%	User charges and fees
User charges and fees include Kimbriki Waste & Recycling Centre fees \$26.5m, child care \$14.1m, parking fees \$13.9m, aquatic centres \$10.4m, planning fees \$9.8m and \$7.8m from Lakeside Holiday Park. Income was higher than the prior year for the Kimbriki Waste & Recycling Centre \$1.8m (7.5%), the aquatic centres \$1.2m (13.7%), planning \$0.7m (8.2%) and restoration services \$0.6m (55.5%).				
21,620	20,086	1,534	7.6%	Other revenues
Other revenues includes parking fines \$6.4m, sale of recycled materials at Kimbriki \$4.1m, sale of inventory (food, beverage and merchandise) \$1.7m and property licences, deeds and agreements \$3.5m. Material increases included an additional \$0.7m in fine revenue (12.7%), \$0.4m inventory sales (32.4%) and \$0.2m from property agreements (7.6%).				
26,529	31,496	(4,967)	(15.8%)	Grants and contributions - operating
Significant items in 2024 include:				
- \$8.4m Financial Assistance Grant		- \$1.4m RFS Program		
- \$3.3m Regional & Local Road Repair Program		- \$0.9m Narrabeen Lagoon Entrance Clearance		
- \$3.4m Early childhood learning and care funding		- \$0.8m Street Lighting grant		
- \$2.2m Natural disaster funding				
29,218	33,917	(4,699)	(13.9%)	Grants and contributions - capital
Significant items in 2024 include:				
- \$16.4m Developer cash contributions (\$13.8m in 2023).				
- \$8.4m Transport and traffic works including funds for road resheeting, new footpaths and traffic facilities and Scotland Island roads and drainage improvement works.				
- \$3.8m Parks and Recreation works including funding for Manly Dam boardwalk, Bayview seawall and path, Freshwater Beach Masterplan Improvements and Frenchs Forest precinct park upgrades.				
11,083	7,085	3,998	56.4%	Interest and investment income
Interest and investment income was \$3.9m higher than in 2023 due to higher balances earning higher interest rates. Council's investment portfolio achieved a return of 5.214% (3.535% in 2023), which was 0.844% above the benchmark AusBond Bank Bill Index return of 4.37%. Interest on cash and investments was \$10.5m and half of this (\$5.2m) related to restricted funds including Kimbriki (\$1.2m) and customer bonds and deposits (\$0.9m) and other restricted reserves \$3.0m.				
Interest income from outstanding rates and annual charges was \$0.6m, \$0.2m (61%) higher than 2023.				
6,915	6,392	523	8.2%	Other income
Income from investment and leased properties was \$6.3m (\$6.0m in 2023). Investment properties were revalued in 2024, resulting in a fair value increase of \$0.2m.				
-	167	(167)	(100.0%)	Net gain from the disposal of assets
The 2023 net gain of \$0.2m comprises gains from the disposal of plant and equipment \$2.1m and property \$0.1m offset by losses on the replacement of assets (\$2.0m). In 2024, there was a net loss from the disposal of assets.				
441,728	425,443	16,285	3.8%	TOTAL INCOME

Northern Beaches Council

Expenses from continuing operations



Expense Items	1 July 2023 - 30 June 2024 (\$'000)
Employee benefits and on-costs	159,331
Materials and services	163,471
Borrowing costs	2,689
Depreciation, amortisation and impairment	48,975
Other expenses	22,569
Net loss from the disposal of assets	545
Total Expenses from Continuing Operations	397,580

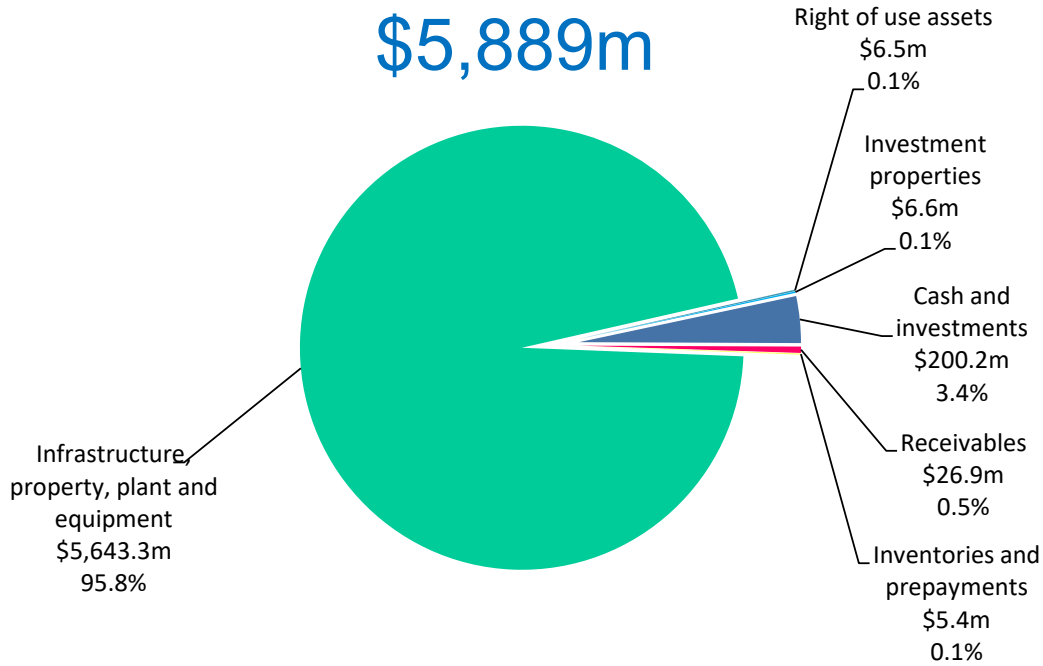
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Expenses from continuing operations analysis

2024	2023	Incr/(Decr)		Details
\$'000	\$'000	\$'000	%	
159,331	146,153	13,178	9.0%	Employee benefits and on-costs
Employee costs were \$159.3m (including capitalised costs of \$7.3m), representing 40.0% of operating expenses. A new Award commenced in 2024, with a 4.5% increase in pay rates along with an additional award payment of \$1 million (equivalent to ~1%). Superannuation increased by 0.5% and workers compensation costs were \$1.1m higher than the previous year due to an increase in the complexity and duration of claims. There was a lower level of staff vacancies throughout the year compared to 2023 (refer to the following section regarding a \$1.7m reduction in agency personnel expenditure).				
163,471	157,273	6,198	3.9%	Materials and services
Materials and services included \$19.4m in waste collection costs, \$16.9m in waste disposal and processing costs and \$16.4m in expenses at the Kimbriki Waste & Recycling Centre.				
Variances compared to the prior year included:				
<ul style="list-style-type: none"> - Waste disposal and collection - \$2.8m (8%)▲ - primarily due to increased inflation on contracts - IT and Communications - \$2.9m (28%)▲ - including software and the system replacement project - Floodplain Management - \$1.2m (42%)▲ - works associated with the opening of Narrabeen Lagoon - Insurance - \$0.9m (24%)▲ - increased provision for unsettled claims and premium increases - Agency personnel - \$1.7m▼ - there was a reduced need for agency personnel compared to the prior year which had higher staff vacancy levels. - Roadwork - \$2.5m▼ - reduced Regional and Local Road Repair Program grant funded works. 				
2,689	2,738	(49)	(1.8%)	Borrowing costs
Borrowing costs comprise interest on loans of \$0.6m, \$0.2m interest on leases and the unwinding of the discount - asset remediation liability for the Kimbriki waste landfill \$1.8m.				
48,975	46,821	2,154	4.6%	Depreciation, amortisation and impairment
Depreciation was 4.6% higher at \$2.2m, reflecting higher asset replacement costs.				
22,569	20,765	1,804	8.7%	Other expenses
Major items within other expenses include the \$9.8m Waste Levy paid by Kimbriki (\$0.9m (10%)▲), \$9.3m Emergency Services Levy (\$1.5m (19%)▲).				
\$2.1m in donations, contributions and assistance was provided (\$0.8m▼) including \$0.5m in grants for Collaroy-Narrabeen private protection works (2023 included a \$1.2m contribution towards the Mona Vale Public School Performance Space funded through the Stronger Communities Fund grant program).				
545	-	545	n/a	Net loss from the disposal of assets
The 2024 net loss of \$0.5m comprises losses on the replacement of infrastructure assets (\$3.0m) exceeding the gains from the disposal of plant and equipment \$2.5m.				
397,580	373,750	23,830	6.4%	TOTAL EXPENSES

Northern Beaches Council

Assets



Asset Items	30 June 2024 (\$'000)
Current Assets	
Cash and cash equivalents	17,541
Investments	182,096
Receivables	25,958
Inventories	392
Prepayments	4,984
Total Current Assets	230,971
Non Current Assets	
Investments	577
Receivables	952
Infrastructure, property, plant and equipment	5,643,257
Investment properties	6,565
Right of use assets	6,544
Total Non Current Assets	5,657,895
TOTAL ASSETS	5,888,866

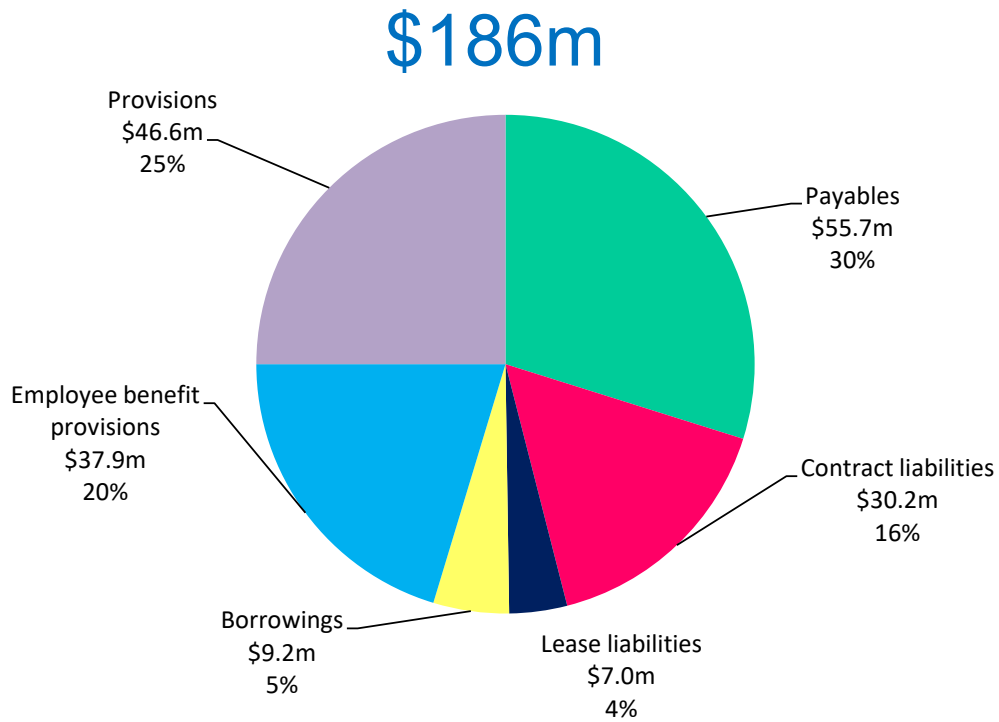
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Assets analysis

30-Jun-24	30-Jun-23	Incr/(Decr)		Details	
\$'000	\$'000	\$'000	%		
200,214	182,906	17,308	9.5%	Cash, Cash Equivalents and Investments	
Cash, Cash Equivalents and Investments increased \$17.3m. This included a net increase in funds held for future purposes including development contributions (\$3.9m ▲), domestic waste (\$5.5m ▲), Kimbriki landfill remediation fund (\$2.9m ▲), customer bonds (\$2.0m ▲). Tied grant funds held reduced by \$5.9m. \$8.1m (85%) of the 2025 Financial Assistance Grant was received in the last week of June 2024.					
26,910	21,856	5,054	23.1%	Receivables	
Receivables were \$5.1m higher than the previous year primarily due to the timing of receipts of government grants \$1.9m, interest accrued on investments \$1.9m and rates payments due \$1.0m.					
392	372	20	5.4%	Inventories	
Inventories comprise stores, materials and trading stock and were consistent with the prior year.					
4,984	3,364	1,620	48.2%	Prepayments	
Prepaid expenses were higher than the previous financial year primarily due to the timing of software licence renewals.					
5,643,257	5,413,807	229,450	4.2%	Infrastructure, property, plant and equipment	
During the financial year a revaluation of land and infrastructure assets was undertaken, resulting in a \$209.2m increase in the carrying value of these assets. The increase in the value of assets reflects the impact of inflation on construction costs for infrastructure assets, the current property market for operational land and changes in community, crown and land under roads valuations informed by the Valuer-General. This movement in the value is held in equity within the IPP&E revaluation surplus.					
Summary - Asset Revaluation 2024					
		Prior to Revaluation	After Revaluation	Movement	
		\$'000	\$'000	\$'000	%
Infrastructure	Gross Carrying Amount	3,485,934	3,907,238	421,304	
	Accumulated Depreciation	(657,734)	(911,978)	(254,244)	
	Total carrying value	2,828,200	2,995,260	167,060	5.9%
Land	Gross Carrying Amount	2,486,873	2,528,991	42,118	
	Total carrying value	2,486,873	2,528,991	42,118	1.7%
	Total revalued assets	5,315,073	5,524,251	209,178	3.9%
6,565	6,320	246	3.9%	Investment properties	
Council holds three investment properties located at Sydney Road Balgowlah, Condamine Street Balgowlah and Pittwater Road Brookvale. Professional property valuations are undertaken annually. There was a \$0.2m increase in the value this year.					
6,544	7,811	(1,267)	(16.2%)	Right of use assets	
Right of use plant and equipment assets were (\$1.2m) lower due to scheduled lease payments under these contracts.					
5,888,866	5,636,436	252,431	4.5%	TOTAL ASSETS	

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Liabilities



Liability Items	30 June 2024 (\$'000)
Current Liabilities	
Payables	55,607
Contract liabilities	20,102
Lease liabilities	1,279
Borrowings	2,178
Employee benefit provisions	35,901
Provisions	1,193
Total Current Liabilities	116,260
Non-Current Liabilities	
Payables	50
Contract liabilities	10,053
Lease liabilities	5,717
Borrowings	6,984
Employee benefit provisions	2,001
Provisions	45,433
Total Non-Current Liabilities	70,238
TOTAL Liabilities	186,498

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Liabilities analysis

30-Jun-24	30-Jun-23	Incr/(Decr)		Details
\$'000	\$'000	\$'000	%	
55,657	47,906	7,751	16.2%	Payables
Payables include security deposits and retentions of \$24.4m, accrued expenses including borrowings, salaries and wages and other expenditure accruals of \$21.1m and invoices payable of \$7.73m. The increase in payables compared to the prior financial year was primarily due to a \$2.6m increase in accrued materials and contract costs, \$2.3m increase in security bonds and a \$1.6m increase in accrued salaries and wages due to the timing of the fortnightly payrun.				
30,155	35,858	(5,702)	(15.9%)	Contract liabilities
Contract liabilities mostly relate to unspent grant funds. The \$5.1m decrease relates to grants held being expended during the year including significant expenditure on the Regional and Local Road Program \$3.2m, TfNSW disaster funds \$1.4m, Manly Dam Reserve trail and boardwalk \$0.6m. This was partially offset by receipts for Manly Surf Life Saving Club works \$0.8m and Scotland Island road and drainage works \$0.8m.				
6,996	8,237	(1,241)	(15.1%)	Lease liabilities
Lease liabilities primarily relate to the vehicle component of Council's waste collection contract. The \$1.2m reduction in lease liabilities was due to contract principal payments per the existing lease schedule. No new lease liabilities were incurred during the year.				
9,162	12,525	(3,363)	(26.9%)	Borrowings
Borrowings continue to decrease due to the ongoing repayment of existing loans.				
37,902	36,597	1,305	3.6%	Employee benefit provisions
Management actively encourages staff to take annual leave at regular intervals and reviews balances in excess of 8 weeks. There was a minor increase in employee leave entitlements of (\$1.3m).				
46,626	46,154	472	1.0%	Provisions
Provisions comprise workers compensation self insurance (\$5.7m) and landfill remediation (\$40.9m). The self insurance provision increased (\$1.1m) to reflect the future claims assessment while the remediation provision decreased \$0.6m.				
186,498	187,277	(779)	(0.4%)	TOTAL LIABILITIES

Northern Beaches Council

Key performance indicators

2024

Financial performance indicators

Operating performance	3.73%	✓
Own source operating revenue ratio	87.37%	✓
Unrestricted current ratio	2.18x	✓
Debt service cover ratio	6.85x	✓
Rates and annual charges outstanding percentage	3.83%	✓
Cash expense cover ratio	6.40 mths	✓

Infrastructure asset performance indicators

Buildings and infrastructure renewals ratio	94.55%	X
Infrastructure backlog ratio	1.52%	✓
Asset maintenance ratio	98.11%	X
Cost to bring assets to agreed service level	1.17%	n/a

✓ indicates performance indicator has achieved the Office of Local Government benchmark

2024	2023	2022	Benchmark	Details
✓ 3.73%	✓ 4.46%	✓ 4.53%	>0%	Operating performance

Purpose: Measures Council's ability to contain operating expenditure within operating revenue. It is important to distinguish that this ratio is focusing on operating performance and hence capital grants and contributions, asset sales, fair value adjustments and reversal of revaluation decrements are excluded. The benchmark is greater than 0%.

Commentary: The result for 2024 is 3.73% and was favourably boosted by strong returns on investments. While the previous 2 year's results are stronger, those results were driven by one-off items.

In 2023 25% of the 2023 FA Grant was paid (as 75% was paid in the prior year) along with 100% of the 2024 FAG. The net impact of grants timing boosted the 2023 result by a net \$1.3m - the 2023 result would have been 4.14% without this.

2022 was impacted by COVID-19 related costs along with a number of favourable one-off items. If those one-off items are removed from the 2022 ratio the result would have been 1.26%.

2024	2023	2022	Benchmark	Details
✓ 87.37%	✓ 84.61%	✓ 82.52%	>60%	Own source operating revenue ratio

Purpose: This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. Council's financial flexibility improves the higher the level of its own source revenue. The benchmark is greater than 60%.

Commentary: Council's Own Source Operating Revenue indicator is well above the benchmark of 60% highlighting Council's financial flexibility.

Northern Beaches Council

Key performance indicators (continued)

2024	2023	2022	Benchmark	Details
✓ 2.18x	✓ 1.92x	✓ 1.90x	>1.5x	Unrestricted current ratio
Purpose:	The Unrestricted Current Ratio is specific to local government and is designed to represent a Council's ability to meet short term obligations as they fall due. Restrictions placed on various funding sources (e.g. Section 7.11 developer contributions) complicate the traditional current ratio used to assess liquidity of businesses as cash allocated to specific projects is restricted and cannot be used to meet a Council's other operating and borrowing costs. The benchmark is greater than 1.5x - meaning for every \$1.00 current liability there is \$1.50 in current assets (after adjustments for restrictions).			
Commentary:	The 2024 ratio is stronger than prior years and remains above the benchmark, indicating that Council is able to meet its short term financial obligations as they fall due after excluding all external restrictions. Cash and investment balances have increased due to setting funds aside for the future remediation of Kimbriki and bonds and deposits from customers.			
✓ 6.85x	✓ 7.65x	✓ 7.25x	>2x	Debt service cover ratio
Purpose:	This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. The benchmark is greater than 2x.			
Commentary:	Council's Debt Service Cover Ratio of 6.85x is above the benchmark of 2x. This ratio has decreased this year due to the refinancing of a \$2.5m loan.			
✓ 3.83%	✓ 3.57%	✓ 3.63%	<5%	Rates and annual charges outstanding %
Purpose:	The purpose of this ratio is to assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.			
Commentary:	Council maintains low levels of outstanding rates and annual charges, particularly given that it may allow aged pensioners, where, in its opinion, payment would cause hardship, to accrue rates and charges against their estate.			
✓ 6.40 months	✓ 6.13 months	✓ 5.59 months	>3 months	Cash expense cover ratio
Purpose:	This liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.			
Commentary:	Council's ratio of 6.4 months exceeds the benchmark of greater than 3 months.			
✗ 94.55%	✓ 130.77%	✓ 112.67%	>100%	Buildings and infrastructure renewals ratio
Purpose:	This ratio assesses the rate at which these assets are being renewed against the rate at which they are depreciating.			
Commentary:	Construction costs have increased significantly, which has resulted in a higher rate of depreciation for Council's assets than the funding Council has available to meet renewal requirements.			

Northern Beaches Council

Key performance indicators (continued)

2024	2023	2022	Benchmark	Details
✓ 1.52%	✓ 1.49%	✓ 1.53%	<2%	Infrastructure backlog ratio
Purpose:	This ratio shows what proportion the backlog is against the total value of Council's infrastructure.			
Commentary:	Council's Infrastructure Backlog Indicator remains below the benchmark of 2% indicating that Council does not have a comparatively significant infrastructure backlog. The marginal decrease in this ratio is largely due to the impact of the infrastructure revaluation.			
X 98.11%	✓ 109.69%	✓ 100.55%	>100%	Asset maintenance ratio
Purpose:	This ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the Council is investing enough funds within the year to stop the infrastructure backlog from growing. The benchmark is greater than 100%.			
Commentary:	Council's Asset Maintenance Ratio indicates the level of expenditure on the maintenance of infrastructure assets is now insufficient to prevent the infrastructure backlog from growing. The unfavourable decrease in this ratio is largely due to maintenance costs increasing at a faster pace than the funding Council has available along with updated condition assessments for revalued assets.			
1.17%	1.22%	1.26%	n/a	Cost to bring assets to agreed service level
Purpose:	This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total gross replacement cost of assets under Council's care and stewardship. Outstanding renewal works relate to the value of work required for assets that have reached the intervention level set by Council based on the condition of the asset. The use of the gross replacement cost as the denominator in this ratio provides a more stable measure over time and is considered to be more reflective of Council's infrastructure 'backlog'.			
Commentary:	The estimated cost to bring assets to agreed service levels is \$46.2m and represents 1.17% of the total replacement value of Council's assets. The ratio has favourably reduced since the last financial year, however this is primarily due to the impact of inflation on asset values.			

Northern Beaches Council

Operating Result by Service

Service	1 July 2023 - 30 June 2024 (\$'000)	1 July 2022 - 30 June 2023 (\$'000)	% Change
Environment and sustainability	(33,858)	(32,586)	4%
Waste and cleansing ¹	(9,173)	(10,201)	(10%)
Kimbriki Resource Recovery Centre ²	3,866	3,287	18%
Community, arts and culture	(6,785)	(6,280)	8%
Children's services ³	(545)	67	(913%)
Library services	(11,047)	(10,431)	6%
Strategic land use planning ⁴	10,518	8,557	23%
Development assessment ⁵	(3,465)	(3,160)	10%
Environmental compliance ⁶	(4,476)	(5,244)	(15%)
Parks and recreation ⁷	(37,182)	(33,904)	10%
Economic development, events and engagemen	(10,650)	(10,448)	2%
Transport, traffic and active travel ⁸	(11,685)	(10,135)	15%
Property and facilities ⁹	(11,643)	(8,162)	43%
Customer service ¹⁰	(4,669)	(4,252)	10%
Governance and assurance services ¹¹	(12,053)	(10,924)	10%
Corporate support services ¹²	(14,990)	(10,132)	48%
Eliminations	(42)	(16)	165%
General purpose income	202,027	195,657	3%
Total Operating Result by Service	44,148	51,693	

¹ Waste & cleansing: The net cost of the domestic waste service was \$1.9m lower than the previous financial year primarily due to lower waste disposal costs than anticipated due a delay in the EPA waste levy increase and rephasing of several waste projects.

² Kimbriki: Higher activity levels at Kimbriki.

³ Children's services: Higher staff costs including a greater reliance on casual staff offset by increased fees and grant revenue.

⁴ Strategic land use planning: Higher development contribution income.

⁵ Development assessment: Employee costs increased as existing vacancies were filled.

⁶ Environmental compliance: Building fee income returned to pre-COVID levels and fine income increased with a number of vacant positions within the Rangers Team filled through the year.

⁷ Parks & recreation: Depreciation increased following an asset revaluation in 2023 along with inflation on contracts and maintenance.

⁸ Transport, traffic and active travel: Lower level of Regional and Local Road Repair grant funded works undertaken in 2024.

⁹ Property & facilities: Grant funding was higher in 2023 for a number of capital projects including Duffys Forest RFS.

¹⁰ Customer service: Costs were higher than the prior year due to workplace changes during 2024.

¹¹ Governance & assurance service: Higher insurance and claims costs and higher legal costs than the prior year.

¹² Corporate support: Costs associated with the core operating systems replacement along with interest on customer bonds.

Northern Beaches Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

*Northern Beaches - a safe, diverse, inclusive and connected
community that lives in balance with our extraordinary
coastal and bushland environment*



northern
beaches
council

Northern Beaches Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Overview

Northern Beaches Council is constituted under the Local Government Act 1993 (NSW).

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

PRINCIPAL PLACE OF BUSINESS

725 Pittwater Road
Dee Why NSW 2099

OPENING HOURS

Monday to Friday
8.30am - 5.00pm

CONTACT DETAILS

Mailing Address:

PO Box 82
Manly NSW 1655

Telephone: 1300 434 434

Internet: www.northernbeaches.nsw.gov.au

Email: council@northernbeaches.nsw.gov.au

OTHER INFORMATION

ABN: 57 284 295 198

AUDITORS

Audit Office of New South Wales

Northern Beaches Council

General Purpose Financial Statements

for the year ended 30 June 2024

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 15 October 2024.




Sue Heins
Mayor
15 October 2024



Sarah Grattan
Councillor
15 October 2024



Scott Phillips
Chief Executive Officer
15 October 2024



Caroline Foley
Chief Financial Officer
15 October 2024

Northern Beaches Council

Income Statement

for the year ended 30 June 2024

<i>Original unaudited budget</i>				<i>Actual</i>	<i>Actual</i>
2024	\$ '000		Notes	2024	2023
		Income from continuing operations			
246,480		Rates and annual charges	B2-1	246,432	234,424
96,837		User charges and fees	B2-2	99,931	91,876
20,788		Other revenues	B2-3	21,620	20,086
27,462		Grants and contributions provided for operating purposes	B2-4	26,529	31,496
32,289		Grants and contributions provided for capital purposes	B2-4	29,218	33,917
6,691		Interest and investment income	B2-5	11,083	7,085
6,442		Other income	B2-6	6,915	6,392
395		Net gain from the disposal of assets	B4-1	–	167
437,384		Total income from continuing operations		441,728	425,443
		Expenses from continuing operations			
157,090		Employee benefits and on-costs	B3-1	159,331	146,153
173,241		Materials and services	B3-2	163,471	157,273
2,593		Borrowing costs	B3-3	2,689	2,738
49,646		Depreciation, amortisation and impairment	B3-4	48,975	46,821
22,119		Other expenses	B3-5	22,569	20,765
–		Net loss from the disposal of assets	B4-1	545	–
404,689		Total expenses from continuing operations		397,580	373,750
32,695		Operating result from continuing operations		44,148	51,693
32,695		Net operating result for the year		44,148	51,693
102		Net operating result attributable to non-controlling interests		191	159
406		Net operating result for the year before grants and contributions provided for capital purposes		14,930	17,776

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

Northern Beaches Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Net operating result for the year – from Income Statement		44,148	51,693
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain on revaluation of infrastructure, property, plant and equipment	C1-6	<u>209,178</u>	160,983
Total items which will not be reclassified subsequently to the operating result		209,178	160,983
Total other comprehensive income for the period		<u>209,178</u>	<u>160,983</u>
Total comprehensive income for the year		<u>253,326</u>	<u>212,676</u>
Total comprehensive income attributable to Council		253,135	212,517
Total comprehensive income attributable to non-controlling interests		191	159

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

Northern Beaches Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	17,541	6,605
Investments	C1-2	182,096	175,623
Receivables	C1-4	25,958	20,844
Inventories	C1-5	392	372
Prepayments		4,984	3,364
Total current assets		230,971	206,808
Non-current assets			
Investments	C1-2	577	678
Receivables	C1-4	952	1,012
Infrastructure, property, plant and equipment (IPPE)	C1-6	5,643,257	5,413,807
Investment properties	C1-7	6,565	6,320
Right of use assets	C2-1	6,544	7,811
Total non-current assets		5,657,895	5,429,628
Total assets		5,888,866	5,636,436
LIABILITIES			
Current liabilities			
Payables	C3-1	55,607	47,806
Contract liabilities	C3-2	20,102	27,619
Lease liabilities	C2-1	1,279	1,241
Borrowings	C3-3	2,178	3,340
Employee benefit provisions	C3-4	35,901	34,754
Provisions	C3-5	1,193	1,060
Total current liabilities		116,260	115,820
Non-current liabilities			
Payables	C3-1	50	100
Contract liabilities	C3-2	10,053	8,239
Lease liabilities	C2-1	5,717	6,996
Borrowings	C3-3	6,984	9,185
Employee benefit provisions	C3-4	2,001	1,843
Provisions	C3-5	45,433	45,094
Total non-current liabilities		70,238	71,457
Total liabilities		186,498	187,277
Net assets		5,702,368	5,449,159
EQUITY			
Accumulated surplus		5,023,109	4,979,154
IPPE revaluation surplus		677,778	468,600
Council equity interest		5,700,887	5,447,754
Non-controlling equity interests		1,481	1,405
Total equity		5,702,368	5,449,159

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

Northern Beaches Council

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024					2023				
		Accumulated surplus	IPPE revaluation surplus	Council interest ¹	Non-controlling interest	Total equity	Accumulated surplus	IPPE revaluation surplus	Council interest ¹	Non-controlling interest	Total equity
Opening balance at 1 July		4,979,152	468,600	5,447,752	1,405	5,449,157	4,927,620	307,617	5,235,237	1,304	5,236,541
Net operating result for the year		43,957	–	43,957	191	44,148	51,534	–	51,534	159	51,693
Other comprehensive income											
Gain on revaluation of infrastructure, property, plant and equipment	C1-6	–	209,178	209,178	–	209,178	–	160,983	160,983	–	160,983
Other comprehensive income		–	209,178	209,178	–	209,178	–	160,983	160,983	–	160,983
Total comprehensive income		43,957	209,178	253,135	191	253,326	51,534	160,983	212,517	159	212,676
Dividends paid to minority interest		–	–	–	(115)	(115)	–	–	–	(58)	(58)
Closing balance at 30 June		5,023,109	677,778	5,700,887	1,481	5,702,368	4,979,154	468,600	5,447,754	1,405	5,449,159

(1) Minor adjustment for prior year rounding.

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

Northern Beaches Council

Statement of Cash Flows

for the year ended 30 June 2024

<i>Original unaudited budget 2024</i>	<i>\$ '000</i>	Notes	<i>Actual 2024</i>	<i>Actual 2023</i>
Cash flows from operating activities				
Receipts:				
246,349	Rates and annual charges		245,463	234,281
100,908	User charges and fees		104,315	96,268
6,770	Interest received		9,052	4,873
39,063	Grants and contributions		48,521	76,799
7,098	Bonds, deposits and retentions received		8,143	7,741
45,369	Other		44,656	41,346
Payments:				
(155,511)	Payments to employees		(156,343)	(145,037)
(188,484)	Payments for materials and services		(182,311)	(176,928)
(965)	Borrowing costs		(924)	(1,064)
(7,098)	Bonds, deposits and retentions refunded		(5,867)	(5,571)
(21,851)	Other		(21,914)	(22,019)
71,648	Net cash flows from operating activities	G1-1	92,791	110,689
Cash flows from investing activities				
Receipts:				
341,696	Sale of investments		269,831	272,227
2,675	Proceeds from sale of IPPE		2,513	2,167
Payments:				
(300,000)	Purchase of investments		(276,178)	(297,123)
(111,309)	Payments for IPPE		(73,302)	(81,973)
(66,938)	Net cash flows from investing activities		(77,136)	(104,702)
Cash flows from financing activities				
Receipts:				
2,500	Proceeds from borrowings		2,500	–
Payments:				
(5,706)	Repayment of borrowings		(5,863)	(4,783)
(1,228)	Principal component of lease payments		(1,241)	(1,238)
(120)	Dividends paid to minority interest		(115)	(58)
(4,554)	Net cash flows from financing activities		(4,719)	(6,079)
156	Net change in cash and cash equivalents		10,936	(92)
6,552	Cash and cash equivalents at beginning of year		6,605	6,697
6,708	Cash and cash equivalents at end of year	C1-1	17,541	6,605

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

Northern Beaches Council

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Northern Beaches 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 15 October 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policy information related to these consolidated financial statements are set out below.

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

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

Northern Beaches Council is a not-for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars. Disclosures where relevant may be presented in whole dollars or as otherwise noted.

Historical cost convention

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

Significant accounting estimates and judgements

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

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.

Significant judgements in applying the Council's accounting policies

- i. 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.
- ii. Impairment of receivables - refer Note C1-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

Monies and other assets received by Council

The Consolidated Fund

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

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

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

A1-1 Basis of preparation (continued)

- General purpose operations
- Kimbriki Environmental Enterprises Pty Limited

The Trust Fund

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

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

A separate statement of monies held in the Trust Fund is available for inspection at Council offices, during opening hours, by any person free of charge.

Goods and Services Tax (GST)

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

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

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

Volunteer services

Volunteer services are not recognised as they would not be purchased if not donated.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods. Northern Beaches Council's assessment of the impact of these new standards and interpretations relevant to them is set out below.

Pronouncement	AASB 2022-10 <i>Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i>
Nature of change in accounting policy	<p>This Standard amends <i>AASB 13 Fair Value Measurement</i>, including adding authoritative implementation guidance and providing related illustrative examples, for application by not-for-profit public sector entities such as Council.</p> <p>In particular, this standard provides guidance on:</p> <p>(a) highest and best use</p> <p>(b) financially feasible uses</p> <p>(c) use of assumptions</p> <p>(d) nature of costs to include in the replacement cost of a reference asset and on the identification of economic obsolescence when using the cost approach.</p> <p>This includes guidance and clarification regarding the determination of an assets highest and best use, the development and use of internal assumptions for unobservable inputs and allows for greater use of internal judgements when applying the cost approach in the measurement and determination of fair values.</p>
Effective date	Annual reporting period beginning on or after 1 January 2024 (i.e. year ending 30 June 2025).
Expected impact on Council's financial statements	From our assessment, there is no impact expected for Council in the fair value measurement of non-financial assets.

A1-1 Basis of preparation (continued)

Pronouncement	AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i> AASB 2020-6 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</i> AASB 2022-6 <i>Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants</i>
Nature of change in accounting policy	This Standard amends AASB 101 <i>Presentation of Financial Statements</i> to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.
Effective date	Annual reporting period beginning on or after 1 January 2024 (i.e. year ending 30 June 2025).
Expected impact on Council's financial statements	From our assessment, there is no impact expected for Council in the classification of our reported liabilities as current or non-current.

New accounting standards and interpretations adopted during the year

During the year Council adopted the following accounting standard and interpretation (as issued by the Australian Accounting Standards Board) which was mandatorily effective for the first time at 30 June 2024:

Pronouncement	AASB 2021-2 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i>
Nature of change in accounting policy	<p>The most significant change introduced by this standard is to remove the requirement to disclose significant accounting policies and instead require disclosure of material accounting policy information.</p> <p><i>“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.”</i></p> <p>Accounting policy information is likely to be considered material if that information relates to material transactions, other events or conditions and:</p> <ul style="list-style-type: none"> 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 <i>AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors</i> 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 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
Effective date	Annual reporting periods beginning on or after 1 January 2023 (i.e. year ending 30 June 2024).
Impact on Council's financial statements	In applying the new requirements, Council has, after taking into account the various specific facts and circumstances, applied professional judgement to ensure it discloses only material accounting policies as opposed to significant account policies throughout these financial statements.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	<i>Income</i>		<i>Expenses</i>		<i>Operating result</i>		<i>Grants and contributions</i>		<i>Carrying amount of assets</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
Functions or activities										
Environment and sustainability	8,783	7,598	42,641	40,184	(33,858)	(32,586)	4,242	3,265	956,220	911,126
Waste and cleansing	58,774	53,583	67,947	63,784	(9,173)	(10,201)	347	497	19,448	17,419
Kimbriki Resource Recovery Centre ¹	43,962	41,776	40,096	38,489	3,866	3,287	–	–	86,779	87,150
Community, arts and culture	6,007	6,591	12,792	12,871	(6,785)	(6,280)	805	2,070	79,507	53,381
Children's services	17,563	16,525	18,108	16,458	(545)	67	3,371	2,903	8,373	7,069
Library services	1,139	1,180	12,186	11,611	(11,047)	(10,431)	834	870	51,163	45,525
Strategic land use planning ²	17,696	15,206	7,178	6,649	10,518	8,557	16,755	344	47,409	43,511
Development assessment	3,900	3,988	7,365	7,148	(3,465)	(3,160)	–	–	–	–
Environmental compliance	9,492	8,040	13,968	13,284	(4,476)	(5,244)	(3)	8	–	–
Parks and recreation	7,789	7,819	44,971	41,723	(37,182)	(33,904)	4,539	4,975	433,647	408,231
Economic development, events and engagement	1,065	1,012	11,715	11,460	(10,650)	(10,448)	12	35	–	–
Transport, traffic and active travel	36,209	37,854	47,894	47,989	(11,685)	(10,135)	15,725	18,527	984,335	947,865
Property and facilities	39,271	40,527	50,914	48,689	(11,643)	(8,162)	662	6,180	3,056,004	2,965,886
Customer service	–	–	4,669	4,252	(4,669)	(4,252)	–	–	–	–
Governance and assurance services	471	182	12,524	11,106	(12,053)	(10,924)	–	–	–	–
Corporate support services ²	5,416	4,556	20,406	14,688	(14,990)	(10,132)	76	13,997	165,981	149,273
Eliminations ³	(17,286)	(16,326)	(17,244)	(16,310)	(42)	(16)	–	–	–	–
General purpose income	202,027	195,657	–	–	202,027	195,657	8,382	11,742	–	–
Total functions and activities ⁴	442,278	425,768	398,130	374,075	44,148	51,693	55,747	65,413	5,888,866	5,636,436

(1) Does not include Kimbriki's interest income which is considered General Purpose Income or Council Rates.

(2) Section 7.11 and 7.12 receipts have been reclassified from Corporate Support to Strategic Land Use Planning

(3) This includes tipping fees/tipping charges (\$13.1m), site rental income/site rental expense (\$3.5m) between Northern Beaches Council and Kimbriki. It also includes Council rates on Council properties.

(4) The income and expenses in B1-1 allocate the profit or loss on disposed assets to either income or expenses for each relevant service. The Income Statement reports a net figure. The amount which is recognised as a gain is \$0.5m for 2024.

B1-2 Components of functions or activities

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

Environment and sustainability

This service delivers programs to protect and preserve biodiversity, manage natural hazards and improve sustainability for Council and the community.

Waste and cleansing

This service delivers household waste and recyclables collection. The service includes community waste education and behaviour change programs. It also delivers litter removal, cleaning of public places (beaches, parks, streets, village/town centres and graffiti removal), street sweeping and the collection of illegally dumped rubbish.

Kimbriki Resource Recovery Centre

This facility delivers sustainable waste management and recycling services to the community. It recycles around 80% of waste received and provides education on sustainability via the Eco House and garden. The Buy Back Centre sells salvaged building materials and furniture.

Community, arts and culture

This service facilitates and supports activities to build social capital, community resilience and enhance the health and well-being of the Northern Beaches community. It includes the Meals on Wheels service, programs for aged, people with disability and youth. The community centres, cultural facilities, arts and cultural programs, regional art gallery and museum and performing arts centre provide opportunities to contribute and participate in cultural and social life.

Children's services

This service offers high quality professional care for children aged 0-11 years through seven long day care centres, four vacation care locations, two pre-schools, an occasional care centre and a network of family day carers.

Library services

Library services provides a range of collections to support literacy and lifelong learning at Dee Why, Forestville, Glen Street in Belrose, Manly, Mona Vale and Warringah Mall as well as a home delivery service. The service also supports the delivery of inclusive and diverse events, programs and services that support community connection, digital literacy and wellbeing.

Strategic land use planning

This service sets the land-use direction in the local government area via the Local Strategic Planning Statement. The service prepares structure plans and place plans to manage growth and development and has responsibility for Council's development contribution framework, European heritage management, Aboriginal heritage development, urban design and assessment of planning proposals.

Development assessment

This service assesses applications, modifications and reviews of determinations in line with local and state planning controls. It also provides a development advisory service to assist applicants in the preparation and lodgement of applications and to give general planning advice to the community.

Environmental compliance

This service contributes to protecting the environment and keeping the community safe through education, regulation and enforcement. This includes responding to issues relating to pollution, illegal development, fire safety, animal management, food safety and public health.

Parks and recreation

This service manages and maintains recreational open space including playgrounds, sportsfields, rockpools, skate facilities, sports courts, public golf courses, town and village centres, dog off-leash areas and gardens and parks including Manly Warringah War Memorial (Manly Dam) and Narrabeen Lagoon State Parks. The service is also responsible for tree management and lifeguard services at beaches and events.

Economic development, events and engagement

This service supports the vibrancy and success of village and town centres, celebrating all facets of the community with events and festivals and engaging with the community through the provision of information. Visitor information services highlight the Northern Beaches as a tourism destination. Community engagement (online and in-person) supports good governance and effective decision making on a wide range of projects.

Transport, traffic and active travel

This service manages and maintains the local road network including footpaths, kerbs and gutters, bus shelters, guard rails, bridges, causeways, retaining walls, pedestrian crossings, roundabouts and bike paths. The service also manages Council car parks and parking stations, wharves, boat ramps and tidal pools, road safety programs and the provision of Hop, Skip, Jump community buses.

B1-2 Components of functions or activities (continued)

Property and facilities

This service manages Council's portfolio of community and civic buildings, including surf clubs, aquatic centres, library buildings, community centres, art venues, offices, public amenities, holiday accommodation facilities at Sydney Lakeside Holiday Park and Currawong and cemeteries. The service also manages leases/licences of public land including outdoor dining.

Customer service

Providing a friendly and professional service for the management of customer requests and transactions, both in person at Dee Why, Manly and Mona Vale service centres or 24 hours a day, seven days a week for people contacting Council by phone.

Governance and assurance services

This service provides secretariat and high-level administrative functions, claims management, in-house legal and advisory services to Council, sub committees and the Audit, Risk and Improvement Committee. The service is responsible for implementing Council's Governance Framework and internal audit program including management of complaints about staff behaviour and Council processes.

Corporate support services

This service supports the efficient delivery of services to the community by providing financial management, procurement, human resources management, technology and information systems, corporate planning and reporting and project management services to the organisation.

Eliminations

Captures the elimination of inter-entity accounting between Council and its subsidiary Kimbriki, and intra-entity transactions, primarily rates, on Council-owned properties. These transactions are required to be eliminated when preparing consolidated financial reports.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	155,839	149,905
Farmland	16	16
Business	29,935	29,255
Less: pensioner rebates (mandatory)	(1,611)	(1,692)
Less: pensioner rebates (Council policy)	(132)	(132)
Rates levied to ratepayers	184,047	177,352
Pensioner rate subsidies received	925	948
Total ordinary rates	184,972	178,300
Special rates		
Business	1,466	1,395
Rates levied to ratepayers	1,466	1,395
Total special rates	1,466	1,395
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	58,541	53,218
Stormwater management services	2,208	2,208
Section 611 charges	161	169
Less: pensioner rebates (mandatory)	(656)	(637)
Less: pensioner rebates (Council policy)	(604)	(566)
Annual charges levied	59,650	54,392
Pensioner annual charges subsidies received:		
– Domestic waste management	344	337
Total annual charges	59,994	54,729
Total rates and annual charges	246,432	234,424

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

Material accounting policy information

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

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

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

B2-2 User charges and fees

\$ '000	2024	2023
Aquatic centres	10,402	9,153
Caravan park	7,771	7,358
Cemeteries	1,437	1,071
Child care	14,183	13,605
Community centres	2,451	2,191
Currawong State Park	522	319
Glen Street Theatre	1,515	1,298
Golf course and driving range	3,048	2,451
Kimbriki Waste and Recycling Centre	26,455	24,614
Libraries	125	136
Parking areas	13,880	13,452
Planning and building regulatory	9,815	9,068
Regulatory/statutory fees	955	782
Restoration charges	1,690	1,086
Section 10.7 certificates (EP&A Act)	848	818
Section 603 certificates	462	380
Sportsfields and reserves	1,874	1,651
Other fees	2,498	2,443
Total other user charges and fees	99,931	91,876
Total user charges and fees	99,931	91,876
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	41,816	38,800
User charges and fees recognised at a point in time	58,115	53,076
Total user charges and fees	99,931	91,876

Material accounting policy information

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or, in some cases such as caravan parks, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

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

Licences granted by Council are mainly either short-term or low value and all revenue from licences < \$5k are recognised at the time that the licence is granted rather than over the term of the licence.

B2-3 Other revenues

\$ '000	2024	2023
Advertising income	1,105	1,362
Ex gratia rates	27	25
Fines – parking	6,355	5,636
Fines – other	544	487
Legal fees recovery	471	181
Legal fees recovery – rates and charges (extra charges)	207	259
Licences, consents & deeds	3,528	3,279
Recycling income	627	672
Sales of inventories	1,704	1,286
Other revenues – Kimbriki	4,113	4,287
Other	2,939	2,612
Total other revenue	21,620	20,086
Timing of revenue recognition for other revenue		
Other revenue recognised over time	3,528	3,279
Other revenue recognised at a point in time	18,092	16,807
Total other revenue	21,620	20,086

Material accounting policy information

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.

Fines are recognised as revenue when the payment is received.

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

B2-4 Grants and contributions

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	127	1,595	–	–
Financial assistance – local roads component	78	706	–	–
Payment in advance - future year allocation ¹				
Financial assistance – general component	5,805	6,725	–	–
Financial assistance – local roads component	2,373	2,716	–	–
Amount recognised as income during current year	8,383	11,742	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Bushfire services	1,399	1,351	20	2,219
Child care	3,370	2,803	–	58
Coast and estuaries	–	–	795	1,391
Community services	767	915	180	269
Environmental protection	2,701	2,020	64	11
Library	770	796	65	74
Local Infrastructure Renewal Scheme subsidy	76	172	–	–
Recreation and culture	998	745	3,407	6,039
Street lighting	933	836	–	–
Stronger communities fund	120	1,189	17	22
Storm/flood damage	2,369	2,011	–	–
Transport (other roads and bridges funding)	3,847	6,159	6,194	7,287
Transport (roads to recovery)	–	–	1,418	1,318
Transport for NSW contributions (regional roads, block grant)	796	757	471	560
Total special purpose grants and non-developer contributions – cash	18,146	19,754	12,631	19,248
Non-cash contributions				
Other	–	–	160	3
Total other contributions – non-cash	–	–	160	3
Total special purpose grants and non-developer contributions (tied)	18,146	19,754	12,791	19,251
Total grants and non-developer contributions	26,529	31,496	12,791	19,251
Comprising:				
– Commonwealth funding	10,887	13,780	3,073	4,033
– State funding	14,744	17,040	9,158	13,694
– Other funding	898	676	560	1,524
	26,529	31,496	12,791	19,251

(1) The payment in advance received in 2024 represents 85% of the expected 2025 allocation, while the 2023 advance payment was for 100% of the 2024 allocation.

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2024	<i>Operating 2023</i>	Capital 2024	<i>Capital 2023</i>
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
	G3				
Cash contributions					
S 7.11 – contributions towards amenities/services		–	–	5,578	3,405
S 7.4 – contributions using planning agreements		–	–	–	343
S 7.12 – fixed development consent levies		–	–	10,849	10,077
Total developer contributions – cash		–	–	16,427	13,825
Non-cash contributions					
Other developer contributions		–	–	–	841
Total developer contributions non-cash		–	–	–	841
Total developer contributions		–	–	16,427	14,666
Total grants and contributions		26,529	31,496	29,218	33,917
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		10,879	12,813	10,742	17,277
Grants and contributions recognised at a point in time		15,650	18,683	18,476	16,640
Total grants and contributions		26,529	31,496	29,218	33,917

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	<i>Operating</i> 2024	<i>Operating</i> 2023	<i>Capital</i> 2024	<i>Capital</i> 2023
Unspent funds at 1 July	15,436	10,204	60,567	55,419
Recognised as income in the current period but not yet spent	513	438	19,012	16,292
Received for the provision of goods and services in a future period	-	7,723	2,294	3,367
Recognised in a previous reporting period now spent	(6,240)	(2,929)	(17,505)	(14,511)
Unspent funds at 30 June	9,709	15,436	64,368	60,567

Nature of unspent grants and contributions:

	2024	2023
- Bare Creek	1,282	1,344
- Local roads and community infrastructure	-	237
- Manly Dam	1,465	2,169
- McKillop headland boardwalk	1,321	1,446
- Pipeline regional active corridor	3,111	3,348
- Precinct support scheme Frenchs Forest	3,576	3,983
- Regional and local road repair	-	3,273
- South Collaroy foreshore renewal	1,000	1,000
- February 2022 storm essential public asset reconstruction	787	2,207
- Stronger Communities fund	4,806	4,943
- Transport for NSW B-line projects	3,126	3,128
- Warringah Recreation Centre	1,288	1,514
- Other grants	4,929	3,965
Closing balance unspent grants and non-developer contributions - refer to Note C1-3:	26,691	32,557
Closing balance unspent Developer Contributions - refer to Note G3:	47,386	43,446

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include an enforceability clause, details on the specific performance obligations of the transfer of goods or services to an external party through the contract or as part of an agreed work schedule or plan, and refund stipulations if the performance obligations are not met. Payment terms vary depending on the terms of the grant. Cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

B2-4 Grants and contributions (continued)

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	600	372
– Cash and investments	10,483	6,713
Total interest and investment income (losses)	11,083	7,085

B2-6 Other income

\$ '000	Notes	2024	2023
Rental income			
Investment properties			
Rental income investment properties		308	233
Total Investment properties		308	233
Other lease income			
Rental income leased Council properties		6,337	5,974
Total other lease income		6,337	5,974
Total rental income	C2-2	6,645	6,207
Fair value increment on investment properties			
Fair value increment on investment properties		245	165
Total fair value increment on investment properties	C1-7	245	165
Fair value increment on investments			
– Movements in investments at fair value through profit and loss (FVTPL)		25	20
Total Fair value increment on investments		25	20
Total other income		6,915	6,392

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages ¹	126,452	116,284
Employee termination costs (where material – other than vested leave paid)	751	980
Employee leave entitlements (ELE)	14,905	14,524
Superannuation	15,196	13,557
Workers' compensation	3,722	2,634
Fringe benefit tax (FBT)	871	841
Kimbriki salaries and on-costs	4,756	4,893
Total employee costs	166,653	153,713
Less: capitalised costs	(7,322)	(7,560)
Total employee costs expensed	159,331	146,153

Material accounting policy information

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.

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

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

(1) A new award commenced in 2024 with a 4.5% increase in pay rates along with an additional award payment of \$1m.

B3-2 Materials and services

\$ '000	Notes	2024	2023
Agency personnel		2,363	4,051
Audit fees	F2-1	250	238
Bank charges		687	638
Bush regeneration		5,196	5,226
Cleaning		7,500	6,997
Consultancy		376	491
Councillor and Mayoral fees and associated expenses	F1-2	771	802
Election expenses		5	-
Electricity, heating and water		4,974	4,673
Environment and floodplain management		3,958	2,781
Fine processing fees		927	717
Golf course and driving range		1,520	1,426
Insurance		4,677	3,773
IT and communications		13,362	10,433
Kimbriki Waste and Recycling Centre		16,361	15,559
Land use planning		655	636
Legal fees - other		1,845	1,515
Legal fees - planning and development		1,180	863
Lifeguard services		1,632	1,497
Maintenance and servicing		6,268	6,488
Management fees		2,567	2,247
Other contracts		4,572	5,605
Parking		925	712
Performance and events		1,696	1,734
Plant and vehicle		3,033	2,934
Printing, postage and stationery		1,244	1,162
Raw materials and consumables		5,063	4,515
Recreation and sportsfields		8,675	8,428
Roadwork		11,493	14,021
Stormwater		1,092	1,438
Street lighting		2,591	2,711
Training costs		795	781
Tree works		3,683	3,835
Valuation fees		492	471
Waste collection ¹		19,450	18,167
Waste disposal and processing		16,935	15,393
Materials and services - other		4,658	4,315
Total materials and services		163,471	157,273
Less: capitalised costs		-	-
Total materials and services		163,471	157,273

(1) The total amount paid for waste collection inclusive of lease components of the contract in 2024 is \$20.8m (2023 \$19.6m).

B3-3 Borrowing costs

\$ '000	Notes	2024	2023
(i) Interest bearing liability costs			
Interest on leases		216	251
Interest on loans		649	762
Total interest bearing liability costs		865	1,013
Total interest bearing liability costs expensed		865	1,013
(ii) Other borrowing costs			
Unwinding of discount - asset remediation ¹	C3-5	1,824	1,725
Total other borrowing costs		1,824	1,725
Total borrowing costs expensed		2,689	2,738

(1) 'Unwinding of discount - asset remediation' refers to the increase in the landfill remediation provision each year, to reflect the present value of the estimated future expenditure to remediate the Kimbriki landfill.

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
– Buildings	C1-6	9,621	8,721
– Roads	C1-6	12,424	11,839
– Stormwater	C1-6	6,206	6,156
– Recreational and other infrastructure	C1-6	7,235	6,167
– Right of use assets	C2-1	1,267	1,299
– Other ¹	C1-6	11,556	11,876
Reinstatement, rehabilitation and restoration assets:			
– Asset remediation ²	C3-5,C1-6	666	763
Total depreciation, amortisation and impairment of non-financial assets		48,975	46,821

Material accounting policy information

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment 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.

(1) Other refers to non-infrastructure assets including plant & equipment, office equipment, furniture & fittings, depreciable land improvements and library books.

(2) 'Asset remediation' refers to the amortisation of the landfill remediation asset.

B3-5 Other expenses

\$ '000	Notes	2024	2023
Impairment of receivables	C1-4	187	40
Donations, contributions and assistance to other organisations		2,058	2,839
Contributions/levies to other levels of government:			
- Crown land levy		180	171
- Emergency services levy		9,300	7,785
- Land tax		323	324
- Planning levy		728	703
- Waste levy		9,793	8,903
Total other expenses		22,569	20,765

B4 Gains or losses

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

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		–	55
Gain (or loss) on disposal		–	55
Gain (or loss) on disposal of plant and equipment			
Proceeds from disposal – plant and equipment	C1-6	2,513	2,112
Less: carrying amount of plant and equipment assets sold/written off		(821)	(523)
Gain (or loss) on disposal		1,692	1,589
Gain (or loss) on disposal of infrastructure			
Less: carrying amount of infrastructure assets sold/written off	C1-6	(2,237)	(1,477)
Gain (or loss) on disposal		(2,237)	(1,477)
Gain (or loss) on disposal of investments			
Proceeds from disposal/redemptions/maturities – financial assets	C1-2	269,831	272,227
Less: carrying amount of financial assets sold/redeemed/matured		(269,831)	(272,227)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(545)	167

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 27 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----		
Revenues					
Rates and annual charges	246,480	246,432	(48)	0%	U
User charges and fees	96,837	99,931	3,094	3%	F
Other revenues	20,788	21,620	832	4%	F
Operating grants and contributions	27,462	26,529	(933)	(3)%	U
Capital grants and contributions	32,289	29,218	(3,071)	(10)%	U
Council budgets conservatively for capital grants and contributions so as to avoid reliance on unsecured funding. Variations to the budget include:					
<ul style="list-style-type: none"> • \$10.1m Section 7.11 and 7.12 developer contributions received • \$1.6m Road resheeting program • (\$5.0m) Frenchs Forest precinct park upgrade • (\$2.7m) Connecting Communities - cycleway and footpaths program • (\$1.6m) Collaroy-Narrabeen coastal protection works • (\$1.4m) Manly Dam boardwalk • (\$1.0m) Pedestrian and cyclist bridge Pittwater Road Queenscliff 					
Interest and investment revenue	6,691	11,083	4,392	66%	F
Increased investment Interest returns of \$3.8m due to higher interest rates and investment balances on investments.					
Net gains from disposal of assets	395	-	(395)	(100)%	U
Council takes the conservative position not to budget for gains on disposal of assets with the exception of planned plant and equipment sales.					
The variance is principally due to receipts from disposal of plant and equipment \$2.4m offset by cost associated with disposal of infrastructure assets (\$2.2m).					
Other income	6,442	6,915	473	7%	F

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----		
Expenses					
Employee benefits and on-costs	157,090	159,331	(2,241)	(1)%	U
Materials and services	173,241	163,471	9,770	6%	F
Borrowing costs	2,593	2,689	(96)	(4)%	U
Depreciation, amortisation and impairment of non-financial assets	49,646	48,975	671	1%	F
Other expenses	22,119	22,569	(450)	(2)%	U
Net losses from disposal of assets	-	545	(545)	∞	U
Statement of cash flows					
Cash flows from operating activities	71,648	92,791	21,143	30%	F
The favourable performance against budget primarily reflects:					
<ul style="list-style-type: none"> • Higher interest received on investments due to higher interest rates and investment balances. • Higher grants and contributions income was received than anticipated in the Original Budget, in particular development contributions. • Rephasing of the Core Operating System Replacement project. 					
Cash flows from investing activities	(66,938)	(77,136)	(10,198)	15%	U
The unfavourable performance against budget primarily reflects:					
<ul style="list-style-type: none"> • Payments for IPPE were lower than expected due to rephasing of some major projects to align with revised construction timelines, in particular the Warriewood Community Centre. • A higher investment balance due to the reasons noted above. 					
Cash flows from financing activities	(4,554)	(4,719)	(165)	4%	U

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	8,704	2,571
Cash equivalent assets		
– Deposits at call	8,837	4,034
Total cash and cash equivalents	17,541	6,605

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	17,541	6,605
Balance as per the Statement of Cash Flows	17,541	6,605

C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Financial assets at fair value through the profit and loss				
Mortgage backed securities	–	577	–	678
Total	–	577	–	678
Debt securities at amortised cost				
Term deposits	182,096	–	175,623	–
Total	182,096	–	175,623	–
Total financial investments	182,096	577	175,623	678

Material accounting policy information

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

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

Financial assets

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

Classification

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

- amortised cost
- fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

C1-2 Financial investments (continued)

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.

Council's financial assets measured at fair value through profit or loss comprise investments in a mortgage backed security.

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	200,214	182,906
Less: Externally restricted cash, cash equivalents and investments	<u>(61,977)</u>	<u>(53,127)</u>
Cash, cash equivalents and investments not subject to external restrictions	138,237	129,779
\$ '000	Notes	2024
		2023

External restrictions

External restrictions included in cash, cash equivalents and investments above comprise:

Developer contributions – general	A	47,386	43,446
Specific purpose unexpended grants	B	573	597
Domestic waste management	C	12,888	8,466
Stormwater management	D	253	161
Balgowlah area improvements	E	301	206
Manly business centre improvements	F	576	251
Total external restrictions		61,977	53,127
External Restrictions			

- A Development contributions which are not yet expended for the provision of services and amenities in accordance with contribution plans (refer Note G3)
- B Grants already recognised as revenue which are not yet expended for the purposes for which the grants were obtained
- C Domestic Waste Management (DWM) cash surplus from operations is held as a restricted asset to fund future capital expenditure, including bin replacements and process improvements to the Domestic Waste collection business
- D Funds received through the stormwater management service charge to be used on stormwater works
- E Funds received through a special rate are set aside to be used on future works in Balgowlah around Sydney Road and Condamine Street
- F Funds received through a special rate are set aside to be used on future works in the Manly Business Centre

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

\$ '000	2024	2023
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	138,237	129,779
Less: Internally allocated cash, cash equivalents and investments	<u>(88,585)</u>	<u>(90,833)</u>
Unallocated cash, cash equivalents and investments	49,652	38,946

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

\$ '000	Notes	2024	2023
Internal allocations			
At 30 June, Council has internally allocated funds to the following:			
Mona Vale Cemetery reserve	A	5,964	7,903
Deposits, retentions and bonds	B	19,527	17,550
Employees leave entitlements	C	7,580	7,111
Environmental levy (former Manly Council)	D	1,179	1,411
Meals on wheels	E	192	216
Special rates variation (former Pittwater Council)	F	227	228
Merger savings fund	G	911	1,315
Tennis liaison trust fund	H	188	171
Manly Art Gallery	I	712	716
Plant and fleet replacement	J	7,593	6,485
Property improvement reserve	K	113	242
Kimbriki landfill remediation	L	18,207	15,418
Stronger Communities fund tied grants	M	5,378	5,251
Other tied grants	M	20,740	26,710
Other	N	74	106
Total internal allocations		88,585	90,833

Internal allocations over cash, cash equivalents and investments are those assets restricted by a resolution of the Council for specific future purposes. Internal allocations are utilised to disclose the purpose of cash balances held by Council including the management of liabilities and long term financial planning for future commitments.

- A Any cash surplus from Mona Vale Cemetery operations is held as a restricted asset to fund future perpetual maintenance.
- B 80% of deposits, retentions and bonds are held as restricted funds.
- C 20% of the employee leave entitlements provision is set aside to fund extraordinary movements of staff.
- D Unexpended funds received through the environmental component of the former Manly's rates are set aside to be used to fund various environmental programs around the Manly area.
- E Any cash surplus from Meals on Wheels operations is held as a restricted asset to fund future expenses.
- F Funds received through a special rates variation are set aside to be used on major capital and infrastructure works, environmental projects, community facility improvements and the replacement of ageing infrastructure in the Pittwater area.
- G Amalgamation savings achieved to 30 June 2018 and set aside to fund various future capital and operational projects.
- H 70% of rental income from Mona Vale, Careel Bay, Elanora Park and Bayview Tennis Clubs is restricted for future capital works and improvements at the tennis clubs.
- I Bequest to Council from Theodore Batten to fund future youth art award programs and artwork acquisitions.
- J Funds set aside for future plant and fleet replacement.
- K Funds set aside to support the delivery of the Property Management Framework for the delivery of community infrastructure, environmental land acquisitions and commercial development.
- L Funds set aside to remediate the Kimbriki tip landfill site.
- M Tied grants relate to any grants received where revenue recognition is deferred until obligations are satisfied. Significant unspent grants in 2024 included Warringah Recreation Centre, Frenchs Forest Precinct Support Scheme, Pipeline Regional Active Corridor projects and Transport for NSW B-Line projects.
- N Other internal allocations:
- Any cash surplus from the Bible Garden Public Reserve is restricted to fund future maintenance at the site.
 - Funds donated to Manly Art Gallery to be expended on future artworks.
 - Cash set aside as a contribution towards the future replacement of pipeline and ongoing maintenance to the Scotland Island non potable emergency water supply.
 - In accordance with Section 43 (4) of the Roads Act (NSW) 1993, proceeds from the sale of public roads are set aside for the acquisition of land for public roads, and/or carrying out works on public roads.

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

\$ '000	2024	2023
(c) Unallocated		
Unallocated cash, cash equivalents and investments	49,652	38,946

Unallocated refers to the remaining balance of cash, cash equivalents and investments that are not subject to externally imposed restrictions on their use or internal allocations by resolution of Council for specific future purposes.

C1-4 Receivables

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Rates and annual charges	8,156	548	7,103	591
Interest and extra charges	830	404	707	421
User charges and fees	4,826	–	4,439	–
Interest on investments	4,376	–	2,451	–
Government grants and subsidies	4,894	–	3,150	–
Other	2,230	–	1,735	–
Net GST receivable	1,610	–	2,062	–
Total	26,922	952	21,647	1,012
Less: provision for impairment				
Rates and annual charges	(139)	–	(126)	–
User charges and fees	(825)	–	(677)	–
Total provision for impairment – receivables	(964)	–	(803)	–
Total net receivables	25,958	952	20,844	1,012

Material accounting policy information

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

Impairment

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

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

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

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

C1-5 Inventories

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
(i) Inventories at cost				
Stores and materials	209	–	247	–
Trading stock	183	–	125	–
Total inventories at cost	392	–	372	–
Total inventories	392	–	372	–

Material accounting policy information

Stores, materials and trading stock are stated at cost.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period							At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation decrements to equity (ARR) ²	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	44,401	–	44,401	42,758	25,766	–	–	(76,849)	–	–	36,076	–	36,076
Plant and equipment	45,331	(24,554)	20,777	4,341	2,455	(822)	(5,717)	–	–	–	47,870	(26,836)	21,034
Office equipment	28,729	(24,077)	4,652	2,097	109	–	(2,130)	–	–	–	11,125	(6,397)	4,728
Furniture and fittings	2,808	(2,207)	601	–	24	–	(162)	–	–	–	942	(479)	463
Land:													
– Operational land	402,817	–	402,817	–	–	–	–	–	–	15,859	418,676	–	418,676
– Community & Crown land	2,083,297	–	2,083,297	–	–	–	–	–	–	26,249	2,109,546	–	2,109,546
– Land under roads (post 30/6/08)	759	–	759	–	–	–	–	–	–	10	769	–	769
Land improvements – depreciable	24,711	(13,812)	10,899	4,694	–	–	(2,479)	15,164	–	–	44,567	(16,289)	28,278
Infrastructure:													
– Buildings	804,502	(223,233)	581,269	5,530	1,444	(10)	(9,621)	–	–	82,244	961,837	(300,981)	660,856
– Roads sealed	608,614	(76,814)	531,800	11,321	442	(352)	(8,254)	–	(29,474)	–	626,266	(120,783)	505,483
– Roads unsealed	2,167	(294)	1,873	–	3	–	(5)	–	(272)	–	1,796	(197)	1,599
– Bridges	17,424	(3,864)	13,560	1,310	5	–	(306)	2,526	–	310	23,651	(6,246)	17,405
– Footpaths	141,969	(14,761)	127,208	1,434	4,572	(353)	(1,920)	–	(25,347)	–	147,977	(42,383)	105,594
– Other road assets (including bulk earthworks)	291,613	(47,420)	244,193	2,118	3,255	(439)	(1,939)	–	–	72,494	471,620	(151,938)	319,682
– Stormwater drainage	1,110,453	(199,503)	910,950	4,645	250	(139)	(6,206)	–	–	46,458	1,171,727	(215,769)	955,958
– Swimming pools	47,311	(8,008)	39,303	544	–	(19)	(349)	–	–	2,004	50,145	(8,662)	41,483
– Other open space/recreational assets	159,465	(18,880)	140,585	1,616	939	(347)	(4,338)	–	–	7,170	169,338	(23,713)	145,625
– Other infrastructure	266,724	(39,181)	227,543	3,566	8,619	(579)	(2,548)	(2,526)	–	11,473	287,986	(42,439)	245,547
Other assets:													
– Library books	20,088	(17,184)	2,904	727	–	–	(1,070)	–	–	–	4,866	(2,305)	2,561
– Other	5,338	(1)	5,337	–	567	–	–	–	–	–	5,906	(1)	5,905
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Asset remediation	26,093	(7,014)	19,079	–	(2,424)	–	(666)	–	–	–	23,669	(7,680)	15,989
Total infrastructure, property, plant and equipment	6,134,614	(720,807)	5,413,807	86,701	46,026	(3,060)	(47,710)	(61,685)	(55,093)	264,271	6,616,355	(973,098)	5,643,257

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

(2) The devaluation of roads sealed, roads unsealed and footpaths is due to changes in the written down value assessment based on asset conditions. The new assessment methodology better reflects asset deterioration patterns and applies to the 2024 year.

(-) Total capital expenditure was \$73.5m (including \$0.2m in dedicated assets) in 2024 and \$82.9m (including \$0.8m in dedicated assets) in 2023.

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	43,768	–	43,768	39,729	42,518	–	–	(81,614)	–	–	44,401	–	44,401
Plant and equipment	44,841	(21,376)	23,465	2,376	1,112	(554)	(5,622)	–	–	–	45,331	(24,554)	20,777
Office equipment	25,866	(22,085)	3,781	2,157	714	–	(2,000)	–	–	–	28,729	(24,077)	4,652
Furniture and fittings	2,790	(2,047)	743	–	19	–	(161)	–	–	–	2,808	(2,207)	601
Land:													
– Operational land	401,276	–	401,276	–	–	–	–	–	–	1,541	402,817	–	402,817
– Community & Crown land	2,116,343	–	2,116,343	–	835	–	–	–	(33,881)	–	2,083,297	–	2,083,297
– Land under roads (post 30/6/08)	725	–	725	–	3	–	–	–	–	31	759	–	759
Land improvements – depreciable	24,304	(10,847)	13,457	400	–	(10)	(2,970)	22	–	–	24,711	(13,812)	10,899
Infrastructure:													
– Buildings	735,672	(203,343)	532,329	12,571	10,379	(13)	(8,721)	–	–	34,724	804,502	(223,233)	581,269
– Roads sealed	565,179	(67,182)	497,997	8,523	1,086	(355)	(8,192)	–	–	32,741	608,614	(76,814)	531,800
– Roads unsealed	1,927	(271)	1,656	82	31	–	(5)	–	–	109	2,167	(294)	1,873
– Bridges	14,876	(3,677)	11,199	309	1,508	–	(192)	–	–	736	17,424	(3,864)	13,560
– Footpaths	126,790	(13,357)	113,433	3,247	4,945	(351)	(1,524)	–	–	7,458	141,969	(14,761)	127,208
– Other road assets (including bulk earthworks)	270,156	(43,813)	226,343	2,435	2,895	(435)	(1,926)	–	–	14,881	291,613	(47,420)	244,193
– Stormwater drainage	1,036,493	(181,496)	854,997	3,702	2,244	(44)	(6,156)	–	–	56,207	1,110,453	(199,503)	910,950
– Swimming pools	30,774	(5,828)	24,946	1,077	–	(124)	(298)	–	–	13,702	47,311	(8,008)	39,303
– Other open space/recreational assets	146,131	(21,477)	124,654	2,349	1,986	(131)	(3,737)	39	–	15,425	159,465	(18,880)	140,585
– Other infrastructure	234,302	(36,394)	197,908	5,033	9,490	(26)	(2,132)	(39)	–	17,309	266,724	(39,181)	227,543
Other assets:													
– Library books	19,404	(16,062)	3,342	–	685	–	(1,123)	–	–	–	20,088	(17,184)	2,904
– Other	5,326	(1)	5,325	–	12	–	–	–	–	–	5,338	(1)	5,337
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Asset remediation	27,063	(6,251)	20,812	–	(970)	–	(763)	–	–	–	26,093	(7,014)	19,079
Total infrastructure, property, plant and equipment	5,874,006	(655,507)	5,218,499	83,990	79,492	(2,043)	(45,522)	(81,592)	(33,881)	194,864	6,134,614	(720,807)	5,413,807

(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)

Material accounting policy information

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

Infrastructure, property, plant and equipment (IPPE) is 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).

IPPE are held at fair value.

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For all asset classes, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount. Full revaluations are undertaken at least every 5 years.

Increases in the carrying amounts arising on revaluation are credited to the revaluation surplus. 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 the revaluation surplus directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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

When infrastructure, property, plant and equipment are acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

Individually insignificant assets may be aggregated when they form part of a network or group asset. Such assets include computer equipment, furniture and fittings, library books and artworks.

Useful lives of IPPE

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

Plant and equipment	Years	Open space / recreational	Years
Office equipment	3 to 5	Playground	15 to 35
Furniture and fittings	5 to 10	Sportsground	35 to 250
Passenger vehicles	5	Wharves	55
Heavy plant/road making equipment	7 to 10	Boardwalks	60 to 85
Other plant and equipment	5 to 20	Rockpools	60 to 165
Transportation assets		Buildings	
Sealed roads: surface	20 - 40	Buildings - structure	70 to 150
Sealed roads: structure	40 - 350	Buildings - other	20 to 70
Bridge: concrete	50 to 75	Stormwater Drainage	
Bridge: other	20 to 40	Pipes	150 to 200
Footpaths	110 to 126	Pits	70 to 150
Kerb and gutter	279		
Retaining walls	50 to 350	Other Assets	
		Library books	3 to 5
		Artworks	indefinite

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

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

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

Capitalisation Thresholds

All items of infrastructure, property, plant and equipment are capitalised with the exception where the cost of acquisition is as follows:

Office Furniture	< \$5,000
Office Equipment	< \$5,000
Other Plant and Equipment	< \$5,000

Land under roads

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

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

Crown reserves

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

Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 *Leases*, refer to Note C2-1.

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

Rural Fire Service assets

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

Council has assessed that it does not control any Rural Fire Services plant and equipment. As a result, these assets and any associated depreciation expenses and non-cash contribution income are not included within these financial statements.

C1-7 Investment properties

Owned investment property

\$ '000	2024	2023
At fair value		
Opening balance at 1 July	6,320	6,155
Net gain from fair value adjustments	245	165
Closing balance at 30 June	6,565	6,320

Material accounting policy information

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

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including land and buildings, vehicles, machinery and IT equipment. Information relating to the right of use asset leases currently in place and associated balances and transactions is provided below.

Buildings

Council leases a building in Dee Why for the purpose of providing long day care. The lease expires in 2032.

The building lease contains an annual pricing mechanism based on an annual fixed rate increase.

Plant and equipment

Council's waste collection service is under a lease with an external party. The lease is for 10 years starting on the 1st July 2019 and contains the dedicated use of specific vehicles allocated to the collection service. These vehicles comprise 40 large Dennis Eagle trucks and 4 smaller Hino hybrid trucks for difficult access areas. Council determines the customisation of these vehicles, and receives all the economic benefit of these trucks being in operation. The specific nature of the vehicles renders the lessor limited in their ability to substitute these vehicles.

The lease is a combination of fixed and variable fees. The variable fees are dependent on the number of bins collected for garbage, recycling and vegetation. The bulky goods clean up fees, offshore and isolated communities waste collection, and the on-line booking fee are all fixed fees per annum. The actual right of use asset comprises the 44 trucks listed above, and the stand alone value of these trucks has been calculated using readily available data.

For the URM contract, the variable lease payments are adjusted for CPI. However the actual lease liability which only relates to the waste collection trucks is not affected by this due to the fact that Council calculated the value of these assets as stand alone items.

Council's subsidiary Kimbriki Environmental Enterprises holds a lease for a Solar PV System. The lease commenced in July 2019 and has a duration of 10 years. The panels are installed at the Kimbriki site at 1 Kimbriki Road, Ingleside, and are expected to have a useful life of 20 years.

Extension options

Council includes an option in the building lease to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension option is at Council's discretion.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension option will be exercised.

C2-1 Council as a lessee (continued)

(a) Right of use assets

\$ '000	<i>Plant & Equipment</i>	<i>Buildings</i>	<i>Office and IT Equipment</i>	<i>Total</i>
2024				
Opening balance at 1 July	7,323	488	–	7,811
Depreciation charge	(1,213)	(54)	–	(1,267)
Balance at 30 June	6,110	434	–	6,544
2023				
Opening balance at 1 July	8,540	542	28	9,110
Depreciation charge	(1,217)	(54)	(28)	(1,299)
Balance at 30 June	7,323	488	–	7,811

(b) Lease liabilities

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Lease liabilities	1,279	5,717	1,241	6,996
Total lease liabilities	1,279	5,717	1,241	6,996

(c) (i) The maturity analysis

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

\$ '000	<i>< 1 year</i>	<i>1 – 5 years</i>	<i>> 5 years</i>	<i>Total</i>	<i>Total per Statement of Financial Position</i>
2024					
Cash flows	1,457	5,846	1,588	8,891	6,996
2023					
Cash flows	1,457	5,849	1,598	8,904	8,237

(d) Income Statement

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

\$ '000	2024	2023
Interest on lease liabilities	216	251
Variable lease payments based on usage not included in the measurement of lease liabilities	18,671	17,270
Depreciation of right of use assets	1,267	1,299
Expenses relating to leases of low-value assets	294	273
	20,448	19,093

C2-1 Council as a lessee (continued)

(e) Statement of Cash Flows

\$ '000	2024	2023
Total cash outflow for leases	(1,457)	(1,489)
	(1,457)	(1,489)

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

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

i) Council as lessee:

- Beacon Hill playing fields
- Warringah Mall library

ii) Council as lessor:

- Surf Life Saving Clubs
- Transport for NSW B-Line Car Parks
- NSW Rural Fire Services
- The Scout Association of Australia
- Sports Clubs
- Commonwealth of Australia
- Marine Rescue NSW
- Police Citizens Youth Clubs NSW
- The Uniting Church in Australia Property Trust

The leases are generally between 10 and 20 years and require payments of a maximum amount of \$100 per annum. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide and 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.

Material accounting policy information

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.

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.

Exceptions to lease accounting

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the statement of financial position as:

- Investment Property - where the asset is held predominantly for rental or capital growth purposes (refer note C1-7).
- Property, Plant and Equipment - where the rental is incidental, or the asset is held to meet Councils service delivery objectives (refer note C1-6).

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

Investment property operating leases relate to three buildings owned for purposes of earning investment income.

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)	308	233
Direct operating expenses from property that generated rental income	(51)	(50)
Direct operating expenses from property that did not generate rental income	-	-
Total income relating to operating leases for investment property assets	257	183

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council buildings mainly for the purpose of road reserves and community buildings.

Lease income (excluding variable lease payments not dependent on an index or rate)	6,337	5,974
Total income relating to operating leases for Council assets	6,337	5,974

Amount of IPPE leased out by Council under operating leases

Buildings	250,012	214,749
Community & Crown Land	8,174	8,072
Operational land	920	874
Total amount of IPPE leased out by Council under operating leases	259,106	223,695

(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	5,272	4,694
1–2 years	3,270	3,001
2–3 years	2,722	2,407
3–4 years	2,468	2,024
4–5 years	2,095	1,911
> 5 years	18,920	20,615
Total undiscounted lease payments to be received	34,747	34,652

C3 Liabilities of Council

C3-1 Payables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Payables				
Goods and services	7,644	–	6,324	–
Accrued expenses:				
– Borrowings	31	–	90	–
– Salaries and wages	7,279	–	5,596	–
– Other expenditure accruals	13,750	–	11,099	–
Security bonds, deposits and retentions	24,409	–	22,133	–
Government departments and agencies	28	–	28	–
Prepaid rates	2,282	–	2,254	–
Other	184	50	282	100
Total payables	55,607	50	47,806	100
Total payables	55,607	50	47,806	100

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

\$ '000	2024	2023
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	17,436	13,356
Total payables	17,436	13,356

Material accounting policy information

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

C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	11,416	4,994	13,864	2,950
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	4,077	5,059	9,550	5,289
Total grants received in advance		15,493	10,053	23,414	8,239
Deposits received in advance of services provided		4,609	-	4,205	-
Total user fees and charges received in advance		4,609	-	4,205	-
Total contract liabilities		20,102	10,053	27,619	8,239

Notes

(i) Council has received funding to construct assets including sporting facilities, bridges, libraries and other infrastructure. The funds received are under an enforceable contract which requires Council to construct an identified asset that 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.

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

Revenue recognised (during the financial year) from opening contract liability balances

\$ '000	2024	2023
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	2,698	5,401
Operating grants (received prior to performance obligation being satisfied)	5,702	2,522
User fees and charges received in advance:		
Deposits received in advance of services provided (e.g. caravan park fees, hire fees)	4,206	3,359
Total revenue recognised that was included in the contract liability balance at the beginning of the period	12,606	11,282

Significant changes in contract liabilities

The contract liabilities have decreased from \$35.9m in 22/23 to \$30.2m in 23/24 primarily due to the expenditure of several large grants including the Manly Dam Reserve Trail and Boardwalk funds of \$600k, the Regional and Local Road Repair funds of \$3.3m and Essential Public Asset Storm funds of \$1.4m. The decrease in the contract liabilities was offset by the receipt of several significant grants relating to the construction of Council controlled assets. This included the Manly Life Saving Club funds of \$818k and the Scotland Island Road and Drainage Network funding of \$800k.

Material accounting policy information

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

C3-3 Borrowings

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Loans – secured	2,178	6,984	3,340	9,185
Total borrowings	2,178	6,984	3,340	9,185

(a) Changes in liabilities arising from financing activities

\$ '000	2023		Non-cash movements			2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Other non-cash movement	Closing balance
Loans – secured	12,526	(3,364)	–	–	–	9,162
Lease liabilities (Note C2-1b)	8,237	(1,241)	–	–	–	6,996
Total liabilities from financing activities	20,763	(4,605)	–	–	–	16,158

\$ '000	2022		Non-cash movements			2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Other non-cash movement	Closing balance
Loans – secured	17,308	(4,782)	–	–	–	12,526
Lease liabilities (Note C2-1b)	9,475	(1,238)	–	–	–	8,237
Total liabilities from financing activities	26,783	(6,020)	–	–	–	20,763

(b) Financing arrangements

\$ '000	2024	2023
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities ¹	5,500	5,500
Credit cards/purchase cards	150	150
Total financing arrangements	5,650	5,650

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

Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards	25	35
Total drawn financing arrangements	25	35

Undrawn facilities

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

– Bank overdraft facilities	5,500	5,500
– Credit cards/purchase cards	125	115
Total undrawn financing arrangements	5,625	5,615

Additional financing arrangements information

Breaches and defaults

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

Security over loans

Loans are secured over the income of Council. Lease liabilities are secured by the underlying leased assets.

C3-4 Employee benefit provisions

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Annual leave	12,455	–	11,857	–
Sick leave	222	–	237	–
Long service leave	22,915	2,001	22,346	1,843
Gratuities	8	–	8	–
Other leave	301	–	306	–
Total employee benefit provisions	35,901	2,001	34,754	1,843

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits ¹	20,225	20,284
	20,225	20,284

(1) Primarily relates to long service leave.

Material accounting policy information

Long-term employee benefit obligations

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

C3-5 Provisions

\$ '000	2024		2023	
	Current	Non-Current	Current	Non-Current
Other provisions				
Self insurance – workers compensation	1,193	4,555	1,060	3,615
Sub-total – other provisions	1,193	4,555	1,060	3,615
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	40,878	–	41,479
Sub-total – asset remediation/restoration	–	40,878	–	41,479
Total provisions	1,193	45,433	1,060	45,094

Description of and movements in provisions

\$ '000	Other provisions		
	Self insurance	Asset remediation	Total
2024			
At beginning of year	4,675	41,479	46,154
Unwinding of discount - asset remediation	–	1,824	1,824
Additional provisions	2,836	–	2,836
Amounts used (payments)	(1,763)	–	(1,763)
Remeasurement effects	–	(2,425)	(2,425)
Total other provisions at end of year	5,748	40,878	46,626
2023			
At beginning of year	3,440	40,723	44,163
Unwinding of discount - asset remediation	–	1,725	1,725
Additional provisions	1,939	–	1,939
Amounts used (payments)	(704)	–	(704)
Remeasurement effects	–	(969)	(969)
Total other provisions at end of year	4,675	41,479	46,154

Nature and purpose of provisions

Asset remediation

Asset Remediation Provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations. Council is required by law to restore the present tip site at Kimbriki to passive open space at the end of its useful life. An Evaluation of Costs for Landfill Closure and Post Closure Management was prepared by Mockinya Consulting in June 2020 and has been subsequently reviewed in June 2024 to allow for the necessary updates. The projected cost of this restoration is \$141.7 million based on the latest updates to the 2020 Landfill Closure and Post Closure Management Evaluation of Costs Report. The RBA long term government bond rate applicable to the discount period has been used to estimate the present value of the remediation provision. Costs have been escalated at an inflation rate of 2.78% and the provision has been discounted to its present value at 4.67% per annum.

Self-insurance

Self Insurance Provisions represent both:

- (i) Claims incurred but not reported; and
- (ii) Claims reported and estimated as a result of Council being a self insurer for Workers Compensation Claims.

Public Liability and Professional Indemnity claims are expensed as they meet the recognition criteria set out in AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Specific uncertainties relating to the final costs and the assumptions made in determining provisions for Self Insurance include:

- Claims Escalation of 3.870% - 4.500% per annum and Bond Yields of 3.846% - 4.989% per annum over a 12 year period;
- All monetary amounts for past Workers Compensation Claims were indexed to bring them to "standardised" values at June 2024;
- Workers Compensation Claim payments projected into the future by the adopted actuarial model are in standardised values as at June 2024.

C3-5 Provisions (continued)

The last actuarial assessment of Workers Compensation claims was undertaken in July 2024 for the 30 June 2024 provision balance, and was performed by David A Zaman Pty Ltd, Director David Zaman, BSc, FIA, FIAA, MBA.

Material accounting policy information

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

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

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

Asset remediation – tips

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Council also capitalises the costs of remediation as part of the landfill assets at the date the council becomes obligated to incur them under the Cost Model method - refer Note C1-6. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

Self-insurance

Council has decided to self-insure for workers compensation for claims up to \$750,000. Claims above \$750,000 are covered by an external insurance provider. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains a bank guarantee to the value of \$5,042,000; - refer to Note E3-1 (1.iii).

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation surplus

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

D Council structure

D1 Interests in other entities

D1-1 Subsidiaries

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

Name of Operation/Entity	Principal place of business
Kimbriki Environmental Enterprises Pty Limited	Kimbriki Road, Ingleside, NSW

Interests in Subsidiary	Ownership 2024	Ownership 2023	Voting rights 2024	Voting rights 2023
Council's interest in Subsidiary	96.16%	96.16%	96.16%	96.16%

The nature and extent of significant restrictions relating to the Subsidiary

Council is the majority shareholder in Kimbriki Environmental Enterprises Pty Limited (Company). The Company commenced operating its waste and recycling business on 1 July 2009 with a lease over the Council owned site for a period of 25 years. The one minority shareholder in the Company is Mosman Council.

The Shareholder Agreement requires that a Super Majority Consent of Shareholders (majority shareholder plus one other shareholder) be required for the following decisions:

- Any decision of the company to require the Councils to subscribe for further Shares to fund the continuing operation of the Company.
- Any decision of the shareholders in relation to any of the following matters:
 - Any lease of the Kimbriki Facility from Northern Beaches Council;
 - Any call offer in favour of Northern Beaches Council to purchase the Kimbriki Residential Properties (assuming the Company acquires them); and
 - Any Collection Contract between the Company and Northern Beaches Council

Further, an Extraordinary Majority Consent of Shareholders (majority shareholder plus two other shareholders) is required for any decision relating to:

- Constitution amendment: any amendment to the constitution documents of the Company;
- Liquidation: the liquidation of winding up of the Company;
- Capital reorganisation: any reorganisation, reclassification, reconstruction, consolidation or subdivision of the capital of the Company, including any buyback or redemption of Shares, or the creation of any different class of marketable securities in the capital of the Company;
- Significant investments: any agreement by the Company to purchase any asset, make any investment or otherwise commit to a project with a value in a single case, or any number of cases with the same vendor or other contracting party (or person associated with them) in any year with an aggregate value exceeding \$2,500,000;
- Bonus issue: the issue of any bonus shares in the capital of the Company; and
- Share offers: any issue of marketable securities in the capital of the Company, except where this agreement expressly permits otherwise.

Northern Beaches Council now holds the shares of the former Manly, Pittwater and Warringah Councils and for the purposes of the Shareholder Agreement is taken to hold the position of majority shareholder and two other shareholders.

D1-1 Subsidiaries (continued)

Summarised financial information for the Subsidiary

\$ '000	2024	2023
Summarised statement of comprehensive income		
Revenue	45,132	42,717
Expenses	(40,146)	(38,569)
Profit for the period	4,986	4,148
Total comprehensive income	4,986	4,148
Non-controlling interest share	191	159
Dividends paid to non-controlling interests	115	58
Summarised statement of financial position		
Current assets	28,210	27,305
Non-current assets	42,403	40,768
Total assets	70,613	68,073
Current liabilities	5,898	7,136
Non-current liabilities	26,138	24,341
Total liabilities	32,036	31,477
Net assets	38,577	36,596
Non-controlling interest share	1,481	1,405
Summarised statement of cash flows		
Cash flows from operating activities	10,264	9,636
Cash flows from investing activities	(6,387)	(12,865)
Cash flows from financing activities	(3,689)	(2,158)
Net increase (decrease) in cash and cash equivalents	188	(5,387)

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including **(1)** credit risk, **(2)** liquidity risk and **(3)** interest rate risk.

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

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

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

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

The risks associated with the instruments held are:

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

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

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

(a) Market risk – interest rate and price risk

\$ '000	2024	2023
The impact on the result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,996	1,822
Impact of a 10% movement in price of investments		
– Equity / Income Statement	58	68

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

(b) Credit risk

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

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

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

There are no significant concentrations of credit risk. The level of outstanding receivables is reported to Council quarterly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required, and carries out credit checks on material 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.

\$ '000	<i>Not yet overdue</i>	<i>overdue rates and annual charges</i>		<i>Total</i>
		<i>< 5 years</i>	<i>≥ 5 years</i>	
2024				
Gross carrying amount	–	7,172	1,532	8,704
2023				
Gross carrying amount	–	6,132	1,562	7,694

Receivables - non-rates and annual charges

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

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

\$ '000	<i>Not yet overdue ¹</i>	<i>Overdue debts</i>				<i>Total</i>
		<i>0 - 30 days ¹</i>	<i>31 - 60 days</i>	<i>61 - 90 days ¹</i>	<i>> 91 days</i>	
2024						
Gross carrying amount	16,016	1,368	212	11	1,563	19,170
Expected loss rate (%)	0.32%	1.54%	15.09%	81.82%	45.49%	4.30%
ECL provision	52	21	32	9	711	825
2023						
Gross carrying amount	12,463	390	513	110	1,489	14,965
Expected loss rate (%)	0.54%	8.46%	6.63%	46.36%	33.04%	4.53%
ECL provision	67	33	34	51	492	677

(1) Accrued income of \$2.4m in the 2023 year has been reclassified

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

(c) Liquidity risk

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extraordinary 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(c) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	<i>Weighted average interest rate</i>	<i>Subject to no maturity</i>	<i>payable in:</i>			<i>Total cash outflows</i>	<i>Actual carrying values</i>
			<i>≤ 1 Year</i>	<i>1 - 5 Years</i>	<i>> 5 Years</i>		
2024							
Payables	0.00%	24,409	31,198	50	–	55,657	55,657
Borrowings	5.66%	–	2,646	5,095	3,619	11,360	9,162
Total financial liabilities		24,409	33,844	5,145	3,619	67,017	64,819
2023							
Payables	0.00%	22,133	25,673	100	–	47,906	47,906
Borrowings	5.91%	–	3,873	6,740	4,076	14,689	12,525
Total financial liabilities		22,133	29,546	6,840	4,076	62,595	60,431

Loan agreement breaches

There were no breaches to loan agreements during the reporting year.

E2-1 Fair value measurement

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

- infrastructure, property, plant and equipment
- investment property
- financial assets and liabilities

During the reporting period Council will measure non-current assets classified as held for sale at fair value on a non-recurring basis if their carrying amount is higher than their fair value and therefore the assets need to be written down to fair value. They are measured at the lower of their carrying amount and fair value less costs to sell. During the current reporting period, there were no assets measured at fair value on a non-recurring basis.

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes. AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

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

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

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

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023
Recurring fair value measurements							
Financial assets							
At fair value through profit or loss	C1-2	577	678	–	–	577	678
Total financial assets		577	678	–	–	577	678
Investment property							
Commercial Office and Retail	C1-7	6,565	6,320	–	–	6,565	6,320
Total investment property		6,565	6,320	–	–	6,565	6,320
Infrastructure, property, plant and equipment							
Operational Land	C1-6	418,676	402,817	–	–	418,676	402,817
Community & Crown Land		–	–	2,109,546	2,083,297	2,109,546	2,083,297
Land Under Roads		–	–	769	759	769	759
Buildings		–	–	660,856	581,269	660,856	581,269
Roads Sealed		–	–	505,483	531,800	505,483	531,800
Roads Unsealed		–	–	1,599	1,873	1,599	1,873
Other Road Assets		–	–	319,682	244,193	319,682	244,193
Bridges		–	–	17,405	13,560	17,405	13,560
Footpaths		–	–	105,594	127,208	105,594	127,208
Drainage Infrastructure		–	–	955,958	910,950	955,958	910,950
Swimming Pools		–	–	41,483	39,303	41,483	39,303
Other Open Space/Recreational Assets		–	–	145,625	140,585	145,625	140,585
Other Infrastructure		–	–	245,547	227,543	245,547	227,543
Remediation asset		–	–	15,989	19,079	15,989	19,079
Total infrastructure, property, plant and equipment ¹		418,676	402,817	5,125,536	4,921,419	5,544,212	5,324,236

(1) Capital WIP and other IPPE assets not included above are carried at cost.

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Level 2 measurements

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 2 asset class fair values.

<i>\$ '000</i>	<i>Fair value (30/6/24)</i>	<i>Valuation technique/s</i>	<i>Observable inputs</i>
Investments - at fair value through profit or loss	577	Indicative market valuation advice from an independent external investment advisor	Weighted average life of the security, any current trading activity, information on credit quality, relevant economic and market information and information received from the Trustee in relation to these securities
Investment properties	6,565	Direct market comparison approach by independent qualified expert	Price per square metre, direct comparison to sales evidence, zoning, location, land area and configuration, planning controls
Operational Land	418,676	Direct market comparison approach by independent qualified expert	Price per square metre, direct comparison to sales evidence, zoning, location, land area and configuration, planning controls

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

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

\$ '000	Fair value 2024	Valuation technique/s	Unobservable inputs ¹
Infrastructure, property, plant and equipment			
Community Land and Crown Land	2,109,546	Land values obtained from the NSW Valuer-General with internal assessment for reasonableness of VG value with adjustments where required.	VG value (price per square metre)
Land Under Roads	769	Average municipal rate, determined by the NSW Valuer-General, after applying 90% discount to reflect restricted nature of asset	VG value (price per square metre)
Buildings	660,856	Replacement cost used to approximate fair value	Asset condition and remaining useful life
Roads Sealed	505,483	Unit rates per m2 and length	Asset condition and remaining useful life
Roads Unsealed	1,599	Unit rates per m2 and length	Asset condition and remaining useful life
Roads Other Assets	319,682	Unit rates per m2 and length	Asset condition and remaining useful life
Bridges	17,405	Replacement cost used to approximate fair value	Asset condition and remaining useful life
Footpaths	105,594	Unit rates per m2 and length	Asset condition and remaining useful life
Drainage Infrastructure	955,958	Unit rates per m2 and length	Asset condition and remaining useful life
Swimming Pools	41,483	Replacement cost used to approximate fair value	Asset condition and remaining useful life
Other Open Space/Recreational Assets	145,625	Replacement cost used to approximate fair value	Asset condition and remaining useful life
Other Infrastructure	245,547	Replacement cost used to approximate fair value	Asset condition and remaining useful life
Asset Remediation	15,989	Cost model applied using Landfill Closure and Post Closure Report and Cost Estimate prepared by independent expert	Remaining life of site, pattern of consumption and potential latent conditions

(1) Unobservable inputs are inputs used in fair value accounting for which there is no market information available, which instead use the best information available for pricing assets or liabilities.

E2-1 Fair value measurement (continued)

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

\$ '000	<i>Total IPP&E</i>	
	<i>2024</i>	<i>2023</i>
Opening balance	4,921,419	4,723,342
Total gains or losses for the period		
Recognised in profit or loss – realised (refer to Note B4-1)	(2,237)	(1,477)
Other movements		
Purchases	49,189	73,758
Depreciation and impairment	(36,154)	(33,647)
Revaluations	193,319	159,443
Closing balance	5,125,536	4,921,419

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB 119 *Employee Benefits*. Sufficient information is not available to account for the Scheme as a defined benefit plan in accordance with AASB 119 because the assets to the Scheme are pooled together for all Councils. Further information is provided under d) below.

a) **Description of the funding arrangements, including the method used to determine Council's rate of contributions and any minimum funding requirements.**

Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund. The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates are 1.9 times employee contributions.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0m per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities. The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

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

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.

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 entity.

c) **Description of any agreed allocation of a deficit or surplus on:**

- i) Wind-up of the plan
There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.
- ii) Council's withdrawal from the plan
There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

d) **Additional information under paragraph 34 of AASB 119**

- i) The plan is a defined benefit plan
- ii) The reasons why sufficient information is not available to enable the Council to account for the plan as a defined benefit plan is as follows:
 1. Assets are not segregated within the sub-group according to the employees of each sponsoring employer;
 2. 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;
 3. Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
 4. The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the aforementioned factors, 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). As such we do not believe that there is sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

E3-1 Contingencies (continued)

- iii) The expected contribution for the next annual reporting period is \$563,319.
- iv) Information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity.

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

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

*excluding member accounts and reserves in both assets and liabilities

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	3.5% for FY23/24 2.5% per annum thereafter

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. 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 will be completed by December 2024.

- v) An indication of the level of participation of Council in the plan compared with other participating entities.

Council's additional lump sum contribution per annum of \$265,172 as a percentage of the total past service contributions of all Pooled Employers (of \$20.0m for each year from 1 January 2022 to 31 December 2024) is 2.65% which provides an indication of the level of participation of Northern Beaches Council compared with other employers in the Pooled Employer subgroup.

(ii) Statewide Limited

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

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

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

(iii) Workers Compensation

Council has decided to self-insure for workers compensation for claims up to \$750,000. Claims above \$750,000 are covered by an external insurance provider. Council provides bank guarantees to the value of \$5,042,000 to secure its self-insurance licence for workers compensation. The guarantee is provided to the State Insurance Regulatory Authority.

E3-1 Contingencies (continued)

(iv) Other guarantees

Kimbriki Environmental Enterprises Pty Ltd has provided a bank guarantee in the amount of \$1,000,000 to the Environmental Protection Authority as a condition to the granting of a licence to operate a dry waste facility. The amount may be drawn down by the authority if licence conditions are not met. It is not expected that this amount will be drawn down.

Council has provided two bank guarantees totalling \$904,085 to Sydney Water in relation to on-going capital work projects as security against damage to their nearby assets. It is not expected that this amount will be drawn down.

2. Other liabilities

(i) Third party claims

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

Council believes that it is appropriately covered for all claims through its insurance coverage. It is further believed that the insurance coverage in place is at a level which will be able to accommodate any potential future material liabilities should such matters arise.

(ii) S7.11 and S7.12 Plans

Council has significant obligations to provide Section 7.11 and Section 7.12 infrastructure. It is possible that funds contributed may be less than the cost of this infrastructure requiring Council to borrow or use general revenue to fund the difference. (Refer Note G-3).

(iii) Legal expenses

Council, the Sydney North Planning Panel and the Northern Beaches Local Planning Panel are ordinarily the planning consent authorities for the Northern Beaches local government area under the Environmental Planning & Assessment Act 1979. Pursuant to that Act, certain persons dissatisfied by a planning decision of the Council or the panels may appeal to the Land & Environment Court. In relation to a determination by a panel, Council is to be the respondent to the appeal but is subject to the control and direction of the panel in connection with the conduct of the appeal. The Act also provides an entitlement for any person to commence proceedings to remedy or restrain a breach of the Act in civil enforcement and judicial review proceedings. It is the Court's normal practice in Class 1 proceedings that parties bear their own legal costs. In Class 4 (or judicial review) proceedings, costs usually follow the event.

At 30 June 2024, Council was party to 33 Class 1 appeals, 1 Class 2 appeal, 2 Class 4 appeals and 1 Class 6 appeal in the Land & Environment Court. In addition, Council was a party to 2 matters in the Supreme Court of NSW and was a party to proceedings in other forums including the District Court. All known costs have been recognised, however the amount of further costs cannot be known until the appeals are determined.

Council is involved in other litigation (including civil liability proceedings and Local Court prosecutions). Whilst these matters are ordinarily unlikely to cost Council in excess of \$100,000 individually, the situation will depend on the circumstances of the specific proceedings and the amount of further costs cannot be known until these proceedings are concluded.

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

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

As a result, Council may be required to purchase the land in accordance with the provisions of the Land Acquisition (Just Terms Compensation) Act 1991.

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

E3-1 Contingencies (continued)

ASSETS NOT RECOGNISED

1. 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.

2. Storm damage assistance

Council experienced major storm events in November 2019, December 2021, February, March and June 2022. Ongoing cleanup and remediation works were carried out in the 2024 financial year. Council is seeking Natural Disaster Relief funding through the Commonwealth and State Government arrangements. Claims from previous financial years amounting to \$3.7m are also under assessment for funding.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. KMP roles comprise 15 Councillors including the Mayor, one Chief Executive Officer, six Directors, and one Public Officer.

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

\$ '000	2024	2023
Compensation:		
Short-term benefits	3,680	3,513
Post-employment benefits	294	253
Other long-term benefits	98	114
Termination benefits	161	–
Total	4,233	3,880

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

During the financial years 2024 and 2023 there were no other transactions with KMP and their related parties.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement (and in F1-1 table above) are:		
Mayoral fee	105	102
Councillors' fees	543	522
Other Councillors' expenses (including Mayor)	123	178
Total	771	802

F1-3 Other related parties

\$ '000	Transactions during the year	Outstanding balances including commitments	Terms and conditions
2024			
Subsidiary - Kimbriki Environmental Enterprises Pty Limited			
Tipping Fees	13,082	888	
Lease Income	3,515	64	Payable on the 1st of each month
Dividends	2,890	-	
2023			
Subsidiary - Kimbriki Environmental Enterprises Pty Limited			
Tipping Fees	12,595	1,016	
Lease Income	3,341	97	Payable on the 1st of each month
Dividends	1,445	-	

F2 Other relationships

F2-1 Audit fees

\$ '000	2024	2023
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During the year, the following fees were incurred for services provided by the auditor of Council.

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

	250	238
Remuneration for audit and other assurance services	250	238

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	44,148	51,693
Add / (less) non-cash items:		
Depreciation and amortisation	48,975	46,821
(Gain) / loss on disposal of assets	545	(167)
Non-cash capital grants and contributions	(160)	(844)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(25)	(20)
– Investment property	(245)	(165)
Unwinding of discount rates - asset remediation	1,824	1,725
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(5,215)	3,934
Increase / (decrease) in provision for doubtful debts	161	8
(Increase) / decrease of inventories	(20)	25
(Increase) / decrease in other assets	(1,620)	(389)
Increase / (decrease) in payables	1,320	(2,396)
Increase / (decrease) in accrued interest payable	(59)	(51)
Increase / (decrease) in other accrued expenses payable	4,332	2,742
Increase / (decrease) in other liabilities	2,156	3,038
Increase / (decrease) in contract liabilities	(5,703)	4,186
Increase / (decrease) in employee leave entitlements	1,305	283
Increase / (decrease) in other provisions	1,072	266
Net cash flows from operating activities from Statement of Cash Flows	92,791	110,689

(b) Non-cash investing and financing activities

Non Cash Contributions - Land and Infrastructure	160	844
Total non-cash investing and financing activities	160	844

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Land and Buildings	2,249	2,203
Plant and equipment	103	107
Other	-	11
Infrastructure	27,280	14,049
Total commitments	29,632	16,370

Details of capital commitments

Contractual commitments for capital works currently being undertaken.

G3 Statement of developer contributions

G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	7,853	532	–	–	416	(73)	–	8,728	–
Roads	(3,509)	778	–	–	(151)	(247)	–	(3,129)	–
Open space	4,958	572	–	–	223	(2,398)	–	3,355	–
Community facilities	9,181	369	–	–	479	–	–	10,029	–
Other	1,054	3,307	–	–	62	(1,313)	–	3,110	–
Local Infrastructure (Repealed Plan) ¹	1,179	20	–	–	49	(737)	–	511	–
S7.11 contributions – under a plan	20,716	5,578	–	–	1,078	(4,768)	–	22,604	–
S7.12 levies – under a plan	21,998	10,849	–	–	1,206	(10,027)	–	24,026	–
Total S7.11 and S7.12 revenue under plans	42,714	16,427	–	–	2,284	(14,795)	–	46,630	–
S7.11 not under plans	72	–	–	–	–	–	–	72	–
S7.4 planning agreements	732	–	–	–	37	(13)	–	756	–
Less: Land	(72)	–	–	–	–	–	–	(72)	–
Total contributions	43,446	16,427	–	–	2,321	(14,808)	–	47,386	–

(1) Local Infrastructure (Repealed Plan) - Funds in repealed contribution plans have been pooled in accordance with Council resolutions on 25/6/19 and 27/4/21.

G3-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
Former Manly Council - Residential, Commercial, Tourist, Other										
Local Infrastructure (Repealed Plan)	729	20	-	-	32	(270)	-	511	-	
Total	729	20	-	-	32	(270)	-	511	-	
Former Manly Council - Parking										
Local Infrastructure (Repealed Plan)	450	-	-	-	17	(467)	-	-	-	
Total	450	-	-	-	17	(467)	-	-	-	
Former Pittwater Council - Contribution Plan - Warriewood Valley and Material Public Works										
Drainage	7,853	532	-	-	416	(73)	-	8,728	-	
Roads	(3,509)	778	-	-	(151)	(247)	-	(3,129)	-	
Open space	4,958	572	-	-	223	(2,398)	-	3,355	-	
Community facilities	9,181	369	-	-	479	-	-	10,029	-	
Other	(349)	29	-	-	(17)	(40)	-	(377)	-	
Total	18,134	2,280	-	-	950	(2,758)	-	18,606	-	
Dee Why Town Centre Contributions Plan										
Other	1,403	3,278	-	-	79	(1,273)	-	3,487	-	
Total	1,403	3,278	-	-	79	(1,273)	-	3,487	-	
S7.12 Levies – under a plan										
Former Warringah Council - s7.12 contribution plan										
Local Infrastructure (Repealed Plan)	6,260	54	-	-	279	(2,063)	-	4,530	-	
Total	6,260	54	-	-	279	(2,063)	-	4,530	-	
Northern Beaches Council - s7.12 contribution plan										
Other	15,738	10,795	-	-	927	(7,964)	-	19,496	-	
Total	15,738	10,795	-	-	927	(7,964)	-	19,496	-	

G3-3 Contributions not under plans

\$ '000	Opening balance at 1 July 2023	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
Former Manly Council										
Local Infrastructure (Repealed Plan)	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Former Warringah Council										
Land	72	-	-	-	-	-	-	-	72	-
Total	72	-	-	-	-	-	-	-	72	-

G3-4 S7.4 planning agreements

Other	732	-	-	-	37	(13)	-	756	-
Total	732	-	-	-	37	(13)	-	756	-

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	15,392	3.73%	4.46%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	412,240			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	385,711	87.37%	84.61%	> 60.00%
Total continuing operating revenue ¹	441,458			
3. Unrestricted current ratio				
Current assets less all external restrictions	167,270	2.18x	1.92x	> 1.50x
Current liabilities less specific purpose liabilities	76,586			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	67,056	6.85x	7.65x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	9,793			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	9,799	3.83%	3.57%	< 5.00%
Rates and annual charges collectable	255,935			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	199,637	6.40 months	6.13 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	31,215			

(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.



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Northern Beaches Council

To the Councillors of Northern Beaches

Opinion

I have audited the accompanying financial statements of Northern Beaches Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information. The financial statements include the consolidated financial statements of the Council and the entities it controlled at the year's end or from time to time during the year.

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

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

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



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

17 October 2024
SYDNEY



Mayor- Sue Heins
Northern Beaches Council
PO Box 82, Manly 1655

Contact: Sue Prichard
Phone no: 02 8280 5637
Our ref: R008-2124742775-7258

17 October 2024

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2024
Northern Beaches Council**

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

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

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

INCOME STATEMENT

Operating result

	2024 \$m	2023 \$m	Variance %
Rates and annual charges revenue	246.4	234.4	↑ 5.1
Grants and contributions revenue	55.7	65.4	↓ 14.7
Operating result from continuing operations	44.1	51.7	↓ 14.7
Net operating result before capital grants and contributions	14.9	17.8	↓ 16.3

Rates and annual charges revenue (\$246.4 million) increased by \$12.0 million (5.1 per cent) in 2023–24 due to rates charges increases of 3.7 per cent as approved by IPART.

Grants and contributions revenue (\$55.7 million) decreased by \$9.7 million (14.7 per cent) in 2023–24 primarily due to:

- Decreases to financial assistance grants income of \$3.4 million resulting from the timing in amounts paid by the Commonwealth, and
- Decreases to capital grants and contributions income recognised of \$4.7 million resulting from a reduction in capital grant funding spent on CAPEX projects.

The Council's operating result from continuing operations (\$44.1 million including depreciation, amortisation and impairment expense of \$48.9 million) was \$7.6 million lower than the 2022–23 result.

The net operating result before capital grants and contributions (\$14.9 million) was \$2.9 million lower than the 2022–23 result.

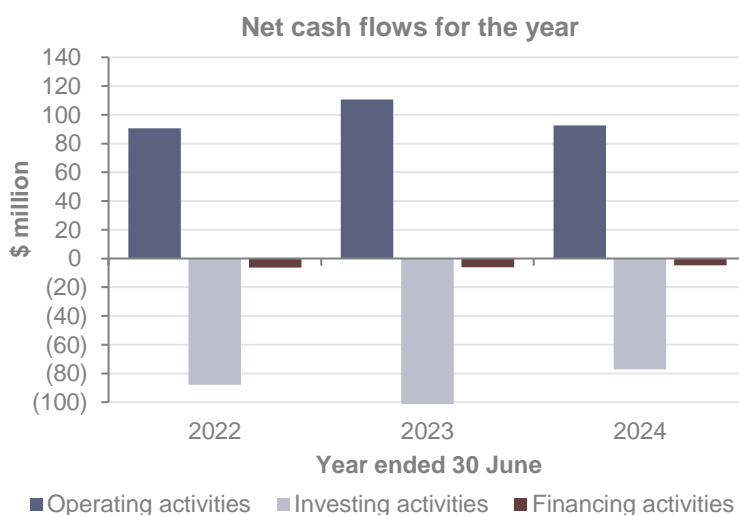
STATEMENT OF CASH FLOWS

Cash balances for Council have increased as cash inflows generated from operating activities exceeded cash spent on Council investing and financing activities.

Net cash inflows from operating activities decreased when compared to the prior year due to increases in employee related and other expenses payments.

Net cash outflows from investing activities decreased due to the reduction of both CAPEX purchases and net investments in term deposit investments.

Net cash outflows from financing activities were static across the reporting periods.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	200.2	182.9	Externally restricted balances mainly comprise developer contributions and domestic waste management which have both increased in the current year.
Restricted and allocated cash, cash equivalents and investments:			Balances are deemed internal allocations due to Council policy or decisions for forward plans including works program.
• External restrictions	61.9	53.1	
• Internal allocations	88.5	90.8	

Debt

At 30 June 2024, Council had:

- \$9.16 million in secured loans (\$12.5 million in 2022-23),
- \$5.5 million in approved overdraft facility with nil drawn down, and
- \$0.15 million in credit card facility with \$25,000 used.

PERFORMANCE

Performance measures

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

Operating performance ratio

Council exceeded the benchmark for the current reporting period.

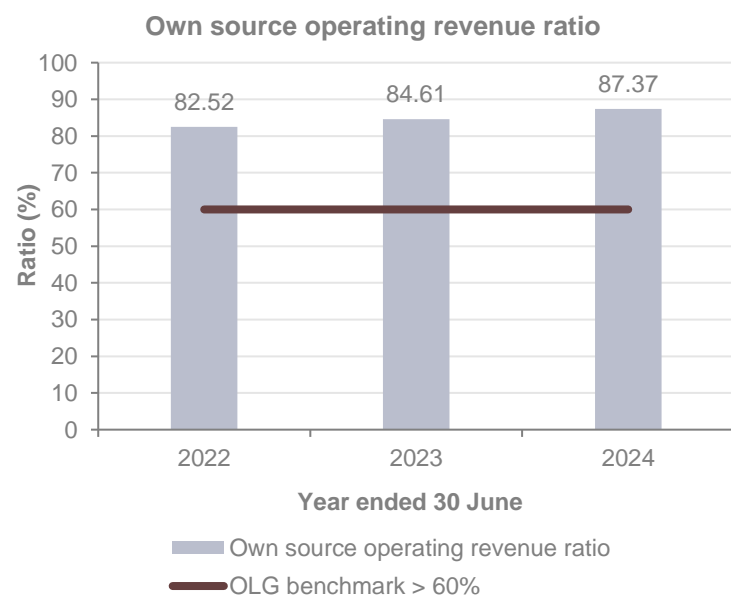
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

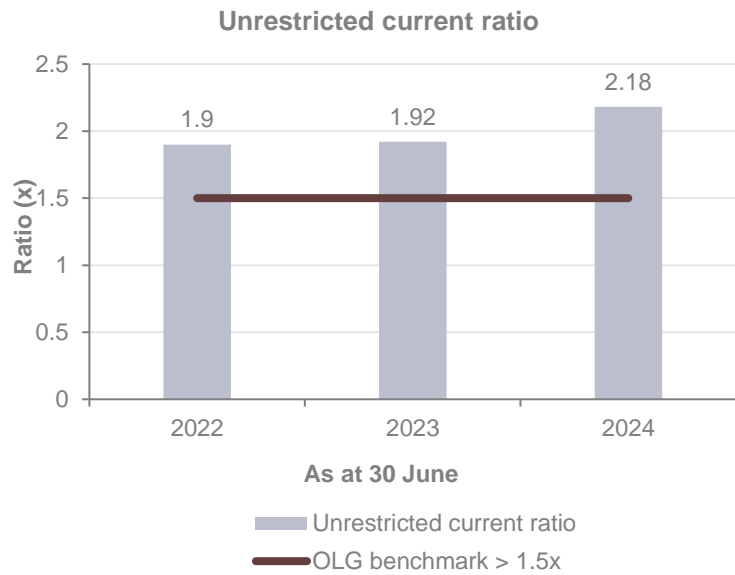
The 'own source operating revenue ratio' measures Council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

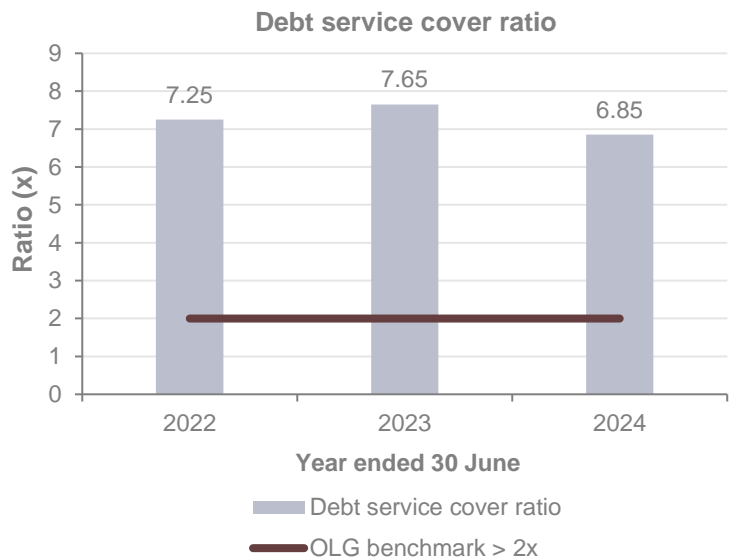
The 'unrestricted current ratio' is specific to local government and represents Council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

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

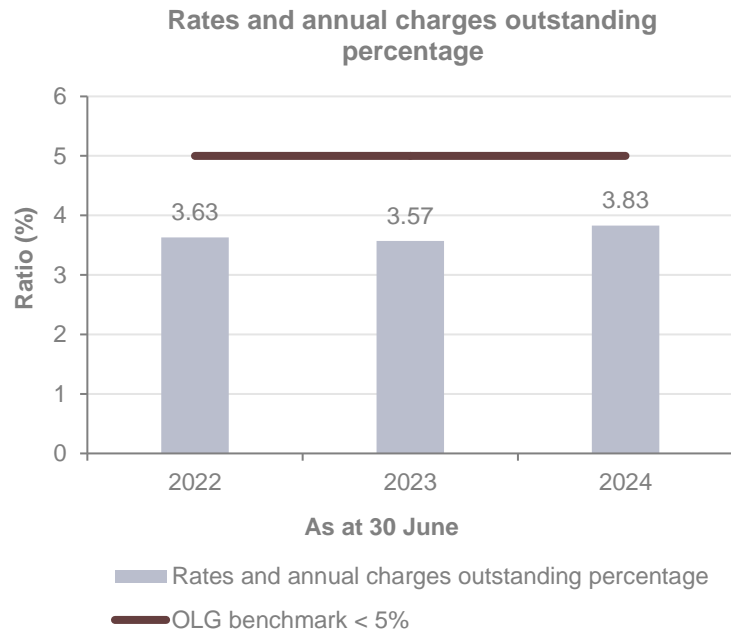
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council continues to meet the benchmark for the current reporting period.

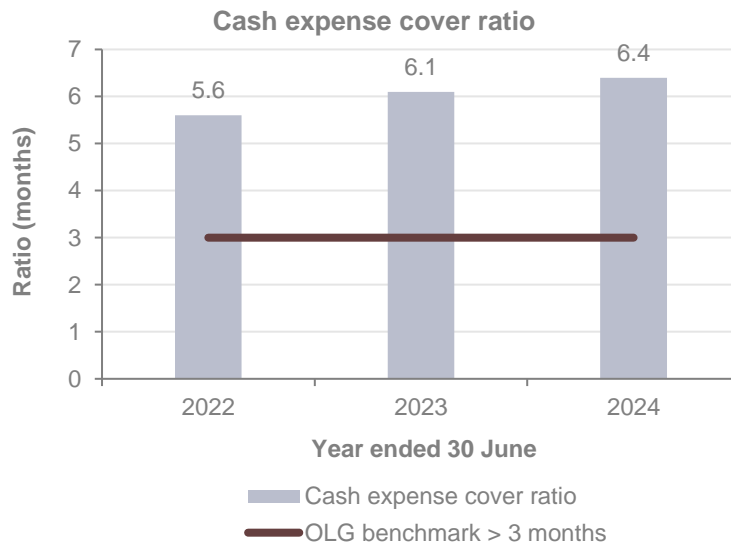
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

Council renewed \$45.3 million of infrastructure, property, plant and equipment during the 2023-24 financial year. This was mainly spent on capital work in progress, roads, and other infrastructure asset classes. A further \$25.7 million was spent on new assets, mainly being spent on capital work in progress, footpaths, and other road assets/ infrastructure asset classes.

Legislative compliance

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

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



Susan Prichard
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Northern Beaches Council

SPECIAL SCHEDULES
for the year ended 30 June 2024

*Northern Beaches - a safe, diverse, inclusive and connected
community that lives in balance with our extraordinary
coastal and bushland environment*



northern
beaches
council

Northern Beaches Council

Special Schedules

for the year ended 30 June 2024

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Northern Beaches Council

Permissible income for general rates

\$ '000	<i>Calculation</i> 2023/24	<i>Calculation</i> 2024/25
Notional general income calculation ¹		
Last year notional general income yield	181,507	188,185
Plus or minus adjustments ²	11	153
Notional general income	181,518	188,338
Permissible income calculation		
Percentage increase	3.70%	4.90%
Plus percentage increase amount ³	6,716	9,229
Sub-total	188,234	197,567
Plus (or minus) last year's carry forward total	3	9
Less valuation objections claimed in the previous year	(43)	–
Sub-total	(40)	9
Total permissible income	188,194	197,576
Less notional general income yield	188,185	197,690
Catch-up or (excess) result	9	(114)
Plus income lost due to valuation objections claimed ⁴	–	118
Carry forward to next year ⁵	9	4

Notes

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

Northern Beaches Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
Buildings	Buildings	2,216	2,216	17,153	17,900	660,856	961,837	26.6%	62.6%	10.4%	0.1%	0.3%	
	Sub-total	2,216	2,216	17,153	17,900	660,856	961,837	26.6%	62.6%	10.4%	0.1%	0.3%	
Roads	Sealed roads ¹	13,187	13,187	9,403	10,788	505,483	626,266	25.5%	47.8%	21.8%	4.5%	0.4%	
	Unsealed roads	40	40	12	65	1,599	1,796	24.9%	63.0%	6.5%	5.6%	0.0%	
	Bridges	899	899	227	33	17,405	23,651	26.5%	38.1%	25.9%	9.5%	0.0%	
	Footpaths	1,704	1,704	2,660	2,307	105,594	147,977	19.4%	16.6%	61.2%	2.8%	0.0%	
	Other road assets	2,048	2,048	4,647	3,012	319,682	471,620	6.6%	20.0%	72.3%	1.1%	0.0%	
	Sub-total	17,878	17,878	16,949	16,205	949,763	1,271,310	17.8%	33.7%	45.2%	3.1%	0.2%	
Stormwater drainage	Stormwater drainage	21,727	21,727	4,643	3,466	955,958	1,171,727	7.3%	62.4%	25.9%	4.2%	0.2%	
	Sub-total	21,727	21,727	4,643	3,466	955,958	1,171,727	7.3%	62.4%	25.9%	4.2%	0.2%	
Open space / recreational assets	Swimming pools	467	467	1,018	1,227	41,483	50,145	31.7%	37.7%	28.8%	1.2%	0.6%	
	Other	1,458	1,458	5,522	5,979	145,625	169,338	29.5%	58.7%	9.7%	1.9%	0.2%	
	Sub-total	1,925	1,925	6,540	7,206	187,108	219,483	30.0%	53.9%	14.1%	1.7%	0.3%	
Other infrastructure assets	Other	2,441	2,441	5,206	4,760	245,547	287,986	21.4%	57.3%	19.6%	1.3%	0.4%	
	Sub-total	2,441	2,441	5,206	4,760	245,547	287,986	21.4%	57.3%	19.6%	1.3%	0.4%	
Total – all assets		46,187	46,187	50,491	49,537	2,999,232	3,912,343	17.8%	52.3%	27.2%	2.5%	0.2%	

(1) Sealed roads actual maintenance included \$3.5m in storm-related works

(a) Required maintenance is the amount identified in Council's asset management plans. This includes inspections and maintenance required to achieve the predicted useful life of the asset along with operating costs to keep the asset in a functional state for community use (eg cleaning and utilities).

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

Northern Beaches Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	33,553	94.55%	130.77%	> 100.00%
Depreciation, amortisation and impairment	35,486			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	46,187	1.52%	1.49%	< 2.00%
Net carrying amount of infrastructure assets	3,034,933			
Asset maintenance ratio				
Actual asset maintenance	49,537	98.11%	109.69%	> 100.00%
Required asset maintenance	50,491			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	46,187	1.17%	1.22%	
Gross replacement cost	3,948,044			

(*) 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.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Northern Beaches Council

To the Councillors of Northern Beaches Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Northern Beaches 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 2024 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2024'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



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

17th October 2024
SYDNEY