Inner West Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2025

Inner West Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2025

Inner West Council

General Purpose Financial Statements
for the year ended 30 June 2025

Contents

Overview

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

2-14 Fisher Street
Petersham NSW 2049

Council's guiding principles are detailed in Chapter 3 of the Local Government Act 1993 (NSW) and includes:

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

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

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

Inner West Council

General Purpose Financial Statements
for the year ended 30 June 2025

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 issued by 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 28/10/2025.

Darcy Byrne **Mayor** 28 October 2025	Chloe Smith **Deputy Mayor** 28 October 2025
Peter Gainsford **General Manager** 28 October 2025	Chris Sleiman **Responsible Accounting Officer** 28 October 2025

Inner West Council

Income Statement
for the year ended 30 June 2025

Original unaudited budget 2025	*$ '000*	Notes	*Actual 2025*	*Actual 2024*
	Income from continuing operations			
181,950	Rates and annual charges	B2-1	**183,008**	173,458
60,913	User charges and fees	B2-2	**69,718**	64,516
19,766	Other revenues	B2-3	**25,272**	25,383
10,353	Grants and contributions provided for operating purposes	B2-4	**12,806**	10,664
40,576	Grants and contributions provided for capital purposes	B2-4	**47,384**	25,075
9,328	Interest and investment income	B2-5	**13,411**	14,379
10,393	Other income	B2-6	**9,078**	9,437
–	Fair value increment on investment properties	C1-6	**7,709**	–
333,279	**Total income from continuing operations**		**368,386**	322,912
	Expenses from continuing operations			
149,127	Employee benefits and on-costs	B3-1	**149,271**	138,563
95,592	Materials and services	B3-2	**116,321**	112,563
723	Borrowing costs		**712**	783
13,672	Other expenses	B3-4	**14,184**	11,789
1,109	Net loss from the disposal of assets	B4-1	**6,128**	6,146
–	Fair value decrement on investment properties	C1-6	**–**	4,878
260,223	**Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets**		**286,616**	274,722
73,056	**Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets**		**81,770**	48,190
34,204	Depreciation, amortisation and impairment of non-financial assets	B3-3	**38,967**	35,848
38,852	**Operating result from continuing operations**		**42,803**	12,342
38,852	Net operating result for the year attributable to Council		**42,803**	12,342
(1,724)	**Net operating result for the year before grants and contributions provided for capital purposes**		**(4,581)**	(12,733)

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

Inner West Council

Statement of Comprehensive Income
for the year ended 30 June 2025

$ '000	Notes	*2025*	*2024*
Net operating result for the year – from Income Statement		**42,803**	12,342
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	**15,167**	116,587
Total items which will not be reclassified subsequent to operating result		**15,167**	116,587
Total other comprehensive income for the year		**15,167**	116,587
Total comprehensive income for the year attributable to Council		**57,970**	128,929

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

Inner West Council

Statement of Financial Position
as at 30 June 2025

$ '000	Notes	2025	2024
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	**35,436**	27,510
Investments	C1-2	**74,600**	92,750
Receivables	C1-4	**52,138**	48,043
Inventories		**298**	206
Prepayments		**3,628**	3,109
Total current assets		**166,100**	171,618
Non-current assets			
Investments	C1-2	**123,917**	139,578
Infrastructure, property, plant and equipment (IPPE)	C1-5	**3,000,674**	2,939,445
Investment property	C1-6	**79,000**	71,291
Intangible assets	C1-7	**4,700**	5,593
Right of use assets		**166**	278
Total non-current assets		**3,208,457**	3,156,185
Total assets		**3,374,557**	3,327,803
LIABILITIES			
Current liabilities			
Payables	C2-1	**59,544**	55,708
Contract liabilities	C2-2	**15,890**	31,624
Lease liabilities		**126**	116
Borrowings	C2-3	**1,817**	2,047
Employee benefit provisions	C2-4	**35,948**	33,619
Total current liabilities		**113,325**	123,114
Non-current liabilities			
Lease liabilities		**47**	164
Borrowings	C2-3	**28,923**	30,740
Employee benefit provisions	C2-4	**3,624**	3,117
Total non-current liabilities		**32,594**	34,021
Total liabilities		**145,919**	157,135
Net assets		**3,228,638**	3,170,668
EQUITY			
Accumulated surplus		**2,471,653**	2,428,850
IPPE revaluation surplus		**756,985**	741,818
Total equity		**3,228,638**	3,170,668

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

Inner West Council

Statement of Changes in Equity
for the year ended 30 June 2025

$ '000	Notes	2025 Accumulated surplus	2025 IPPE revaluation surplus	2025 Total equity	2024 Accumulated surplus	2024 IPPE revaluation surplus	2024 Total equity
Opening balance at 1 July		**2,428,850**	**741,818**	**3,170,668**	2,416,508	625,231	3,041,739
Opening balance at 1 July		**2,428,850**	**741,818**	**3,170,668**	2,416,508	625,231	3,041,739
Net operating result for the year		**42,803**	**–**	**42,803**	12,342	–	12,342
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	**–**	**15,167**	**15,167**	–	116,587	116,587
Other comprehensive income		**–**	**15,167**	**15,167**	–	116,587	116,587
Total other comprehensive income		**42,803**	**15,167**	**57,970**	12,342	116,587	128,929
Closing balance at 30 June		**2,471,653**	**756,985**	**3,228,638**	2,428,850	741,818	3,170,668

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

Inner West Council

Statement of Cash Flows
for the year ended 30 June 2025

Original unaudited budget 2025	*$ '000*	Notes	*Actual 2025*	*Actual 2024*
	Cash flows from operating activities			
	Receipts:			
181,952	Rates and annual charges		**182,313**	177,341
60,913	User charges and fees		**76,238**	63,266
9,328	Interest received		**13,660**	13,914
50,929	Grants and contributions		**38,048**	32,606
–	Bonds, deposits and retentions received		**5,105**	4,986
30,159	Other		**48,724**	46,795
	Payments:			
(149,127)	Payments to employees		**(146,149)**	(136,204)
(95,592)	Payments for materials and services		**(128,760)**	(124,934)
(723)	Borrowing costs		**(729)**	(797)
(13,672)	Other		**(22,365)**	(18,744)
74,167	**Net cash flows from operating activities**	F1-1	**66,085**	58,229
	Cash flows from investing activities			
	Receipts:			
298,583	Sale of investments		**169,022**	161,041
1,405	Proceeds from sale of IPPE		**3,836**	2,555
	Payments:			
(278,697)	Purchase of investments		**(134,908)**	(165,684)
–	Acquisition of term deposits		**–**	(2,250)
–	Purchase of investment property		**–**	(21,291)
(125,126)	Payments for IPPE		**(93,890)**	(77,583)
–	Purchase of intangible assets		**(61)**	(350)
(103,835)	**Net cash flows from investing activities**		**(56,001)**	(103,562)
	Cash flows from financing activities			
	Payments:			
(2,047)	Repayment of borrowings		**(2,047)**	(2,448)
–	Principal component of lease payments		**(111)**	(122)
(2,047)	**Cash flows from financing activities**		**(2,158)**	(2,570)
(31,715)	**Net change in cash and cash equivalents**		**7,926**	(47,903)
–	Cash and cash equivalents at beginning of year		**27,510**	75,413
(31,715)	Cash and cash equivalents at end of year	C1-1	**35,436**	27,510

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

Inner West Council

Contents for the notes to the Financial Statements for the year ended 30 June 2025

Inner West Council

Contents for the notes to the Financial Statements for the year ended 30 June 2025

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 28/10/2025. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policy information related to these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

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

- Income statement
- Statement of cash flows
- Note B5-1 – Material Budget Variations

Historical cost convention

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

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

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

Significant judgements in applying the Council's accounting policies

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

Monies and other assets received by Council

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 NSW Council.

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

- General purpose operations

continued on next page ...

A1-1 Basis of preparation (continued)

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, a separate and distinct Trust Fund is maintained to account for all money and other assets 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 other assets subject to Council's control have been included in these reports.

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

Volunteer services

Council is supported by volunteer services in its community support programs. All volunteer services are not material and therefore have not been recognised in the income statement.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2025 reporting period. Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As per the Local Governement Code of Accounting Practice and Financial Reporting 2024/25, the following standards have been issued however are not yet effective;

- AASB18 Presentation and Disclosure in Financial Statements
- AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments (AASB 7 and AASB9)
- AASB 2024-3 Amendments to Australian Accounting Standards - Annual Improvements Volume 11 (AASB1, AASB7,AASB9,AASB10 and AASB107)

In response to these new standards, Council has understaken an assessment and determined that it has no significant impact on Councils' reported financial position, nor likely to be significant for Councils.

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective for the first time at 30 June 2025.

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non- current*
- AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non- current – Deferral of Effective Date*.
- AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*
- AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*
- *AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.*

In response to these new standards, Council has undertaken an assessment and determined that it has no significant impact on Councils' reported financial position.

B Financial Performance

B1 Functions or activities

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

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

	Income		*Expenses*		*Operating result*		*Grants and contributions*		*Carrying amount of assets*	
$ '000	***2025***	*2024*	***2025***	*2024*	***2025***	*2024*	***2025***	*2024*	***2025***	*2024*
Functions or activities										
General Manager	**2,231**	2,807	**11,143**	11,724	**(8,912)**	(8,917)	**–**	–	**–**	–
Community	**22,861**	21,240	**48,285**	45,483	**(25,424)**	(24,243)	**2,061**	2,052	**1,408**	867
Corporate	**178,875**	168,490	**63,467**	62,921	**115,408**	105,569	**5,161**	9,080	**1,334,871**	708,520
Infrastructure	**95,134**	69,842	**133,312**	124,884	**(38,178)**	(55,042)	**33,995**	12,142	**1,774,596**	1,746,913
Planning	**69,285**	60,533	**69,376**	65,558	**(91)**	(5,025)	**18,972**	12,465	**263,680**	869,258
Other	**–**	–	**–**	–	**–**	–	**1**	–	**2**	2,245
Total functions and activities	**368,386**	322,912	**325,583**	310,570	**42,803**	12,342	**60,190**	35,739	**3,374,557**	3,327,803

B1-2 Components of functions or activities

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

General Manager

- Legal Services
- People and Culture
- Strategic and Corporate Communications

Community

- Early Learning
- Community and Wellbeing
- Corporate Strategy and Engagement
- Events
- Libraries and History
- Living Arts
- Social and Cultural Planning

Corporate

- Customer Service
- Finance
- Governance and Risk
- Information and Communication Technology
- Procurement and Contracts
- Property and Strategic Investments
- Service Transformation
- Community Centres
- Community Venues

Infrastructure

- Capital Works
- Civil Maintenance
- Engineering Services
- Facilities and Management
- Fleet
- Parks and Streetscapes Operations
- Resource Recovery Operations
- Traffic and Transport Planning
- Urban Forest

Planning

- Aquatic Services
- Building Certification
- Development Assessment
- Economic Development
- Environmental Health and Building Regulation
- Parking and Ranger Services
- Parks Planning and Recreation
- Resource Recovery Planning
- Strategic Planning
- Urban Ecology
- Urban Sustainability

B2 Sources of income

B2-1 Rates and annual charges

$ '000	2025	2024
Ordinary rates		
Residential	**100,497**	95,220
Business	**40,228**	38,596
Less: pensioner rebates (mandatory)	**(1,529)**	(1,550)
Rates levied to ratepayers	**139,196**	132,266
Pensioner rate subsidies received	**867**	845
Total ordinary rates	**140,063**	133,111
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	**43,919**	41,260
Stormwater management services	**1,821**	1,797
Section 611 charges	**115**	117
Less: pensioner rebates (Council policy)	**(2,910)**	(2,827)
Total annual charges	**42,945**	40,347
Total rates and annual charges	**183,008**	173,458

Council has used 2024 year valuations provided by the NSW Valuer General in calculating its rates.

Material accounting policy information

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

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

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	2025	2024
Specific user charges (per s502 - specific 'actual use' charges)		
Domestic waste management services	**252**	244
Waste management services (non-domestic)	**438**	577
Total specific user charges	**690**	821
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Building services – other	**900**	873
Private works – section 67	**9,462**	8,626
Regulatory/ statutory fees	**943**	914
Section 10.7 certificates (EP&A Act)	**581**	579
Town planning	**4,979**	4,380
Regulatory – compliance	**2,269**	1,939
Total fees and charges – statutory/regulatory	**19,134**	17,311
(ii) Fees and charges – other (incl. general user charges (per s608))		
Child care	**20,405**	19,005
Community centres	**770**	684
Leisure centre	**10,233**	9,108
Park rents	**1,401**	1,413
Parking fees	**4,227**	3,856
Hoarding fees	**344**	739
Pool (admissions)	**12,454**	11,488
Other	**60**	91
Total fees and charges – other	**49,894**	46,384
Total other user charges and fees	**69,028**	63,695
Total user charges and fees	**69,718**	64,516
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	**32,809**	30,209
User charges and fees recognised at a point in time	**36,909**	34,307
Total user charges and fees	**69,718**	64,516

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. There is no material obligation for Council in relation to refunds or returns.

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

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

B2-3 Other revenues

$ '000	2025	2024
Fines – parking	**16,534**	16,530
Bus shelter income	**1,090**	1,285
Fines – other	**1,591**	2,687
Legal fees recovery – other	**2,301**	3,260
Ex gratia rates	**1,327**	170
Credit card transaction fee	**125**	114
Recycling income (non-domestic)	**18**	18
Diesel rebate	**39**	33
Other	**2,247**	1,286
Total other revenue	**25,272**	25,383
Timing of revenue recognition for other revenue		
Other revenue recognised at a point in time	**25,272**	25,383
Total other revenue	**25,272**	25,383

Material accounting policy information for other revenue

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

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

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

B2-4 Grants and contributions

$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant				
Relating to current year	2,702	52	–	–
Prepayment received in advance for subsequent year	1,724	5,509	–	–
Amount recognised as income during a year	4,426	5,561	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Bushfire and emergency services	90	–	–	–
Child care	1,252	1,047	–	–
Community services	170	180	–	–
Environmental programs	265	725	–	–
Library	587	579	–	–
LIRS subsidy	–	29	–	–
Local Roads and Community Infrastructure Program	–	–	514	–
Recreation and culture	91	17	1,059	135
Street lighting	683	676	–	–
Transport (other roads and bridges funding)	1,320	1,136	1,005	478
Transport (roads to recovery)	–	–	1,114	857
Greenway Program	–	–	8,835	–
Urban Amenity Improvement Program	–	–	15,998	3,320
Other specific grants	3,910	702	1,996	1,076
Total special purpose grants and non-developer contributions – cash	8,368	5,091	30,521	5,866
Total special purpose grants and non-developer contributions (tied)	8,368	5,091	30,521	5,866
Total grants and non-developer contributions	12,794	10,652	30,521	5,866
Comprising:				
– Commonwealth funding	6,871	5,843	1,728	856
– State funding	5,229	4,524	28,004	4,596
– Other funding	694	285	789	414
	12,794	10,652	30,521	5,866

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B2-4 Grants and contributions (continued)

Developer contributions

$ '000	Notes	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	F4				
Cash contributions					
S 7.4 – contributions using planning agreements		**12**	12	**833**	1,282
S 7.11 – contributions towards amenities/services		**–**	–	**16,030**	17,927
Total developer contributions – cash		**12**	12	**16,863**	19,209
Total developer contributions		**12**	12	**16,863**	19,209
Total grants and contributions		**12,806**	10,664	**47,384**	25,075
Timing of revenue recognition					
Grants and contributions recognised at a point in time		**12,806**	10,664	**47,384**	25,075
Total grants and contributions		**12,806**	10,664	**47,384**	25,075

Unspent grants and contributions

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

$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Unspent funds at 1 July	**3,165**	3,590	**751**	5,963
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	**1,415**	930	**6,141**	509
Less: Funds received in prior year but revenue recognised and funds spent in current year	**(2,107)**	(1,355)	**(851)**	(5,721)
Unspent funds at 30 June	**2,473**	3,165	**6,041**	751

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include the provisioning of public artworks on non-Council owned property. 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 childcare 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.

continued on next page ...

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 then income is recognised for any remaining asset value at the time that the asset is received.

B2-5 Interest and investment income

$ '000	2025	2024
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	**1,274**	1,245
– Cash and investments	**9,350**	10,808
– Other	**2,787**	2,326
Total interest and investment income	**13,411**	14,379

B2-6 Other income

Fair value increment on investments		
Fair value increment/ (decrement) on investments (other)	**336**	385
Total Fair value increment/ (decrement) on investments	**336**	385
Rental income		
Investment properties		
Lease income (excluding variable lease payments not dependent on an index or rate)	**4,802**	5,342
Total investment properties	**4,802**	5,342
Other lease income		
Leaseback fees - council vehicles	**641**	618
Other Council Properties		
Lease income (excluding variable lease payments not dependent on an index or rate)	**3,299**	3,092
Total other lease income	**3,940**	3,710
Total rental income	**8,742**	9,052
Total other income	**9,078**	9,437

B3 Costs of providing services

B3-1 Employee benefits and on-costs

$ '000	***2025***	*2024*
Salaries and wages	**119,068**	109,227
Employee termination costs	**297**	511
Employee leave entitlements (ELE)	**13,213**	13,758
Superannuation	**14,557**	12,973
Workers' compensation insurance	**6,334**	5,262
Fringe benefit tax (FBT)	**946**	880
Other	**1,683**	1,297
Total employee costs	**156,098**	143,908
Less: capitalised costs	**(6,827)**	(5,345)
Total employee costs expensed	**149,271**	138,563
Number of 'full-time equivalent' employees (FTE) at year end	**1,121**	1,081

Material accounting policy information

Retirement benefit obligations

Council provides retirement, disability, and death benefits to eligible employees. It offers both defined benefit plans and defined contribution plans, making contributions on behalf of its employees.

Superannuation plans

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

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

B3-2 Materials and services

$ '000	Notes	2025	2024
Cost of sales		**430**	392
Raw materials and consumables		**8,456**	8,319
Agency Staff		**12,560**	12,183
Consultants		**6,250**	3,501
Contractors		**40,255**	40,634
Infringement notice contract costs		**2,316**	2,232
Legal Fees		**1,745**	3,307
IT Expenses		**7,268**	6,460
Insurance		**3,852**	3,789
Street lighting		**1,451**	1,683
Electricity		**3,065**	3,372
Election expenses		**1,348**	–
Subscriptions and publications		**1,047**	1,045
Telephone and communications		**525**	579
Postage, Printing and stationery		**1,451**	1,289
Vehicle Costs		**2,408**	2,720
Bank charges		**915**	862
Audit Fees	E2-1	**672**	722
Councillor and Mayoral fees and associated expenses	E1-2	**650**	629
Water rates		**1,470**	1,147
Tipping fees		**13,348**	12,227
Gas		**538**	700
Other expenses		**2,901**	3,282
Expenses from short-term leases		**215**	270
Expenses from leases of low value assets		**1,185**	1,219
Total materials and services		**116,321**	112,563

Material accounting policy information
Expenses are recorded on an accruals basis as the Council receives the goods or services.

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

$ '000	Notes	2025	2024
Depreciation and amortisation			
Infrastructure, property, plant and equipment	C1-5	**37,897**	34,806
Right of use assets		**116**	112
Intangible assets	C1-7	**954**	930
Total depreciation and amortisation costs		**38,967**	35,848

Material accounting policy information

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-5 for IPPE assets, Note C1-7 for intangible assets and Note C2-1 for right of use assets.

Impairment of non-financial assets

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

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

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

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

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

B3-4 Other expenses

$ '000	Notes	2025	2024
Impairment of receivables	C1-4	**2,505**	153
Donations, contributions and assistance to other organisations (Section 356)		**1,391**	1,100
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES and RFS levies)		**5,342**	5,777
– Waste levy		**4,946**	4,759
Total other expenses		**14,184**	11,789

B4 Gains or losses

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

$ '000	Notes	2025	2024
Gain (or loss) on disposal of infrastructure, property, plant and equipment	C1-5		
Proceeds from disposal		**3,836**	2,555
Less: carrying amount of infrastructure, property, plant and equipment		**(9,931)**	(8,745)
Gain (or loss) on disposal		**(6,095)**	(6,190)
Gain (or loss) on disposal of investments	C1-2		
Gain (or loss) on disposal of investments		**(33)**	44
Gain (or loss) on disposal		**(33)**	44

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 25 June 2024 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	*2025 Budget*	*2025 Actual*	*2025 -------- Variance --------*		
Revenues					
Rates and annual charges	**181,950**	**183,008**	**1,058**	**1%**	**F**
User charges and fees	**60,913**	**69,718**	**8,805**	**14%**	**F**
Increase in restoration fees due to higher than anticipated works for the financial year , offset by increase in materials and sercvices costs. Other increases include higher utilisation in aquatic facilities and early learning services, which are both offset by increase in cost for operating.					
Other revenues	**19,766**	**25,272**	**5,506**	**28%**	**F**
One off legal settlement on a Council matter, Ex-Gratia payment for 2023-24 paid in the 2024-25 financial year and higher than budgeted infringements.					
Operating grants and contributions	**10,353**	**12,806**	**2,453**	**24%**	**F**
Capital grants and contributions	**40,576**	**47,384**	**6,808**	**17%**	**F**
Timing of spending in project expenditure for the Greenway resulted in higher grants received in the financial year.					
Interest and investment revenue	**9,328**	**13,411**	**4,083**	**44%**	**F**
Council had higher than budgeted reserves for the start of the 2024-25 financial year allowing for longer investment returns at higher earning rates for most of the financial year.					
Other income	**10,393**	**9,078**	**(1,315)**	**(13)%**	**U**
Lower than budgeted investment property income for the year.					
Expenses					
Employee benefits and on-costs	**149,127**	**149,271**	**(144)**	**0%**	**U**
Materials and services	**95,592**	**116,321**	**(20,729)**	**(22)%**	**U**
Overspend in agency costs to backfill vaccant budgeted positions. Remaining variances relate to restoration cost offset with user charges and fees, reactive maintenance costs on Aquatic facilities to ensure facilities are maintained at a higher level and high reactive tree maintenance costs to respond to higher-than-expected community requests.					
Borrowing costs	**723**	**712**	**11**	**2%**	**F**
Depreciation, amortisation and impairment of non-financial assets	**34,204**	**38,967**	**(4,763)**	**(14)%**	**U**
Fair valuation assessment completed in the 2023/24 Financial Year resulting in increase value of assets and higher depreciation costs.					
Other expenses	**13,672**	**14,184**	**(512)**	**(4)%**	**U**
Net losses from disposal of assets	**1,109**	**6,128**	**(5,019)**	**(453)%**	**U**

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B5-1 Material budget variations (continued)

$ '000	2025 Budget	2025 Actual	2025 -------- Variance --------		

Disposal of components of assets from capital projects completed in prior years, specifically building components..

Statement of cash flows

Cash flows from operating activities	**74,167**	**66,085**	**(8,082)**	**(11)%**	**U**

Net reduction due to the timing of receiving Financial Assistance Grant and over expenditure of materials and services.

Cash flows from investing activities	**(103,835)**	**(56,001)**	**47,834**	**(46)%**	**F**

Lower than expected delivery of capital works for the financial year as well as net impact of purchase and sale of investments .

Cash flows from financing activities	**(2,047)**	**(2,158)**	**(111)**	**5%**	**U**

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

$ '000	2025	2024
Cash assets		
Cash on hand and at bank	**35,436**	27,510
Total cash and cash equivalents	**35,436**	**27,510**

Material accounting policy information

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

C1-2 Financial investments

$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Financial assets at fair value through the profit and loss				
Mortgage backed securities	–	1,094	–	1,128
Other long term financial assets (Civic Risk)	–	3,523	–	3,200
Total	–	4,617	–	4,328
Debt securities at amortised cost				
Term deposits	59,000	50,000	86,750	23,000
NCD’s, FRN’s (with maturities > 3 months)	15,600	41,000	6,000	88,850
Fixed bonds (ADIs)	–	28,300	–	23,400
Total	74,600	119,300	92,750	135,250
Total financial investments	**74,600**	**123,917**	**92,750**	**139,578**

Material accounting policy information

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

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

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

Classification
On initial recognition, Council classifies its financial assets into the following categories – those measured at:
- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost
Assets measured at amortised cost are financial assets where:
- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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C1-2 Financial investments (continued)

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

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

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

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income 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 Mortgage-Backed Securities and an investment in Civic Risk Mutual in the Statement of Financial Position.

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

$ '000	2025	2024

(a) Externally restricted cash, cash equivalents and investments

Total cash, cash equivalents and investments	**233,953**	259,838
Less: Externally restricted cash, cash equivalents and investments	**(106,949)**	(110,047)
Cash, cash equivalents and investments not subject to external restrictions	**127,004**	149,791

External restrictions

Developer contributions – general	**76,923**	72,655
Specific purpose unexpended grants (recognised as revenue) – general fund	**4,183**	3,916
Stormwater management	**3,131**	4,623
Special Rate Variation Income	**14,148**	15,664
Mainstreet levy	**95**	95
3.5% levy reserve	**–**	1,121
Domestic waste management	**4,138**	11,973
External restrictions – included in liabilities		
Specific purpose unexpended grants – general fund	**4,331**	–
External restrictions – included in liabilities	**4,331**	–
Total external restrictions	**106,949**	110,047

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	2025	2024

(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	**127,004**	149,791
Less: Internally restricted cash, cash equivalents and investments	**(122,031)**	(142,392)
Unrestricted and unallocated cash, cash equivalents and investments	**4,973**	7,399

Internal allocations

At 30 June, Council has internally allocated funds to the following:

Employees leave entitlement	**17,547**	15,638
Deposits, retentions and bonds	**38,082**	32,977
Investment Property Reserve	**5,863**	5,863
Infrastructure Renewal Reserve	**18,919**	19,446
Depreciation Contra Reserve	**41,620**	68,468
Total internal allocations	**122,031**	142,392

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

C1-4 Receivables

$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Rates and annual charges	**13,465**	**–**	12,634	–
Interest and extra charges	**2,336**	**–**	1,992	–
User charges and fees	**7,799**	**–**	16,963	–
Accrued revenues				
– Interest on investments	**1,510**	**–**	2,095	–
– Other income accruals	**1,572**	**–**	1,649	–
Fines	**11,011**	**–**	9,776	–
Government grants and subsidies	**13,465**	**–**	1,571	–
Net GST receivable	**2,200**	**–**	2,201	–
Other receivables	**588**	**–**	610	–
Total	**53,946**	**–**	49,491	–
Less: provision for impairment				
Rates and annual charges	**(295)**	**–**	(316)	–
Interest and extra charges	**(58)**	**–**	(50)	–
User charges and fees	**(533)**	**–**	(144)	–
Fines	**(922)**	**–**	(938)	–
Total provision for impairment – receivables	**(1,808)**	**–**	(1,448)	–
Total net receivables	**52,138**	**–**	48,043	–

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C1-4 Receivables (continued)

Material accounting policy information

Receivables are generally due for settlement within 30 days.

Impairment

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

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

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 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 (i.e. these charges are secured against the property). For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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

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

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

C1-5 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2024			Asset movements during the reporting period								At 30 June 2025		
$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions/transfers renewals [1]	Additions/transfers new assets	Carrying value of disposals	Depreciation expense	WIP additions	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	99,838	–	99,838	**(50,398)**	**(17,797)**	**–**	**–**	**93,888**	**–**	**–**	**–**	**125,531**	**–**	**125,531**
Plant and equipment	36,849	(20,559)	16,290	**–**	**7,380**	**(1,724)**	**(2,690)**	**–**	**–**	**–**	**–**	**39,192**	**(19,936)**	**19,256**
Domestic waste vehicles	3,330	(1,594)	1,736	**–**	**324**	**(56)**	**(322)**	**–**	**–**	**–**	**–**	**3,291**	**(1,609)**	**1,682**
Office equipment	4,237	(3,490)	747	**–**	**173**	**–**	**(148)**	**–**	**–**	**–**	**–**	**4,409**	**(3,637)**	**772**
Furniture and fittings	2,287	(2,039)	248	**–**	**489**	**–**	**(82)**	**–**	**–**	**–**	**–**	**2,776**	**(2,121)**	**655**
Land:														
- Crown Land	126,124	–	126,124	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,004**	**132,128**	**–**	**132,128**
– Operational land	499,186	–	499,186	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**499,186**	**–**	**499,186**
– Community land	216,886	–	216,886	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**10,245**	**227,131**	**–**	**227,131**
Land improvements – non-depreciable	559	–	559	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**559**	**–**	**559**
Land improvements – depreciable	193,802	(50,791)	143,011	**3,966**	**4,914**	**(481)**	**(5,045)**	**–**	**–**	**(1,082)**	**–**	**200,834**	**(55,551)**	**145,283**
Car parks – non-depreciable	18,320	–	18,320	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**18,320**	**–**	**18,320**
Car parks – depreciable	16,916	(4,496)	12,420	**120**	**–**	**–**	**(398)**	**–**	**–**	**–**	**–**	**17,032**	**(4,890)**	**12,142**
Infrastructure:														
– Buildings	459,737	(127,455)	332,282	**12,393**	**42**	**(4,028)**	**(8,955)**	**–**	**(24)**	**–**	**–**	**465,265**	**(133,555)**	**331,710**
– Buildings and Aquatic Centres surrounding assets	19,922	(7,379)	12,543	**–**	**–**	**–**	**(598)**	**–**	**–**	**–**	**–**	**19,922**	**(7,977)**	**11,945**
– Aquatic Centres	118,322	(21,765)	96,557	**2,049**	**–**	**(1,322)**	**(2,353)**	**–**	**–**	**–**	**–**	**118,803**	**(23,872)**	**94,931**
– Roads	384,401	(136,554)	247,847	**17,439**	**1,054**	**(1,086)**	**(7,274)**	**–**	**(31)**	**–**	**–**	**398,921**	**(140,970)**	**257,951**
– Bridges	33,322	(11,164)	22,158	**–**	**1,207**	**–**	**(398)**	**–**	**–**	**–**	**–**	**34,528**	**(11,561)**	**22,967**
– Footpaths	271,640	(102,735)	168,905	**7,430**	**326**	**(725)**	**(3,991)**	**–**	**41**	**–**	**–**	**278,270**	**(106,284)**	**171,986**
– Kerb and gutter	228,654	(87,647)	141,007	**1,411**	**39**	**(295)**	**(1,516)**	**–**	**–**	**–**	**–**	**229,611**	**(88,965)**	**140,646**
– Other road assets	47,024	(7,917)	39,107	**3,880**	**1,222**	**(12)**	**(1,624)**	**–**	**14**	**–**	**–**	**52,122**	**(9,535)**	**42,587**
– Bulk earthworks (non-depreciable)	561,300	–	561,300	**337**	**–**	**(82)**	**–**	**–**	**–**	**–**	**–**	**561,555**	**–**	**561,555**
– Sea walls	73,934	(26,161)	47,773	**–**	**–**	**–**	**(625)**	**–**	**–**	**–**	**–**	**73,934**	**(26,786)**	**47,148**
– Wharves	14,431	(4,745)	9,686	**107**	**–**	**–**	**(192)**	**–**	**–**	**–**	**–**	**14,538**	**(4,937)**	**9,601**
– Stormwater drainage	190,150	(65,235)	124,915	**1,266**	**627**	**(120)**	**(1,686)**	**–**	**–**	**–**	**–**	**191,844**	**(66,842)**	**125,002**
Total infrastructure, property, plant and equipment	3,621,171	(681,726)	2,939,445	**–**	**–**	**(9,931)**	**(37,897)**	**93,888**	**–**	**(1,082)**	**16,249**	**3,709,702**	**(709,028)**	**3,000,674**

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

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

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period								At 30 June 2024		
$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions/transfers renewals [1, 2]	Additions/transfers new assets	Carrying value of disposals	Depreciation expense	WIP additions	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	96,414	–	96,414	(23,782)	(50,353)	–	–	77,563	–	–	–	99,838	–	99,838
Plant and equipment	31,052	(20,553)	10,499	–	9,078	(934)	(2,353)	–	–	–	–	36,849	(20,559)	16,290
Office equipment	4,486	(3,633)	853	–	191	(26)	(271)	–	–	–	–	4,237	(3,490)	747
Furniture and fittings	2,167	(1,928)	239	–	120	–	(111)	–	–	(15)	–	2,287	(2,039)	248
Domestic waste vehicles	3,953	(1,616)	2,337	–	–	(220)	(380)	–	–	–	–	3,330	(1,594)	1,736
Land:														
– Crown land	132,487	–	132,487	–	–	–	–	–	–	(6,363)	–	126,124	–	126,124
– Operational land	499,186	–	499,186	–	–	–	–	–	–	–	–	499,186	–	499,186
– Community land	225,840	–	225,840	–	1,365	–	–	–	–	(10,320)	–	216,886	–	216,886
Land improvements – non-depreciable	4,286	–	4,286	120	2	–	–	–	(290)	(3,562)	–	559	–	559
Land improvements – depreciable	133,314	(42,040)	91,274	654	15,682	(856)	(4,555)	–	89	–	40,726	193,802	(50,791)	143,011
Car parks – non-depreciable	17,714	–	17,714	–	–	–	–	–	–	–	605	18,320	–	18,320
Car parks – depreciable	14,850	(3,797)	11,053	64	59	–	(363)	–	–	–	1,608	16,916	(4,496)	12,420
Infrastructure:														
– Buildings	422,039	(111,328)	310,711	7,548	2,014	(4,382)	(8,222)	–	–	–	24,614	459,737	(127,455)	332,282
– Buildings and Aquatic Centres surrounding assets	12,168	–	12,168	–	–	–	(553)	–	–	–	929	19,922	(7,379)	12,543
– Aquatic Centres	109,557	(17,982)	91,575	–	–	–	(2,170)	–	–	–	7,152	118,322	(21,765)	96,557
– Roads	359,477	(125,836)	233,641	5,410	3,058	(911)	(6,899)	–	–	–	13,540	384,401	(136,554)	247,847
– Bridges	26,843	(10,281)	16,562	303	1,353	(50)	(341)	–	–	–	4,331	33,322	(11,164)	22,158
– Footpaths	251,612	(94,882)	156,730	6,541	2,271	(947)	(3,734)	–	–	–	8,043	271,640	(102,735)	168,905
– Kerb and gutter	213,648	(81,380)	132,268	1,903	533	(257)	(1,421)	–	–	–	7,981	228,654	(87,647)	141,007
– Other road assets	30,251	(5,365)	24,886	360	8,327	(33)	(1,242)	–	290	–	6,518	47,024	(7,917)	39,107
– Bulk earthworks (non-depreciable)	561,300	–	561,300	–	–	–	–	–	–	–	–	561,300	–	561,300
– Sea walls	40,700	(14,887)	25,813	–	–	–	(414)	–	–	–	22,375	73,934	(26,161)	47,773
– Wharves	13,226	(4,615)	8,611	–	–	–	(142)	–	–	–	1,215	14,431	(4,745)	9,686
– Stormwater drainage	182,766	(60,387)	122,379	879	6,300	(131)	(1,636)	–	(89)	(2,790)	–	190,150	(65,235)	124,915
Total infrastructure, property, plant and equipment	3,389,336	(600,510)	2,788,826	–	–	(8,747)	(34,807)	77,563	–	(23,050)	139,637	3,621,171	(681,726)	2,939,445

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

(2) Council had performed a valuation of some of its infrastructure assets in the financial year 2022/23. At 30 June 2023, Council's Statement of Financial Position included $3 million in work-in-progress related to Aquatic Centres that were carried at cost. The incorrect inclusion of the $3 million WIP balance within revalued assets, while also being carried as WIP at cost, led to an overstatement of the IPPE and assets revaluation reserve. Council restated the IPPE and revaluation reserve balances by $3 million at the end of the year 2022/23 in the Statement of Financial Position. In addition, the 2022/23 gain on revaluation of infrastructure, property, plant and equipment within the Statement of Comprehensive Income was restated to $329 million from $332 million.

continued on next page ...

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

Material accounting policy information

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

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.

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

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.

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
Office equipment	5 to 20
Office furniture	4 to 20
Plant and Fleet	3 to 22
Domestic Waste Vehicles	7 to 20

Transport Assets	Years
Roads	20 to 100
Road Formation/Bulk Earthworks	Not depreciable
Bridges	20 to 100
Footpaths	30 to 80
Kerb and Gutter	85 to 200
Other Road assets	10 to 100
Car Parks (Non Depreciable)	Not Depreciable
Car Parks (Depreciable)	10 to 100
Stormwater Drainage	20 - 150
Building Land Improvements	5 - 100

Property Assets	Years
Buildings	10 to 150
Aquatic Centres	10 to 120

Play Spaces and Sporting Fields	Years
Land Improvements Parks (Depreciable)	5 to 200
Seawalls	100 to 120
Wharves	10 to 100

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

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

Land under roads

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

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

continued on next page ...

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

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

C1-6 Investment properties

Owned investment property

$ '000	2025	2024
At fair value		
Opening balance at 1 July	**71,291**	54,878
Acquisitions	**–**	21,291
Net gain/(loss) from fair value adjustments	**7,709**	(4,878)
Closing balance at 30 June	**79,000**	71,291

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.

For the additional disclosures refer to Note D2-1 Fair Value Measurement.

C1-7 Intangible assets

Intangible assets are as follows:

$ '000	***2025***	*2024*
Software		
Opening values at 1 July		
Gross book value	**9,941**	9,279
Accumulated amortisation	**(4,751)**	(3,821)
Software work in progress (WIP) balance	**403**	403
Net book value – opening balance	**5,593**	5,861
Movements for the year		
Other movements	**60**	662
Amortisation charges	**(953)**	(930)
Closing values at 30 June		
Gross book value	**9,940**	9,941
Accumulated amortisation	**(5,704)**	(4,751)
Software work in progress (WIP) balance	**464**	403
Total software – net book value	**4,700**	5,593
Total intangible assets – net book value	**4,700**	5,593

Material accounting policy information

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

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

C2 Liabilities of Council

C2-1 Payables

$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Prepaid rates	2,463	–	2,306	–
Goods and services – operating expenditure	4,203	–	5,751	–
Accrued expenses:				
– Borrowings	241	–	258	–
– Salaries and wages	449	–	–	–
– Other expenditure accruals	11,278	–	11,717	–
Security bonds, deposits and retentions	37,992	–	32,887	–
Other	2,918	–	2,789	–
Total payables	59,544	–	55,708	–

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

$ '000	2025	2024
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	30,406	28,945
Total payables	30,406	28,945

Payables

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

C2-2 Contract Liabilities

$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Grants and contributions received in advance:				
Unexpended capital grants (to construct Council controlled assets) [i]	8,413	–	20,079	–
Total grants received in advance	8,413	–	20,079	–
Income in Advance	7,477	–	11,545	–
Total user fees and charges received in advance	7,477	–	11,545	–
Total contract liabilities	15,890	–	31,624	–

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

C2-3 Borrowings

$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Loans – secured [1]	**1,817**	**28,923**	2,047	30,740
Total borrowings	**1,817**	**28,923**	2,047	30,740

(1) Loans are secured over the general rating income of Council.
Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note D1-1.

(a) Changes in liabilities arising from financing activities

$ '000	2024 Opening Balance	Cash flows	Non-cash movements Acquisition	Fair value changes	Acquisition due to change in accounting policy	Remeasurement of Lease Liability	2025 Closing balance
Loans – secured	32,787	**(2,047)**	**–**	**–**	**–**	**–**	**30,740**
Lease liability (Note C2-1)	280	**(107)**	**–**	**–**	**–**	**–**	**173**
Total liabilities from financing activities	33,067	**(2,154)**	**–**	**–**	**–**	**–**	**30,913**

$ '000	2023 Opening Balance	Cash flows	Non-cash movements Acquisition	Fair value changes	Acquisition due to change in accounting policy	Remeasurement of Lease Liability	2024 Closing balance
Loans – secured	35,235	(2,448)	–	–	–	–	32,787
Lease liability (Note C2-1)	241	39	–	–	–	–	280
Total liabilities from financing activities	35,476	(2,409)	–	–	–	–	33,067

(b) Financing arrangements

$ '000	2025	2024
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities [1]	**500**	500
Credit cards/purchase cards	**274**	274
Contingent Liability - Bank Guarantee	**500**	500
Total financing arrangements	**1,274**	1,274
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
– Contingent Liability - Bank Guarantee	**173**	–
Total drawn financing arrangements	**173**	–
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	**500**	500
– Credit cards/purchase cards	**274**	274
– Contingent Liability - Bank Guarantee	**327**	500
Total undrawn financing arrangements	**1,101**	1,274

Additional financing arrangements information

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

continued on next page ...

C2-3 Borrowings (continued)

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

Material accounting policy information

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

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

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

C2-4 Employee benefit provisions

$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Annual leave	**10,481**	**–**	10,082	–
Sick leave	**251**	**–**	224	–
Long service leave	**21,266**	**3,333**	19,815	2,885
Other leave	**542**	**–**	538	–
Employee Leave Entitlements on-costs	**3,408**	**291**	2,960	232
Total employee benefit provisions	**35,948**	**3,624**	33,619	3,117

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

$ '000	2025	2024
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	**24,545**	22,071
	24,545	22,071

Material accounting policy information

Other long-term employee benefit obligations

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

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

Council’s activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

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

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

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

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

The risks associated with the instruments held are:

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

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

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	***2025***	*2024*
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	**(253)**	127
Impact of a 10% movement in price of investments		
– Equity / Income Statement	**8,362**	7,565

(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.

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

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

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

Council makes suitable provision for expected credit loss as required and carries out credit checks on most non-rate debtors.

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

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – 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 the payment of debt.

$ '000	*Not yet overdue*	*overdue rates and annual charges* *< 5 years*	*≥ 5 years*	*Total*
2025				
Gross carrying amount	**–**	**13,465**	**–**	**13,465**
2024				
Gross carrying amount	–	12,634	–	12,634

Receivables - non-rates and annual charges and contract assets

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

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

	Not yet		*Overdue debts*			
$ '000	*overdue*	*0 - 30 days*	*31 - 60 days*	*61 - 90 days*	*> 91 days*	*Total*
2025						
Gross carrying amount	**10,943**	**10,122**	**447**	**2,137**	**16,919**	**40,568**
Expected loss rate (%)	**0.00%**	**1.01%**	**0.89%**	**0.89%**	**6.53%**	**3.03%**
ECL provision	**–**	**102**	**4**	**19**	**1,105**	**1,230**
2024						
Gross carrying amount	11,712	10,392	608	7,600	6,545	36,857
Expected loss rate (%)	0.00%	5.28%	0.49%	0.50%	8.27%	3.07%
ECL provision	–	549	3	38	541	1,131

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

(c) Liquidity risk

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

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

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

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

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

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

$ '000	*Weighted average interest rate*	*Subject to no maturity*	*payable in:*			*Total cash outflows*	*Actual carrying values*
			≤ 1 Year	*1 - 5 Years*	*> 5 Years*		
2025							
Payables	**0.00%**	**37,992**	**–**	**–**	**–**	**37,992**	**59,544**
Borrowings	**2.23%**	**–**	**1,817**	**9,717**	**19,206**	**30,740**	**30,740**
Total financial liabilities		**37,992**	**1,817**	**9,717**	**19,206**	**68,732**	**90,284**
2024							
Payables	0.00%	32,887	–	–	–	32,887	55,708
Borrowings	2.38%	–	2,047	9,504	21,236	32,787	32,787
Total financial liabilities		32,887	2,047	9,504	21,236	65,674	88,495

D2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investments
- Investment property

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

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

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

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

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

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D2-1 Fair value measurement (continued)

$ '000	Notes	Level 1 Quoted prices in active mkts 2025	Level 1 Quoted prices in active mkts 2024	Level 2 Significant observable inputs 2025	Level 2 Significant observable inputs 2024	Level 3 Significant unobservable inputs 2025	Level 3 Significant unobservable inputs 2024	Total 2025	Total 2024
Recurring fair value measurements									
Financial assets									
Financial investments	C1-2								
At fair value through profit or loss		**–**	–	**1,094**	1,128	**3,523**	3,200	**4,617**	4,328
Total financial assets		**–**	–	**1,094**	1,128	**3,523**	3,200	**4,617**	4,328
Investment property	C1-6								
Investment Property		**–**	–	**79,000**	71,291	**–**	–	**79,000**	71,291
Infrastructure, property, plant and equipment	C1-5								
Crown Land		**–**	–	**–**	–	**132,128**	138,851	**132,128**	138,851
Operational land		**–**	–	**499,186**	499,186	**–**	–	**499,186**	499,186
Community land		**–**	–	**–**	–	**227,131**	204,159	**227,131**	204,159
Land improvements – non-depreciable		**–**	–	**–**	–	**559**	559	**559**	559
Land improvements – depreciable		**–**	–	**–**	–	**145,283**	143,018	**145,283**	143,018
Car parks – non-depreciable		**–**	–	**–**	–	**18,320**	18,320	**18,320**	18,320
Car parks – depreciable		**–**	–	**–**	–	**12,142**	12,420	**12,142**	12,420
Buildings		**–**	–	**–**	–	**331,710**	332,282	**331,710**	332,282
Buildings and Aquatic Centres surrounding assets		**–**	–	**–**	–	**11,945**	12,543	**11,945**	12,543
Aquatic Centres		**–**	–	**–**	–	**94,931**	96,557	**94,931**	96,557
Roads		**–**	–	**–**	–	**257,951**	247,847	**257,951**	247,847
Bridges		**–**	–	**–**	–	**22,967**	22,158	**22,967**	22,158
Footpaths		**–**	–	**–**	–	**171,986**	168,905	**171,986**	168,905
Kerb and Gutter		**–**	–	**–**	–	**140,646**	141,007	**140,646**	141,007
Other road assets		**–**	–	**–**	–	**42,587**	39,107	**42,587**	39,107
Bulk earthworks (non-depreciable)		**–**	–	**–**	–	**561,555**	561,300	**561,555**	561,300
Sea walls		**–**	–	**–**	–	**47,148**	47,773	**47,148**	47,773
Wharves		**–**	–	**–**	–	**9,601**	9,686	**9,601**	9,686
Stormwater drainage		**–**	–	**–**	–	**125,002**	124,915	**125,002**	124,915
Total infrastructure, property, plant and equipment		**–**	–	**499,186**	499,186	**2,353,592**	2,321,407	**2,852,778**	2,820,593

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D2-1 Fair value measurement (continued)

Valuation techniques

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

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

Investment property

Council acquired a commercial office building in January 2023 and another one in July 2023.

The Investment Propeties have been revalued as at 30 June 2025 by an Independent Valuer. The basis of the valuation is Market Value prepared in accordance with both AASB 13 (Fair Value) and AASB 140 (Investment Property) through comparison with sales and rental evidence.

Infrastructure, property, plant and equipment (IPPE)

Buildings, Aquatic Centres and surrounding assets

As of March 31, 2023, Knowledge Asset Management Pty Ltd conducted a valuation of the Buildings assets, including Aquatic Centres and surrounding assets owned by the council.

The valuation process involved a physical inspection and measurement of the assets. This approach aimed to maximize the use of observable inputs, which are readily available and can be directly observed in the market, while minimising the use of unobservable inputs.

Based on the nature of the valuation inputs used, the assets were classified as having been valued using Level 3 valuation inputs. Level 3 inputs typically involve significant unobservable inputs, requiring judgment and estimation to determine the fair value.

Based on the Insight Valautions fair value review Council has elected not to apply indexation for the 2024/25 reporting period.

Community & Crown Land

Valuation of all Council's Community Land and Council managed land were based on the land values provided by the Valuer-General as at 30 June 2025. As these rates were not considered to be observable market evidence they have been classified as Level 3.

Operational Land

The valuation of Council's operational land was undertaken as at 31 March 2023 by Knowledge Asset Management Pty Ltd.

Operational has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price, including but not limited to

- The land's description and/or dimensions;
- Planning and other constraints on development; and
- The potential for alternative use.

Based on the Insight Valuations fair value review Council has elected not to apply indexation for the 2024/25 reporting period.

Transport Assets

Council undertook the valuation of the transport assets (roads, footpaths, kerbs and gutters and other road assets) as at 30 June 2022. The valuation was conducted by the Infrastructure Management Group Pty Ltd.

All infrastructure assets were valued using Level 3 valuation inputs using the cost approach. This approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and considering a range of factors.

While the unit rates are based on quantitative dimensional units such as square meters or lineal meters and can be supported from market evidence (level 2) other inputs (such as estimates of useful lives, remaining life profiles and asset conditions) required extensive professional judgment which impacts significantly on the final determination of the assets fair value.

continued on next page ...

D2-1 Fair value measurement (continued)

Based on the Insight Valuations fair value review Council has elected not to apply indexation for the 2024/25 reporting period.

Stormwater Drainage

Council has conducted a comprehensive revaluation of stormwater drainage assets as of 30 June 2024, utilising Level 3 valuation inputs through a cost approach. The condition assessment was carried out internally, while the financial valuation was conducted by external consultants, Knowledge Asset Management Pty Ltd.

Based on Insight Valuations fair value review Council has elected not to apply indexation for 2024/25 reporting period.

Parks, Seawalls, Wharves

Council has conducted a comprehensive revaluation of Parks, Seawalls and Wharves assets as of 30 June 2024, utilising Level 3 valuation inputs through a cost approach. The condition assessment was carried out by external consultant Knowledge Asset Management Pty Ltd, financial valuation was conducted by external consultant iinsight.

Based on the Insight Valuations fair value review Council has elected not to apply indexation for 2024/25 reporting period.

Fair value measurements using significant unobservable inputs (level 3)

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

	Level 3 Remaining assets	
$ '000	***2025***	*2024*
Opening balance	**2,340,421**	2,193,226
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	**15,167**	116,614
Other movements		
Purchases (GBV)	**68,195**	74,135
Disposals (WDV)	**(9,931)**	(8,747)
Depreciation and impairment	**(37,897)**	(34,807)
Closing balance	**2,375,955**	2,340,421

Highest and best use

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

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans
Council is party to an Industry Defined Benefit Plan Active Super Defined Benefit Division of Vision Super – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

– Assets are not segregated within the sub-group according to the employees of each sponsoring employer.

– The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.

– Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.

– The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

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

Description of the funding arrangements.

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

The standard 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:

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

* For 180 Point Members, Employers are required to contribute 9.5% from 1 July 2025 of salaries to these members' accumulation accounts in line with current level of SG contributions, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of $20.0 million per annum for 1 January 2022 to 30 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2024 . Given the funding position of the Fund as at 30 June 2024, it was recommended to cease these past service contributions effective 1 January 2025.

The adequacy of contributions is assessed at each actuarial investigation which will be conducted annually, the next of which is due effective 30 June 2025.

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

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

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

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

The amount of employer contributions to the defined benefit section of the Scheme and recognised as an expense for the year ending 30 June 2025 was $626,198.45

Council's expected contribution to the plan for the next annual reporting period is $635,231.14.

continued on next page ...

D3-1 Contingencies (continued)

The estimated employer reserves financial position for the Pooled Employers at 30 June 2025 is:

Employer reserves only *	$millions	Asset Coverage
Assets	2,197.6	
Past Service Liabilities	2,092.0	105.0%
Vested Benefits	2,130.4	103.2%

* 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	2.5% per annum

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note 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 2025.

(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. The contingent liability is not quantifiable.

(iii) StateCover Limited

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

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

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA. The contingent liability is not quantifiable.

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

continued on next page ...

D3-1 Contingencies (continued)

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

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

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

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

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

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

$ '000	2025	2024
Compensation:		
Short-term benefits	**2,126**	2,103
Post-employment benefits	**206**	197
Total	**2,332**	2,300

E1-2 Councillor and Mayoral fees and associated expenses

$ '000	2025	2024
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Councillor expenses – mayoral fee (incl deputy mayor)	**101**	111
Councillors’ fees	**504**	501
Other Councillors’ expenses (including Mayor)	**45**	17
Total	**650**	629

E2 Other relationships

E2-1 Audit fees

$ '000	***2025***	*2024*
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	**260**	276
Remuneration for audit and other assurance services	**260**	276
Total Auditor-General remuneration	**260**	276
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Internal Audit Services	**412**	446
Remuneration for audit and other assurance services	**412**	446
Total remuneration of non NSW Auditor-General audit firms	**412**	446
Total audit fees	**672**	722

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of Operating Result

$ '000	2025	2024
Net operating result from Income Statement	**42,803**	12,342
Add / (less) non-cash items:		
Depreciation and amortisation	**38,967**	35,848
(Gain) / loss on disposal of assets	**6,128**	6,146
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	**(336)**	(385)
– Investment property	**(7,709)**	4,878
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	**(4,455)**	(2,502)
Increase / (decrease) in provision for impairment of receivables	**360**	(2,344)
(Increase) / decrease of inventories	**(92)**	10
(Increase) / decrease of other current assets	**(519)**	44
Increase / (decrease) in payables	**(1,548)**	(1,864)
Increase / (decrease) in accrued interest payable	**(17)**	(14)
Increase / (decrease) in other accrued expenses payable	**10**	(382)
Increase / (decrease) in other liabilities	**5,391**	7,974
Increase / (decrease) in contract liabilities	**(15,734)**	(4,924)
Increase / (decrease) in employee benefit provision	**2,836**	3,402
Net cash flows from operating activities	**66,085**	58,229

F2-1 Commitments

Capital commitments (exclusive of GST)

$ '000	***2025***	*2024*
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	**10,557**	958
Plant and equipment	**3,583**	4,722
Infrastructure	**12,708**	45,611
ICT	**58**	349
Parks	**6,852**	13,015
Other	**–**	522
Total commitments	**33,758**	65,177

F3-1 Events occurring after the reporting date

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

F4 Statement of developer contributions

F4-1 Summary of developer contributions

$ '000	Opening balance at 1 July 2024	Contributions received during the year: Cash	Contributions received during the year: Non-cash Land	Non-cash Other	Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
Drainage	138	**163**	**–**	**–**	**7**	**–**	**–**	**308**	**–**
Roads	1,025	**53**	**–**	**–**	**38**	**(148)**	**–**	**968**	**–**
Traffic facilities	2,076	**73**	**–**	**–**	**76**	**–**	**–**	**2,225**	**–**
Parking	134	**–**	**–**	**–**	**5**	**–**	**–**	**139**	**–**
Open space	31,040	**9,452**	**–**	**–**	**1,240**	**(9,590)**	**–**	**32,142**	**–**
Community facilities	4,078	**1,257**	**–**	**–**	**162**	**(2,238)**	**–**	**3,259**	**–**
Open space and recreation	3,018	**136**	**–**	**–**	**111**	**(144)**	**–**	**3,121**	**–**
Community services and facilities	1,571	**20**	**–**	**–**	**57**	**(26)**	**–**	**1,622**	**–**
Transport and access	4,756	**361**	**–**	**–**	**176**	**(1,359)**	**–**	**3,934**	**–**
Administration	(167)	**176**	**–**	**–**	**(4)**	**(170)**	**–**	**(165)**	**–**
Plan preparation	160	**55**	**–**	**–**	**7**	**(147)**	**–**	**75**	**–**
Levy	1,932	**2,139**	**–**	**–**	**109**	**–**	**–**	**4,180**	**–**
S7.11 contributions – under a plan	49,761	**13,885**	**–**	**–**	**1,984**	**(13,822)**	**–**	**51,808**	**–**
S7.12 levies – under a plan	9,106	**834**	**–**	**–**	**328**	**(66)**	**–**	**10,202**	**–**
Total S7.11 and S7.12 revenue under plans	58,867	**14,719**	**–**	**–**	**2,312**	**(13,888)**	**–**	**62,010**	**–**
S7.4 planning agreements	13,788	**2,140**	**–**	**–**	**473**	**(1,488)**	**–**	**14,913**	**–**
Total contributions	72,655	**16,859**	**–**	**–**	**2,785**	**(15,376)**	**–**	**76,923**	**–**

Under the *Environmental Planning and Assessment Act 1979*, local infrastructure contributions, also known as developer contributions, are charged by councils when new development occurs. They help fund infrastructure like parks, community facilities, local roads, footpaths, stormwater drainage and traffic management. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

F4-2 Developer contributions by plan

$ '000	Opening balance at 1 July 2024	Contributions received during the year: Cash	Contributions received during the year: Non-cash Land	Non-cash Other	Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
S7.11 contributions – under a plan									
CONTRIBUTION PLAN NUMBER 1 - Open Space and Recreation (former Leichhardt)									
Effective 18 January 2005	3,018	136	–	–	111	(144)	–	3,121	–
Total	3,018	136	–	–	111	(144)	–	3,121	–
CONTRIBUTION PLAN NUMBER 2 - Community Services and Facilities (former Leichhardt)									
Effective 23 August 2005	1,571	20	–	–	57	(26)	–	1,622	–
Total	1,571	20	–	–	57	(26)	–	1,622	–
CONTRIBUTION PLAN NUMBER 3 - Transport and Access (former Leichhardt)									
Effective 3 November 1999	4,374	2	–	–	157	(1,359)	–	3,174	–
Total	4,374	2	–	–	157	(1,359)	–	3,174	–
2004 S94 Developer Contributions Plan (former Marrickville)									
Roads	164	–	–	–	6	–	–	170	–
Open space	899	–	–	–	32	–	–	931	–
Total	1,063	–	–	–	38	–	–	1,101	–
2014 S94 Developer Contributions Plan (former Marrickville)									
Traffic facilities	955	7	–	–	35	–	–	997	–
Open space	21,016	5,744	–	–	782	(6,181)	–	21,361	–
Community facilities	2,097	710	–	–	78	(488)	–	2,397	–
Administration	(10)	128	–	–	–	(147)	–	(29)	–
Total	24,058	6,589	–	–	895	(6,816)	–	24,726	–
S94 CONTRIBUTION PLAN (former Ashfield)									
Roads	861	53	–	–	32	(148)	–	798	–
Traffic facilities	1,121	66	–	–	41	–	–	1,228	–
Parking	134	–	–	–	5	–	–	139	–
Open space	7,779	1,096	–	–	297	(196)	–	8,976	–
Community facilities	1,731	55	–	–	63	(1,500)	–	349	–
Plan preparation	160	55	–	–	7	(147)	–	75	–
Total	11,786	1,325	–	–	445	(1,991)	–	11,565	–
Contribution Plan Inner West Council									
IWC Drainage	138	163	–	–	7	–	–	308	–
IWC Open space	1,346	2,612	–	–	129	(3,213)	–	874	–
IWC Community facilities	250	492	–	–	21	(250)	–	513	–
IWC Plan administration	(157)	48	–	–	(4)	(23)	–	(136)	–
IWC Transport	382	359	–	–	19	–	–	760	–
Levy	1,932	2,139	–	–	109	–	–	4,180	–

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F4-2 Developer contributions by plan (continued)

Total	3,891	**5,813**	**–**	**–**	**281**	**(3,486)**	**–**	**6,499**	**–**

$ '000	Opening balance at 1 July 2024	Contributions received during the year Cash	Non-cash Land	Non-cash Other	Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
S7.12 Levies – under a plan									
CONTRIBUTION PLAN (former Marrickville)									
s94A Levies	3,648	**531**	**–**	**–**	**131**	**(66)**	**–**	**4,244**	**–**
Total	3,648	**531**	**–**	**–**	**131**	**(66)**	**–**	**4,244**	**–**
CONTRIBUTION PLAN (former Ashfield)									
S94A	3,129	**93**	**–**	**–**	**113**	**–**	**–**	**3,335**	**–**
Total	3,129	**93**	**–**	**–**	**113**	**–**	**–**	**3,335**	**–**
CONTRIBUTIONS PLAN (former Leichhardt)									
S7.12	2,329	**210**	**–**	**–**	**84**	**–**	**–**	**2,623**	**–**
Total	2,329	**210**	**–**	**–**	**84**	**–**	**–**	**2,623**	**–**

End of the audited financial statements

G1 Statement of performance measures

G1-1 Statement of performance measures – consolidated results

$ '000	Amounts 2025	Indicator 2025	Indicators 2024	Indicators 2023	Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses [1, 2]	(3,993)	(1.28)%	(0.65)%	(0.59)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions [1]	312,957				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions [1]	300,151	83.30%	88.92%	85.56%	> 60.00%
Total continuing operating revenue [1]	360,341				
3. Unrestricted current ratio					
Current assets less all external restrictions	166,100	3.07x	2.38x	3.10x	> 1.50x
Current liabilities less specific purpose liabilities	54,043				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation [1]	35,686	12.43x	10.35x	9.22x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	2,870				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	15,448	7.78%	7.50%	8.57%	< 5.00%
Rates and annual charges collectable	198,542				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	144,436	5.77 months	5.82 months	8.72 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	25,013				

(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

Inner West Council

To the Councillors of Inner West Council

Opinion

I have audited the accompanying financial statements of Inner West 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 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of the Division
  - are, in all material respects, consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2025, 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 2025 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

Manuel Moncada

Director, Financial Audit
Delegate of the Auditor-General for New South Wales

30 October 2025
SYDNEY

Cr Darcy Byrne
Mayor
Inner West Council
2-14 Fisher Street
PETERSHAM NSW 2049

Contact: Manuel Moncada
Phone no: 02 9275 7333
Our ref: R008-1981756498-6019

30 October 2025

Dear Mayor

Report on the Conduct of the Audit

for the year ended 30 June 2025

Inner West Council

I have audited the general purpose financial statements (GPFS) of the Inner West Council (the Council) for the year ended 30 June 2025 as required by section 415 of the *Local Government Act 1993* (the Act).

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

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.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2025 is issued in accordance with section 417 of the Act. The Report:

- must address the specific matters outlined in the Local Government Code of Accounting Practice and Financial Reporting 2024-25
- may include statements, comments and recommendations that I consider to be appropriate based on the conduct of the audit of the GPFS.

This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Financial performance

	2025 $m	2024 $m	Variance %
Rates and annual charges revenue	183	173.5	5.5
Grants and contributions provided for operating purposes revenue	12.8	10.7	20.1
Grants and contributions provided for capital purposes revenue	47.4	25.1	89
Operating result from continuing operations	42.8	12.3	247
Net Operating result for the year before grants and contributions provided for capital purposes	-4.6	-12.7	64

Operating result from continuing operations

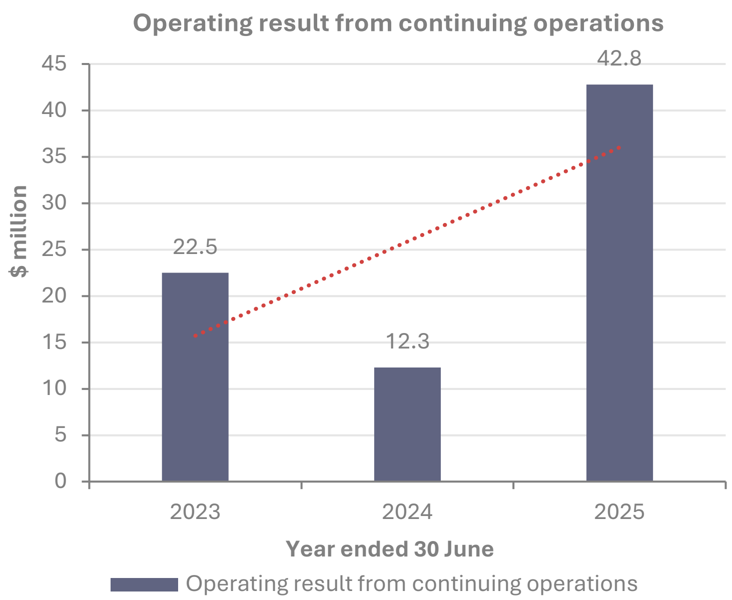
This graph shows the operating result from continuing operations for the current and prior two financial years.

Council's operating result from continuing operations for the year was $30.5 million higher than the 2023–24 result.

In 2024-25:

- Council revenue excluding grants and contributions ($308 million) increased by $21 million. Refer to Council revenue below for details
- Council's grants and contributions revenue ($60.2 million) increased by $24.5 million. Refer to 'Grants and contributions revenue' below for details.
- Council's total expenses from continuing operations including depreciation, amortisation and impairment of non-financial assets increased by $15 million mainly due to an increment of employee benefits and on-cost of $10.7 million and increment in depreciation expense.

The net operating result for the year before grants and contributions



provided for capital purposes was a loss of $4.6 million. Refer to 'Grants and contributions revenue' below for details.

Income

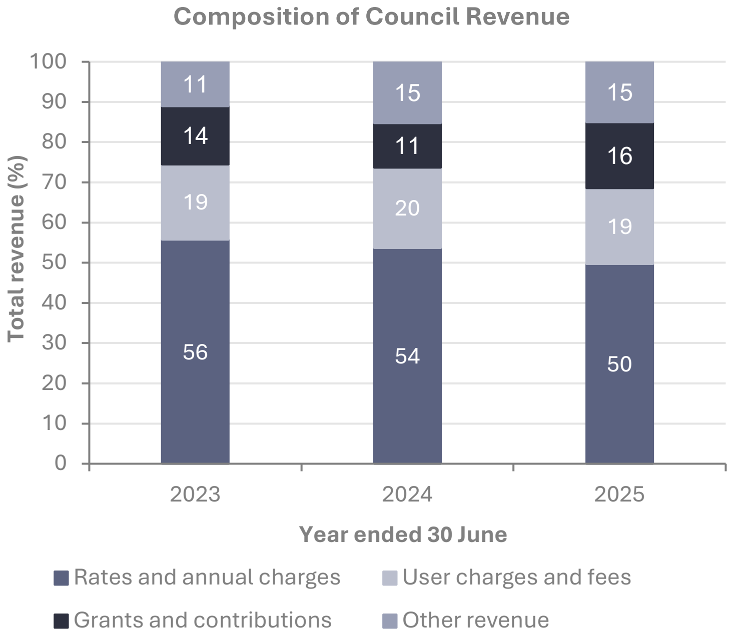
Council revenue

This graph shows the composition of Council's revenue recognised for the current and prior two financial years.

Overall, Council revenue $368.4 million increased by $45.5 million (14.1 per cent) in 2024–25 due to:

- rates and annual charges revenue ($183 million) which increased by $9.5 million (5.5 per cent) due to rate peg increase of 4.9 per cent, domestic waste charges increase of 5.6 per cent and supplementary changes.
- user charges and fees revenue ($69.7 million) which increased by $5.2 million (8.1 per cent) due to increase in restoration fees and higher utilisation in aquatic facilities and early learning services
- grants and contributions revenue ($60.1 million) which increased by $24.5 million (68.4 per cent) – see additional details below

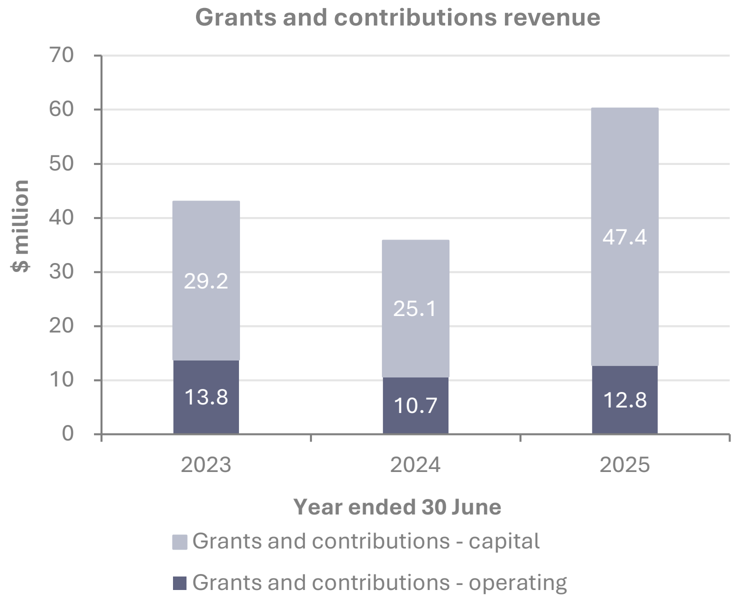
The composition of revenue recognised by Council has not significant changed in 2024-25.



Grants and contributions revenue

This graph shows the amount of grants and contributions revenue recognised for the current and prior two financial years.

Grants and contributions revenue ($60.2 million) increased by $24.5 million (68.4 per cent) in 2024–25, with a greater proportion of capital grants recognised. Urban Amenity Improvement Program recognised $16.0 million during the year.



CASH FLOWS

Statement of cash flows

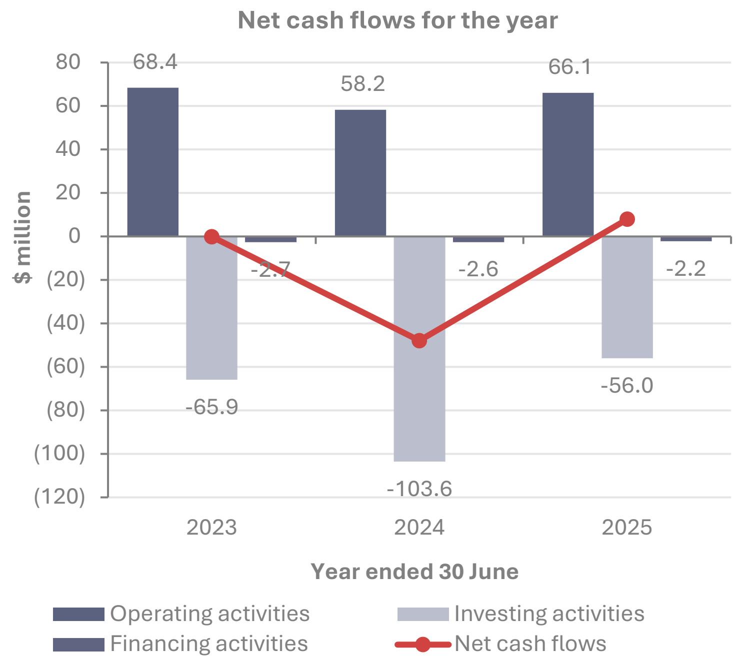
The Statement of Cash Flows details the Council's inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating in a financially sustainable manner.

This graph shows the net cash flows for the current and prior two financial years.

The net cash flows for the year were positive $7.9 million (negative $47.9 million in 2023-24).

In 2024-25 the net cashflows:

- from operating activities increased by $7.9 million, mainly due to user charges and fees
- used in investing activities increased (outflow) by $47.6 million, mainly due to lower purchase of investments in 2024-25 and purchase of investment property in 2023-24.
- used in financing activities increased marginally by $0.4 million.



FINANCIAL POSITION

Cash, cash equivalents and investments

This section of the Report provides details of the amount of cash, cash equivalents and investments recorded by the Council at 30 June 2025.

Externally restricted funds are the cash, cash equivalents and investments that can only be used for specific purposes due to legal or contractual restrictions.

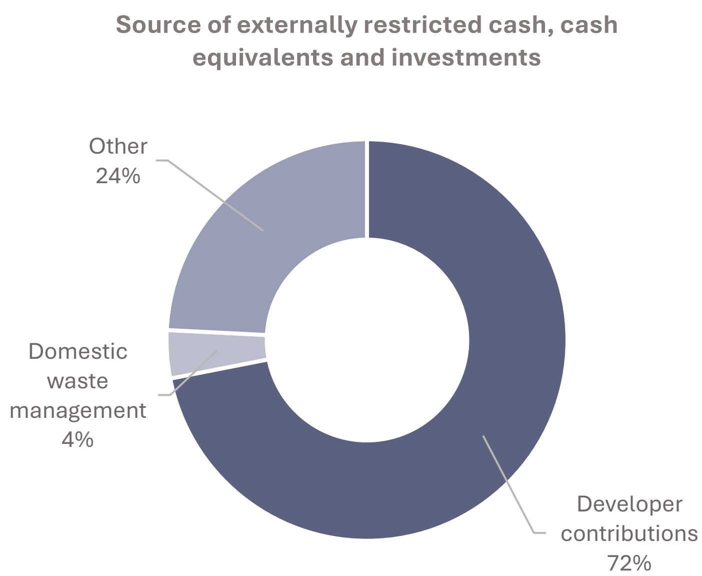
Cash, cash equivalents, and investments without external restrictions can be allocated internally by the elected Council's resolution or policy. These allocations are matters of Council policy and can be changed or removed by a Council resolution.

Cash, cash equivalents and investments	2025	2024	Percentage of total cash and investments 2025	Commentary
	$m	$m	%	
Total cash, cash equivalents and investments	**234**	**259.8**		Externally restricted balances are those which are only available for specific use due to a restriction placed by legislation or third-party contract. A breakdown of the sources of externally restricted balances is included in the graph below. Internal allocations are determined by council policies or decisions, which are subject to change.
Restricted and allocated cash, cash equivalents and investments:				
• External restrictions	106.9	110	45.7	
• Internal allocations	122	142.4	52.2	

This graph shows the sources of externally restricted cash, cash equivalents and investments.

In 2024-25 the Council's main sources of externally restricted cash, cash equivalents and investments include:

- developer contributions of $76.9 million which increased by $4.3 million
- domestic waste management charges of $4.1 million which decreased by $7.8 million.



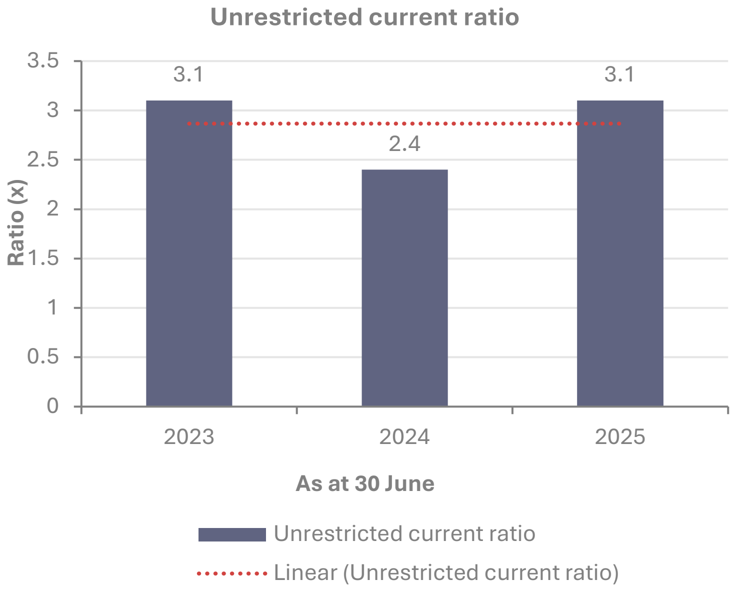
Council liquidity

This graph shows the Council's unrestricted current ratio for the current and prior two financial years.

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 ratio measures the ratio of unrestricted current assets less specific purpose liabilities.

In 2023-24, the average unrestricted current ratio was an average of 3.7x for metropolitan councils.

The Council's unrestricted current ratio was 3.1 as at 30 June 2025 and declined marginally from prior year

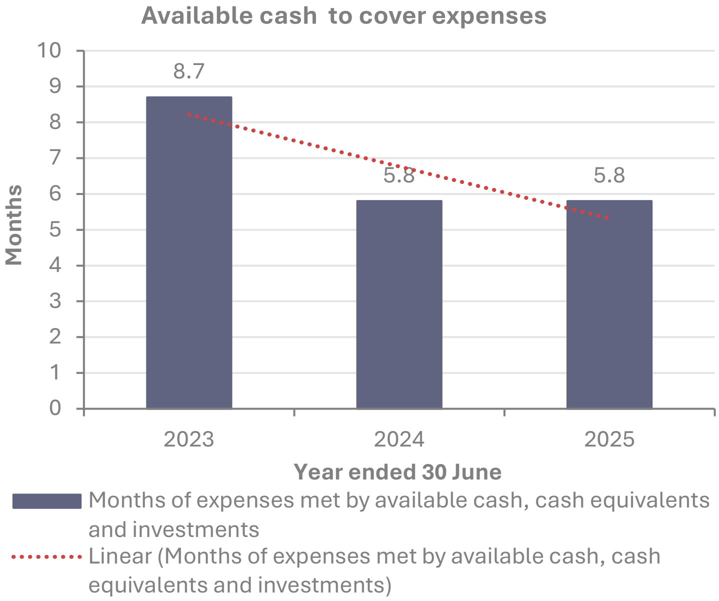


This graph shows the number of months of general fund expenses (excluding depreciation and borrowing costs), Council can fund from its available cash, cash equivalents and investments (not subject to external restrictions).

Further details on cash, cash equivalents and investments including the sources of external restrictions are included in the section above.

In 2023–24, the available cash to cover expenses was an average of 8 months for metropolitan councils.

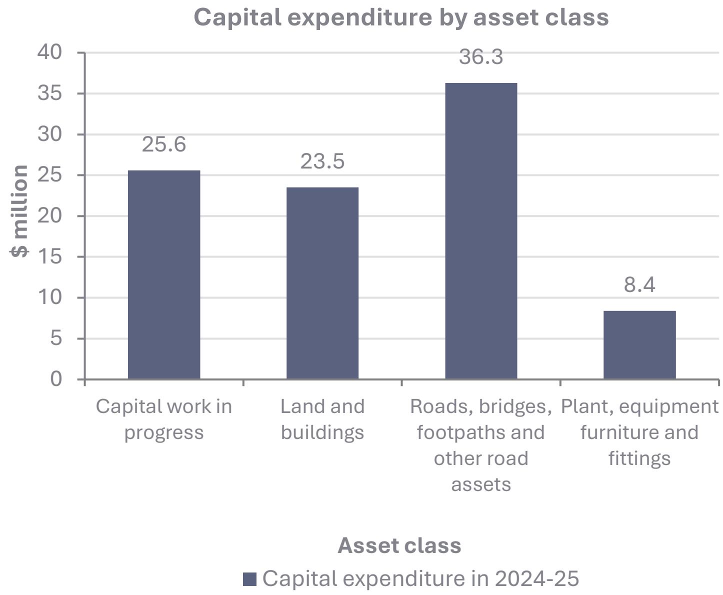
The Council's available cash to cover expenses stood at 5.8 months during the year, which is lower than the prior year and when compared to the metropolitan average of 8 months.



Infrastructure, property, plant and equipment

This graph shows how much the Council spent on renewing and purchasing assets in 2024-25.

Council renewed $50.4 million of infrastructure, property, plant and equipment during the 2024-25 financial year. This was mainly spent on roads and buildings. A further $17.8 million of new assets were acquired during the year.



Manuel Moncada
Director, Financial Audit

Delegate of the Auditor-General

Inner West Council

SPECIAL SCHEDULES

for the year ended 30 June 2025

Contents

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Special Schedules:

Inner West Council

Permissible income for general rates

$ '000	Notes	Calculation 2024/25	Calculation 2025/26
Notional general income calculation [1]			
Last year notional general income yield	a	134,176	**140,730**
Plus or minus adjustments [2]	b	(62)	**317**
Notional general income	c = a + b	**134,114**	**141,047**
Permissible income calculation			
Percentage increase	d	4.90%	**3.70%**
Plus percentage increase amount [3]	f = d x (c + e)	6,572	**5,219**
Sub-total	g = (c + e + f)	**140,686**	**146,266**
Plus (or minus) last year's carry forward total	h	(3)	**–**
Less valuation objections claimed in the previous year	i	(6)	**(53)**
Sub-total	j = (h + i)	**(9)**	**(53)**
Total permissible income	k = g + j	140,677	**146,213**
Less notional general income yield	l	140,730	**146,210**
Catch-up or (excess) result	m = k – l	(53)	**3**
Plus income lost due to valuation objections claimed [4]	n	53	**–**
Carry forward to next year [6]	p = m + n + o	–	**3**

Notes

(1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.

(2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW).*

(3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).

(4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.

(6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Inner West Council

To the Councillors of Inner West Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Inner West Council (the Council) for the year ending 30 June 2026.

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 2024–25 (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 2025 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.

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.

Manuel Moncada

Director, Financial Audit
Delegate of the Auditor-General for New South Wales

30 October 2025
SYDNEY

Inner West Council

Report on infrastructure assets as at 30 June 2025

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard [1]	Estimated cost to bring to the agreed level of service set by Council [2]	2024/25 Required maintenance [3]	2024/25 Actual maintenance [4]	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	1	2	3	4	5
Buildings	Buildings	8,785	8,785	10,359	10,321	331,710	465,265	37.7%	26.8%	27.3%	7.2%	1.0%
	Sub-total	**8,785**	**8,785**	**10,359**	**10,321**	**331,710**	**465,265**	**37.7%**	**26.8%**	**27.3%**	**7.2%**	**1.0%**
Roads	Traffic Devices	108	108	–	–	39,581	51,318	31.5%	54.8%	12.7%	0.9%	0.1%
	Roads	6,261	6,261	18,936	18,311	218,367	347,602	16.7%	45.1%	28.9%	8.9%	0.4%
	Bridges	243	243	–	–	22,967	34,528	17.6%	68.6%	10.6%	2.8%	0.4%
	Kerb and gutter	263	263	–	–	140,645	229,611	2.3%	15.1%	81.9%	0.6%	0.1%
	Car parks - Depreciable	198	198	–	–	12,142	17,032	32.4%	40.1%	22.6%	4.1%	0.8%
	Car parks - Non-Depreciable	–	–	–	–	18,320	18,320	100.0%	0.0%	0.0%	0.0%	0.0%
	Footpaths	3,957	3,957	4,463	6,667	171,986	278,271	14.0%	24.6%	54.0%	7.1%	0.3%
	Other road assets	63	63	–	–	42,588	52,122	69.1%	25.3%	4.9%	0.7%	0.0%
	Bulk earthworks	–	–	–	–	561,555	561,555	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	**11,093**	**11,093**	**23,399**	**24,978**	**1,228,153**	**1,590,359**	**46.9%**	**20.9%**	**28.6%**	**3.4%**	**0.2%**
Stormwater drainage	Stormwater drainage	3,572	3,572	1,849	1,810	125,001	191,844	15.1%	47.9%	28.6%	7.4%	1.0%
	Sub-total	**3,572**	**3,572**	**1,849**	**1,810**	**125,002**	**191,844**	**15.1%**	**47.9%**	**28.6%**	**7.4%**	**1.0%**
Open space / recreational assets	Aquatic Centres	181	181	3,059	3,717	94,931	118,803	48.2%	45.2%	5.9%	0.5%	0.2%
	Sub-total	**181**	**181**	**3,059**	**3,717**	**94,931**	**118,803**	**48.2%**	**45.2%**	**5.9%**	**0.5%**	**0.2%**
Other infrastructure assets	Seawalls	749	749	6	–	47,148	73,934	1.8%	62.2%	30.2%	5.8%	0.0%
	Wharves	319	319	–	–	9,601	14,538	0.5%	44.2%	48.1%	4.8%	2.4%
	Building & Aquatics Land Improvements Depreciable	282	282	–	–	11,945	19,922	11.9%	44.1%	39.1%	3.5%	1.4%
	Land Improvements - Depreciable	1,971	1,971	16,106	18,756	145,282	200,834	19.5%	45.9%	30.2%	3.9%	0.5%
	Land Improvements - Non Depreciable	–	–	–	–	559	559	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	**3,321**	**3,321**	**16,112**	**18,756**	**214,535**	**309,787**	**14.0%**	**49.5%**	**31.6%**	**4.4%**	**0.5%**
	Total – all assets	**26,952**	**26,952**	**54,778**	**59,582**	**1,994,331**	**2,676,058**	**39.3%**	**28.2%**	**27.7%**	**4.3%**	**0.5%**

(1) "Satisfactory Standard" refers to the estimated cost for the renewal of Condition 4 and 5 assets i.e., the replacement value of Condition 4 and 5 assets to Condition 3.

(2) As there are no agreed levels of service set by Inner West Council, the "Agreed Level" refers to the estimated cost for the renewal of individual asset categories as either condition 4 & 5 determined by the criticality of the asset category to condition 3. This figure will be refined as future agreed service levels are formulated by Council in consultation with the community

continued on next page ...

Inner West Council

Report on infrastructure assets as at 30 June 2025 (continued)

(3) "Required Maintenance" for Roads and Stormwater Drainage is the amount identified for maintenance including related operational costs in Council's budget. For Other Infrastructure Assets it is the amount identified for maintenance including related operational costs plus a minor adjustment to the Required Maintenance.

(4) "Actual Maintenance" is the amount of maintenance and related operational expenditure spent in the current year to maintain Council's assets.

Infrastructure asset condition assessment 'key'

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

Inner West Council

Report on infrastructure assets as at 30 June 2025

Infrastructure asset performance indicators (consolidated) *

$ '000	Amounts 2025	Indicator 2025	Indicators 2024	Indicators 2023	Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals [1]	50,398	145.43%	75.04%	120.43%	> 100.00%
Depreciation, amortisation and impairment	34,655				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	26,952	1.35%	1.48%	1.46%	< 2.00%
Net carrying amount of infrastructure assets	1,994,329				
Asset maintenance ratio					
Actual asset maintenance	59,582	108.77%	120.56%	110.55%	> 100.00%
Required asset maintenance	54,778				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	26,952	1.01%	1.11%	1.06%	
Gross replacement cost	2,676,058				

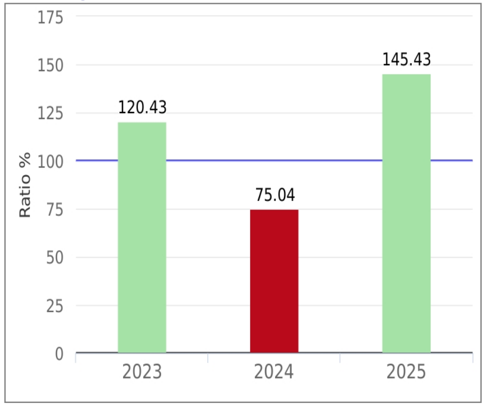
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Inner West Council

Report on infrastructure assets as at 30 June 2025

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

24/25 ratio 145.43%

Due to the ongoing levels of funding for the buildings, roads and footpaths renewal programs, combined with the capitalisation processing of the capital works backlog from previous years, the renewals ratio has significantly exceeded the Code of Accounting Practice benchmark of >100%.

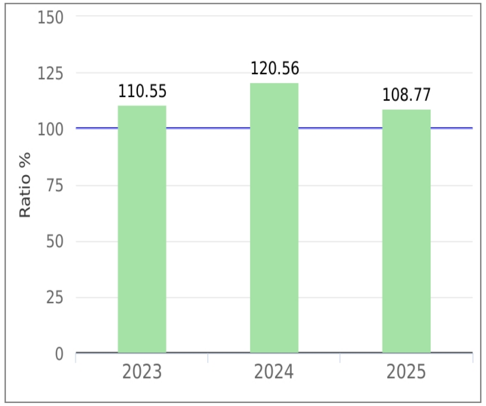
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

24/25 ratio 108.77%

The annual infrastructure maintenance budget increased from $49.5m in 2023/24 to $54.8m in 2024/25, up by approximately $5.2m. The increase still amounted to $4.8m less than the actual maintenance spend with the main increases being $1.58m for road infrastructure assets, $2.64m for open space assets and $658k for aquatic centres.

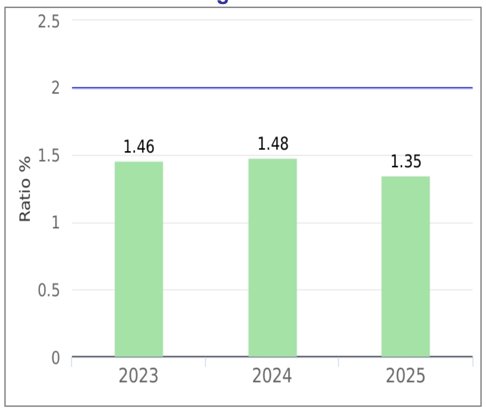
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

24/25 ratio 1.35%

The total infrastructure backlog has decreased from $29.34M in 2023/24 to $26.95M in 2024/25 equating to a ratio of 1.35% which is well below the Code of Accounting practice benchmark of <2%.

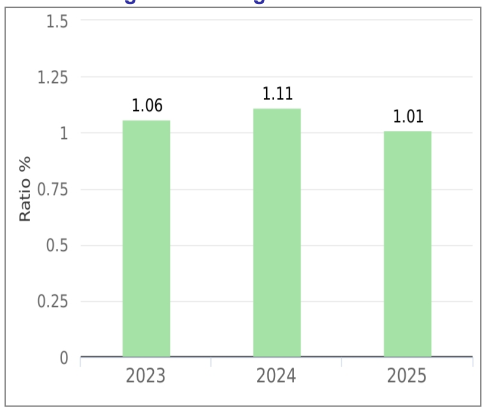
Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

24/25 ratio 1.01%

Based on the community consultation of the Community Strategic Plan, Delivery program and Operational Plan, Council continues to define a 'Satisfactory Standard' of asset as being in condition 3 or better. The backlog for 2024/25 has decreased by $2.4m or approximately 8% on 2023/24 and will further decrease as the capitalisation backlog is processed.