

Clarence Valley Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024



Clarence Valley Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024



Clarence Valley Council

General Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Contents for the notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	77
On the Conduct of the Audit (Sect 417 [3])	80

Overview

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

2 Prince St
GRAFTON NSW 2460

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

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

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

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

Clarence Valley Council

General Purpose Financial Statements

for the year ended 30 June 2024

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

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

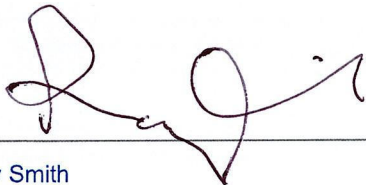
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

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



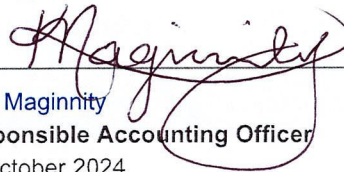
Ray Smith
Mayor
22 October 2024



Greg Clancy
Deputy Mayor
22 October 2024



Laura Black
General Manager
22 October 2024



Kate Maginness
Responsible Accounting Officer
22 October 2024

Clarence Valley Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Net operating result for the year – from Income Statement		54,909	48,800
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	23,830	80,351
Impairment reversal relating to infrastructure, property, plant and equipment	C1-7	19,164	13,420
Total items which will not be reclassified subsequently to the operating result		42,994	93,771
Total other comprehensive income for the year		42,994	93,771
Total comprehensive income for the year attributable to Council		97,903	142,571

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

Clarence Valley Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	101,744	50,873
Investments	C1-2	71,000	51,000
Receivables	C1-4	45,352	37,510
Inventories	C1-5	2,251	2,199
Contract assets and contract cost assets	C1-6	5,840	19,806
Other	C1-9	2,330	262
Total current assets		228,517	161,650
Non-current assets			
Investments	C1-2	53,000	54,000
Receivables	C1-4	1,945	1,252
Inventories	C1-5	156	156
Infrastructure, property, plant and equipment (IPPE)	C1-7	2,413,756	2,329,169
Intangible assets	C1-8	1,673	1,910
Total non-current assets		2,470,530	2,386,487
Total assets		2,699,047	2,548,137
LIABILITIES			
Current liabilities			
Payables	C3-1	28,810	18,626
Contract liabilities	C3-2	43,335	20,023
Borrowings	C3-3	9,910	8,486
Employee benefit provisions	C3-4	11,504	11,806
Provisions	C3-5	127	200
Total current liabilities		93,686	59,141
Non-current liabilities			
Borrowings	C3-3	84,535	69,726
Employee benefit provisions	C3-4	494	334
Provisions	C3-5	17,499	14,006
Total non-current liabilities		102,528	84,066
Total liabilities		196,214	143,207
Net assets		2,502,833	2,404,930
EQUITY			
Accumulated surplus	C4-1	1,034,979	980,070
IPPE revaluation reserve	C4-1	1,467,854	1,424,860
Council equity interest		2,502,833	2,404,930
Total equity		2,502,833	2,404,930

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

Clarence Valley Council

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		980,070	1,424,860	2,404,930	931,270	1,331,089	2,262,359
Opening balance		980,070	1,424,860	2,404,930	931,270	1,331,089	2,262,359
Net operating result for the year		54,909	–	54,909	48,800	–	48,800
Net operating result for the period		54,909	–	54,909	48,800	–	48,800
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	23,830	23,830	–	80,351	80,351
– Impairment (loss) reversal relating to IPP&E	C1-7	–	19,164	19,164	–	13,420	13,420
Other comprehensive income		–	42,994	42,994	–	93,771	93,771
Total comprehensive income		54,909	42,994	97,903	48,800	93,771	142,571
Closing balance at 30 June		1,034,979	1,467,854	2,502,833	980,070	1,424,860	2,404,930

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

Clarence Valley Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Cash flows from operating activities				
<i>Receipts:</i>				
74,869	Rates and annual charges		74,712	72,798
42,678	User charges and fees		46,710	43,583
5,193	Interest received		6,235	3,592
119,020	Grants and contributions		137,585	74,229
–	Bonds, deposits and retentions received		–	1,367
7,958	Other		10,284	10,842
<i>Payments:</i>				
(37,474)	Payments to employees		(41,809)	(38,221)
(73,737)	Payments for materials and services		(65,072)	(81,187)
(4,837)	Borrowing costs		(4,984)	(5,465)
–	Bonds, deposits and retentions refunded		(76)	–
(6,386)	Other		(14,633)	(2,524)
127,284	Net cash flows from operating activities	G1-1	148,952	79,014
Cash flows used in investing activities				
<i>Receipts:</i>				
10,806	Sale of investments		55,000	55,000
–	Proceeds from sale of IPPE		1,114	2,561
<i>Payments:</i>				
–	Purchase of investments		(84,000)	(38,000)
–	Acquisition of term deposits		10,000	–
(133,303)	Payments for IPPE		(96,428)	(77,409)
(122,497)	Net cash flows used in investing activities		(114,314)	(57,848)
Cash flows from financing activities				
<i>Receipts:</i>				
24,720	Proceeds from borrowings		24,720	–
<i>Payments:</i>				
(8,144)	Repayment of borrowings		(8,487)	(8,918)
16,576	Net cash flows from financing activities		16,233	(8,918)
21,363	Net change in cash and cash equivalents		50,871	12,248
50,873	Cash and cash equivalents at beginning of year		50,873	38,625
72,236	Cash and cash equivalents at end of year	C1-1	101,744	50,873
105,000	plus: Investments on hand at end of year	C1-2	124,000	105,000
177,236	Total cash, cash equivalents and investments		225,744	155,873

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

Clarence Valley Council

Contents for the notes to the Financial Statements for the year ended 30 June 2024

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	13
B1 Functions or activities	13
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
B2 Sources of income	15
B2-1 Rates and annual charges	15
B2-2 User charges and fees	16
B2-3 Other revenues	17
B2-4 Grants and contributions	18
B2-5 Interest and investment income	21
B2-6 Other income	21
B3 Costs of providing services	22
B3-1 Employee benefits and on-costs	22
B3-2 Materials and services	23
B3-3 Borrowing costs	23
B3-4 Depreciation, amortisation and impairment of non-financial assets	24
B3-5 Other expenses	25
B4 Gains or losses	26
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	26
B5 Performance against budget	27
B5-1 Material budget variations	27
C Financial position	29
C1 Assets we manage	29
C1-1 Cash and cash equivalents	29
C1-2 Financial investments	29
C1-3 Restricted and allocated cash, cash equivalents and investments	31
C1-4 Receivables	33
C1-5 Inventories	34
C1-6 Contract assets and Contract cost assets	36
C1-7 Infrastructure, property, plant and equipment	37
C1-8 Intangible assets	41
C1-9 Other	42
C2 Leasing activities	42
C2-1 Council as a lessor	42
C3 Liabilities of Council	43
C3-1 Payables	43
C3-2 Contract Liabilities	43
C3-3 Borrowings	44
C3-4 Employee benefit provisions	46
C3-5 Provisions	47
C4 Reserves	48

Clarence Valley Council

Contents for the notes to the Financial Statements for the year ended 30 June 2024

C4-1 Nature and purpose of reserves	48
D Council structure	49
D1 Results by fund	49
D1-1 Income Statement by fund	49
D1-2 Statement of Financial Position by fund	50
D2 Interests in other entities	51
D2-1 Subsidiaries, joint arrangements and associates not recognised	51
E Risks and accounting uncertainties	52
E1-1 Risks relating to financial instruments held	52
E2-1 Fair value measurement	55
E3-1 Contingencies	61
F People and relationships	64
F1 Related party disclosures	64
F1-1 Key management personnel (KMP)	64
F1-2 Councillor and Mayoral fees and associated expenses	65
F2 Other relationships	66
F2-1 Audit fees	66
G Other matters	67
G1-1 Statement of Cash Flows information	67
G2-1 Commitments	68
G3-1 Events occurring after the reporting date	68
G4 Statement of developer contributions	69
G4-1 Summary of developer contributions	69
G4-2 Developer contributions by plan	69
G4-3 Contributions not under plans	72
G5 Statement of performance measures	73
G5-1 Statement of performance measures – consolidated results	73
G5-2 Statement of performance measures by fund	74
H Additional Council disclosures (unaudited)	76
H1-1 Council information and contact details	76

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 22 October 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated 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* (Act) and *Local Government (General) Regulation 2021* (Regulation), and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Historical cost convention

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

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-8
- (ii) estimated tip and quarry remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables - refer to 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.

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

- General purpose operations
- Water Supply
- Sewerage Service
- Holiday Parks
- Clarence Regional Library
- Domestic Waste Management

A1-1 Basis of preparation (continued)

The Trust Fund

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

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council has many volunteers working in various areas. These volunteer services have not been recognised as income as per AASB 1058. This is because the fair value of such services cannot be reliably measured and it would not have been purchased if they were not donated.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods (and which have not been early adopted by Council).

As at the date of authorisation of these financial statements, Council does not consider that any of those standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
Leadership	21,171	6,080	30,794	27,954	(9,623)	(21,874)	18,395	4,144	418,474	342,189
Infrastructure	120,682	113,390	100,924	99,156	19,758	14,234	68,278	66,446	2,065,398	1,995,454
Society	9,789	17,942	26,627	22,858	(16,838)	(4,916)	4,676	12,893	163,307	156,543
Environment	20,641	19,060	15,219	15,038	5,422	4,022	970	1,457	2,098	1,111
Economy	9,030	8,752	7,617	6,662	1,413	2,090	228	434	49,770	52,840
General purpose income	54,777	55,244	-	-	54,777	55,244	12,335	16,255	-	-
Total functions and activities	236,090	220,468	181,181	171,668	54,909	48,800	104,882	101,629	2,699,047	2,548,137

B1-2 Components of functions or activities

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

Society

Creating a place where people are healthy, safe, connected and in harmony with the natural environment to retain and improve the quality of community life.

Infrastructure

Maintaining our diverse infrastructure base to serve the needs of the Clarence.

Economy

Strengthening and diversifying the region's economic base in a way that complements the environmental and social values of the Clarence.

Environment

Valuing, respecting and actively participating in the care and management of the Clarence's natural environment for current and future generations.

Leadership

Setting the overall direction and long-term goals for the Clarence in accordance with community aspirations.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	31,964	29,697
Farmland	4,207	3,869
Business	5,031	4,709
Less: pensioner rebates (mandatory)	(1,050)	(1,060)
Rates levied to ratepayers	40,152	37,215
Pensioner rate subsidies received	578	596
Total ordinary rates	40,730	37,811
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	8,796	8,270
Water supply services	3,369	3,181
Sewerage services	21,701	20,312
Waste management services (non-domestic)	2,572	2,535
Less: pensioner rebates (mandatory)	(1,038)	(1,060)
Annual charges levied	35,400	33,238
Pensioner annual charges subsidies received:		
– Water	230	302
– Sewerage	166	171
– Domestic waste management	176	183
Total annual charges	35,972	33,894
Total rates and annual charges	76,702	71,705

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

Material accounting policy information

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

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

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	Timing	2024	2023
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	1	14,276	12,972
Sewerage services	1	1,873	1,779
On-site septic management services	1	838	411
Total specific user charges		16,987	15,162
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Private works – section 67	1	2,514	151
Regulatory/ statutory fees	2	2,640	2,640
Section 10.7 certificates (EP&A Act)	2	153	144
Section 603 certificates	2	124	106
Total fees and charges – statutory/regulatory		5,431	3,041
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aerodrome	2	69	34
Holiday parks	2	8,192	7,845
Cemeteries	2	923	840
Community centres	2	19	34
Leaseback fees – Council vehicles	2	361	364
Transport for NSW works (state roads not controlled by Council)	1	1,838	4,367
Saleyards	2	360	339
Swimming centres	2	219	210
Art gallery	2	121	137
Other sewer fees	2	976	501
Other water fees	2	1,168	539
Other waste management	2	309	532
Regional landfill	2	6,662	5,757
Water tapping fees	2	344	432
Other	2	341	417
Total fees and charges – other		21,902	22,348
Total other user charges and fees		27,333	25,389
Total user charges and fees		44,320	40,551
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		21,339	15,162
User charges and fees recognised at a point in time (2)		22,981	25,389
Total user charges and fees		44,320	40,551

Material accounting policy information

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

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

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

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

B2-3 Other revenues

\$ '000	Timing	2024	2023
Fines	2	45	136
Legal fees recovery – rates and charges (extra charges)	2	343	215
Commissions and agency fees	2	50	100
Diesel rebate	2	348	278
Container Deposit Scheme Sharing	2	26	104
Insurance claims recoveries	2	438	130
Sales – general	2	27	25
Commonwealth emissions reduction fund	2	1,039	4
Other	2	375	540
Total other revenue		2,691	1,532
Timing of revenue recognition for other revenue			
Other revenue recognised at a point in time (2)		2,691	1,532
Total other revenue		2,691	1,532

Material accounting policy information for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

B2-4 Grants and contributions

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	381	2,134	–	–
Financial assistance – local roads component	2	193	1,001	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	7,973	9,028	–	–
Financial assistance – local roads component	2	3,788	4,091	–	–
Amount recognised as income during current year		12,335	16,254	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Economic development	1	123	–	–	1,703
Employment and training programs	2	18	60	–	–
Floodplain management	2	73	306	858	57
Environmental services	2	397	371	2,922	633
Library	2	227	220	–	–
Heritage and cultural	1	25	168	–	–
Recreation and culture	1	–	–	–	5,826
NSW rural fire services	1	678	746	118	2,223
Storm/flood damage	2	3,111	13,459	40,029	407
Street lighting	2	111	108	–	–
Transport (roads to recovery)	2	2,051	2,051	–	–
Transport (other roads and bridges funding)	1	–	–	9,633	19,091
Other specific grants	2	1,009	1,544	5,893	10,529
Clarence regional library	2	256	265	–	–
Community services	2	180	94	–	–
Roads and bridges	1	–	–	7	92
Transport for NSW contributions (regional roads, block grant)	2	4,040	3,975	6,328	4,513
Other contributions	2	218	313	3,196	371
Water supplies (excl. section 64 contributions)	2	185	1,923	–	–
Rural fire services	2	47	5	–	–
Total special purpose grants and non-developer contributions – cash		12,749	25,608	68,984	45,445
Non-cash contributions					
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	2	–	–	3,305	4,972
Sewerage (excl. section 64 contributions)	2	–	–	316	818
Water supplies (excl. section 64 contributions)	2	–	–	369	714
Total other contributions – non-cash		–	–	3,990	6,504
Total special purpose grants and non-developer contributions (tied)		12,749	25,608	72,974	51,949
Total grants and non-developer contributions		25,084	41,862	72,974	51,949

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Comprising:					
– Commonwealth funding		14,387	18,306	13,912	3,493
– State funding		10,114	10,669	51,869	41,488
– Other funding		583	12,887	7,193	6,968
		25,084	41,862	72,974	51,949

Developer contributions

\$ '000	Notes	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	1,690	1,421
S 7.12 – fixed development consent levies		2	–	–	176	369
S 64 – water supply contributions		2	–	–	2,676	4,215
S 64 – sewerage service contributions		2	–	–	2,282	1,813
Total developer contributions – cash			–	–	6,824	7,818
Total developer contributions			–	–	6,824	7,818
Total contributions			–	–	6,824	7,818
Total grants and contributions			25,084	41,862	79,798	59,767
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			826	914	9,330	28,935
Grants and contributions recognised at a point in time (2)			24,258	40,948	70,468	30,832
Total grants and contributions			25,084	41,862	79,798	59,767

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent grants and contributions				
Unspent funds at 1 July	4,140	5,231	70,414	56,662
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	3,415	851	34,606	29,220
Add: Funds received and not recognised as revenue in the current year	-	-	-	-
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(666)	(1,942)	(18,964)	(15,468)
Less: Funds received in prior year but revenue recognised and funds spent in current year	-	-	-	-
Unspent funds at 30 June	6,889	4,140	86,056	70,414

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. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

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.

B2-4 Grants and contributions (continued)

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	370	319
– Cash and investments	6,397	4,019
Total interest and investment income (losses)	6,767	4,338

Material accounting policy information

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

B2-6 Other income

\$ '000	Notes	2024	2023
Rental income			
Other lease income			
Room/Facility Hire		728	713
Total other lease income		728	713
Total rental income	C2-1	728	713
Total other income		728	713

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	31,221	27,732
Employee leave entitlements (ELE)	8,152	8,204
Superannuation	4,577	3,439
Workers' compensation insurance	886	688
Fringe benefit tax (FBT)	40	32
Payroll tax	518	396
Training costs (other than salaries and wages)	674	585
Other	387	341
Total employee costs	46,455	41,417
Less: capitalised costs	(4,884)	(3,827)
Total employee costs expensed	41,571	37,590

Material accounting policy information

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		15,101	15,212
Contractor costs		30,169	36,781
Audit Fees	F2-1	187	112
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	341	343
Advertising		273	389
Bank charges		250	249
Electricity and heating		3,520	2,379
Insurance		2,595	2,469
Postage		202	115
Printing and stationery		169	171
Street lighting		622	454
Subscriptions and publications		736	709
Telephone and communications		400	559
Valuation fees		365	11
Holiday park levies		338	280
Computer maintenance		3,289	2,369
Other expenses		2,346	3,359
Contributions to other organisations		244	376
Legal expenses:			
– Legal expenses: planning and development		43	68
– Legal expenses: other		468	626
Total materials and services		61,658	67,031

Material accounting policy information

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

B3-3 Borrowing costs

\$ '000	Notes	2024	2023
(i) Interest bearing liability costs			
Interest on loans		4,973	5,397
Other debts		27	19
Total interest bearing liability costs		5,000	5,416
Total interest bearing liability costs expensed		5,000	5,416
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	C3-5	438	371
Total other borrowing costs		438	371
Total borrowing costs expensed		5,438	5,787

Material accounting policy information

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

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Plant and equipment		3,862	3,801
Office equipment		420	362
Furniture and fittings		135	149
Infrastructure:			
	C1-7		
– Buildings – non-specialised		1,861	1,641
– Buildings – specialised		2,643	2,441
– Other structures		2,349	1,445
– Roads		18,339	17,069
– Bridges		2,193	2,868
– Footpaths		934	759
– Other road assets		730	904
– Stormwater drainage		4,065	3,239
– Water supply network		7,773	7,764
– Sewerage network		9,969	6,641
– Swimming pools		145	133
– Other open space/recreational assets		1,916	2,031
– Other infrastructure		2,717	1,966
Other assets:			
– Library books		304	337
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-7	139	119
– Quarry assets	C3-5,C1-7	18	19
Intangible assets	C1-8	237	233
Total gross depreciation and amortisation costs		60,749	53,921
Total depreciation and amortisation costs		60,749	53,921
Impairment / revaluation decrement of IPPE			
Infrastructure:			
	C1-7		
– Roads		(17,888)	(15,697)
– Stormwater drainage		261	–
– Water supply network		(1,001)	1,001
– Other infrastructure		(536)	1,276
Total gross IPPE impairment / revaluation decrement costs		(19,164)	(13,420)
Amounts taken through revaluation reserve	C1-7	19,164	13,420
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	–
Total depreciation, amortisation and impairment for non-financial assets		60,749	53,921

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

Material accounting policy information

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	2024	2023
Other		
Contributions/levies to other levels of government		
– Department of planning levy	74	307
– Emergency services levy (includes FRNSW, SES, and RFS levies)	1,769	1,633
– Waste levy	3,876	3,404
– Other contributions/levies	25	7
Donations, contributions and assistance to other organisations (Section 356)	91	81
Total other	5,835	5,432
Total other expenses	5,835	5,432

Material accounting policy information

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of plant and equipment	C1-7		
Proceeds from disposal – plant and equipment		1,114	1,679
Less: carrying amount of plant and equipment assets sold/written off		<u>(804)</u>	<u>(1,392)</u>
Gain on disposal		<u>310</u>	<u>287</u>
Gain (or loss) on disposal of infrastructure	C1-7		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		<u>(6,240)</u>	<u>(1,929)</u>
Loss on disposal		<u>(6,240)</u>	<u>(1,929)</u>
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		55,000	55,000
Less: carrying amount of investments sold/redeemed/matured		<u>(55,000)</u>	<u>(55,000)</u>
Gain (or loss) on disposal		<u>–</u>	<u>–</u>
Gain (or loss) on disposal of non-current assets classified as 'held for sale'			
Proceeds from disposal – non-current assets 'held for sale'		–	882
Less: carrying amount of 'held for sale' assets sold/written off		<u>–</u>	<u>(1,147)</u>
Gain (or loss) on disposal		<u>–</u>	<u>(265)</u>
Net gain (or loss) from disposal of assets		<u>(5,930)</u>	<u>(1,907)</u>

Material accounting policy information

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

B5 Performance against budget

B5-1 Material budget variations

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

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
Rates and annual charges	74,979	76,702	1,723	2% F
User charges and fees	37,539	44,320	6,781	18% F
\$3.8m of unbudgeted Private Works income for large drainage project and state roads work plus a \$1M increase in Domestic Waste Disposal fees due to change in charge value on the back of a new Domestic Waste contract in 2022/23 and in alignment with the 2023/24 Revenue Policy.				
Other revenues	1,514	2,691	1,177	78% F
Carbon credit revenue significantly increased from prior year with budget formed on minimum expected carbon credit revenues as opposed to aspirational values (up by on average \$1mil).				
Operating grants and contributions	20,130	25,084	4,954	25% F
Receipt unexpected operating grant monies to fund current year natural disasters, planning and community initiatives.				
Capital grants and contributions	129,295	79,798	(49,497)	(38)% U
Receipt of a large portion of capital grant monies up front for natural disaster works to be completed in future years.				
Interest and investment revenue	3,121	6,767	3,646	117% F
Council's favourable return is due to Council's investment increased portfolio balance returning greater than expected returns due to a higher than expected interest rate environment.				
Net gains from disposal of assets	1,721	-	(1,721)	(100)% U
Council's budget only allows for proceeds from sale of assets and does not attempt to predict any book profit or loss from disposals.				
Other income	1,089	728	(361)	(33)% U
Lower than expected returns on council property lease and hire income due to closure of various facilities whilst major capital works completed. Further budget to actual impact from a reduction in lease and site rental income due to end of lease renegotiations and reimplementation.				

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----		
Expenses					
Employee benefits and on-costs	44,378	41,571	2,807	6%	F
Materials and services	40,125	61,658	(21,533)	(54)%	U
Large capital works program creating significant increase in activity and a large impact due to higher than expected CPI increases on materials and services. Budget to actual result further impacted by receipt of unexpected operational grant monies requiring offsetting spend to deliver grant outcomes and an increased use of contractors to fill employee vacancies to ensure project and grant deliverables achieved on time.					
Borrowing costs	4,957	5,438	(481)	(10)%	U
Depreciation, amortisation and impairment of non-financial assets	48,265	60,749	(12,484)	(26)%	U
Variation attributed to asset revaluation increments from 2022/23 Financial Year.					
Other expenses	5,418	5,835	(417)	(8)%	U
Net losses from disposal of assets	-	5,930	(5,930)	∞	U
Council's budget only allows for proceeds from sale of assets and does not attempt to predict any book profit or loss from disposals.					
Statement of cash flows					
Cash flows from operating activities	127,284	148,952	21,668	17%	F
Cash flows from investing activities	(122,497)	(114,314)	8,183	(7)%	F
Cash flows from financing activities	16,576	16,233	(343)	(2)%	U

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	41,215	12,054
Cash equivalent assets		
– Deposits at call	50,268	38,558
– Short-term deposits	10,010	10
– Other financial assets	251	251
Total cash and cash equivalents	101,744	50,873

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	101,744	50,873
Balance as per the Statement of Cash Flows	101,744	50,873

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	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Debt securities at amortised cost				
Long term deposits	71,000	53,000	51,000	54,000
Total	71,000	53,000	51,000	54,000
Total financial investments	71,000	53,000	51,000	54,000
Total cash assets, cash equivalents and investments	172,744	53,000	101,873	54,000

C1-2 Financial investments (continued)

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

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

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

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

Fair value through other comprehensive income – equity instruments

Council has a number of strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

Other net gains and losses excluding dividends are recognised in Other Comprehensive Income.

Financial assets through profit or loss

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

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

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

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	225,744	155,873
Cash, cash equivalents and investments not subject to external restrictions	73,621	25,838
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Deposits, bonds and retentions	4,034	4,110
Held as custodian	531	3,873
External restrictions – included in liabilities	4,565	7,983
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	13,088	11,657
Developer contributions – water fund	14,941	12,728
Developer contributions – sewer fund	16,959	14,134
Specific purpose unexpended grants (recognised as revenue) – general fund	48,739	30,312
Specific purpose unexpended grants – Holiday Parks	77	77
Water fund	23,564	30,738
Sewer fund	18,010	13,632
Domestic waste management	1,951	468
Holiday Parks	7,395	7,036
Clarence Regional Library	919	724
Other	1,915	546
External restrictions – other	147,558	122,052
Total external restrictions	152,123	130,035

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

\$ '000	2024	2023
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	73,621	25,838
Unrestricted and unallocated cash, cash equivalents and investments	3,573	452

Internal allocations

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

Building Asset renewals	633	628
Cemetery reserves	288	–
Coastal and estuary management	428	378
Commercial waste service reserve	962	–
Community cultural and heritage programs	11	11
Council s7.11 development funds	79	30
Election cost reserve	367	233
Emergency services reserves	88	752

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

\$ '000	2024	2023
Employee leave entitlements	3,596	3,752
Environmental and noxious weeds projects	324	268
Fleet plant reserve	7,421	1,587
Floodplain management reserves	824	561
Infrastructure assets renewals reserve	–	561
Insurance reserves	283	248
Parks & Sporting Facilities	519	898
Quarries operations and rehabilitation	543	637
Regional development and tourism projects	19	19
Regional landfill reserves	10,542	–
Roads reserves	4,923	621
Software implementation reserves	388	585
Strategic building reserve	688	688
Strategic development programs	178	381
Unspent financial assistance grant	11,761	12,521
Unspent general loans - Regional Aquatic Centre	13,786	–
Unspent general loans - Treelands Drive Community Centre	4,973	–
Unspent general loans - floodplain infrastructure and natural resources	27	27
Waste management reserves	6,397	–
Total internal allocations	70,048	25,386

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

C1-4 Receivables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Rates and annual charges	3,551	1,945	3,193	1,252
Interest and extra charges	534	–	501	–
User charges and fees	8,955	–	8,960	–
Accrued revenues				
– Interest on investments	2,004	–	1,505	–
Government grants and subsidies	19,581	–	18,368	–
Net GST receivable	1,159	–	668	–
Government departments (other than grants)	7,806	–	3,438	–
Other debtors	1,771	–	886	–
Total	45,361	1,945	37,519	1,252
Less: provision for impairment				
Rates and annual charges	(4)	–	(4)	–
Other debtors	(5)	–	(5)	–
Total provision for impairment – receivables	(9)	–	(9)	–
Total net receivables	45,352	1,945	37,510	1,252

C1-4 Receivables (continued)

\$ '000	2024	2023
Movement in provision for impairment of receivables		
Balance at the beginning of the year	9	9
Balance at the end of the year	9	9

Material accounting policy information

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

Impairment

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

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

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

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

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

Council writes off a 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.

None of the receivables that have been written off are subject to enforcement activity.

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

C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(i) Inventories at cost				
Real estate for resale	90	156	90	156
Stores and materials	2,161	-	2,109	-
Total inventories at cost	2,251	156	2,199	156
Total inventories	2,251	156	2,199	156

Material accounting policy information

Raw materials and stores, work in progress and finished goods

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

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

C1-5 Inventories (continued)

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

C1-6 Contract assets and Contract cost assets

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Contract assets	5,840	–	19,806	–
Total contract assets and contract cost assets	5,840	–	19,806	–

Contract assets

Government grants	5,840	–	19,806	–
Total contract assets	5,840	–	19,806	–

Material accounting policy information

Contract assets

Contract assets represent Councils right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

Contract cost asset – costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period										At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss ² revaluation decrements (recognised in equity)	Impairment reversal (recognised in equity)	WIP transfers	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	50,718	–	50,718	50,658	15,220	–	–	–	–	(39,423)	–	–	–	77,173	–	77,173
Plant and equipment	52,397	(24,579)	27,818	5,570	–	(804)	(3,862)	–	–	–	–	–	–	52,904	(24,182)	28,722
Office equipment	5,523	(4,467)	1,056	634	–	–	(420)	–	–	–	–	–	–	6,157	(4,887)	1,270
Furniture and fittings	4,244	(3,126)	1,118	34	–	–	(135)	–	–	–	–	–	–	4,278	(3,261)	1,017
Land:																
– Crown land	40,012	–	40,012	–	–	–	–	–	–	–	–	(2,325)	–	37,687	–	37,687
– Operational land	61,577	–	61,577	–	–	–	–	–	–	–	–	(3,543)	–	58,034	–	58,034
– Community land	12,828	–	12,828	–	–	–	–	–	–	–	–	(745)	–	12,083	–	12,083
– Land under roads (post 30/6/08)	20	–	20	–	–	–	–	–	–	–	–	–	–	20	–	20
Infrastructure:																
– Buildings – non-specialised	83,286	(29,493)	53,793	367	61	(104)	(1,861)	–	–	133	–	–	–	83,578	(31,190)	52,388
– Buildings – specialised	135,417	(54,172)	81,245	2,439	687	(341)	(2,643)	–	–	916	–	–	–	138,773	(56,470)	82,303
– Other structures	46,136	(14,563)	31,573	626	1,195	(2)	(2,349)	–	–	2,413	(317)	–	–	50,011	(16,872)	33,139
– Roads	611,094	(231,798)	379,296	4,141	2,288	(764)	(18,339)	(3,643)	21,531	5,414	(6,139)	–	19,447	644,780	(241,548)	403,232
– Bridges	223,916	(92,983)	130,933	–	9,862	(1,262)	(2,193)	–	–	10,911	4,525	–	6,713	249,371	(89,882)	159,489
– Footpaths	44,874	(15,534)	29,340	832	989	(158)	(934)	–	–	2,149	(17)	–	1,504	50,906	(17,201)	33,705
– Other road assets (including bulk earthworks)	40,719	(10,634)	30,085	55	1,436	(58)	(730)	–	–	2,424	246	–	1,542	47,111	(12,111)	35,000
– Bulk earthworks (non-depreciable)	227,861	–	227,861	553	454	(55)	–	–	–	258	1,766	–	11,638	242,475	–	242,475
– Stormwater drainage	310,766	(114,121)	196,645	1,042	2,695	(125)	(4,065)	(384)	123	1,086	–	–	9,853	331,239	(124,369)	206,870
– Water supply network	674,062	(209,382)	464,680	2,249	1,476	(2,567)	(7,773)	–	1,001	5,485	(61)	–	22,806	713,328	(226,032)	487,296
– Sewerage network	396,687	(142,688)	253,999	2,036	734	(477)	(9,969)	–	–	295	–	(53,554)	–	329,661	(136,598)	193,063
– Swimming pools	7,331	(3,395)	3,936	–	–	–	(145)	–	–	–	–	–	–	7,333	(3,542)	3,791
– Other open space/recreational assets	66,057	(27,098)	38,959	895	711	(137)	(1,916)	–	–	4,191	–	–	–	71,235	(28,532)	42,703
– Other infrastructure	334,982	(129,831)	205,151	95	492	(188)	(2,717)	(3,674)	4,210	762	(6)	–	10,494	353,059	(138,440)	214,619
Other assets:																
– Library books	7,260	(6,353)	907	284	–	(2)	(304)	–	–	–	–	–	–	7,530	(6,645)	885
– Other	4,134	–	4,134	–	26	–	–	–	–	–	–	–	–	4,160	–	4,160
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																
– Quarry assets	801	(211)	590	–	–	–	(18)	–	–	–	(38)	–	–	763	(229)	534
– Tip assets	5,137	(4,242)	895	–	317	–	(139)	–	–	216	809	–	–	6,480	(4,382)	2,098
Total infrastructure, property, plant and equipment	3,447,839	(1,118,670)	2,329,169	72,510	38,643	(7,044)	(60,512)	(7,701)	26,865	(2,770)	768	(60,167)	83,997	3,580,129	(1,166,373)	2,413,756

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

C1-7 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2022 ²			Asset movements during the reporting period										At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount ²	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	Impairment reversal (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR) ²	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	29,493	–	29,493	13,460	27,125	–	–	–	–	(19,360)	–	–	–	50,718	–	50,718
Plant and equipment	50,250	(20,785)	29,465	3,858	89	(1,391)	(3,801)	–	–	–	(402)	–	52,397	(24,579)	27,818	
Office equipment	5,096	(4,105)	991	362	70	(5)	(362)	–	–	–	–	–	5,523	(4,467)	1,056	
Furniture and fittings	4,151	(2,977)	1,174	93	–	–	(149)	–	–	–	–	–	4,244	(3,126)	1,118	
Land:																
– Operational land	41,416	–	41,416	–	121	–	–	–	–	–	598	–	19,442	61,577	–	61,577
– Community land	11,045	–	11,045	–	81	–	–	–	–	–	(598)	–	2,300	12,828	–	12,828
– Crown land	32,839	–	32,839	–	–	–	–	–	–	–	–	–	7,173	40,012	–	40,012
– Land under roads (post 30/6/08)	20	–	20	–	–	–	–	–	–	–	–	–	–	20	–	20
Infrastructure:																
– Buildings – non-specialised	77,023	(25,820)	51,203	514	–	–	(1,641)	–	–	48	–	–	3,669	83,286	(29,493)	53,793
– Buildings – specialised	125,944	(48,188)	77,756	284	237	(165)	(2,441)	–	–	–	–	–	5,574	135,417	(54,172)	81,245
– Other structures	36,215	(13,383)	22,832	643	5,970	(46)	(1,445)	–	–	2,005	–	–	1,614	46,136	(14,563)	31,573
– Roads ²	705,102	(275,774)	429,328	9,758	2,396	(341)	(17,069)	(21,098)	36,795	9,509	6,738	(76,720)	–	611,094	(231,798)	379,296
– Bridges ²	187,862	(56,387)	131,475	6,158	–	–	(2,868)	–	–	760	(6,156)	–	1,564	223,916	(92,983)	130,933
– Footpaths ²	37,640	(13,287)	24,353	496	519	(5)	(759)	–	–	317	242	–	4,177	44,874	(15,534)	29,340
– Other road assets (including bulk earthworks) ²	41,701	(9,568)	32,133	–	–	(630)	(904)	–	–	–	(824)	–	310	40,719	(10,634)	30,085
– Bulk earthworks (non-depreciable)	231,450	–	231,450	–	–	(82)	–	–	–	–	–	(3,507)	–	227,861	–	227,861
– Stormwater drainage ²	258,290	(86,315)	171,975	2,462	255	(138)	(3,239)	–	–	34	–	–	25,296	310,766	(114,121)	196,645
– Water supply network ²	614,649	(185,706)	428,943	4,764	1,911	–	(7,764)	(1,001)	–	5,430	(2)	–	32,399	674,062	(209,382)	464,680
– Sewerage network ²	365,671	(125,819)	239,852	2,189	255	–	(6,641)	–	–	275	–	–	18,069	396,687	(142,688)	253,999
– Swimming pools	7,200	(3,232)	3,968	–	–	(170)	(133)	–	–	–	–	–	271	7,331	(3,395)	3,936
– Other open space/recreational assets ²	58,104	(22,459)	35,645	1,036	1,240	(343)	(2,031)	–	–	904	2	–	2,506	66,057	(27,098)	38,959
– Other infrastructure ²	228,593	(56,898)	171,695	406	–	–	(1,966)	(3,156)	1,880	78	–	–	36,214	334,982	(129,831)	205,151
Other assets:																
– Library books	6,995	(6,041)	954	295	–	(5)	(337)	–	–	–	–	–	–	7,260	(6,353)	907
– Other	4,086	–	4,086	28	20	–	–	–	–	–	–	–	–	4,134	–	4,134
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																
– Tip assets	4,846	(4,123)	723	291	–	–	(119)	–	–	–	–	–	–	5,137	(4,242)	895
– Quarry assets	858	(192)	666	–	–	–	(19)	–	–	–	(57)	–	–	801	(211)	590
Total infrastructure, property, plant and equipment	3,166,539	(961,059)	2,205,480	47,097	40,289	(3,321)	(53,688)	(25,255)	38,675	–	(459)	(80,227)	160,578	3,447,839	(1,118,670)	2,329,169

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

(2) See Note G4-1 for details regarding the restatement as a result of Prior Period Errors

C1-7 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	Buildings	Years
Office equipment	5 to 10	Buildings: specialised	37 to 165
Office furniture	10 to 30	Buildings: non specialised	59 to 158
Computer equipment	5		
Vehicles	5 yrs/ 150,000km	Other infrastructure assets	Years
Heavy plant/road making equipment	5 to 15	Bulk earthworks	Infinite
Other plant and equipment	5 to 15	Floodplain assets	19 to 174
Water and sewer assets	Years	Stormwater assets	Years
Dams and reservoirs	10 to 200	Pits	63 to 90
Water reticulation pipes: PVC	74 to 120	Culverts	62 to 90
Water reticulation pipes: other	20 to 160	Pipes	63 to 88
Water pumps and telemetry	5 to 30		
Regional water supply pipes	30 to 200	Other Structures	Years
Sewerage treatment plant	11 to 200	Lighting	19 to 28
Sewer reticulation pipes: PVC	70 to 210	Fences	11 to 42
Sewer reticulation pipes: other	50 to 210	Airport Structures	21 to 45
Sewer pumps and telemetry	5 to 30	Saleyards	23 to 92
Sewer pressure units	5 to 50		
Transportation assets	Years	Swimming Pools	Years
Sealed roads: surface	12 to 135	Chlorination plant	17
Sealed roads: structure	84 to 200	Surfaces	100 to 128
Unsealed roads	22 to 85	Facilities	77 to 109
Bridge: concrete	107 to 165	Structures (Pool & shade)	11 to 118
Bridge: other	53 to 78		
Kerb and gutter	72 to 110	Other open space/recreational assets	Years
Traffic facilities	20 to 134	Barbeques	16 to 26
Guard rail	59 to 75	Playground equipment	16 to 26
Roadside furniture	16 to 27	Shelters	26 to 52
Bus shelters	34 to 63		
Street lights	35 to 42		
Car parks	70 to 133		

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

Revaluation model

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

C1-7 Infrastructure, property, plant and equipment (continued)

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Planning, Industry and Environment – Water.

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.

Rural Fire Service assets

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

Only land and building Rural Fire Service assets are recognised as assets of the Council in these financial statements as it is Council's position is does not control firefighting plant and equipment.

Land under roads

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

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

Crown reserves

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

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

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

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2024	2023
Software		
Opening values at 1 July		
Gross book value	4,200	4,200
Accumulated amortisation	(3,790)	(3,557)
Net book value – opening balance	410	643
Movements for the year		
Amortisation charges	(237)	(233)
Closing values at 30 June		
Gross book value	4,200	4,200
Accumulated amortisation	(4,027)	(3,790)
Total software – net book value	173	410
Water Licences		
Opening values at 1 July		
Gross book value	1,500	1,500
Net book value – opening balance	1,500	1,500
Movements for the year		
Closing values at 30 June		
Gross book value	1,500	1,500
Total Water Licences – net book value	1,500	1,500
Total intangible assets – net book value	1,673	1,910

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 five years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

Water Licences

Water Access Licence 39066, which permits annual extraction of up to 29,500ML is a Local Water Utility licence with a condition requiring that water extracted under the licence can only be used for town water supply purposes.

C1-9 Other

Other assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Prepayments	373	-	262	-
Prepaid insurances	1,957	-	-	-
Total other assets	2,330	-	262	-

C2 Leasing activities

C2-1 Council as a lessor

Operating leases

Council leases out a number of properties to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E in the Statement of Financial Position.

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

\$ '000	2024	2023
---------	------	------

(i) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for the purpose of room/facility hire, the table below relates to operating leases on assets disclosed in C1-8.

Lease income (excluding variable lease payments not dependent on an index or rate)	728	713
Total income relating to operating leases for Council assets	728	713

Material accounting policy information

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	6,175	–	3,299	–
Goods and services – capital expenditure	13,906	–	5,175	–
Accrued expenses:				
– Borrowings	418	–	402	–
Security bonds, deposits and retentions	4,034	–	4,110	–
Government departments	605	–	1,123	–
Employee time in lieu and RDO	314	–	445	–
Prepaid rates	3,017	–	3,956	–
Other	341	–	116	–
Total payables	28,810	–	18,626	–

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

\$ '000	2024	2023
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	3,536	3,765
Total payables	3,536	3,765

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.

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2024		2023	
		Current	Non-current	Current	Non-current
Unexpended capital grants (to construct Council controlled assets)	(i)	43,032	–	19,434	–
Holiday park deposits in advance of services provided		303	–	589	–
Total contract liabilities		43,335	–	20,023	–

Notes

(i) Council has received funding under AGRN1012 (Natural Disaster Declaration), the Fixing Country Bridges and Fixing Local Roads and Community Infrastructure Programs to undertake a bridge replacement program and roads and community facilities improvements. Funding has also been received under a number of other programs to complete the upgrades of community halls, sporting fields/parks, rural fire service facilities and regional aquatic centre. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

C3-2 Contract Liabilities (continued)

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

\$ '000	2024	2023
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	7,432	7,722
Total revenue recognised that was included in the contract liability balance at the beginning of the period	7,432	7,722

Material accounting policy information

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

C3-3 Borrowings

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Loans – secured ¹	9,910	84,535	8,486	69,726
Total borrowings	9,910	84,535	8,486	69,726

(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 E2-1.

(a) Changes in liabilities arising from financing activities

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	78,212	16,233	–	–	–	–	94,445
Total liabilities from financing activities	78,212	16,233	–	–	–	–	94,445

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	87,130	(8,918)	–	–	–	–	78,212
Total liabilities from financing activities	87,130	(8,918)	–	–	–	–	78,212

(b) Financing arrangements

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

Undrawn facilities

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

– Bank overdraft facilities	500	500
-----------------------------	-----	-----

continued on next page ...

C3-3 Borrowings (continued)

\$ '000	2024	2023
– Credit cards/purchase cards	150	150
Total undrawn financing arrangements	650	650

Additional financing arrangements information

Breaches and defaults

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

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

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.

C3-4 Employee benefit provisions

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Annual leave	3,357	–	3,557	–
Long service leave	8,147	494	8,249	334
Total employee benefit provisions	11,504	494	11,806	334

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	7,712	7,688
	7,712	7,688

Description of and movements in non-employee benefit provisions

Material accounting policy information

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2024	2024	2023	2023
	Current	Non-Current	Current	Non-Current
Asset remediation/future works:				
Asset remediation/restoration (future works)	127	11,999	200	10,656
Fishway construction obligation	–	5,500	–	3,350
Sub-total – asset remediation/restoration	127	17,499	200	14,006
Total provisions	127	17,499	200	14,006

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation / future works	Total
2024		
At beginning of year	14,206	14,206
Unwinding of discount	438	438
Additional provisions	2,150	2,150
Remeasurement effects	832	832
Total other provisions at end of year	17,626	17,626
2023		
At beginning of year	10,289	10,289
Unwinding of discount	370	370
Additional provisions	3,350	3,350
Remeasurement effects	197	197
Total other provisions at end of year	14,206	14,206

Nature and purpose of provisions

Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip, quarry and contaminated roads as a result of past operations.

Material accounting policy information

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

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

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

Asset remediation – tips and quarries

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production

C3-5 Provisions (continued)

rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

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

Construction obligation

Under the terms of the transfer of the Nymboida River Water Supply assets to Council, a condition of the Water Licence is for Council to install a new weir and vertical slot fishway. It is expected that the timing of outflows in relation to the construction will commence in the 2027-28 Financial Year. During the year Council obtained more accurate costings for the construction of the weir and fishway and increased the estimated cost of construction by \$2.150 million.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

D1-1 Income Statement by fund

\$ '000	General 2024	Water 2024	Sewer 2024
Income from continuing operations			
Rates and annual charges	52,506	3,271	21,724
User charges and fees	25,219	16,914	3,062
Interest and investment revenue	3,515	1,983	1,270
Other revenues	9,129	266	44
Grants and contributions provided for operating purposes	24,860	200	25
Grants and contributions provided for capital purposes	70,197	6,658	2,944
Net gains from disposal of assets	4	–	–
Total income from continuing operations	185,430	29,292	29,069
Expenses from continuing operations			
Employee benefits and on-costs	37,269	2,577	1,727
Materials and services	48,429	13,385	7,533
Borrowing costs	1,161	1,287	2,991
Depreciation, amortisation and impairment of non-financial assets	42,258	8,130	10,364
Other expenses	5,841	–	–
Net losses from the disposal of assets	2,949	2,880	101
Total expenses from continuing operations	137,907	28,259	22,716
Operating result from continuing operations	47,523	1,033	6,353
Net operating result for the year	47,523	1,033	6,353
Net operating result attributable to each council fund	47,523	1,033	6,353
Net operating result for the year before grants and contributions provided for capital purposes	(22,674)	(5,625)	3,409

D1-2 Statement of Financial Position by fund

\$ '000	General 2024	Water 2024	Sewer 2024
ASSETS			
Current assets			
Cash and cash equivalents	97,389	1,525	2,830
Investments	40,657	17,963	12,380
Receivables	31,169	12,336	1,847
Inventories	2,251	–	–
Contract assets and contract cost assets	5,840	–	–
Other	2,330	–	–
Total current assets	179,636	31,824	17,057
Non-current assets			
Investments	–	31,384	21,616
Receivables	1,358	89	498
Inventories	156	–	–
Infrastructure, property, plant and equipment	1,703,960	504,790	205,006
Intangible assets	175	1,498	–
Total non-current assets	1,705,649	537,761	227,120
Total assets	1,885,285	569,585	244,177
LIABILITIES			
Current liabilities			
Payables	27,147	907	756
Contract liabilities	43,335	–	–
Borrowings	2,987	1,456	5,467
Employee benefit provision	11,504	–	–
Provisions	127	–	–
Total current liabilities	85,100	2,363	6,223
Non-current liabilities			
Borrowings	30,243	15,114	39,178
Employee benefit provision	494	–	–
Provisions	11,999	5,500	–
Total non-current liabilities	42,736	20,614	39,178
Total liabilities	127,836	22,977	45,401
Net assets	1,757,449	546,608	198,776
EQUITY			
Accumulated surplus	652,339	242,172	140,468
Revaluation reserves	1,105,110	304,436	58,308
Council equity interest	1,757,449	546,608	198,776
Total equity	1,757,449	546,608	198,776

D2 Interests in other entities

D2-1 Subsidiaries, joint arrangements and associates not recognised

The Council is a member of the North-East Weight of Loads Group (NEWLOG). The constitution of the group specifies Council as having part "ownership" of the groups net assets but not one member as having control. The stated objectives of the group include to generally promote the aims of reducing damage to Council's roads by policing of vehicle weight loads.

Council's share of the operations (25.0%) have been deemed as "immaterial" and therefore have not been incorporated into these financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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

Financial risk management is carried out by the finance team under policies approved by the Councillors.

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

The risks associated with the financial instruments held are:

- **Interest rate risk**– the risk that movements in interest rates could affect returns.
- **Liquidity risk**– the risk that Council will not be able to pay debt as and when they fall due.
- **Credit risk**– the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – interest rate and price risk

\$ '000	2024	2023
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	2,266	1,572

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

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

Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	overdue	< 5 years	≥ 5 years	
2024				
Gross carrying amount	37	5,235	224	5,496
2023				
Gross carrying amount	197	4,058	190	4,445

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2024						
Gross carrying amount	42,021	3,163	353	35	2,078	47,650
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2023						
Gross carrying amount	48,053	2,180	1,213	1,335	1,351	54,132
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

E1-1 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 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: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2024							
Payables	0.00%	4,034	21,791	–	–	25,825	28,810
Borrowings	6.41%	–	15,748	57,830	53,447	127,025	94,445
Total financial liabilities		4,034	37,539	57,830	53,447	152,850	123,255
2023							
Payables	0.00%	4,110	9,948	–	–	14,058	18,626
Borrowings	6.57%	–	13,443	52,830	36,978	103,251	78,212
Total financial liabilities		4,110	23,391	52,830	36,978	117,309	96,838

E2-1 Fair value measurement

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

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

During the reporting period, Council has also fair value measured the following assets on a non-recurring basis:

- Non-current assets classified as ‘held for sale’

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2024	2023
		2024	2023	2024	2023	2024	2023
Recurring fair value measurements							
Infrastructure, property, plant and equipment							
	C1-7						
Operational land		58,034	61,577	–	–	58,034	61,577
Community land		12,083	12,828	–	–	12,083	12,828
Crown land		37,687	40,012	–	–	37,687	40,012
Buildings – non-specialised		–	–	52,388	53,793	52,388	53,793
Buildings – specialised		–	–	82,303	81,245	82,303	81,245
Other structures		–	–	33,139	31,573	33,139	31,573
Roads		–	–	403,232	379,296	403,232	379,296
Bridges		–	–	159,489	130,933	159,489	130,933
Footpaths		–	–	33,705	29,340	33,705	29,340
Other road assets		–	–	35,000	30,085	35,000	30,085
Bulk earthworks (non-depreciable)		–	–	242,475	227,861	242,475	227,861
Stormwater drainage		–	–	206,870	196,645	206,870	196,645
Water supply network		–	–	487,296	463,595	487,296	463,595
Sewerage network		–	–	193,063	253,999	193,063	253,999
Swimming pools		–	–	3,791	3,936	3,791	3,936
Other open space/recreational assets		–	–	42,703	38,959	42,703	38,959
Floodplain		–	–	214,619	205,151	214,619	205,151
Library books		–	–	885	907	885	907
Artwork		–	–	4,160	4,134	4,160	4,134
Tip remediation		–	–	534	895	534	895
Quarry remediation		–	–	2,098	590	2,098	590
Total infrastructure, property, plant and equipment		107,804	114,417	2,197,750	2,132,937	2,305,554	2,247,354

Transfers between level 1 and level 2 fair value hierarchies

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

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

LEVEL 2

Operational, Crown and Community Land

This asset class comprises all of Council's land classified as Operational, Crown and Community Land under the NSW Local Government Act 1993. The key observable input to the valuation is the price per square metre. The last valuation for Operational Land was undertaken at 31 March 2022 and was performed by Marsh Pty Ltd, trading as AssetVal, a registered valuer. The last valuation for Community Land was undertaken at 1 July 2019 and was performed by the Valuer General of New South Wales. Indexation has subsequently been applied to Operational, Crown and Community Land as at 30 June 2024.

Level 2 valuation inputs were used to value land held in freehold title (investment and noninvestment) as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. For Operational, Crown and Community Land the most significant inputs into this valuation approach are price per square metre.

Buildings Non-Specialised

The last valuation was undertaken as at 30 June 2022 and was performed by AssetVal.

Level 2 valuation inputs were used to determine the fair value of a range of properties. This included residential and commercial properties. The residential properties fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Commercial buildings have been generally derived using a combination of sales direct comparison approach and capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre.

LEVEL 3

Land Under Roads

Council has elected to recognise Land Under Roads where the road was acquired on or after 1 July 2008. Land under roads acquired after 1 July 2008 has been recognised in accordance with AASB 116 – Property, Plant and Equipment. There has been no change to the valuation process during the reporting period.

Buildings Specialised and Non-Specialised (including Swimming Pools and Other Open Space/Recreational Assets)

The last valuation was undertaken as at 30 June 2022 and was performed by AssetVal.

The level of evidence used to support the critical assumptions of some commercial buildings was considered to be highly variable due to high levels of variability in the market for rental yields and future demand. As such the level of valuation input for these properties was considered level 3.

Specialised buildings were valued using the cost approach using APV who are professionally qualified Registered Valuers. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Other Structures (including Swimming Pools and Other Open Space/Recreational Assets)

E2-1 Fair value measurement (continued)

The last valuation was undertaken as at 30 June 2022 and was performed by AssetVal.

Specialised assets such as all of the Other Structures were valued using the cost approach using APV who are professionally qualified Registered Valuers. The approach estimated the replacement cost for each asset by componentising the asset into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on price per asset could be supported from market evidence (level 2) other inputs (such as estimates of useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Road (including Bridges, Footpaths, Bulk Earthworks), Stormwater, and Floodplain Assets.

The last valuation was undertaken as at 30 June 2023 and was performed by Marsh.

All road, stormwater and floodplain assets were valued using level 3 valuation inputs using the cost approach.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

During the year there were a number of new projects completed where the actual cost was recorded and the impact of depreciation at year end was negligible. While these could be classified as valued at level 2 given the low proportion of the total portfolio that these represented and the likelihood that in future valuations they would most likely be valued at level 3 we have adopted a policy that all road, stormwater and floodplain assets are deemed to be valued at level 3.

Indexation was applied to the above asset classes as at 30 June 2024.

Water Supply and Sewerage Networks Infrastructure

An internal valuation of the Sewerage Network Infrastructure was undertaken as at 31 March 2024 whilst the last valuation for the Water Supply Network was undertaken as at 30 June 2021 and was performed by Australis.

All Water Supply and Sewerage Networks Infrastructure assets are valued using level 3 valuation inputs using the cost approach.

The approach estimates the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

During the year there were a number of new projects completed where the actual cost was recorded and the impact of depreciation at year end was negligible. While these could be classified as valued at level 2 given the low proportion of the total portfolio that these represented and the likelihood that in future valuations they would most likely be valued at level 3 we have adopted a policy that all Water Supply and Sewerage Networks Infrastructure assets are deemed to be valued at level 3.

Water Supply Infrastructure has been indexed with the applicable rates per the NSW Rates Reference Manual issued by the Department of Primary Industries.

Library Books

Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

Artwork

The last valuation was undertaken as at 17 March 2018 and was performed by Dwyer Fine Art.

The valuation of artworks was based upon current primary and secondary art market conditions, by which the replacement value for artworks was determined by the price at which comparable items could be purchased from a reputable dealer, gallery

E2-1 Fair value measurement (continued)

or retail outlet. The valuation took into consideration the historical importance, quality, provenance, condition, size, execution date and subject matter of the artworks.

This asset class is categorised as Level 3 as some of the above mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. There has been no change to the valuation process during the reporting period.

Tips and Quarries remediation Assets

It has been recognised that there will be significant costs associated with the closure and post closure management of Tips and Quarries sites.

Evaluation of costs for Tips and Quarries closure and post closure management is prepared internally. The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. There has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

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 is provided below:

\$ '000	Land under Roads		Buildings non specialised		Building specialised		Other structures	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	20	20	53,793	51,203	81,244	77,756	31,573	22,832
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	-	-	-	-	-	-	(317)	-
Purchases (GBV)	-	-	561	562	4,042	520	4,234	8,618
Disposals (WDV)	-	-	(104)	-	(341)	(165)	(2)	(46)
Depreciation and impairment	-	-	(1,862)	(1,641)	(2,642)	(2,441)	(2,349)	(1,445)
Revaluation increments to equity (ARR)	-	-	-	3,669	-	5,574	-	1,614
Impairment loss (recognised in equity)	-	-	-	-	-	-	-	-
Closing balance	20	20	52,388	53,793	82,303	81,244	33,139	31,573

\$ '000	Roads		Bridges		Footpaths		Other road assets	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	379,296	429,328	130,933	131,475	29,339	24,353	30,085	32,133
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	(6,139)	6,738	4,525	(6,156)	(17)	242	246	(824)
Purchases (GBV)	11,843	21,663	20,773	6,918	3,970	1,331	3,915	-
Disposals (WDV)	(764)	(341)	(1,262)	-	(158)	(5)	(58)	(630)
Depreciation and impairment	(18,339)	(17,069)	(2,193)	(2,868)	(933)	(759)	(730)	(904)
Revaluation increments to equity (ARR)	19,447	(76,720)	6,713	1,564	1,504	4,177	1,542	310
Impairment loss (recognised in equity)	17,888	15,697	-	-	-	-	-	-
Closing balance	403,232	379,296	159,489	130,933	33,705	29,339	35,000	30,085

\$ '000	Bulk earthworks		Stormwater drainage		Water supply network		Sewerage network	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	227,862	231,450	196,645	171,975	463,595	428,943	253,999	239,852
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	1,766	-	67	-	1,024	(2)	(400)	-
Purchases (GBV)	1,265	-	4,756	2,751	9,210	11,020	3,465	2,719
Disposals (WDV)	(56)	(82)	(125)	(138)	(2,567)	-	(477)	-
Depreciation and impairment	-	-	(4,064)	(3,239)	(7,773)	(7,764)	(9,970)	(6,641)
Revaluation increments to equity (ARR)	-	(3,506)	9,853	25,296	22,806	32,399	(53,554)	18,069
Impairment loss (recognised in equity)	11,638	-	(261)	-	1,001	(1,001)	-	-
Closing balance	242,475	227,862	206,871	196,645	487,296	463,595	193,063	253,999

E2-1 Fair value measurement (continued)

\$ '000	Swimming pools		Other open spaces/rec assets		Floodplain assets		Library books	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	3,936	3,968	38,959	35,645	205,151	171,695	907	954
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	-	-	(403)	2	-	-	-	-
Purchases (GBV)	-	-	6,200	3,180	1,349	484	284	295
Disposals (WDV)	-	(170)	(137)	(343)	(188)	-	(3)	(5)
Depreciation and impairment	(145)	(133)	(1,916)	(2,031)	(2,717)	(1,966)	(303)	(337)
Revaluation increments to equity (ARR)	-	271	-	2,506	10,494	36,214	-	-
Impairment loss (recognised in equity)	-	-	-	-	530	(1,276)	-	-
Closing balance	3,791	3,936	42,703	38,959	214,619	205,151	885	907

\$ '000	Artwork		Tip remediat'n		Quarry remediat'n		Held for Sale Land	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	4,134	4,086	895	723	590	666	-	559
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	-	-	809	-	(38)	-	-	-
Purchases (GBV)	26	48	533	291	-	(57)	-	-
Disposals (WDV)	-	-	-	(119)	-	-	-	(559)
Depreciation and impairment	-	-	(139)	-	(18)	(19)	-	-
Impairment loss (recognised in equity)	-	-	-	-	-	-	-	-
Closing balance	4,160	4,134	2,098	895	534	590	-	-

\$ '000	Total	
	2024	2023
Opening balance	2,132,956	2,059,616
Transfers from/(to) another asset class	1,123	-
Purchases (GBV)	76,426	60,343
Disposals (WDV)	(6,242)	(2,603)
Depreciation and impairment	(56,093)	(49,257)
Revaluation increments to equity (ARR)	18,805	51,437
Impairment loss (recognised in equity)	30,796	13,420
Closing balance	2,197,771	2,132,956

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of 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 future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current future service employer contribution rates are:

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

* For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

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.

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$587,414.35. The last valuation of the Scheme was performed by the Actuary, Mr Richard Boyfield, FIAA as at 30 June 2023.

The amount of additional contributions included in the total employer contribution advised above is \$140,158.16. Council's expected contribution to the plan for the next annual reporting period is \$245,414.24.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is **1.40%**.

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

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

Investment return	6% per annum
Salary inflation *	3.5% per annum
Increase in CPI	3.5% for FY 23/24 2.5% per annum thereafter

* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2024.

(ii) Statewide Limited

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

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

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

(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.

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

(iv) Other guarantees

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

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

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

\$ '000	2024	2023
Compensation:		
Short-term benefits	1,389	1,282
Post-employment benefits	105	95
Other long-term benefits	14	15
Termination benefits	–	314
Total	1,508	1,706

Other transactions with KMP and their related parties

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

Nature of the transaction		Transactions	Outstanding		Impairment	
\$ '000	Ref	during the year	balances including commitments	Terms and conditions	provision on outstanding balances	Impairment expense
2024						
Holiday Park management fees	1	533,049	39,667	14 days	–	–
2023						
Holiday Park management fees	1	437,942	–	14 days	–	–

¹ Council has a contract for Holiday Park Management with a company which has a member of Council's KMP as a director. The original contract was awarded through a competitive tender process based on market rates for these services. Amounts are payable on a monthly basis for the duration of the contract

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	85	79
Councillors' fees	206	206
Other Councillors' expenses (including Mayor)	50	58
Total	341	343

F2 Other relationships

F2-1 Audit fees

\$ '000	2024	2023
---------	------	------

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

	187	112
--	-----	-----

Remuneration for audit and other assurance services

	187	112
--	-----	-----

Total Auditor-General remuneration

	187	112
--	-----	-----

Non NSW Auditor-General audit firms

Total audit fees	187	112
------------------	-----	-----

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	54,909	48,800
Add / (less) non-cash items:		
Depreciation and amortisation	60,749	53,921
(Gain) / loss on disposal of assets	5,930	1,907
Non-cash capital grants and contributions	(3,990)	(6,504)
Unwinding of discount rates on reinstatement provisions	438	370
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(8,535)	(14,095)
(Increase) / decrease of inventories	(52)	(160)
(Increase) / decrease of other current assets	(2,068)	(131)
(Increase) / decrease of contract asset	13,966	(12,334)
Increase / (decrease) in payables	2,876	(1,340)
Increase / (decrease) in accrued interest payable	16	(48)
Increase/(decrease) in other liabilities and accruals	(1,439)	2,729
Increase / (decrease) in contract liabilities	23,312	2,902
Increase / (decrease) in employee benefit provision	(142)	(550)
Increase / (decrease) in other provisions	2,982	3,547
Net cash flows from operating activities	148,952	79,014

(b) Non-cash investing and financing activities

Developer dedications	3,224	4,972
Total non-cash investing and financing activities	3,224	4,972

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Plant and equipment	2,980	3,189
Sewerage services infrastructure	288	2,459
Water supply infrastructure	19,412	269
Road infrastructure	56,653	–
Other	39,193	26,726
Total commitments	118,526	32,643
These expenditures are payable as follows:		
Within the next year	91,156	32,643
Later than one year and not later than 5 years	27,370	–
Total payable	118,526	32,643

G3-1 Events occurring after the reporting date

Council is unaware of any material or significant events or matters that have arisen since balance date that has significantly affected, or may significantly affect operations, the results of its operations, or the state of affairs in future years.

G4 Statement of developer contributions

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	273	6	–	–	9	–	–	288	–
Roads	3,288	243	–	–	91	–	–	3,622	–
Open space	1,543	819	–	–	70	–	–	2,432	–
Community facilities	4,055	636	–	–	131	(1,346)	–	3,476	–
Other	(596)	860	–	–	9	–	–	273	–
S7.11 contributions – under a plan	8,563	2,564	–	–	310	(1,346)	–	10,091	–
S7.12 levies – under a plan	2,630	175	–	–	90	(357)	–	2,538	–
Total S7.11 and S7.12 revenue under plans	11,193	2,739	–	–	400	(1,703)	–	12,629	–
S7.11 not under plans	228	–	–	–	8	–	–	236	–
S7.4 planning agreements	215	–	–	–	8	–	–	223	–
S64 contributions	28,336	2,539	–	–	1,025	–	–	31,900	–
Total contributions	39,972	5,278	–	–	1,441	(1,703)	–	44,988	–

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN - Clarence Valley Contributions Plan 2011									
Open space	1,543	819	–	–	70	–	–	2,432	–
Community facilities	4,055	636	–	–	131	(1,346)	–	3,476	–
Total	5,598	1,455	–	–	201	(1,346)	–	5,908	–
CONTRIBUTION PLAN - Access Roads & Bridges (Copmanhurst)									
Roads	653	13	–	–	23	–	–	689	–
Total	653	13	–	–	23	–	–	689	–
CONTRIBUTION PLAN - Roads (Grafton)									
Roads	239	–	–	–	8	–	–	247	–
Total	239	–	–	–	8	–	–	247	–

continued on next page ...

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year					Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other	Interest and investment income earned					
CONTRIBUTION PLAN - Drainage (Gulmarrad)										
Drainage	273	6	-	-	9	-	-	288	-	
Total	273	6	-	-	9	-	-	288	-	
CONTRIBUTION PLAN - Roads (Maclean)										
Roads	60	176	-	-	(24)	-	-	212	-	
Total	60	176	-	-	(24)	-	-	212	-	
CONTRIBUTION PLAN - Kerb & Gutter (Maclean)										
Roads	41	-	-	-	2	-	-	43	-	
Total	41	-	-	-	2	-	-	43	-	
CONTRIBUTION PLAN - Tree Planting (Maclean)										
Other	15	7	-	-	1	-	-	23	-	
Total	15	7	-	-	1	-	-	23	-	
CONTRIBUTION PLAN - Extractive Industries (Copmanhurst, Maclean and Pristine Waters)										
Other	227	6	-	-	8	-	-	241	-	
Total	227	6	-	-	8	-	-	241	-	
CONTRIBUTION PLAN - Tree Planting (Pristine Waters)										
Other	9	-	-	-	-	-	-	9	-	
Total	9	-	-	-	-	-	-	9	-	

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
CONTRIBUTION PLAN - Coutts Crossing (Pristine Waters)										
Roads	247	-	-	-	9	-	-	256	-	
Total	247	-	-	-	9	-	-	256	-	
CONTRIBUTION PLAN - Southampton (Superseded) (Pristine Waters)										
Roads	57	-	-	-	2	-	-	59	-	
Total	57	-	-	-	2	-	-	59	-	
CONTRIBUTION PLAN - Nymboida (Superseded) (Pristine Waters)										
Roads	13	-	-	-	-	-	-	13	-	
Total	13	-	-	-	-	-	-	13	-	
CONTRIBUTION PLAN - Tyringham (Superseded) (Pristine Waters)										
Roads	146	-	-	-	5	-	-	151	-	
Total	146	-	-	-	5	-	-	151	-	
CONTRIBUTION PLAN - Kangaroo Creek (Superseded) (Pristine Waters)										
Roads	60	-	-	-	2	-	-	62	-	
Total	60	-	-	-	2	-	-	62	-	
CONTRIBUTION PLAN - Ramornie/Jackadgery (Superseded) (Pristine Waters)										
Roads	20	-	-	-	1	-	-	21	-	
Total	20	-	-	-	1	-	-	21	-	
CONTRIBUTION PLAN - Old Glenn Innes Rd District (Superseded) (Pristine Waters)										
Roads	46	-	-	-	1	-	-	47	-	
Total	46	-	-	-	1	-	-	47	-	
CONTRIBUTION PLAN - Ulmarra (Pristine Waters)										
Roads	1,706	54	-	-	62	-	-	1,822	-	
Other	(847)	847	-	-	-	-	-	-	-	
Total	859	901	-	-	62	-	-	1,822	-	

G4-2 Developer contributions by plan (continued)

S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN - Non Residential (Clarence Valley)									
Other	2,630	175	-	-	90	(357)	-	2,538	-
Total	2,630	175	-	-	90	(357)	-	2,538	-

G4-3 Contributions not under plans

Clarence Valley

Drainage	88	-	-	-	3	-	-	91	-
Parking	1	-	-	-	-	-	-	1	-
Other	72	-	-	-	3	-	-	75	-
Total	161	-	-	-	6	-	-	167	-

Nymboida (Pristine Waters)

Roads	38	-	-	-	1	-	-	39	-
Total	38	-	-	-	1	-	-	39	-

Maclean

Roads	29	-	-	-	1	-	-	30	-
Total	29	-	-	-	1	-	-	30	-

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(18,959)	(12.13)%	(5.64)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	156,292			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	131,208	55.58%	53.90%	> 60.00%
Total continuing operating revenue ¹	236,090			
3. Unrestricted current ratio				
Current assets less all external restrictions	103,762	3.48x	3.59x	> 1.50x
Current liabilities less specific purpose liabilities	29,822			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	47,228	3.39x	3.44x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	13,925			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	6,026	7.32%	6.39%	< 10.00%
Rates and annual charges collectable	82,357			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	225,744	20.06 months	13.72 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	11,255			

(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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(15.57)%	(15.60)%	(24.85)%	2.33%	13.05%	29.07%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	46.52%	43.32%	76.59%	75.55%	89.79%	90.75%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.48x	3.59x	13.47x	9.64x	2.74x	1.83x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	2.76x	2.26x	2.95x	7.25x	5.60x	5.48x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	7.61%	6.40%	9.01%	6.06%	6.36%	6.42%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	16.49 months	9.74 months	36.76 months	25.82 months	24.53 months	21.03 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G5-1 above.

(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:

2 Prince Street
GRAFTON NSW 2460

Contact details

Mailing Address:

Locked Bag 23
GRAFTON NSW 2460

Telephone: 02 6643 0200

Facsimile: 02 6642 7647

Opening hours:

Monday to Friday (excl. Public Holidays)
8:30am to 4:30pm

Internet: www.clarence.nsw.gov.au

Email: council@clarence.nsw.gov.au

Officers

General Manager

Laura Black

Responsible Accounting Officer

Kate Maginnity

Public Officer

Laura Black

Auditors

Audit Office of New South Wales
Level 15, 1 Margaret Street
SYDNEY NSW 2000

Telephone 02 9275 7100

Elected members

Mayor

Ray Smith

Councillors

Cristie Yager
Peter Johnstone
Greg Clancy
Ray Smith
Allison Whaites
Shane Causley
Lynne Cairns
Debrah Novak
Karen Toms

Other information

ABN: 85 864 095 684



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Clarence Valley Council

To the Councillors of Clarence Valley Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

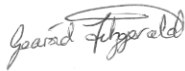
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



Gearoid Fitzgerald
Delegate of the Auditor-General for New South Wales

29 October 2024
SYDNEY



Cr Ray Smith
 Mayor
 Clarence Valley Council
 Lock Bag 23
 GRAFTON NSW 2480

Contact: Gearoid Fitzgerald
 Phone no: 02 9275 7392
 Our ref: R008-2124742775-8201

29 October 2024

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2024
 Clarence Valley Council**

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

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

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

INCOME STATEMENT

Operating result

	2024	2023	Variance
	\$m	\$m	%
Rates and annual charges revenue	76.7	71.7	↑ 7.0
User fees and charges	44.3	40.6	↑ 9.1
Grants and contributions revenue	104.9	101.6	↑ 3.2
Materials and services	61.7	67.0	↓ (7.9)

Operating result from continuing operations	54.9	48.8	12.5
Net operating result before capital grants and contributions	(24.9)	(11.0)	(126.4)

Rates and annual charges revenue of \$76.7 million increased by \$5.0 million (7.0 per cent) in 2023–24 due to rate peg increase of 5.4 per cent.

Grants and contributions revenue of \$104.9 million increased by \$3.3 million (3.2 per cent) in 2023–24 due to:

- increase of \$29.3 million of natural disaster funding
- decrease of \$9.5 million of transport grants
- decrease of \$5.2 million of other specific grants including bushfire recovery
- receiving 85 per cent of the financial assistance grants for 2024–25 in advance (100 per cent in 2022–23)
- decrease of \$5.8 million of other specific grants

Materials and services expense of \$61.7 million decreased by \$5.3 million (7.9 per cent) in 2023–24 attributable to a \$6.6 million reduction in contractor costs offset by a \$1.1 million increase to electricity.

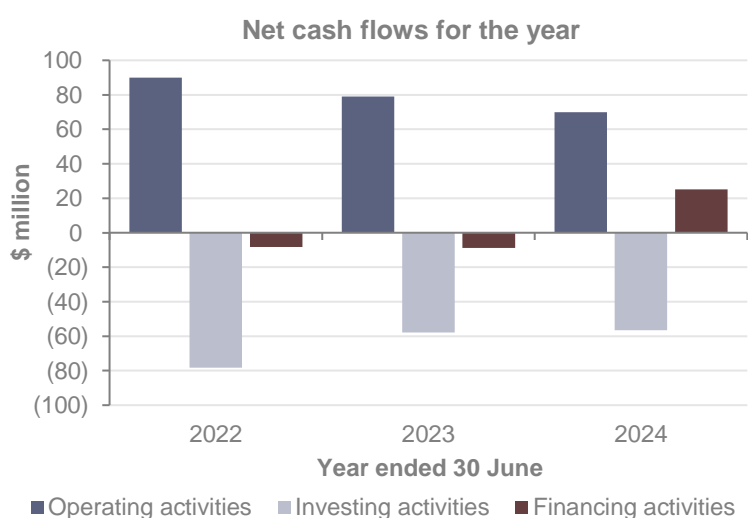
Council’s operating result from continuing operations of \$54.9 million including depreciation, amortisation and impairment expense of \$60.7 million was \$6.1 million higher than the 2022–23 result. The improvement in the operating result from continuing operations is largely attributable to:

- increase of \$5.0 million in rates and annual charges
- increase of \$3.3 million in grants and contributions revenue
- decrease of \$5.3 million in materials and services expense
- increase of \$6.8 million in depreciation, amortisation and impairment expense
- increase of \$4.0 million in employee benefits and on-costs

The net operating result before capital grants and contributions of \$24.9 million was \$13.9 million lower than the 2022–23 result.

STATEMENT OF CASH FLOWS

- Net cash provided by operating activities increased by \$69.9 million (88.5 per cent). The majority of this increase relates to grants and contributions received during the year.
- Net cash used in investing activities increased by \$56.5 million (97.6 per cent) as term deposits redeemed and utilised for operating purposes exceeded the prior year by \$46.0 million.
- Net cash from financing activities increased by \$25.2 million (282 per cent) and relates to the proceeds of new borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	255.7	155.9	Externally restricted balances largely comprise developer contributions, unexpended grants, water and sewer funds. Externally restricted cash and investments has increased by \$22.1 million on the prior year. The increase in externally restricted cash largely comprises unexpended grants of \$18.4 million and developer contributions of \$6.5 million.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	152.1	130.0	
• Internal allocations	70.0	25.4	• Internally allocated cash and investments has increased by \$44.6 million on the prior year. This increase is largely attributable to unspent loans of \$18.8 million relating to the Regional Aquatic Centre and Treelands Drive Community Centre. There has also been an increase of \$10.5 million for Regional Landfill Reserves.

Debt

At 30 June 2024, Council had:

- \$94.4 million in secured loans (\$78.2 million in 2022–23)
- \$0.5 million in approved overdraft facility with \$0.0 million drawn down
- \$0.15 million in credit card facilities with \$0.0 million used.

PERFORMANCE

Performance measures

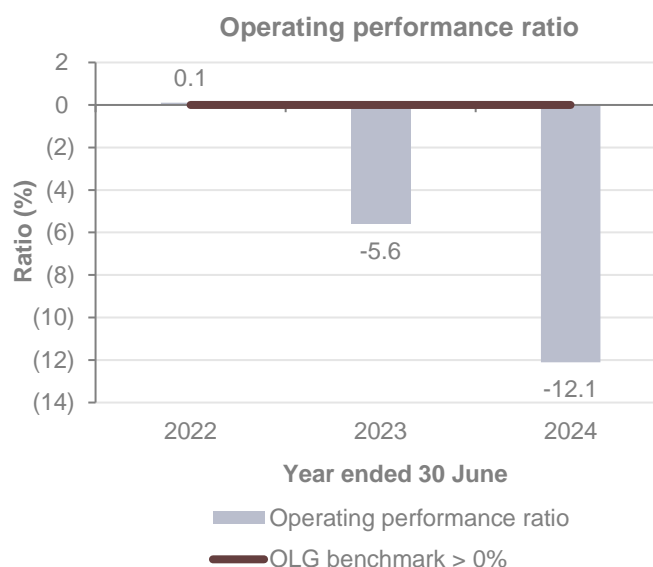
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Housing and Infrastructure.

Operating performance ratio

Council did not satisfy the benchmark for the current reporting period.

The ratio was negatively impacted by a reduction in grants and contributions for operating purposes.

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

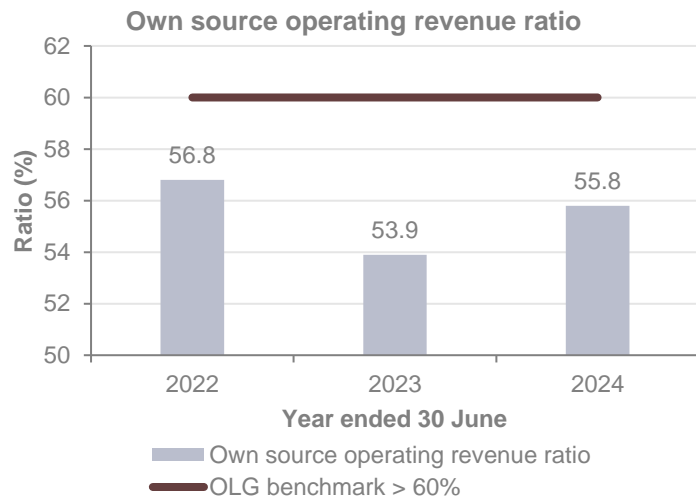


Own source operating revenue ratio

Council did not meet the benchmark for the current reporting period.

The ratio was negatively impacted by the Council's reliance on external funding.

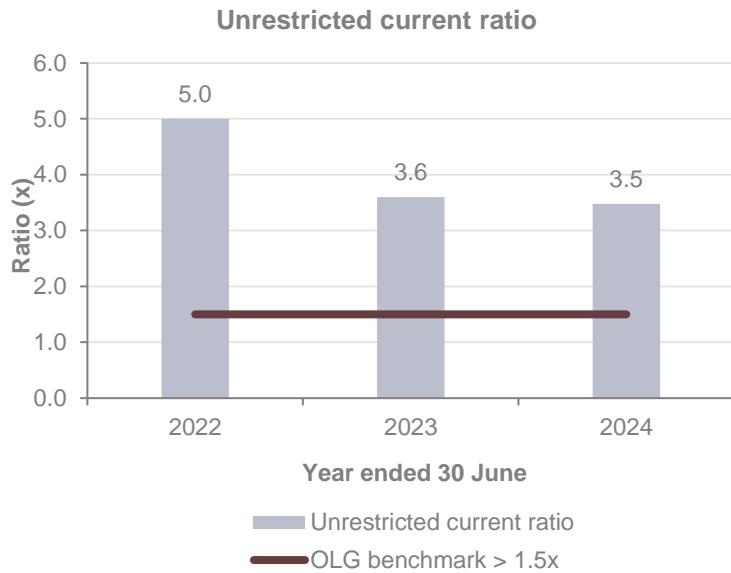
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council exceeded the benchmark for the current reporting period.

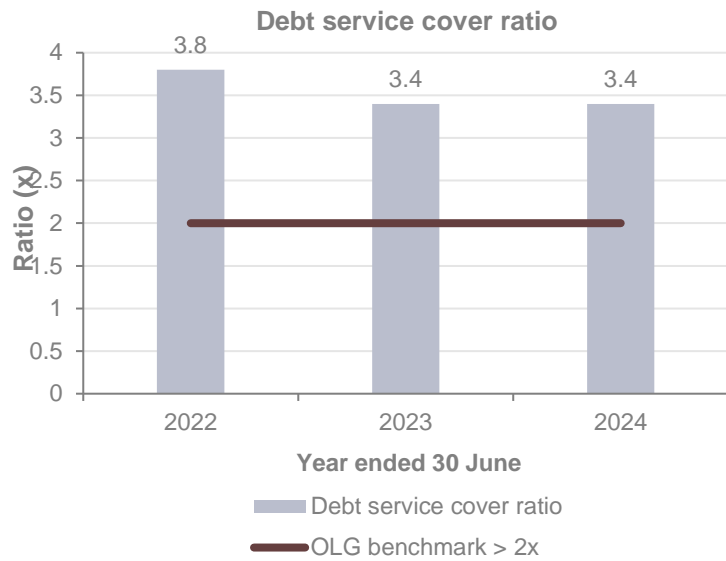
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council exceeded the benchmark for the current reporting period.

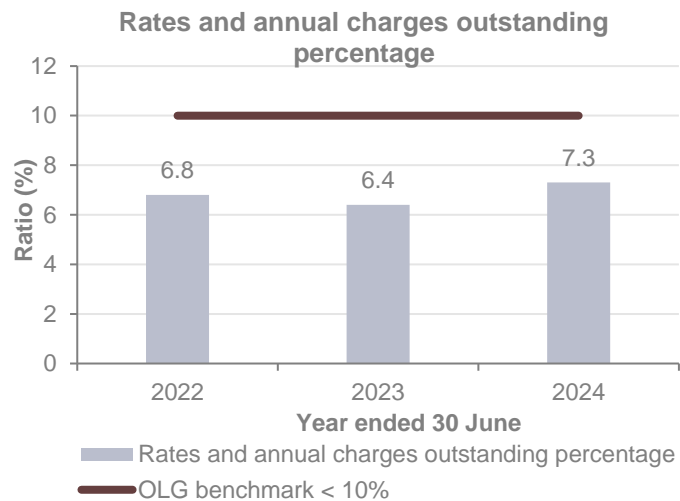
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council exceeded the benchmark for the current reporting period.

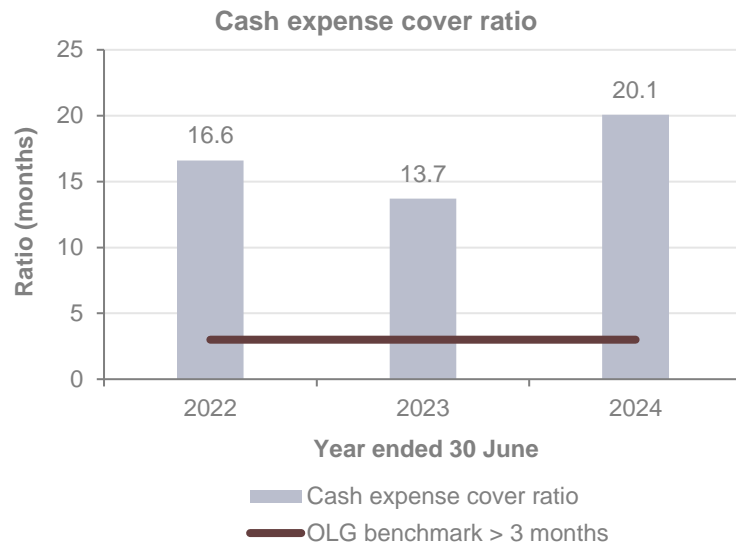
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council exceeded the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$72.5 million of infrastructure, property, plant and equipment during the 2023–24 financial year. This was mainly spent on roads, restoration of assets damaged by natural disasters and the water supply network. A further \$38.6 million was spent on new assets including the Four Mile Lane Bridge and Armidale Road Bridge.

OTHER MATTERS

Legislative compliance

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

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

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.

Gearoid Fitzgerald
Delegate of the Auditor-General for New South Wales

cc: Ms Laura Black, General Manager
Mr Neville Parsons, Chair of the Audit, Risk and Improvement Committee

Clarence Valley Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024



Clarence Valley Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Income Statement – Holiday Parks	6
Statement of Financial Position of water supply business activity	7
Statement of Financial Position of sewerage business activity	8
Statement of Financial Position – Holiday Parks	9
Note – Material accounting policy information	10
Auditor's Report on Special Purpose Financial Statements	13

Background

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

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

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

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

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

Clarence Valley Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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

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

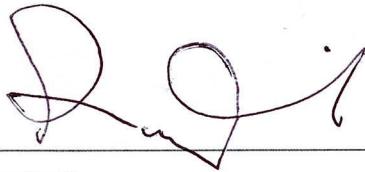
- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Climate Change, Energy, the Environment and Water's (DCCEEW) *Regulatory and assurance framework for local water utilities, July 2022*

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

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



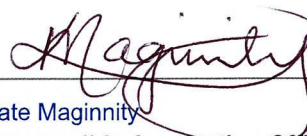
Ray Smith
Mayor
22 October 2024



Greg Clancy
Deputy Mayor
22 October 2024



Laura Black
General Manager
22 October 2024



Kate Maginnity
Responsible Accounting Officer
22 October 2024

Clarence Valley Council

Income Statement of water supply business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	3,271	3,202
User charges	15,746	14,439
Fees	1,168	539
Interest and investment income	1,983	1,339
Grants and contributions provided for operating purposes	200	1,923
Net gain from the disposal of assets	–	21
Other income	266	3,536
Total income from continuing operations	22,634	24,999
Expenses from continuing operations		
Employee benefits and on-costs	2,577	1,345
Borrowing costs	1,287	1,388
Materials and services	13,385	13,590
Depreciation, amortisation and impairment	8,130	8,090
Net loss from the disposal of assets	2,880	–
Calculated taxation equivalents	72	70
Debt guarantee fee (if applicable)	166	179
Other expenses	–	3
Total expenses from continuing operations	28,497	24,665
Surplus (deficit) from continuing operations before capital amounts	(5,863)	334
Grants and contributions provided for capital purposes	6,658	5,546
Surplus (deficit) from continuing operations after capital amounts	795	5,880
Surplus (deficit) from all operations before tax	795	5,880
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(84)
Surplus after tax	795	5,796
Plus accumulated surplus	522,311	484,098
Plus/less: increase in asset revaluation reserve	23,264	32,084
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	72	70
– Debt guarantee fees	166	179
– Corporate taxation equivalent	–	84
Closing accumulated surplus & reserves	546,608	522,311
Return on capital %	(0.9)%	0.4%
Subsidy from Council	26,282	17,820
Calculation of dividend payable:		
Surplus (deficit) after tax	795	5,796
Less: capital grants and contributions (excluding developer contributions)	(6,661)	(5,546)
Surplus for dividend calculation purposes	–	250
Potential dividend calculated from surplus	–	125

Clarence Valley Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	21,724	20,305
User charges	2,086	2,087
Fees	976	501
Interest and investment income	1,270	725
Grants and contributions provided for operating purposes	25	–
Other income	44	2,181
Total income from continuing operations	26,125	25,799
Expenses from continuing operations		
Employee benefits and on-costs	1,727	1,634
Borrowing costs	2,991	3,253
Materials and services	7,533	6,334
Depreciation, amortisation and impairment	10,364	7,079
Net loss from the disposal of assets	101	–
Calculated taxation equivalents	80	79
Debt guarantee fee (if applicable)	446	498
Total expenses from continuing operations	23,242	18,877
Surplus from continuing operations before capital amounts	2,883	6,922
Grants and contributions provided for capital purposes	2,944	2,631
Surplus from continuing operations after capital amounts	5,827	9,553
Surplus from all operations before tax	5,827	9,553
Less: corporate taxation equivalent (25%) [based on result before capital]	(721)	(1,731)
Surplus after tax	5,106	7,822
Plus accumulated surplus	246,202	220,982
Plus/less: increase in asset revaluation reserve	(53,779)	15,090
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	80	79
– Debt guarantee fees	446	498
– Corporate taxation equivalent	721	1,731
Closing accumulated surplus & reserves	198,776	246,202
Return on capital %	2.9%	3.8%
Subsidy from Council	2,941	487
Calculation of dividend payable:		
Surplus (deficit) after tax	5,106	7,822
Less: capital grants and contributions (excluding developer contributions)	(2,944)	(2,631)
Surplus for dividend calculation purposes	2,162	5,191
Potential dividend calculated from surplus	1,081	2,596

Clarence Valley Council

Income Statement – Holiday Parks

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
Income from continuing operations		
User charges	8,192	7,845
Interest and investment income	130	79
Grants and contributions provided for operating purposes	34	30
Total income from continuing operations	8,356	7,954
Expenses from continuing operations		
Employee benefits and on-costs	1,006	186
Materials and services	5,514	5,616
Depreciation, amortisation and impairment	803	713
Net loss from the disposal of assets	–	40
Total expenses from continuing operations	7,323	6,555
Surplus from continuing operations before capital amounts	1,033	1,399
Surplus from continuing operations after capital amounts	1,033	1,399
Surplus from all operations before tax	1,033	1,399
Less: corporate taxation equivalent (25%) [based on result before capital]	(258)	(350)
Surplus after tax	775	1,049
Plus accumulated surplus	32,821	25,969
Plus/less: increase in asset revaluation reserve	(999)	5,453
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	258	350
Closing accumulated surplus & reserves	32,855	32,821
Return on capital %	3.7%	5.0%
Subsidy from Council	164	–

Clarence Valley Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	1,525	847
Investments	17,963	12,637
Receivables	12,336	9,580
Total current assets	31,824	23,064
Non-current assets		
Investments	31,384	33,860
Receivables	89	82
Infrastructure, property, plant and equipment	504,790	486,119
Intangible assets	1,498	1,499
Total non-current assets	537,761	521,560
Total assets	569,585	544,624
LIABILITIES		
Current liabilities		
Payables	907	1,040
Borrowings	1,456	1,353
Total current liabilities	2,363	2,393
Non-current liabilities		
Borrowings	15,114	16,570
Provisions	5,500	3,350
Total non-current liabilities	20,614	19,920
Total liabilities	22,977	22,313
Net assets	546,608	522,311
EQUITY		
Accumulated surplus	242,172	241,200
Revaluation reserves	304,436	281,111
Total equity	546,608	522,311

Clarence Valley Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	2,830	1,572
Investments	12,380	7,572
Receivables	1,847	1,692
Total current assets	17,057	10,836
Non-current assets		
Investments	21,616	20,140
Receivables	498	553
Infrastructure, property, plant and equipment	205,006	265,227
Intangible assets	-	2
Total non-current assets	227,120	285,922
Total assets	244,177	296,758
LIABILITIES		
Current liabilities		
Payables	756	717
Borrowings	5,467	5,195
Total current liabilities	6,223	5,912
Non-current liabilities		
Borrowings	39,178	44,644
Total non-current liabilities	39,178	44,644
Total liabilities	45,401	50,556
Net assets	198,776	246,202
EQUITY		
Accumulated surplus	140,468	134,194
Revaluation reserves	58,308	112,008
Total equity	198,776	246,202

Clarence Valley Council

Statement of Financial Position – Holiday Parks

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
ASSETS		
Current assets		
Investments	5,307	5,812
Receivables	125	125
Total current assets	5,432	5,937
Non-current assets		
Infrastructure, property, plant and equipment	27,831	27,969
Total non-current assets	27,831	27,969
Total assets	33,263	33,906
LIABILITIES		
Current liabilities		
Payables	408	880
Total current liabilities	408	880
Total liabilities	408	880
Net assets	32,855	33,026
EQUITY		
Accumulated surplus	18,594	17,561
Revaluation reserves	14,261	15,465
Total equity	32,855	33,026

Note – Material accounting policy information

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

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

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

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

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

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

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

Declared business activities

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

Category 1

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

a. Clarence Valley Council Water Supply Fund

Provision of Water Supply Services

b. Clarence Valley Council Sewerage Services

Provision of Sewerage Augmentation, Reticulation & Treatment

c. Holiday Parks

Camping & Caravan Park Accommodation

Category 2

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

Council has no business activities in this category.

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

Note – Material accounting policy information (continued)

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – **25% (2022/23 25%)**

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$5,925,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **4.85%** on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the Department of Planning, Industry and Environment – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (2022/23 25%).

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

Note – Material accounting policy information (continued)

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.30% at 30/6/24.

(iii) Dividends

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

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Best Practice Management of Water Supply and Sewer Guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Planning, Industry and Environment – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Planning, Industry and Environment – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Clarence Valley Council

To the Councillors of Clarence Valley Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Clarence Valley Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2024, the Statement of Financial Position of each Declared Business Activity as at 30 June 2024 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- Water supply business activity
- Sewerage business activity
- Holiday Parks.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2024, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:


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

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

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

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

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



Gearoid Fitzgerald
Delegate of the Auditor-General for New South Wales

29 October 2024
SYDNEY

Clarence Valley Council

SPECIAL SCHEDULES
for the year ended 30 June 2024



Clarence Valley Council

Special Schedules

for the year ended 30 June 2024

Contents

Page

Special Schedules:

Permissible income for general rates	3
Report on Infrastructure Values as at 30 June 2024	7

Clarence Valley Council

Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
Notional general income calculation ¹			
Last year notional general income yield	a	38,637	41,605
Plus or minus adjustments ²	b	309	(397)
Notional general income	c = a + b	38,946	41,208
Permissible income calculation			
Percentage increase	d	5.40%	4.70%
Plus percentage increase amount ³	f = d x (c + e)	2,103	1,937
Sub-total	g = (c + e + f)	41,049	43,145
Plus (or minus) last year's carry forward total	h	272	(283)
Sub-total	j = (h + i)	272	(283)
Total permissible income	k = g + j	41,321	42,862
Less notional general income yield	l	41,605	43,142
Catch-up or (excess) result	m = k - l	(283)	(280)
Plus income lost due to valuation objections claimed ⁴	n	-	40
Carry forward to next year ⁶	p = m + n + o	(283)	(239)

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

Clarence Valley Council

To the Councillors of Clarence Valley Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2024.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:


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

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

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

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

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



Gearoid Fitzgerald
Delegate of the Auditor-General for New South Wales

29 October 2024
SYDNEY

Clarence Valley Council

Report on Infrastructure Values as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Other	240	–	31	22	1,596	3,083	47.5%	44.8%	7.8%	0.0%	0.0%
	Council Offices /Administration Centres	10,782	–	222	67	15,509	22,125	11.2%	40.3%	48.6%	0.0%	0.0%
	Council Works Depot	1,523	41	147	56	10,462	14,620	77.2%	12.4%	10.1%	0.3%	0.0%
	Council Public Halls	3,803	33	249	56	13,498	24,805	34.4%	46.2%	19.2%	0.1%	0.0%
	Libraries	170	–	127	41	9,115	12,666	84.4%	14.3%	1.3%	0.0%	0.0%
	Council Houses	2,343	185	107	19	4,728	10,642	15.5%	59.2%	23.3%	0.4%	1.7%
	Museums	868	9	43	8	1,618	4,333	5.2%	74.8%	19.8%	0.2%	0.0%
	Childcare / Community Health	292	–	30	28	1,383	2,989	16.2%	74.1%	9.7%	0.0%	0.0%
	Art Gallery	1,018	–	112	11	8,073	11,179	44.7%	46.3%	9.1%	0.0%	0.0%
	Public Toilets	777	8	59	26	3,403	5,884	45.6%	39.6%	14.5%	0.2%	0.0%
	Parks & Reserves Buildings	274	–	18	496	1,101	1,762	7.4%	77.1%	15.5%	0.0%	0.0%
	Sports Buildings	4,569	1,075	462	398	27,700	46,069	54.0%	35.7%	7.9%	1.5%	0.8%
	Swimming Pool Buildings	276	–	75	18	3,417	7,481	40.1%	56.2%	3.7%	0.0%	0.0%
	Holiday Parks Buildings	4,623	2,184	142	160	7,108	14,171	13.8%	52.2%	18.7%	15.4%	0.0%
	Saleyards Buildings	109	–	4	1	206	423	16.3%	58.1%	25.6%	0.0%	0.0%
	Waste Facilities	117	–	129	26	9,413	12,824	65.7%	33.0%	1.3%	0.0%	0.0%
	Water & Sewer Buildings	364	6	96	14	6,505	9,615	76.3%	12.2%	6.3%	5.2%	0.0%
	Emergency Services	2,413	135	177	59	9,856	17,679	42.9%	42.9%	12.8%	1.4%	0.0%
	Sub-total	34,561	3,676	2,230	1,506	134,691	222,350	44.0%	39.2%	14.8%	1.7%	0.3%
Other structures	Other structures	642	112	84	–	8,136	10,209	36.1%	56.3%	6.3%	0.7%	0.6%
	Airports	2,042	700	74	137	5,639	8,965	71.2%	1.2%	18.1%	9.5%	0.0%
	Saleyards	793	–	60	2	4,231	7,296	52.9%	33.9%	13.2%	0.0%	0.0%
	Cemeteries	1,124	37	19	538	1,154	2,246	6.0%	33.3%	58.7%	2.0%	0.0%
	Tips	2,149	158	176	–	13,979	21,295	73.7%	14.1%	11.3%	0.9%	0.0%
	Sub-total	6,750	1,007	413	677	33,139	50,011	59.5%	24.2%	13.9%	2.3%	0.1%

Clarence Valley Council

Report on Infrastructure Values as at 30 June 2024 (continued)

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Roads	Sealed roads	145,880	28,833	6,970	5,104	518,120	698,364	44.5%	32.1%	18.9%	4.1%	0.3%
	Unsealed roads	83,618	–	1,858	2,608	125,502	186,162	40.4%	13.5%	46.1%	0.0%	0.0%
	Bridges	137,213	2,828	2,485	228	158,599	248,948	27.1%	13.0%	58.8%	1.2%	0.0%
	Footpaths	19,181	2,268	513	208	34,086	51,393	39.8%	22.7%	33.0%	1.6%	2.9%
	Road Furniture	1,728	65	343	344	26,039	34,344	51.8%	43.2%	4.9%	0.2%	0.0%
	Water Transport Facilities	1,470	263	82	111	5,587	8,236	56.8%	25.3%	14.7%	3.2%	0.0%
	Carparks	1,045	–	58	52	4,973	5,771	77.4%	1.7%	20.9%	0.0%	0.0%
	Bus Shelters	183	–	14	16	995	1,424	30.9%	56.2%	12.9%	0.0%	0.0%
	Sub-total	390,318	34,257	12,323	8,671	873,901	1,234,642	40.6%	25.2%	31.2%	2.7%	0.3%
Water supply network	Dams / Weirs	275	275	1,140	601	92,238	113,969	99.3%	0.5%	0.0%	0.2%	0.0%
	Mains	19,942	5,635	5,015	1,627	352,384	501,446	18.5%	73.4%	4.8%	2.8%	0.6%
	Reservoirs & Treatment	28,491	10,370	856	1,035	35,848	85,625	14.0%	46.2%	26.1%	13.7%	0.0%
	Pumping Station/s	2,872	518	123	59	6,826	12,288	53.4%	23.3%	19.2%	4.2%	0.0%
		Sub-total	51,580	16,798	7,134	3,322	487,296	713,328	31.5%	57.6%	6.8%	3.7%
Sewerage network	Mains	77,472	56,562	1,589	477	71,023	159,325	17.0%	34.3%	13.2%	22.8%	12.8%
	Pumping Station/s	7,494	778	720	581	53,084	72,213	54.8%	33.1%	9.6%	2.4%	0.0%
	Treatment	11,508	5,257	979	732	68,238	98,123	66.0%	13.2%	6.4%	14.4%	0.1%
		Sub-total	96,474	62,597	3,288	1,790	193,063	329,661	39.9%	27.8%	10.4%	15.8%
Stormwater drainage	Stormwater drainage	100,920	22,179	3,335	1,268	206,870	331,239	15.2%	54.4%	23.7%	3.4%	3.3%
		Sub-total	100,920	22,179	3,335	1,268	206,870	331,239	15.2%	54.4%	23.7%	3.4%
Open space / recreational assets	Swimming pools	1,715	–	82	94	4,191	7,416	38.3%	34.2%	27.6%	0.0%	0.0%
	Holiday Parks	1,735	305	107	–	6,428	9,649	62.7%	20.8%	13.7%	2.9%	0.0%
	Parks	3,270	362	225	2,126	15,507	20,365	62.8%	21.8%	13.7%	1.6%	0.0%
	Reserves	2,509	217	104	1,010	6,000	9,375	54.7%	20.2%	22.9%	1.8%	0.3%
	Sports Facilities	7,270	1,229	351	890	14,368	31,763	45.6%	33.4%	17.6%	3.5%	0.0%
		Sub-total	16,499	2,113	869	4,120	46,494	78,568	52.5%	27.3%	17.7%	2.4%

Clarence Valley Council

Report on Infrastructure Values as at 30 June 2024 (continued)

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Other infrastructure assets	Floodplain	131,397	1,079	3,531	415	214,619	353,059	3.9%	58.9%	37.0%	0.2%	0.1%
	Sub-total	131,397	1,079	3,531	415	214,619	353,059	3.9%	58.9%	37.0%	0.2%	0.0%
	Total – all assets	828,499	143,706	33,123	21,769	2,190,073	3,312,858	32.9%	39.9%	22.1%	3.9%	1.2%

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

Infrastructure asset condition assessment 'key'

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

Clarence Valley Council

Report on Infrastructure Values as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	65,036	178.33%	118.85%	> 100.00%
Depreciation, amortisation and impairment	36,470			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	828,499	36.54%	32.63%	< 2.00%
Net carrying amount of infrastructure assets	2,267,246			
Asset maintenance ratio				
Actual asset maintenance	21,769	65.72%	72.25%	> 100.00%
Required asset maintenance	33,123			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	143,706	4.34%	2.15%	
Gross replacement cost	3,312,858			

(*) 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.

Clarence Valley Council

Report on Infrastructure Values as at 30 June 2024

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	307.93%	175.43%	33.21%	54.35%	20.42%	32.96%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	42.88%	41.19%	10.58%	10.13%	49.97%	24.58%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	73.38%	94.70%	46.57%	24.21%	54.44%	33.20%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	2.83%	2.02%	2.35%	2.88%	18.99%	1.59%	

(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.