

# Clarence Valley Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

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# Clarence Valley Council

## GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023

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# Clarence Valley Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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### 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](http://www.clarence.nsw.gov.au).

# Clarence Valley Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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

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

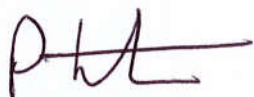
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

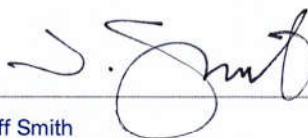
We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 27 February 2024.



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Peter Johnstone  
Mayor  
27 February 2024



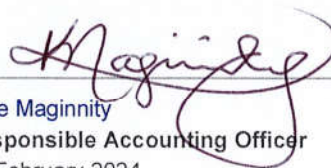
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Jeff Smith  
Deputy Mayor  
27 February 2024



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Laura Black  
General Manager  
27 February 2024



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Kate Maginness  
Responsible Accounting Officer  
27 February 2024



## Clarence Valley Council

### Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	Restated 2022 <sup>1</sup>
<b>Net operating result for the year – from Income Statement</b>		<b>48,800</b>	32,420
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<b>80,351</b>	194,247
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-8	<b>13,420</b>	(38,675)
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>93,771</b>	155,572
<b>Total other comprehensive income for the year</b>		<b>93,771</b>	155,572
<b>Total comprehensive income for the year attributable to Council</b>		<b>142,571</b>	187,992

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

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 2023

\$ '000	Notes	2023	Restated 2022 <sup>1</sup>	Restated 2021 <sup>1</sup>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	50,873	38,625	34,836
Investments	C1-2	51,000	112,000	52,000
Receivables	C1-4	37,510	23,215	28,120
Inventories	C1-5	2,199	2,039	1,526
Contract assets and contract cost assets	C1-6	19,806	7,472	4,856
Non-current assets classified as 'held for sale'	C1-7	–	1,147	1,147
Other	C1-10	262	131	126
<b>Total current assets</b>		<b>161,650</b>	<b>184,629</b>	<b>122,611</b>
<b>Non-current assets</b>				
Investments	C1-2	54,000	10,000	46,000
Receivables	C1-4	1,252	1,452	1,394
Inventories	C1-5	156	156	156
Infrastructure, property, plant and equipment (IPPE)	C1-8	2,329,169	2,205,480	2,048,293
Intangible assets	C1-9	1,910	2,143	876
Right of use assets		–	–	90
<b>Total non-current assets</b>		<b>2,386,487</b>	<b>2,219,231</b>	<b>2,096,809</b>
<b>Total assets</b>		<b>2,548,137</b>	<b>2,403,860</b>	<b>2,219,420</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	18,626	14,271	14,536
Contract liabilities	C3-2	20,023	17,121	5,905
Lease liabilities		–	–	93
Borrowings	C3-3	8,486	8,739	8,256
Employee benefit provisions	C3-4	11,806	12,346	13,013
<b>Total current liabilities</b>		<b>58,941</b>	<b>52,477</b>	<b>41,803</b>
<b>Non-current liabilities</b>				
Borrowings	C3-3	69,726	78,391	86,951
Employee benefit provisions	C3-4	334	344	478
Provisions	C3-5	14,206	10,289	15,821
<b>Total non-current liabilities</b>		<b>84,266</b>	<b>89,024</b>	<b>103,250</b>
<b>Total liabilities</b>		<b>143,207</b>	<b>141,501</b>	<b>145,053</b>
<b>Net assets</b>		<b>2,404,930</b>	<b>2,262,359</b>	<b>2,074,367</b>
<b>EQUITY</b>				
Accumulated surplus	C4-1	980,070	931,270	898,850
IPPE revaluation reserve	C4-1	1,424,860	1,331,089	1,175,517
<b>Council equity interest</b>		<b>2,404,930</b>	<b>2,262,359</b>	<b>2,074,367</b>
<b>Total equity</b>		<b>2,404,930</b>	<b>2,262,359</b>	<b>2,074,367</b>

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

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 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus <sup>1</sup>	IPPE revaluation reserve <sup>1</sup>	Total equity	Accumulated surplus <sup>1</sup>	IPPE revaluation reserve <sup>1</sup>	Total equity
					Restated	Restated	Restated
Opening balance at 1 July		931,270	1,331,089	2,262,359	883,897	1,175,517	2,059,414
Correction of prior period errors <sup>1</sup>	G4-1	–	–	–	14,953	–	14,953
<b>Restated opening balance</b>		<b>931,270</b>	<b>1,331,089</b>	<b>2,262,359</b>	<b>898,850</b>	<b>1,175,517</b>	<b>2,074,367</b>
Net operating result for the year		48,800	–	48,800	25,999	–	25,999
Correction of prior period errors	G4-1	–	–	–	6,421	–	6,421
<b>Restated net operating result for the period</b>		<b>48,800</b>	<b>–</b>	<b>48,800</b>	<b>32,420</b>	<b>–</b>	<b>32,420</b>
<b>Restated other comprehensive income</b>							
Correction of prior period errors	G4-1	–	–	–	–	3,030	3,030
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	80,351	80,351	–	191,217	191,217
– Impairment (loss) reversal relating to IPP&E	C1-8	–	13,420	13,420	–	(38,675)	(38,675)
<b>Restated other comprehensive income</b>		<b>–</b>	<b>93,771</b>	<b>93,771</b>	<b>–</b>	<b>155,572</b>	<b>155,572</b>
<b>Total comprehensive income</b>		<b>48,800</b>	<b>93,771</b>	<b>142,571</b>	<b>32,420</b>	<b>155,572</b>	<b>187,992</b>
<b>Closing balance at 30 June</b>		<b>980,070</b>	<b>1,424,860</b>	<b>2,404,930</b>	<b>931,270</b>	<b>1,331,089</b>	<b>2,262,359</b>

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

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 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
69,549	Rates and annual charges		<b>72,798</b>	69,120
43,984	User charges and fees		<b>43,583</b>	36,826
2,830	Interest received		<b>3,592</b>	1,492
56,901	Grants and contributions		<b>74,229</b>	85,220
–	Bonds, deposits and retentions received		<b>1,367</b>	872
2,411	Other		<b>10,842</b>	4,979
<i>Payments:</i>				
(37,613)	Payments to employees		<b>(38,221)</b>	(37,921)
(34,080)	Payments for materials and services		<b>(81,187)</b>	(51,096)
(5,534)	Borrowing costs		<b>(5,465)</b>	(6,335)
–	Bonds, deposits and retentions refunded		<b>–</b>	(237)
(14,332)	Other		<b>(2,524)</b>	(12,656)
84,116	<b>Net cash flows from operating activities</b>	G1-1	<b>79,014</b>	90,264
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Sale of investments		<b>55,000</b>	29,000
1,308	Proceeds from sale of IPPE		<b>2,561</b>	2,334
<i>Payments:</i>				
(4,420)	Purchase of investments		<b>(55,000)</b>	(29,000)
–	Acquisition of term deposits		<b>17,000</b>	(24,000)
(68,147)	Payments for IPPE		<b>(77,409)</b>	(55,139)
(265)	Purchase of intangible assets		<b>–</b>	(1,500)
(71,524)	<b>Net cash flows from investing activities</b>		<b>(57,848)</b>	(78,305)
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(8,739)	Repayment of borrowings		<b>(8,918)</b>	(8,077)
–	Principal component of lease payments		<b>–</b>	(93)
(1,043)	Distributions to non-controlling interests		<b>–</b>	–
(9,782)	<b>Net cash flows from financing activities</b>		<b>(8,918)</b>	(8,170)
2,810	<b>Net change in cash and cash equivalents</b>		<b>12,248</b>	3,789
14,000	Cash and cash equivalents at beginning of year		<b>38,625</b>	34,836
16,810	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>50,873</b>	38,625
92,000	plus: Investments on hand at end of year	C1-2	<b>105,000</b>	122,000
108,810	<b>Total cash, cash equivalents and investments</b>		<b>155,873</b>	160,625

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

# Clarence Valley Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 27 February 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

## A1-1 Basis of preparation (continued)

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- Clarence Regional Library

### 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 2023 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.

### New accounting standards adopted during the year

During the year, Council adopted all standards which were mandatorily effective for the first time at 1 July 2022.

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

## 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	
	2023	2022 <sup>1</sup>	2023	2022 <sup>1</sup>	2023	2022 <sup>1</sup>	2023	2022 <sup>1</sup>	2023	2022 <sup>1</sup>
<b>Functions or activities</b>										
Leadership	6,080	6,877	27,954	28,882	(21,874)	(22,005)	4,144	5,597	342,189	300,534
Infrastructure	113,390	94,160	99,156	87,605	14,234	6,555	66,446	52,403	1,995,454	1,903,397
Society	17,942	13,143	22,858	20,089	(4,916)	(6,946)	12,893	7,858	156,543	138,841
Environment	19,060	16,875	15,038	15,695	4,022	1,180	1,457	847	1,111	27,034
Economy	8,752	7,106	6,662	5,686	2,090	1,420	434	500	52,840	34,054
General purpose income	55,244	52,216	–	–	55,244	52,216	16,255	15,081	–	–
<b>Total functions and activities</b>	<b>220,468</b>	<b>190,377</b>	<b>171,668</b>	<b>157,957</b>	<b>48,800</b>	<b>32,420</b>	<b>101,629</b>	<b>82,286</b>	<b>2,548,137</b>	<b>2,403,860</b>

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

## B1-2 Components of functions or activities

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

### **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	2023	2022
<b>Ordinary rates</b>		
Residential	29,697	28,824
Farmland	3,869	3,814
Business	4,709	4,548
Less: pensioner rebates (mandatory)	(1,060)	(1,093)
<b>Rates levied to ratepayers</b>	<b>37,215</b>	<b>36,093</b>
Pensioner rate subsidies received	596	594
<b>Total ordinary rates</b>	<b>37,811</b>	<b>36,687</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	8,270	7,595
Water supply services	3,181	3,065
Sewerage services	20,312	19,441
Waste management services (non-domestic)	2,535	2,401
Less: pensioner rebates (mandatory)	(1,060)	(962)
<b>Annual charges levied</b>	<b>33,238</b>	<b>31,540</b>
Pensioner annual charges subsidies received:		
– Water	302	171
– Sewerage	171	165
– Domestic waste management	183	173
<b>Total annual charges</b>	<b>33,894</b>	<b>32,049</b>
<b>Total rates and annual charges</b>	<b>71,705</b>	<b>68,736</b>

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

#### Accounting policy

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

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

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



## B2-2 User charges and fees

\$ '000	Timing	2023	2022
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>			
Water supply services	1	12,972	11,701
Sewerage services	1	1,779	1,494
On-site septic management services	1	411	386
<b>Total specific user charges</b>		<b>15,162</b>	<b>13,581</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Private works – section 67	1	151	752
Regulatory/ statutory fees	2	2,640	3,057
Registration fees		–	(2)
Section 10.7 certificates (EP&A Act)	2	144	150
Section 603 certificates	2	106	143
<b>Total fees and charges – statutory/regulatory</b>		<b>3,041</b>	<b>4,100</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Aerodrome	2	34	43
Caravan park	2	7,845	6,144
Cemeteries	2	840	818
Community centres	2	34	22
Leaseback fees – Council vehicles	2	364	345
Quarry revenues	2	–	560
Transport for NSW works (state roads not controlled by Council)	1	4,367	1,314
Saleyards	2	339	368
Swimming centres	2	210	270
Art gallery	2	137	125
Other sewer fees	2	501	557
Other water fees	2	539	907
Other waste management	2	532	256
Regional landfill	2	5,757	5,147
Water tapping fees	2	432	431
Other	2	417	392
<b>Total fees and charges – other</b>		<b>22,348</b>	<b>17,699</b>
<b>Total other user charges and fees</b>		<b>25,389</b>	<b>21,799</b>
<b>Total user charges and fees</b>		<b>40,551</b>	<b>35,380</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		15,162	13,581
User charges and fees recognised at a point in time (2)		25,389	21,799
<b>Total user charges and fees</b>		<b>40,551</b>	<b>35,380</b>

### Accounting policy

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as 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	2023	2022
Fines	2	136	176
Legal fees recovery – rates and charges (extra charges)	2	215	119
Commissions and agency fees	2	100	55
Container Deposit Scheme Sharing	2	104	108
Diesel rebate	2	278	245
Insurance claims recoveries	2	130	85
Sales – general	2	25	63
Commonwealth emissions reduction fund	2	4	162
State waste rebate	2	–	87
Other	2	540	400
<b>Total other revenue</b>		<b>1,532</b>	<b>1,500</b>
<b>Timing of revenue recognition for other revenue</b>			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		1,532	1,500
<b>Total other revenue</b>		<b>1,532</b>	<b>1,500</b>

### Accounting policy 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 2023	Operating 2022	Capital 2023	Capital 2022 <sup>1</sup>
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	2,134	4,113	–	–
Financial assistance – local roads component	2	1,001	1,830	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	9,028	6,316	–	–
Financial assistance – local roads component	2	4,091	2,822	–	–
<b>Amount recognised as income during current year</b>		<b>16,254</b>	<b>15,081</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Economic development	1	–	–	1,703	806
Employment and training programs	2	60	183	–	–
Community care	2	94	(8)	–	–
Community centres	2	–	134	–	–
Floodplain management	2	306	97	57	–
Environmental services	2	371	177	633	2,396
Library	2	220	204	–	275
Heritage and cultural	1	168	61	–	–
Noxious weeds	2	–	274	–	–
Recreation and culture	1	–	–	5,826	660
NSW rural fire services	1	746	2,505	2,223	2,204
Storm/flood damage	2	13,459	10,060	407	–
Street lighting	2	108	–	–	–
Transport (roads to recovery)	2	2,051	2,051	–	–
Transport (other roads and bridges funding)	1	–	–	19,091	15,603
Other specific grants	2	1,544	418	10,529	6,180
Clarence regional library	2	265	277	–	–
Roads and bridges	1	–	–	92	1
Transport for NSW contributions (regional roads, block grant)	2	3,975	3,893	4,513	701
Other contributions	2	313	1,206	371	20
Water supplies (excl. section 64 contributions)	2	1,923	–	–	–
Rural fire services	2	5	(367)	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>25,608</b>	<b>21,165</b>	<b>45,445</b>	<b>28,846</b>
<b>Non-cash contributions</b>					
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA) <sup>1</sup>	2	–	–	4,972	11,870
Sewerage (excl. section 64 contributions)	2	–	–	818	–
Water supplies (excl. section 64 contributions)	2	–	–	714	–
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>6,504</b>	<b>11,870</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>25,608</b>	<b>21,165</b>	<b>51,949</b>	<b>40,716</b>
<b>Total grants and non-developer contributions</b>		<b>41,862</b>	<b>36,246</b>	<b>51,949</b>	<b>40,716</b>

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

## B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022 <sup>1</sup>
<b>Comprising:</b>					
– Commonwealth funding		18,306	17,030	3,493	10,512
– State funding		10,669	18,010	41,488	18,314
– Other funding		12,887	1,206	6,968	11,890
		<b>41,862</b>	<b>36,246</b>	<b>51,949</b>	<b>40,716</b>

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

## Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022 <sup>1</sup>
<b>Developer contributions:</b>		G5				
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>						
<b>Cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	–	–	1,421	1,740
S 7.12 – fixed development consent levies		2	–	–	369	167
S 64 – water supply contributions		2	–	–	4,215	1,335
S 64 – sewerage service contributions		2	–	–	1,813	2,082
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>7,818</b>	<b>5,324</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>7,818</b>	<b>5,324</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>7,818</b>	<b>5,324</b>
<b>Total grants and contributions</b>			<b>41,862</b>	<b>36,246</b>	<b>59,767</b>	<b>46,040</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			914	21,165	28,935	34,176
Grants and contributions recognised at a point in time (2)			40,948	15,081	30,832	11,864
<b>Total grants and contributions</b>			<b>41,862</b>	<b>36,246</b>	<b>59,767</b>	<b>46,040</b>

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

## 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 2023	Operating 2022	Capital 2023	Capital 2022
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	5,231	2,293	56,662	33,500
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	851	4,537	29,220	27,048
<b>Add:</b> Funds received and not recognised as revenue in the current year	-	-	-	-
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(1,942)	(1,599)	(13,639)	(3,886)
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	-	-	-	-
<b>Unspent funds at 30 June</b>	<b>4,140</b>	<b>5,231</b>	<b>72,243</b>	<b>56,662</b>

### Accounting policy

#### 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	2023	2022
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	319	372
– Cash and investments	4,019	1,416
<b>Total interest and investment income (losses)</b>	<b>4,338</b>	<b>1,788</b>

### Accounting policy

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

## B2-6 Other income

\$ '000	Notes	2023	2022
<b>Rental income</b>			
<b>Other lease income</b>			
Room/Facility Hire		713	687
<b>Total other lease income</b>		<b>713</b>	<b>687</b>
Total rental income	C2-1	713	687
<b>Total other income</b>		<b>713</b>	<b>687</b>

## B3 Costs of providing services

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

\$ '000	2023	2022
Salaries and wages	27,732	28,354
Employee leave entitlements (ELE)	8,204	6,911
Superannuation	3,439	3,633
Workers' compensation insurance	688	780
Fringe benefit tax (FBT)	32	27
Payroll tax	396	298
Training costs (other than salaries and wages)	585	301
Other	341	236
<b>Total employee costs</b>	<b>41,417</b>	<b>40,540</b>
Less: capitalised costs	(3,827)	(3,487)
<b>Total employee costs expensed</b>	<b>37,590</b>	<b>37,053</b>

#### Accounting policy

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

#### Retirement benefit obligations

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

#### Superannuation plans

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

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

## B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		15,212	8,412
Contractor costs		36,781	26,950
Audit Fees	F2-1	112	98
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	343	431
Advertising		389	280
Bank charges		249	254
Election expenses		–	362
Electricity and heating		2,379	1,815
Insurance		2,469	2,069
Postage		115	217
Printing and stationery		171	156
Street lighting		454	451
Subscriptions and publications		709	479
Telephone and communications		559	449
Valuation fees		11	205
Caravan park levies		280	441
Computer maintenance		2,369	1,215
Future reinstatement costs for contaminated roads		–	2,119
Other expenses		3,359	4
Quarry expenses		–	103
Contributions to other organisations		376	187
<b>Legal expenses:</b>			
– Legal expenses: planning and development		68	8
– Legal expenses: other		626	89
<b>Total materials and services</b>		<b>67,031</b>	<b>46,794</b>

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	Notes	2023	2022
<b>(i) Interest bearing liability costs</b>			
Interest on loans		5,397	6,028
Other debts		19	2
<b>Total interest bearing liability costs</b>		<b>5,416</b>	<b>6,030</b>
<b>Total interest bearing liability costs expensed</b>		<b>5,416</b>	<b>6,030</b>
<b>(ii) Other borrowing costs</b>			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	C3-5	371	388
<b>Total other borrowing costs</b>		<b>371</b>	<b>388</b>
<b>Total borrowing costs expensed</b>		<b>5,787</b>	<b>6,418</b>

### Accounting policy

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



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

\$ '000	Notes	2023	2022 <sup>1</sup>
<b>Depreciation and amortisation</b>			
Plant and equipment		3,801	3,477
Office equipment		362	321
Furniture and fittings		149	138
<b>Infrastructure:</b>			
	C1-8		
– Buildings – non-specialised		1,641	1,465
– Buildings – specialised		2,441	1,423
– Other structures		1,445	1,343
– Roads		17,069	13,521
– Bridges		2,868	3,207
– Footpaths		759	646
– Other road assets		904	753
– Stormwater drainage		3,239	2,830
– Water supply network		7,764	6,915
– Sewerage network		6,641	8,368
– Swimming pools		133	308
– Other open space/recreational assets		2,031	1,664
– Other infrastructure		1,966	1,732
Right of use assets	C2-1	–	90
<b>Other assets:</b>			
– Library books		337	228
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C3-5,C1-8	119	217
– Quarry assets	C3-5,C1-8	19	18
Intangible assets	C1-9	233	233
<b>Total gross depreciation and amortisation costs</b>		<b>53,921</b>	<b>48,897</b>
<b>Total depreciation and amortisation costs</b>		<b>53,921</b>	<b>48,897</b>
<b>Impairment / revaluation decrement of IPPE</b>			
<b>Infrastructure:</b>			
	C1-8		
– Roads		(15,697)	36,795
– Water supply network		1,001	–
– Other infrastructure		1,276	1,880
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>(13,420)</b>	<b>38,675</b>
Amounts taken through revaluation reserve	C1-8	13,420	(38,675)
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>–</b>	<b>–</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>53,921</b>	<b>48,897</b>

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

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

### Accounting policy

#### Depreciation and amortisation

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

#### Impairment of non-financial assets

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

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

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

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

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

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

## B3-5 Other expenses

\$ '000	2023	2022
<b>Other</b>		
Contributions/levies to other levels of government		
– Department of planning levy	307	267
– Emergency services levy (includes FRNSW, SES, and RFS levies)	1,633	752
– Waste levy	3,404	3,996
– Other contributions/levies	7	18
Donations, contributions and assistance to other organisations (Section 356)	81	68
<b>Total other</b>	<b>5,432</b>	<b>5,101</b>
<b>Total other expenses</b>	<b>5,432</b>	<b>5,101</b>

### Accounting policy

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

Impairment expenses are recognised when identified.

## B4 Gains or losses

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

\$ '000	Notes	2023	2022
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-8		
Proceeds from disposal – plant and equipment		1,679	2,334
Less: carrying amount of plant and equipment assets sold/written off		<u>(1,392)</u>	<u>(1,025)</u>
<b>Gain (or loss) on disposal</b>		<u>287</u>	<u>1,309</u>
<b>Gain (or loss) on disposal of infrastructure</b>	C1-8		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		<u>(1,929)</u>	<u>(15,003)</u>
<b>Gain (or loss) on disposal</b>		<u>(1,929)</u>	<u>(15,003)</u>
<b>Gain (or loss) on disposal of investments</b>	C1-2		
Proceeds from disposal/redemptions/maturities – investments		55,000	29,000
Less: carrying amount of investments sold/redeemed/matured		<u>(55,000)</u>	<u>(29,000)</u>
<b>Gain (or loss) on disposal</b>		<u>–</u>	<u>–</u>
<b>Gain (or loss) on disposal of non-current assets classified as 'held for sale'</b>	C1-7		
Proceeds from disposal – non-current assets 'held for sale'		882	–
Less: carrying amount of 'held for sale' assets sold/written off		<u>(1,147)</u>	<u>–</u>
<b>Gain (or loss) on disposal</b>		<u>(265)</u>	<u>–</u>
<b>Net gain (or loss) from disposal of assets</b>		<u>(1,907)</u>	<u>(13,694)</u>

#### Accounting policy

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

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 27 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	68,824	71,705	2,881	4% <b>F</b>
<b>User charges and fees</b>	37,891	40,551	2,660	7% <b>F</b>
<b>Other revenues</b>	1,624	1,532	(92)	(6)% <b>U</b>
<b>Operating grants and contributions</b>	22,118	41,862	19,744	89% <b>F</b>
Financial Assistance Grant General Component \$2.5m F				
Regional Water Supply contribution from Coffs Harbour Council \$1.9m F				
Financial Assistance Grant Roads Component \$1.8m F				
<b>Capital grants and contributions</b>	57,897	59,767	1,870	3% <b>F</b>
Bluff Bridge Replacement \$4.5m F				
AGRN various projects \$5.8m F				
Non cash capital contributions \$12m F				
<b>Interest and investment revenue</b>	1,991	4,338	2,347	118% <b>F</b>
Council's favourable return is due to Council's investment portfolio returning greater than expected returns due to a higher than expected interest rate environment.				
<b>Net gains from disposal of assets</b>	2,179	-	(2,179)	(100)% <b>U</b>
Council's budget only allows for proceeds from sale of assets and does not attempt to predict any book profit or loss from disposals.				
<b>Other income</b>	1,046	713	(333)	(32)% <b>U</b>
Sporting Facility Leases (\$263k) U				
Property Leases (\$210k) U				

## B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----		
<b>Expenses</b>					
<b>Employee benefits and on-costs</b>	42,917	37,590	5,327	12%	F
Savings due to unfilled vacancies, with the budget based on a scenario of a full establishment.					
<b>Materials and services</b>	44,510	67,031	(22,521)	(51)%	U
AGRN various projects (\$11.5m) U					
Purchase of Water (\$2.7m) U					
RMS SIC (\$900k) U					
<b>Borrowing costs</b>	6,257	5,787	470	8%	F
<b>Depreciation, amortisation and impairment of non-financial assets</b>	48,670	53,921	(5,251)	(11)%	U
<b>Other expenses</b>	4,739	5,432	(693)	(15)%	U
<b>Net losses from disposal of assets</b>	-	1,907	(1,907)	∞	U
<b>Statement of cash flows</b>					
<b>Cash flows from operating activities</b>	84,116	79,014	(5,102)	(6)%	U
<b>Cash flows from investing activities</b>	(71,524)	(57,848)	13,676	(19)%	F
<b>Cash flows from financing activities</b>	(9,782)	(8,918)	864	(9)%	F

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2023	2022
<b>Cash assets</b>		
Cash on hand and at bank	12,054	12,542
Cash equivalent assets		
– Deposits at call	38,558	25,332
– Managed funds	–	490
– Short-term deposits	10	10
– Other financial assets	251	251
<b>Total cash and cash equivalents</b>	<b>50,873</b>	<b>38,625</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	50,873	38,625
<b>Balance as per the Statement of Cash Flows</b>	<b>50,873</b>	<b>38,625</b>

#### Accounting policy

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

#### C1-2 Financial investments

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	51,000	54,000	112,000	10,000
<b>Total</b>	<b>51,000</b>	<b>54,000</b>	<b>112,000</b>	<b>10,000</b>
<b>Total financial investments</b>	<b>51,000</b>	<b>54,000</b>	<b>112,000</b>	<b>10,000</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>101,873</b>	<b>54,000</b>	<b>150,625</b>	<b>10,000</b>

## C1-2 Financial investments (continued)

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### Accounting policy

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

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

### Financial assets

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

### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

### Amortised cost

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

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

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

### 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	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>155,873</b>	160,625
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>25,838</b>	41,125
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Deposits, bonds and retentions	4,110	2,743
Held as custodian	3,873	518
<b>External restrictions – included in liabilities</b>	<b>7,983</b>	3,261
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	11,657	11,164
Developer contributions – water fund	12,728	10,634
Developer contributions – sewer fund	14,134	11,076
Specific purpose unexpended grants (recognised as revenue) – general fund	30,312	26,751
Specific purpose unexpended grants – Holiday Parks	–	532
Specific purpose unexpended grants – Other	–	1,284
Water fund	30,738	36,740
Sewer fund	13,632	9,670
Domestic waste management	468	570
Holiday Parks	7,113	6,337
Clarence Regional Library	724	726
Other	546	755
<b>External restrictions – other</b>	<b>122,052</b>	116,239
<b>Total external restrictions</b>	<b>130,035</b>	119,500

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	2023	2022
(b) Internal allocations		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>25,838</b>	41,125
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>452</b>	1,600

### Internal allocations

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

Building Asset renewals	332	446
Coastal and estuary management	378	302
Commercial waste service reserve	–	1,402
Community cultural and heritage programs	11	16
Council s7.11 development funds	30	30
Election cost reserve	233	100
Emergency services reserves	752	661



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

<b>\$ '000</b>	<b>2023</b>	2022
Employee leave entitlements	<b>3,752</b>	4,074
Environmental and noxious weeds projects	<b>268</b>	554
Fleet plant reserve	<b>1,587</b>	6,597
Floodplain management reserves	<b>561</b>	298
Infrastructure assets renewals reserve	<b>561</b>	1,002
Insurance reserves	<b>248</b>	213
Maclean and district improvements	<b>621</b>	606
Other parks improvements	<b>341</b>	496
Public pool improvements	<b>184</b>	177
Public toilet refurbishment program	<b>20</b>	109
Quarries operations and rehabilitation	<b>637</b>	703
Regional development and tourism projects	<b>19</b>	19
Regional landfill reserves	–	2,756
Roads reserves	–	884
Saleyards asset replacement	<b>296</b>	162
Software implementation reserves	<b>585</b>	704
Sporting facilities improvements	<b>353</b>	309
Strategic building reserve	<b>688</b>	671
Strategic development programs	<b>381</b>	381
Unspent financial assistance grant	<b>12,521</b>	9,138
Unspent general loans floodplain infrastructure and natural resources	<b>27</b>	27
Waste management reserves	–	6,688
<b>Total internal allocations</b>	<b>25,386</b>	<b>39,525</b>

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	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Rates and annual charges	3,193	1,252	3,150	1,452
Interest and extra charges	501	–	448	–
User charges and fees	8,960	–	9,503	–
Accrued revenues				
– Interest on investments	1,505	–	812	–
Government grants and subsidies	18,368	–	6,572	–
Net GST receivable	668	–	1,469	–
Government departments (other than grants)	3,438	–	858	–
Other debtors	886	–	412	–
<b>Total</b>	<b>37,519</b>	<b>1,252</b>	<b>23,224</b>	<b>1,452</b>
<b>Less: provision for impairment</b>				
Rates and annual charges	(4)	–	(4)	–
Other debtors	(5)	–	(5)	–
<b>Total provision for impairment – receivables</b>	<b>(9)</b>	<b>–</b>	<b>(9)</b>	<b>–</b>
<b>Total net receivables</b>	<b>37,510</b>	<b>1,252</b>	<b>23,215</b>	<b>1,452</b>

## C1-4 Receivables (continued)

\$ '000	2023	2022
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	9	9
<b>Balance at the end of the year</b>	<b>9</b>	<b>9</b>

### Accounting policy

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

### Impairment

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

When 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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	90	156	90	156
Stores and materials	2,109	-	1,949	-
<b>Total inventories at cost</b>	<b>2,199</b>	<b>156</b>	<b>2,039</b>	<b>156</b>
<b>Total inventories</b>	<b>2,199</b>	<b>156</b>	<b>2,039</b>	<b>156</b>

### Accounting policy

#### 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)

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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	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Contract assets	19,806	–	7,472	–
<b>Total contract assets and contract cost assets</b>	<b>19,806</b>	<b>–</b>	<b>7,472</b>	<b>–</b>

### Contract assets

Government grants	19,806	–	7,472	–
<b>Total contract assets</b>	<b>19,806</b>	<b>–</b>	<b>7,472</b>	<b>–</b>

### Accounting policy

#### 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 Non-current assets classified as held for sale

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Non-current assets held for sale</b>				
Land	-	-	559	-
Buildings	-	-	588	-
<b>Total non-current assets held for sale</b>	<b>-</b>	<b>-</b>	<b>1,147</b>	<b>-</b>
<b>Total non-current assets classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>1,147</b>	<b>-</b>

### Details of assets and disposal groups

The sale of the previous Clarence Valley Tourist Information Centre, Spring Street, South Grafton was settled on 19 July 2022.

### Accounting policy

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use and are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

## C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022 <sup>2</sup>			Asset movements during the reporting period										At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount <sup>2</sup>	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss <sup>1</sup> 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	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	
<b>Land:</b>																
– Crown land	32,839	–	32,839	–	–	–	–	–	–	–	–	7,173	40,012	–	40,012	
– Operational land	41,416	–	41,416	–	121	–	–	–	–	–	598	–	61,577	–	61,577	
– Community land	11,045	–	11,045	–	81	–	–	–	–	–	(598)	–	12,828	–	12,828	
– Land under roads (post 30/6/08)	20	–	20	–	–	–	–	–	–	–	–	–	20	–	20	
<b>Infrastructure:</b>																
– 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 <sup>2</sup>	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 <sup>2</sup>	187,862	(56,387)	131,475	6,158	–	–	(2,868)	–	–	760	(6,156)	–	223,916	(92,983)	130,933	
– Footpaths <sup>2</sup>	37,640	(13,287)	24,353	496	519	(5)	(759)	–	–	317	242	–	44,874	(15,534)	29,340	
– Other road assets (including bulk earthworks) <sup>2</sup>	41,701	(9,568)	32,133	–	–	(630)	(904)	–	–	–	(824)	–	40,719	(10,634)	30,085	
– Bulk earthworks (non-depreciable)	231,450	–	231,450	–	–	(82)	–	–	–	–	–	(3,507)	227,861	–	227,861	
– Stormwater drainage <sup>2</sup>	258,290	(86,315)	171,975	2,462	255	(138)	(3,239)	–	–	34	–	–	310,766	(114,121)	196,645	
– Water supply network <sup>2</sup>	614,649	(185,706)	428,943	4,764	1,911	–	(7,764)	(1,001)	–	5,430	(2)	–	674,062	(209,382)	464,680	
– Sewerage network <sup>2</sup>	365,671	(125,819)	239,852	2,189	255	–	(6,641)	–	–	275	–	–	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 <sup>2</sup>	58,104	(22,459)	35,645	1,036	1,240	(343)	(2,031)	–	–	904	2	–	66,057	(27,098)	38,959	
– Other infrastructure	228,593	(56,898)	171,695	406	–	–	(1,966)	(3,156)	1,880	78	–	–	334,982	(129,831)	205,151	
<b>Other assets:</b>																
– 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	
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>																
– Tip assets	4,846	(4,123)	723	291	–	–	(119)	–	–	–	–	–	5,137	(4,242)	895	
– Quarry assets	858	(192)	666	–	–	–	(19)	–	–	–	(57)	–	801	(211)	590	
<b>Total infrastructure, property, plant and equipment</b>	<b>3,166,539</b>	<b>(961,059)</b>	<b>2,205,480</b>	<b>47,097</b>	<b>40,289</b>	<b>(3,321)</b>	<b>(53,688)</b>	<b>(25,255)</b>	<b>38,675</b>	<b>–</b>	<b>(459)</b>	<b>(80,227)</b>	<b>160,578</b>	<b>3,447,839</b>	<b>(1,118,670)</b>	<b>2,329,169</b>

(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

## C1-8 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period									At 30 June 2022 <sup>2</sup>		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR) <sup>2</sup>	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount <sup>2</sup>
\$ '000															
Capital work in progress	18,189	–	18,189	13,567	12,138	–	–	–	(13,980)	(421)	–	–	29,493	–	29,493
Plant and equipment	45,939	(19,768)	26,171	7,797	–	(1,026)	(3,477)	–	–	–	–	–	50,250	(20,785)	29,465
Office equipment	4,660	(3,790)	870	–	442	–	(321)	–	–	–	–	–	5,096	(4,105)	991
Furniture and fittings	3,953	(2,839)	1,114	–	198	–	(138)	–	–	–	–	–	4,151	(2,977)	1,174
<b>Land:</b>															
– Operational land	41,466	–	41,466	–	–	–	–	–	158	–	(208)	–	41,416	–	41,416
– Community land	9,304	–	9,304	–	–	–	–	–	–	–	–	1,741	11,045	–	11,045
– Crown land	27,366	–	27,366	–	–	–	–	–	–	–	–	5,473	32,839	–	32,839
– Land under roads (post 30/6/08)	20	–	20	–	–	–	–	–	–	–	–	–	20	–	20
<b>Infrastructure:</b>															
– Buildings – non-specialised	65,613	(21,601)	44,012	3,669	126	(3,018)	(1,465)	–	4,781	–	–	3,098	77,023	(25,820)	51,203
– Buildings – specialised	110,398	(31,271)	79,127	551	4	(202)	(1,423)	–	49	–	(350)	–	125,944	(48,188)	77,756
– Other structures	29,959	(9,748)	20,211	498	9	(6)	(1,343)	–	171	250	–	3,042	36,215	(13,383)	22,832
– Roads <sup>2</sup>	621,373	(203,877)	417,496	4,591	3,387	(5,750)	(13,521)	(36,795)	6,831	(41)	–	53,128	705,102	(275,774)	429,328
– Bridges <sup>2</sup>	165,278	(45,981)	119,297	555	–	(1,357)	(3,207)	–	638	–	–	15,549	187,862	(56,387)	131,475
– Footpaths <sup>2</sup>	31,174	(11,119)	20,055	815	1,727	(150)	(646)	–	–	–	–	2,552	37,640	(13,287)	24,353
– Other road assets (including bulk earthworks) <sup>2</sup>	36,300	(7,862)	28,438	1,061	322	(542)	(753)	–	–	41	–	3,566	41,701	(9,568)	32,133
– Bulk earthworks (non-depreciable)	202,472	–	202,472	2,451	–	(175)	–	–	–	–	–	26,702	231,450	–	231,450
– Stormwater drainage <sup>2</sup>	220,977	(72,396)	148,581	4,701	2,657	(505)	(2,830)	–	–	–	–	19,371	258,290	(86,315)	171,975
– Water supply network <sup>2</sup>	559,165	(154,375)	404,790	5,172	4,039	(1,373)	(6,915)	–	45	–	–	23,185	614,649	(185,706)	428,943
– Sewerage network <sup>2</sup>	343,189	(111,124)	232,065	865	1,544	(128)	(8,368)	–	536	–	–	13,338	365,671	(125,819)	239,852
– Swimming pools	10,108	(4,388)	5,720	13	–	(1,420)	(308)	–	–	17	(54)	–	7,200	(3,232)	3,968
– Other open space/recreational assets <sup>2</sup>	54,323	(21,760)	32,563	487	118	(130)	(1,664)	–	687	(272)	–	3,856	58,104	(22,459)	35,645
– Other infrastructure <sup>2</sup>	201,443	(47,103)	154,340	873	–	(247)	(1,732)	(1,880)	84	–	–	20,257	228,593	(56,898)	171,695
<b>Other assets:</b>															
– Library books	6,693	(5,816)	877	305	–	–	(228)	–	–	–	–	–	6,995	(6,041)	954
– Other	4,086	–	4,086	–	–	–	–	–	–	–	–	–	4,086	–	4,086
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>															
– Tip assets	12,538	(3,906)	8,632	–	–	–	(217)	–	–	(7,692)	–	–	4,846	(4,123)	723
– Quarry assets	1,205	(174)	1,031	–	–	–	(18)	–	–	(347)	–	–	858	(192)	666
<b>Total infrastructure, property, plant and equipment</b>	<b>2,827,191</b>	<b>(778,898)</b>	<b>2,048,293</b>	<b>47,971</b>	<b>26,711</b>	<b>(16,029)</b>	<b>(48,574)</b>	<b>(38,675)</b>	<b>–</b>	<b>(8,465)</b>	<b>(612)</b>	<b>194,858</b>	<b>3,166,539</b>	<b>(961,059)</b>	<b>2,205,480</b>

(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



## C1-8 Infrastructure, property, plant and equipment (continued)

### Accounting policy

#### 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:

<b>Plant and equipment</b>	Years	<b>Buildings</b>	Years
Office equipment	5 to 10	Buildings: specialised	37 to 284
Office furniture	10 to 30	Buildings: non specialised	59 to 158
Computer equipment	5		
Vehicles	5 yrs/ 150,000km	<b>Other infrastructure assets</b>	Years
Heavy plant/road making equipment	5 to 15	Bulk earthworks	Infinite
Other plant and equipment	5 to 15	Floodplain assets	19 to 174
<b>Water and sewer assets</b>	Years	<b>Stormwater assets</b>	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	<b>Other Structures</b>	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		
<b>Transportation assets</b>	Years	<b>Swimming Pools</b>	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	<b>Other open space/recreational assets</b>	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.

## C1-8 Infrastructure, property, plant and equipment (continued)

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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.

## C1-9 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	4,200	4,200
Accumulated amortisation	(3,557)	(3,324)
<b>Net book value – opening balance</b>	<b>643</b>	<b>876</b>
<b>Movements for the year</b>		
Amortisation charges	(233)	(233)
<b>Closing values at 30 June</b>		
Gross book value	4,200	4,200
Accumulated amortisation	(3,790)	(3,557)
<b>Total software – net book value</b>	<b>410</b>	<b>643</b>
<b>Water Licences</b>		
<b>Opening values at 1 July</b>		
Gross book value	1,500	–
<b>Net book value – opening balance</b>	<b>1,500</b>	<b>–</b>
<b>Movements for the year</b>		
Other movements	–	1,500
<b>Closing values at 30 June</b>		
Gross book value	1,500	1,500
<b>Total Water Licences – net book value</b>	<b>1,500</b>	<b>1,500</b>
<b>Total intangible assets – net book value</b>	<b>1,910</b>	<b>2,143</b>

### Accounting policy

#### 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.

## C1-10 Other

### Other assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	262	-	131	-
<b>Total other assets</b>	<b>262</b>	<b>-</b>	<b>131</b>	<b>-</b>

## 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	2023	2022
<b>(i) Assets held as property, plant and equipment</b>		
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)	713	687
<b>Total income relating to operating leases for Council assets</b>	<b>713</b>	<b>687</b>

#### Accounting policy

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	2023		2022	
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	3,299	–	4,639	–
Goods and services – capital expenditure	5,175	–	2,161	–
Accrued expenses:				
– Borrowings	402	–	450	–
Security bonds, deposits and retentions	4,110	–	2,743	–
Government departments	1,123	–	1,087	–
Employee time in lieu and RDO	445	–	101	–
Prepaid rates	3,956	–	3,020	–
Other	116	–	70	–
<b>Total payables</b>	<b>18,626</b>	<b>–</b>	<b>14,271</b>	<b>–</b>

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

\$ '000	2023	2022
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	3,765	2,450
<b>Total payables</b>	<b>3,765</b>	<b>2,450</b>

#### Accounting policy

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

#### 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	2023		2022	
		Current	Non-current	Current	Non-current
Unexpended capital grants (to construct Council controlled assets)	(i)	19,434	–	16,725	–
Holiday park deposits in advance of services provided		589	–	396	–
<b>Total contract liabilities</b>		<b>20,023</b>	<b>–</b>	<b>17,121</b>	<b>–</b>

#### Notes

(i) Council has received funding under 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	2023	2022
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	7,722	16,725
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>7,722</b>	<b>16,725</b>

#### Accounting policy

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

### C3-3 Borrowings

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Loans – secured <sup>1</sup>	8,486	69,726	8,739	78,391
<b>Total borrowings</b>	<b>8,486</b>	<b>69,726</b>	<b>8,739</b>	<b>78,391</b>

(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	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
Lease liability (Note C2-1b)	–	–	–	–	–	–	–
<b>Total liabilities from financing activities</b>	<b>87,130</b>	<b>(8,918)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>78,212</b>

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	95,207	(8,077)	–	–	–	–	87,130
Lease liability (Note C2-1b)	93	(93)	–	–	–	–	–
<b>Total liabilities from financing activities</b>	<b>95,300</b>	<b>(8,170)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>87,130</b>

#### (b) Financing arrangements

\$ '000	2023	2022
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	500	500
Credit cards/purchase cards	150	150
<b>Total financing arrangements</b>	<b>650</b>	<b>650</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	500	500

continued on next page ...

### C3-3 Borrowings (continued)

\$ '000	2023	2022
– Credit cards/purchase cards	150	150
<b>Total undrawn financing arrangements</b>	<b>650</b>	<b>650</b>

#### 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.

##### Accounting policy

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

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	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Annual leave	3,557	–	3,601	–
Long service leave	8,249	334	8,745	344
<b>Total employee benefit provisions</b>	<b>11,806</b>	<b>334</b>	<b>12,346</b>	<b>344</b>

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	7,688	8,444
	<b>7,688</b>	<b>8,444</b>

### Description of and movements in non-employee benefit provisions

#### Accounting policy

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

#### Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, 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	2023	2023	2022	2022
	Current	Non-Current	Current	Non-Current
<b>Asset remediation/future works:</b>				
Asset remediation/restoration (future works)	–	10,856	–	10,289
Fishway construction obligation	–	3,350	–	–
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>14,206</b>	<b>–</b>	<b>10,289</b>
<b>Total provisions</b>	<b>–</b>	<b>14,206</b>	<b>–</b>	<b>10,289</b>

### Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation / future works	Total
<b>2023</b>		
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
<b>2022</b>		
At beginning of year	15,821	15,821
Unwinding of discount	103	103
Additional provisions	2,119	2,119
Remeasurement effects	(7,754)	(7,754)
Total other provisions at end of year	10,289	10,289

### 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.

#### Accounting policy

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)

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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 vertical slot fishway. It is expected that the timing of outflows in relation to the construction will commence in the 2025-26 Financial Year.

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

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

## D 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 2023	Water 2023	Sewer 2023
<b>Income from continuing operations</b>			
Rates and annual charges	47,693	3,202	20,305
User charges and fees	23,757	14,978	2,588
Interest and investment revenue	2,274	1,339	725
Other revenues	2,036	3,536	2,181
Grants and contributions provided for operating purposes	40,721	1,923	–
Grants and contributions provided for capital purposes	51,589	5,546	2,631
Net gains from disposal of assets	–	21	–
<b>Total income from continuing operations</b>	<b>168,070</b>	<b>30,545</b>	<b>28,430</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	34,612	1,345	1,634
Materials and services	53,664	13,590	6,334
Borrowing costs	1,146	1,388	3,253
Depreciation, amortisation and impairment of non-financial assets	38,750	8,090	7,079
Other expenses	5,429	3	–
Net losses from the disposal of assets	1,928	–	–
<b>Total expenses from continuing operations</b>	<b>135,529</b>	<b>24,416</b>	<b>18,300</b>
<b>Operating result from continuing operations</b>	<b>32,541</b>	<b>6,129</b>	<b>10,130</b>
<b>Net operating result for the year</b>	<b>32,541</b>	<b>6,129</b>	<b>10,130</b>
<b>Net operating result attributable to each council fund</b>	<b>32,541</b>	<b>6,129</b>	<b>10,130</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(19,048)</b>	<b>583</b>	<b>7,499</b>

## D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	48,454	847	1,572
Investments	30,791	12,637	7,572
Receivables	26,238	9,580	1,692
Inventories	2,199	–	–
Contract assets and contract cost assets	19,806	–	–
Other	262	–	–
<b>Total current assets</b>	<b>127,750</b>	<b>23,064</b>	<b>10,836</b>
<b>Non-current assets</b>			
Investments	–	33,860	20,140
Receivables	617	82	553
Inventories	156	–	–
Infrastructure, property, plant and equipment	1,577,823	486,119	265,227
Intangible assets	409	1,499	2
<b>Total non-current assets</b>	<b>1,579,005</b>	<b>521,560</b>	<b>285,922</b>
<b>Total assets</b>	<b>1,706,755</b>	<b>544,624</b>	<b>296,758</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	16,869	1,040	717
Contract liabilities	20,023	–	–
Borrowings	1,938	1,353	5,195
Employee benefit provision	11,806	–	–
<b>Total current liabilities</b>	<b>50,636</b>	<b>2,393</b>	<b>5,912</b>
<b>Non-current liabilities</b>			
Borrowings	8,512	16,570	44,644
Employee benefit provision	334	–	–
Provisions	10,856	3,350	–
<b>Total non-current liabilities</b>	<b>19,702</b>	<b>19,920</b>	<b>44,644</b>
<b>Total liabilities</b>	<b>70,338</b>	<b>22,313</b>	<b>50,556</b>
<b>Net assets</b>	<b>1,636,417</b>	<b>522,311</b>	<b>246,202</b>
<b>EQUITY</b>			
Accumulated surplus	604,676	241,200	134,194
Revaluation reserves	1,031,741	281,111	112,008
<b>Council equity interest</b>	<b>1,636,417</b>	<b>522,311</b>	<b>246,202</b>
<b>Total equity</b>	<b>1,636,417</b>	<b>522,311</b>	<b>246,202</b>

## D2 Interests in other entities

### D2-1 Subsidiaries, joint arrangements and associates not recognised

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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	2023	2022
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	1,572	1,596
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	49

#### (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.

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

### Credit risk profile

#### Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
<b>2023</b>				
Gross carrying amount	197	4,058	190	4,445
2022				
Gross carrying amount	101	4,359	142	4,602

#### 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	
<b>2023</b>						
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%
<b>ECL provision</b>	–	–	–	–	–	–
2022						
Gross carrying amount	25,072	287	221	84	1,882	27,546
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ECL provision</b>	–	–	–	–	–	–

## 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 (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2023</b>							
Payables	0.00%	4,110	9,948	–	–	14,058	18,626
Borrowings	6.57%	–	13,443	52,830	36,978	103,251	78,212
<b>Total financial liabilities</b>		<b>4,110</b>	<b>23,391</b>	<b>52,830</b>	<b>36,978</b>	<b>117,309</b>	<b>96,838</b>
<b>2022</b>							
Payables	0.00%	2,743	8,507	–	–	11,250	14,271
Borrowings	6.53%	–	14,223	66,273	37,157	117,653	87,130
<b>Total financial liabilities</b>		<b>2,743</b>	<b>22,730</b>	<b>66,273</b>	<b>37,157</b>	<b>128,903</b>	<b>101,401</b>



## 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					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022 <sup>1</sup>	2023	2022 <sup>1</sup>
<b>Recurring fair value measurements</b>							
<b>Infrastructure, property, plant and equipment</b>		C1-8					
Operational land		61,577	41,416	–	–	61,577	41,416
Community land		12,828	11,045	–	–	12,828	11,045
Crown land		40,012	32,839	–	–	40,012	32,839
Buildings – non-specialised		–	676	53,793	50,528	53,793	51,204
Buildings – specialised		–	–	81,245	77,756	81,245	77,756
Other structures		–	–	31,573	22,832	31,573	22,832
Roads		–	–	379,296	429,328	379,296	429,328
Bridges		–	–	130,933	131,475	130,933	131,475
Footpaths		–	–	29,340	24,353	29,340	24,353
Other road assets		–	–	30,085	32,133	30,085	32,133
Bulk earthworks (non-depreciable)		–	–	227,861	231,449	227,861	231,449
Stormwater drainage		–	–	196,645	171,974	196,645	171,974
Water supply network		–	–	463,595	428,943	463,595	428,943
Sewerage network		–	–	253,999	239,852	253,999	239,852
Swimming pools		–	–	3,936	3,968	3,936	3,968
Other open space/recreational assets		–	–	38,959	33,645	38,959	33,645
Floodplain		–	–	205,151	171,695	205,151	171,695
Library books		–	–	907	954	907	954
Artwork		–	–	4,134	4,086	4,134	4,086
Tip remediation		–	–	895	723	895	723
Quarry remediation		–	–	590	666	590	666
<b>Total infrastructure, property, plant and equipment</b>		<b>114,417</b>	<b>85,976</b>	<b>2,132,937</b>	<b>2,056,360</b>	<b>2,247,354</b>	<b>2,142,336</b>
<b>Non-current assets classified as held for sale</b>		C1-7					
Land		–	–	–	342	–	342
Buildings		–	588	–	–	–	588
Other		–	–	–	217	–	217

## E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2023	2022 <sup>1</sup>
		2023	2022	2023	2022 <sup>1</sup>	2023	2022 <sup>1</sup>
<b>Total NCA's classified as held for sale</b>		-	588	-	559	-	1,147

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

### Transfers between level 1 and level 2 fair value hierarchies

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

### Valuation techniques

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

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 2023.

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.

Indexation was applied to building assets as at 30 June 2023.

##### 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.

## E2-1 Fair value measurement (continued)

### **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.

Indexation was applied to building assets as at 30 June 2023.

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

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.

### **Water Supply and Sewerage Networks Infrastructure**

The last valuation was undertaken as at 30 June 2021 and was performed by Australis.

All Water Supply and Sewerage Networks Infrastructure 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 Water Supply and Sewerage Networks Infrastructure assets are deemed to be valued at level 3.

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

## E2-1 Fair value measurement (continued)

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### **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 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	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>20</b>	20	<b>51,203</b>	44,012	<b>77,756</b>	79,127	<b>22,832</b>	20,211
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	–	–	–	–	–	–	–	250
Purchases (GBV)	–	–	<b>562</b>	8,576	<b>520</b>	604	<b>8,618</b>	678
Disposals (WDV)	–	–	–	(3,018)	<b>(165)</b>	(202)	<b>(46)</b>	(6)
Depreciation and impairment	–	–	<b>(1,641)</b>	(1,465)	<b>(2,441)</b>	(1,423)	<b>(1,445)</b>	(1,343)
Revaluation increments to equity (ARR)	–	–	<b>3,669</b>	3,098	<b>5,574</b>	–	<b>1,614</b>	3,042
Impairment loss (recognised in equity)	–	–	–	–	–	(350)	–	–
<b>Closing balance</b>	<b>20</b>	20	<b>53,793</b>	51,203	<b>81,244</b>	77,756	<b>31,573</b>	22,832

\$ '000	Roads		Bridges		Footpaths		Other road assets	
	2023	2022 <sup>1</sup>	2023	2022 <sup>1</sup>	2023	2022 <sup>1</sup>	2023	2022 <sup>1</sup>
<b>Opening balance</b>	<b>429,328</b>	415,173	<b>131,475</b>	107,134	<b>24,353</b>	20,025	<b>32,133</b>	28,262
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	<b>6,738</b>	(41)	<b>(6,156)</b>	–	<b>242</b>	–	<b>(824)</b>	41
Purchases (GBV)	<b>21,663</b>	17,780	<b>6,918</b>	15,602	<b>1,331</b>	2,577	–	1,573
Disposals (WDV)	<b>(341)</b>	(5,750)	–	(1,357)	<b>(5)</b>	(150)	<b>(630)</b>	(542)
Depreciation and impairment	<b>(17,069)</b>	(13,568)	<b>(2,868)</b>	(3,359)	<b>(759)</b>	(647)	<b>(904)</b>	(758)
Revaluation increments to equity (ARR)	<b>(76,720)</b>	52,529	<b>1,564</b>	13,455	<b>4,177</b>	2,548	<b>310</b>	3,557
Impairment loss (recognised in equity)	<b>15,697</b>	(36,795)	–	–	–	–	–	–
<b>Closing balance</b>	<b>379,296</b>	429,328	<b>130,933</b>	131,475	<b>29,339</b>	24,353	<b>30,085</b>	32,133

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

\$ '000	Bulk earthworks		Stormwater drainage		Water supply network		Sewerage network	
	2023	2022	2023	2022 <sup>1</sup>	2023	2022 <sup>1</sup>	2023	2022 <sup>1</sup>
<b>Opening balance</b>	<b>231,450</b>	202,472	<b>171,975</b>	148,385	<b>428,943</b>	404,728	<b>239,852</b>	232,061
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	–	–	–	–	<b>(2)</b>	–	–	–
Purchases (GBV)	–	2,451	<b>2,751</b>	7,756	<b>11,020</b>	9,389	<b>2,719</b>	2,997
Disposals (WDV)	<b>(82)</b>	(175)	<b>(138)</b>	(505)	–	(1,373)	–	(128)
Depreciation and impairment	–	–	<b>(3,239)</b>	(2,832)	<b>(7,764)</b>	(6,915)	<b>(6,641)</b>	(8,368)
Revaluation increments to equity (ARR)	<b>(3,506)</b>	26,702	<b>25,296</b>	19,171	<b>32,399</b>	23,114	<b>18,069</b>	13,290
Impairment loss (recognised in equity)	–	–	–	–	<b>(1,001)</b>	–	–	–
<b>Closing balance</b>	<b>227,862</b>	231,450	<b>196,645</b>	171,975	<b>463,595</b>	428,943	<b>253,999</b>	239,852

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

## E2-1 Fair value measurement (continued)

\$ '000	Swimming pools		Other open spaces/rec assets		Floodplain assets		Library books	
	2023	2022	2023	2022 <sup>1</sup>	2023	2022 <sup>1</sup>	2023	2022
<b>Opening balance</b>	<b>3,968</b>	5,720	<b>35,645</b>	32,563	<b>171,695</b>	154,339	<b>954</b>	877
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	–	17	<b>2</b>	(272)	–	84	–	–
Purchases (GBV)	–	13	<b>3,180</b>	1,296	<b>484</b>	873	<b>295</b>	305
Disposals (WDV)	<b>(170)</b>	(1,420)	<b>(343)</b>	(130)	–	(247)	<b>(5)</b>	–
Depreciation and impairment	<b>(133)</b>	(308)	<b>(2,031)</b>	(1,664)	<b>(1,966)</b>	(1,732)	<b>(337)</b>	(228)
Revaluation increments to equity (ARR)	<b>271</b>	–	<b>2,506</b>	3,852	<b>36,214</b>	20,257	–	–
Impairment loss (recognised in equity)	–	(54)	–	–	<b>(1,276)</b>	(1,879)	–	–
<b>Closing balance</b>	<b>3,936</b>	3,968	<b>38,959</b>	35,645	<b>205,151</b>	171,695	<b>907</b>	954

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

\$ '000	Artwork		Tip remediat'n		Quarry remediat'n		Held for Sale Land	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>4,086</b>	4,086	<b>723</b>	8,632	<b>666</b>	1,031	<b>559</b>	342
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Purchases (GBV)	<b>48</b>	–	<b>291</b>	(7,692)	<b>(57)</b>	(347)	–	–
Disposals (WDV)	–	–	<b>(119)</b>	–	–	–	<b>(559)</b>	–
Depreciation and impairment	–	–	–	(217)	<b>(19)</b>	(18)	–	–
Revaluation increments to equity (ARR)	–	–	–	–	–	–	–	217
Impairment loss (recognised in equity)	–	–	–	–	–	–	–	–
<b>Closing balance</b>	<b>4,134</b>	4,086	<b>895</b>	723	<b>590</b>	666	–	559

\$ '000	Total	
	2023	2022
<b>Opening balance</b>	<b>2,059,616</b>	<b>1,909,200</b>
Transfers from/(to) another asset class	–	<b>79</b>
Purchases (GBV)	<b>60,343</b>	<b>64,431</b>
Disposals (WDV)	<b>(2,603)</b>	<b>(15,003)</b>
Depreciation and impairment	<b>(49,257)</b>	<b>(44,845)</b>
Revaluation increments to equity (ARR)	<b>51,437</b>	<b>184,832</b>
Impairment loss (recognised in equity)	<b>13,420</b>	<b>(39,078)</b>
<b>Closing balance</b>	<b>2,132,956</b>	<b>2,059,616</b>

## 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% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

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

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

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

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

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 2023 was \$190,224.18. The last valuation of the Scheme was performed by the Actuary, Mr Richard Boyfield, FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$270,995.64. Council's expected contribution to the plan for the next annual reporting period is \$380,460.84.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is **1.35%**.

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	6% for FY 22/23 2.5% per annum thereafter

\* Plus promotional increases

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

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

### (ii) 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)

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### 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	2023	2022
<b>Compensation:</b>		
Short-term benefits	1,282	1,272
Post-employment benefits	95	96
Other long-term benefits	15	43
Termination benefits	314	–
<b>Total</b>	<b>1,706</b>	<b>1,411</b>

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

Council has determined that transactions at arm's length between KMP and Council as part of 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	Terms and conditions	provision on	Impairment
			including		outstanding	expense
			commitments		balances	
<b>2023</b>						
Earthmoving services and plant hire		–	–	14 days	–	–
Holiday Park mangement fees	1	437,942	–	14 days	–	–
<b>2022</b>						
Earthmoving services and plant hire		95,382	–	14 days	–	–
Holiday Park mangement fees	1	469,473	–	14 days	–	–

<sup>1</sup> 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	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	79	118
Councillors' fees	206	271
Other Councillors' expenses (including Mayor)	58	42
<b>Total</b>	<b>343</b>	<b>431</b>

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2023	2022
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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

112	98
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#### Remuneration for audit and other assurance services

112	98
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#### Total Auditor-General remuneration

112	98
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#### Non NSW Auditor-General audit firms

#### Total audit fees

112	98
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## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	2023	2022 <sup>1</sup>
<b>Net operating result from Income Statement</b>	<b>48,800</b>	32,420
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	53,921	48,897
(Gain) / loss on disposal of assets	1,907	13,694
Non-cash capital grants and contributions	(6,504)	(11,870)
Unwinding of discount rates on reinstatement provisions	370	103
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(14,095)	4,847
(Increase) / decrease of inventories	(160)	(513)
(Increase) / decrease of other current assets	(131)	(5)
(Increase) / decrease of contract asset	(12,334)	(2,616)
Increase / (decrease) in payables	(1,340)	950
Increase / (decrease) in accrued interest payable	(48)	(20)
Increase / (decrease) in other accrued expenses payable	-	(6)
Increase/(decrease) in other liabilities and accruals	2,729	(397)
Increase / (decrease) in contract liabilities	2,902	11,216
Increase / (decrease) in employee benefit provision	(550)	(801)
Increase / (decrease) in other provisions	3,547	(5,635)
<b>Net cash flows from operating activities</b>	<b>79,014</b>	<b>90,264</b>

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

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

Developer dedications	4,972	14,010
<b>Total non-cash investing and financing activities</b>	<b>4,972</b>	<b>14,010</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	–	672
Plant and equipment	3,189	2,400
Sewerage services infrastructure	2,459	284
Water supply infrastructure	269	8,846
Other	26,726	22,480
<b>Total commitments</b>	<b>32,643</b>	<b>34,682</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	32,643	34,682
<b>Total payable</b>	<b>32,643</b>	<b>34,682</b>

### 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 Changes from prior year statements

### G4-1 Correction of errors

#### Nature of prior period error

During the 2022/23 financial reporting period Council identified the following material, prior period errors:

Council conducted a full review of contributed assets. Evidence was gained that the documentation supporting the recording of Infrastructure Assets relating to developer contributions had been lacking resulting in the omission of some assets over various classes. Clarence Valley Council has now updated its asset register to include these assets and updated values as at 30 June 2023.

**It was determined that this should be treated as a prior period error as the assets should be included in the asset register in prior years.**

#### Impact on Prior Periods

The overall impact on prior periods is as follows:

#### As at 30 June 2021

##### Summary of prior year items impacting on IPPE

Increase Road assets	14,897
Increase Stormwater drainage	198
Increase Water supply network	62
Increase Sewer network	4
<b>Total for correction of prior period errors at 30 June 2021</b>	<b>15,160</b>
Increase Road assets - Accumulated depreciation	(205)
Increase Stormwater drainage - Accumulated depreciation	(2)
<b>Total for correction of prior period errors at 30 June 2021</b>	<b>14,953</b>

##### Summary of prior year items impacting on Accumulated Surpluses

Recognition of Road assets	14,897
Recognition of Stormwater drainage	198
Recognition of Water supply network	62
Recognition of Sewer network	4
<b>Total for correction of prior period errors at 30 June 2021</b>	<b>15,160</b>
Depreciation of Road assets	(205)
Depreciation of Stormwater drainage	(2)
<b>Total for correction of prior period errors at 30 June 2021</b>	<b>14,953</b>

## G4-1 Correction of errors (continued)

### As at 30 June 2022

#### Summary of prior year items impacting on IPPE

Increase Road assets - depreciable	19,864
Increase Stormwater drainage - depreciable	3,055
Increase Water supply network - depreciable	1,088
Increase Sewer network - depreciable	682
Increase Other open space/recreation assets - depreciable	68

#### **Total for correction of prior period errors at 30 June 2022** **24,757**

Increase Road assets - Accumulated depreciation	(323)
Increase Stormwater drainage - Accumulated depreciation	(22)
Increase Water supply network - Accumulated depreciation	(4)
Increase Sewer network - Accumulated depreciation	(2)
Increase Other open space/recreation assets - Accumulated depreciation	(2)

#### **Total for correction of prior period errors at 30 June 2022** **24,404**

#### Summary of prior year items impacting on Accumulated Surpluses

Recognition of Road assets	19,864
Recognition of Stormwater drainage	3,055
Recognition of Water supply network	1,088
Recognition of Sewer network	682
Recognition of Other open space/recreation assets	68

#### **Total for correction of prior period errors at 30 June 2022** **24,757**

Depreciation of Road assets	(323)
Depreciation of Stormwater drainage	(22)
Depreciation of Water supply network	(4)
Depreciation of Sewer network	(2)
Depreciation of Other open space/recreation assets	(2)

#### **Total for correction of prior period errors at 30 June 2022** **24,404**

#### Summary of prior period errors impacting on Income Statement

Increase in Grants and contributions provided for capital purposes	6,567
Increase depreciation of Road assets	(118)
Increase depreciation of Stormwater drainage	(20)
Increase depreciation of Water supply network	(4)
Increase depreciation of Sewer network	(2)
Increase depreciation of Other open space/recreation assets	(2)

#### **Total for correction of prior period errors at 30 June 2022** **6,421**

The errors identified above have been corrected by restating the balances at the beginning of earliest period presented (1 July 2021) and taking the adjustment through to Accumulated surplus. Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown below.



## G4-1 Correction of errors (continued)

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

## Statement of Financial Position

\$ '000	Original Balance 1 July, 2021	Impact Increase/ (decrease)	Restated Balance 1 July, 2021
Infrastructure, property, plant and equipment	2,033,340	14,953	2,048,293
<b>Total non-current assets</b>	<b>2,081,856</b>	<b>14,953</b>	<b>2,096,809</b>
<b>Total assets</b>	<b>2,204,467</b>	<b>14,953</b>	<b>2,219,420</b>
<b>Net assets</b>	<b>2,059,414</b>	<b>14,953</b>	<b>2,074,367</b>
Accumulated surplus	883,897	14,953	898,850
<b>Total equity</b>	<b>2,059,414</b>	<b>14,953</b>	<b>2,074,367</b>

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

## Statement of Financial Position

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Infrastructure, property, plant and equipment	2,181,076	24,404	2,205,480
<b>Total non-current assets</b>	<b>2,194,827</b>	<b>24,404</b>	<b>2,219,231</b>
<b>Total assets</b>	<b>2,379,456</b>	<b>24,404</b>	<b>2,403,860</b>
<b>Net assets</b>	<b>2,237,955</b>	<b>24,404</b>	<b>2,262,359</b>
Accumulated surplus	909,896	21,374	931,270
Revaluation Reserves	1,328,059	3,030	1,331,089
<b>Total equity</b>	<b>2,237,955</b>	<b>24,404</b>	<b>2,262,359</b>

## G4-1 Correction of errors (continued)

## Income Statement

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Grants and Contributions - Capital	39,473	6,567	46,040
<b>Total income from continuing operations</b>	<b>183,810</b>	<b>6,567</b>	<b>190,377</b>
Depreciation and amortisation	48,751	146	48,897
<b>Total expenses from continuing operations</b>	<b>157,811</b>	<b>146</b>	<b>157,957</b>
<b>Operating result from continuing operations</b>	<b>25,999</b>	<b>6,421</b>	<b>32,420</b>
<b>Net operating result for the year attributable to Council</b>	<b>25,999</b>	<b>6,421</b>	<b>32,420</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(13,474)</b>	<b>(146)</b>	<b>(13,620)</b>

## Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
<b>Net operating result for the year</b>	<b>25,999</b>	<b>6,421</b>	<b>32,420</b>
Gain (loss) on revaluation of IPP&E	191,217	3,030	194,247
<b>Other comprehensive income</b>	<b>152,542</b>	<b>3,030</b>	<b>155,572</b>
<b>Total comprehensive income for the year</b>	<b>178,541</b>	<b>9,451</b>	<b>187,992</b>

## G5 Statement of developer contributions as at 30 June 2023

### G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	590	(208)	–	–	12	(121)	–	273	–
Roads	3,893	(46)	–	–	88	(647)	–	3,288	–
Open space	673	847	–	–	27	(4)	–	1,543	–
Community facilities	3,160	806	–	–	89	–	–	4,055	–
Other	229	9	–	–	6	(840)	–	(596)	–
<b>S7.11 contributions – under a plan</b>	<b>8,545</b>	<b>1,408</b>	<b>–</b>	<b>–</b>	<b>222</b>	<b>(1,612)</b>	<b>–</b>	<b>8,563</b>	<b>–</b>
<b>S7.12 levies – under a plan</b>	<b>2,201</b>	<b>369</b>	<b>–</b>	<b>–</b>	<b>60</b>	<b>–</b>	<b>–</b>	<b>2,630</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>10,746</b>	<b>1,777</b>	<b>–</b>	<b>–</b>	<b>282</b>	<b>(1,612)</b>	<b>–</b>	<b>11,193</b>	<b>–</b>
S7.11 not under plans	209	13	–	–	6	–	–	228	–
S7.4 planning agreements	210	–	–	–	5	–	–	215	–
S64 contributions	21,709	6,028	–	–	599	–	–	28,336	–
<b>Total contributions</b>	<b>32,874</b>	<b>7,818</b>	<b>–</b>	<b>–</b>	<b>892</b>	<b>(1,612)</b>	<b>–</b>	<b>39,972</b>	<b>–</b>

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

### G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
<b>CONTRIBUTION PLAN - Clarence Valley Contributions Plan 2011</b>									
Open space	673	847	–	–	27	(4)	–	1,543	–
Community facilities	3,160	806	–	–	89	–	–	4,055	–
<b>Total</b>	<b>3,833</b>	<b>1,653</b>	<b>–</b>	<b>–</b>	<b>116</b>	<b>(4)</b>	<b>–</b>	<b>5,598</b>	<b>–</b>
<b>CONTRIBUTION PLAN - Access Roads &amp; Bridges (Copmanhurst)</b>									
Roads	1,223	12	–	–	23	(605)	–	653	–
<b>Total</b>	<b>1,223</b>	<b>12</b>	<b>–</b>	<b>–</b>	<b>23</b>	<b>(605)</b>	<b>–</b>	<b>653</b>	<b>–</b>
<b>CONTRIBUTION PLAN - Roads (Grafton)</b>									
Roads	233	–	–	–	6	–	–	239	–
<b>Total</b>	<b>233</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>239</b>	<b>–</b>

## G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year					Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other	Interest and investment income earned					
<b>CONTRIBUTION PLAN - Drainage (Gulmarrad)</b>										
Drainage	590	(208)	-	-	12	(121)	-	273	-	
<b>Total</b>	<b>590</b>	<b>(208)</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>(121)</b>	<b>-</b>	<b>273</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Roads (Maclean)</b>										
Roads	229	(130)	-	-	3	(42)	-	60	-	
<b>Total</b>	<b>229</b>	<b>(130)</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>(42)</b>	<b>-</b>	<b>60</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Kerb &amp; Gutter (Maclean)</b>										
Roads	41	-	-	-	-	-	-	41	-	
<b>Total</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Tree Planting (Maclean)</b>										
Other	13	2	-	-	-	-	-	15	-	
<b>Total</b>	<b>13</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Extractive Industries (Copmanhurst, Maclean and Pristine Waters)</b>										
Other	215	7	-	-	5	-	-	227	-	
<b>Total</b>	<b>215</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>227</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Tree Planting (Pristine Waters)</b>										
Other	8	-	-	-	1	-	-	9	-	
<b>Total</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>-</b>	

## G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
<b>CONTRIBUTION PLAN - Coutts Crossing (Pristine Waters)</b>										
Roads	241	-	-	-	6	-	-	247	-	
<b>Total</b>	<b>241</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>247</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Southampton (Superseded) (Pristine Waters)</b>										
Roads	56	-	-	-	1	-	-	57	-	
<b>Total</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>57</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Nymboida (Superseded) (Pristine Waters)</b>										
Roads	12	-	-	-	1	-	-	13	-	
<b>Total</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Tyringham (Superseded) (Pristine Waters)</b>										
Roads	142	-	-	-	4	-	-	146	-	
<b>Total</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>146</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Kangaroo Creek (Superseded) (Pristine Waters)</b>										
Roads	59	-	-	-	1	-	-	60	-	
<b>Total</b>	<b>59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Ramornie/Jackadgery (Superseded) (Pristine Waters)</b>										
Roads	19	-	-	-	1	-	-	20	-	
<b>Total</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Old Glenn Innes Rd District (Superseded) (Pristine Waters)</b>										
Roads	45	-	-	-	1	-	-	46	-	
<b>Total</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>46</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Ulmarra (Pristine Waters)</b>										
Roads	1,593	72	-	-	41	-	-	1,706	-	
Other	(7)	-	-	-	-	(840)	-	(847)	-	
<b>Total</b>	<b>1,586</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>(840)</b>	<b>-</b>	<b>859</b>	<b>-</b>	

## G5-2 Developer contributions by plan (continued)

### S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
<b>CONTRIBUTION PLAN - Non Residential (Clarence Valley)</b>									
Other	2,201	369	-	-	60	-	-	2,630	-
<b>Total</b>	<b>2,201</b>	<b>369</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>2,630</b>	<b>-</b>

### G5-3 Contributions not under plans

#### Clarence Valley

Drainage	73	13	-	-	2	-	-	88	-
Parking	1	-	-	-	-	-	-	1	-
Other	70	-	-	-	2	-	-	72	-
<b>Total</b>	<b>144</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>161</b>	<b>-</b>

#### Nymboida (Pristine Waters)

Roads	37	-	-	-	1	-	-	38	-
<b>Total</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>-</b>

#### Maclean

Roads	28	-	-	-	1	-	-	29	-
<b>Total</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>-</b>

## G6 Statement of performance measures

### G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022 <sup>3</sup>	Benchmark
<b>1. Operating performance ratio</b>				
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(9,060)</b>	<b>(5.64)%</b>	0.05%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>160,701</b>			
<b>2. Own source operating revenue ratio</b>				
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>118,839</b>	<b>53.90%</b>	56.78%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>220,468</b>			
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions	<b>67,224</b>	<b>3.63x</b>	4.98x	> 1.50x
Current liabilities less specific purpose liabilities	<b>18,509</b>			
<b>4. Debt service cover ratio</b>				
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>50,648</b>	<b>3.44x</b>	3.80x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>14,705</b>			
<b>5. Rates and annual charges outstanding percentage</b>				
Rates and annual charges outstanding	<b>4,942</b>	<b>6.39%</b>	6.81%	< 10.00%
Rates and annual charges collectable	<b>77,285</b>			
<b>6. Cash expense cover ratio</b>				
Current year's cash and cash equivalents plus all term deposits	<b>155,873</b>	<b>13.72 months</b>	16.56 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>11,360</b>			

(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

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

## G6-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2023	2022 <sup>4</sup>	2023	2022	2023	2022	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(15.60)%</b>	(7.29)%	<b>2.33%</b>	13.44%	<b>29.07%</b>	18.48%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>43.32%</b>	46.99%	<b>75.55%</b>	72.44%	<b>90.75%</b>	88.84%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>3.63x</b>	4.98x	<b>9.64x</b>	25.92x	<b>1.83x</b>	4.02x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>2.26x</b>	2.86x	<b>7.25x</b>	7.65x	<b>5.48x</b>	4.67x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>9.19%</b>	9.77%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>13.51 months</b>	16.37 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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

(1) - (2) Refer to Notes at Note G6-1 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

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**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](http://www.clarence.nsw.gov.au)

**Email:** [council@clarence.nsw.gov.au](mailto: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**

Peter Johnstone

**Councillors**

Greg Clancy  
William Day  
Debrah Novak  
Steve Pickering  
Jeff Smith  
Karen Toms  
Allison Whaites  
Ian Tiley

**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

### Qualified 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 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

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

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

### Basis for Qualified Opinion

#### Non recognition of rural fire-fighting equipment

As disclosed in Note C1-8 'Infrastructure, property, plant and equipment' to the financial statements, the Council has not recognised rural fire-fighting equipment as assets in the Statement of Financial Position at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refer to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 5 December 2013
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

While Council has undertaken procedures to confirm the fair value of this equipment, including assets vested in it during the year, it has not recognised these assets in the financial statements. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

The effect of the non-recognition is:

- rural fire-fighting equipment assets are understated by \$4,033,788 in the Statement of Financial Position and related notes as at 30 June 2023
- 'Accumulated surplus' is understated by \$4,033,788 in the Statement of Changes in Equity and Statement of Financial Position
- 'Grants and contributions provided for capital purposes' income, representing the fair value of rural fire-fighting equipment assets that have been vested as an asset received free of charge, and 'Depreciation, amortisation and impairment for non-financial assets' expense in the Income Statement is understated by \$616,714 and \$516,717, respectively for the year ended 30 June 2023.  
'Depreciation, amortisation and impairment of non-financial assets' expense is recognised over the useful lives of these assets, which is offset by 'Grants and contributions provided for capital purposes' income recognised at the point the assets are vested as an asset received free of charge
- the 'Operating performance' and 'Own source operating revenue' ratios in Note G6-1 'Statement of performance measures – consolidated results' is (5.95%) instead of (5.64)% and 53.70% instead of 53.90%
- the 'Operating performance' and 'Own source operating revenue' ratios in Note G6-2 'Statement of performance measures by fund' is (16.07%) instead of (15.60)% and 43.16% instead of 43.32%.

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 qualified audit opinion.

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

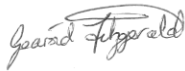
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



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

29 February 2024  
SYDNEY



Cr Peter Johnstone  
Mayor  
Clarence Valley Council  
Lock Bag 23  
GRAFTON NSW 2480

Contact: Gearoid Fitzgerald  
Phone no: 02 9275 7392  
Our ref: [R008-16585809-50870](#)

29 February 2024

Dear Mayor

## Report on the Conduct of the Audit for the year ended 30 June 2023 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 2023 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed a modified opinion on the Council's GPFS.

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

### **SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

#### **Modification to the opinion in the Independent Auditor's Report**

##### **Non recognition of rural fire-fighting equipment**

The Council has not recognised rural fire-fighting equipment as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refer to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership

- the Council has the ability, outside of emergency events in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 5 December 2013
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

While Council has undertaken procedures to confirm the fair value of these assets, including assets vested in it during the year, it has not recognised these assets in the financial statements. When these assets are vested, no financial consideration is required from the Council and as such the assets are provided to the Council free of charge.

This has resulted in the audit opinion on the Council's 30 June 2023 general purpose financial statements (GPFS) to be modified.

Refer to the Independent Auditor's Report on the GPFS.

## INCOME STATEMENT

### Operating result

	2023	2022*	Variance
	\$m	\$m	%
Rates and annual charges revenue	71.7	68.7	↑ 4.4
User fees and charges	40.6	35.4	↑ 14.7
Grants and contributions revenue	101.6	82.3	↑ 23.5
Materials and services	67.0	46.8	↑ 43.2
Depreciation, amortisation & impairment of non-financial assets	53.9	48.9	↑ 10.2
Operating result from continuing operations	48.8	32.4	↑ 50.6
Net operating result before capital grants and contributions	(11.0)	(13.6)	↑ 19.1

\* The 2022 comparatives have been restated to correct a prior period error. Note G4-1 of the financial statements provides details of the prior period error.



Rates and annual charges revenue (\$71.7 million) increased by \$3.0 million (4.4 per cent) in 2022–23, mostly due to the rate peg increase of 2.5 per cent.

User charges and fees (\$40.6 million) increased by \$5.2 million (14.7 per cent) in 2022-23 due to an increase of:

- \$1.6 million for water and sewer user charges
- \$3.1 million for Transport for NSW ordered works
- \$1.7 million for caravan park fees and charges

Grants and contributions revenue (\$101.6 million) increased by \$19.3 million (23.5 per cent) in 2022–23 due to increases of:

- \$3.8 million for natural disaster funding
- \$5.2 million for recreation and culture funding
- \$7.4 million for transport funding
- \$5.5 million other specific grants
- \$1.2 million for financial assistance grant

Materials and services expense (\$67.0 million) increased by \$20.2 million (43.2 per cent) in 2022-23 attributable to \$6.8 million raw materials and consumables and \$9.8 million contractor costs relating to non-capital emergency and flood recovery works.

Depreciation, amortisation and impairment of non-financial assets (\$53.9 million) increased by \$5 million (10.2 per cent) in 2022-23 attributable to an increased gross replacement cost of assets resulting from comprehensive revaluations and capital works for transport assets.

The Council's operating result from continuing operations (\$48.8 million including depreciation, amortisation and impairment expense of \$53.9 million) was \$16.4 million higher than the 2021–22 result. This is due to the above, and:

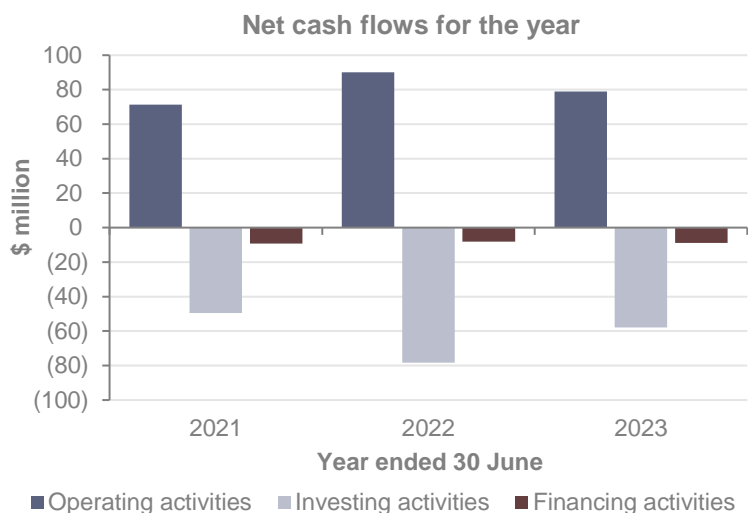
- a decrease of \$11.8 million for net loss from disposal of assets. 2021-22 was significantly impacted by natural disaster events.
- increased interest and investment income of \$2.6 million reflecting favourable movements in interest rates on Council's cash and investments portfolio.

The net operating result before capital grants and contributions (\$11.0 million) was \$2.6 million lower than the 2021–22 result. The net operating result before capital grants and contributions is attributable to the factors mentioned above as well as increased capital grants and contributions of \$13.7 million. This increase in capital grants and contributions is attributable to:

- Decrease of \$11.8 million for net loss from disposal of assets. 2021-22 was significantly impacted by natural disaster events.
- Increased depreciation expense of \$5.0 million attributable to an the revaluation of assets and capitalisation of assets acquired / constructed during the year.

## STATEMENT OF CASH FLOWS

- Net cash provided by operating activities decreased by \$11.3 million (12.5 per cent). The majority of this decrease relates to increased payments for materials and services during the year.
- Net cash used in investing activities decreased by \$20.5 million (26.1 per cent) as term deposits redeemed and utilised for operating purposes exceeded the prior year by \$41m. This was offset by an increase in payments for the construction / acquisition of IPPE of \$22.3m.
- Net cash used in financing activities decreased by \$0.7 million (9.2 per cent) and relates to the repayment of borrowings.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>155.9</b>	<b>160.6</b>	Externally restricted cash and investments has increased by \$10.5 million. Unexpended grants (\$30.3 million) increased by \$1.7 million, developer contributions (\$38.5 million) increased by \$5.6 million and external restrictions included in liabilities (\$8.0 million) increased by \$4.7 million.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	130.0	119.5	Internally allocated cash and investments has decreased by \$14.1 million largely arising from expenditure of reserves to fund the construction of a waste management landfill cell as well as fleet plant purchases.
• Internal allocations	25.4	39.5	

## PERFORMANCE

### Performance measures

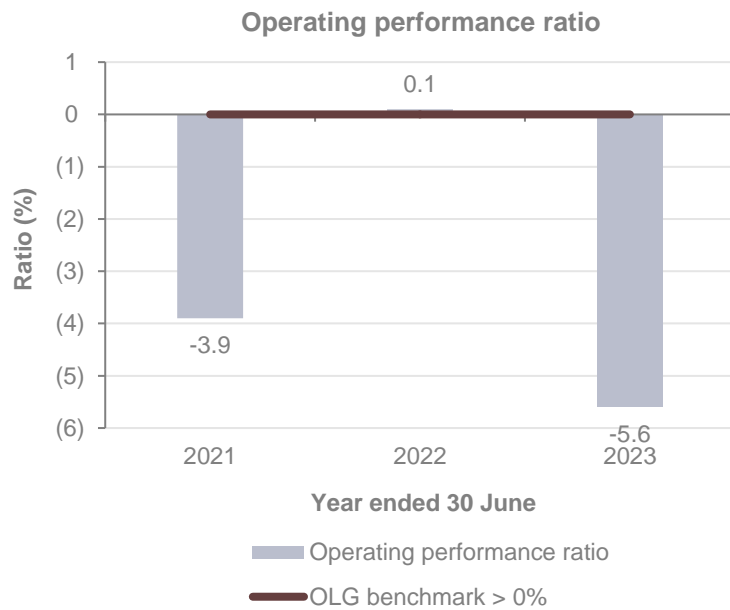
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

### Operating performance ratio

The Council did not meet the benchmark for the current reporting period. The current year ratio has been impacted by an increase in materials and services expenses.

The 2022 ratio was restated to correct a prior period error.

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



### Own source operating revenue ratio

The Council did not meet the benchmark for the current reporting period. This ratio has been impacted by higher levels of capital grants received when compared to prior years.

The 2022 ratio was restated to correct a prior period error.

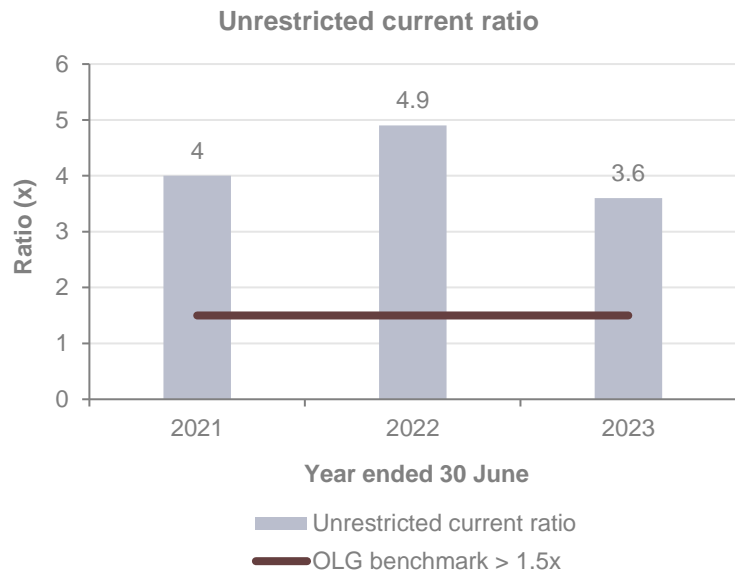
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

The Council exceeded the benchmark for the current reporting period.

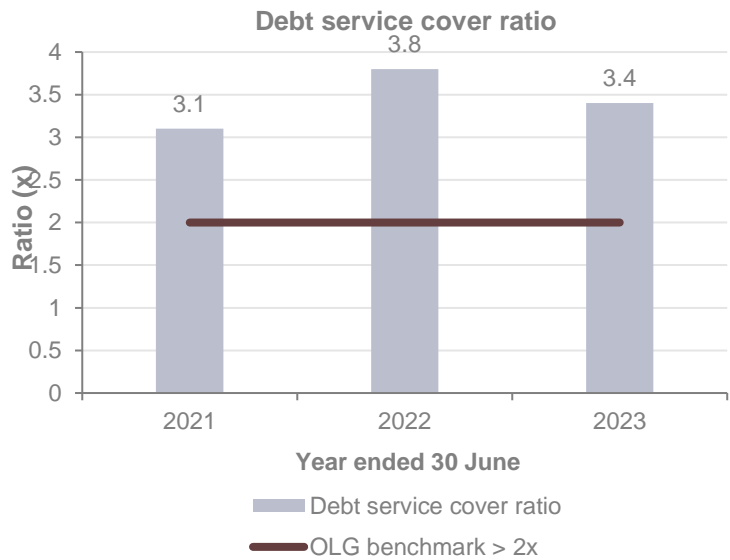
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

The Council exceeded the benchmark for the current reporting period.

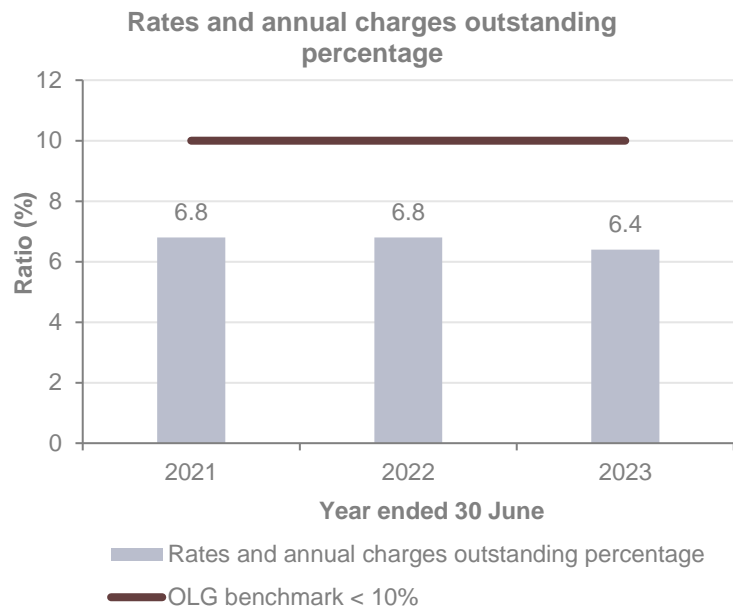
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



## Rates and annual charges outstanding percentage

The Council met the benchmark for the current reporting period.

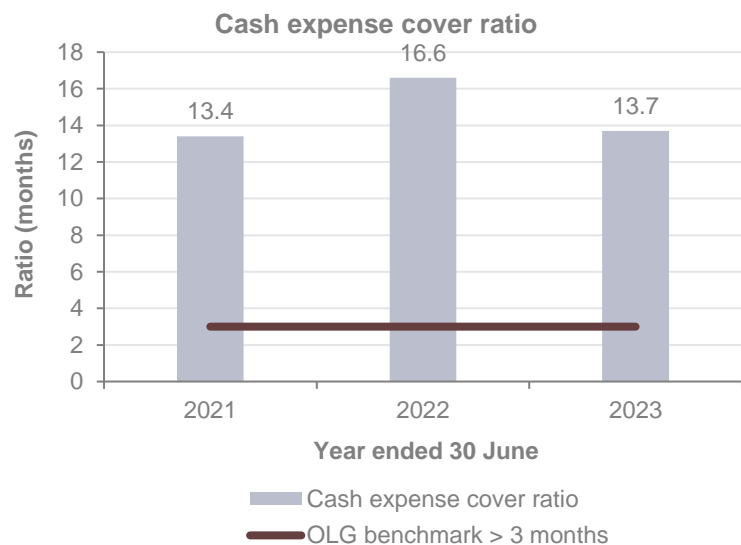
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



## Cash expense cover ratio

The 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 \$47.1 million of infrastructure, property, plant and equipment during the 2022-23 financial year. This was mainly spent on roads and bridges. A further \$40.3 million was spent on new assets including the Swan Creek water main and construction of a waste cell at the Grafton Regional Landfill facility.

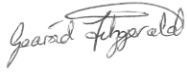
## OTHER MATTERS

### Legislative compliance

My audit procedures identified a material deficiency in the Council's financial statements due to the non-recognition of rural fire-fighting equipment which will be reported in the Management Letter.

Except for the matter outlined above, 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 2023

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# Clarence Valley Council

## Special Purpose Financial Statements

for the year ended 30 June 2023

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### Background

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

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

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

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

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



## Clarence Valley Council

### Special Purpose Financial Statements

for the year ended 30 June 2023

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#### 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:

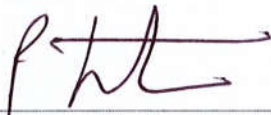
- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections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

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 27 February 2024.



Peter Johnstone  
Mayor  
27 February 2024



Jeff Smith  
Deputy Mayor  
27 February 2024



Laura Black  
General Manager  
27 February 2024



Kate Maginnity  
Responsible Accounting Officer  
27 February 2024

## Clarence Valley Council

## Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022 <sup>1</sup>
<b>Income from continuing operations</b>		
Access charges	3,202	3,039
User charges	14,439	13,057
Fees	539	907
Interest and investment income	1,339	652
Grants and contributions provided for operating purposes	1,923	–
Net gain from the disposal of assets	21	–
Other income	3,536	2,420
<b>Total income from continuing operations</b>	<b>24,999</b>	<b>20,075</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,345	1,431
Borrowing costs	1,388	1,484
Materials and services	13,590	5,999
Depreciation, amortisation and impairment	8,090	7,175
Net loss from the disposal of assets	–	1,285
Calculated taxation equivalents	70	69
Debt guarantee fee (if applicable)	179	192
Other expenses	3	3
<b>Total expenses from continuing operations</b>	<b>24,665</b>	<b>17,638</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>334</b>	<b>2,437</b>
Grants and contributions provided for capital purposes	5,546	7,638
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>5,880</b>	<b>10,075</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>5,880</b>	<b>10,075</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(84)	(610)
<b>Surplus (deficit) after tax</b>	<b>5,796</b>	<b>9,465</b>
<b>Plus accumulated surplus</b>	<b>484,098</b>	<b>452,543</b>
<b>Plus/less: increase in asset revaluation reserve</b>	<b>32,084</b>	<b>21,219</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	70	69
– Debt guarantee fees	179	192
– Corporate taxation equivalent	84	610
<b>Closing accumulated surplus &amp; reserves</b>	<b>522,311</b>	<b>484,098</b>
<b>Return on capital %</b>	<b>0.4%</b>	<b>0.9%</b>
<b>Subsidy from Council</b>	<b>17,820</b>	<b>12,372</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	5,797	9,465
Less: capital grants and contributions (excluding developer contributions)	(5,546)	(7,638)
<b>Surplus for dividend calculation purposes</b>	<b>251</b>	<b>1,827</b>
<b>Potential dividend calculated from surplus</b>	<b>125</b>	<b>914</b>

(1) See prior period error note for details regarding restatement

## Clarence Valley Council

## Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022 <sup>1</sup>
<b>Income from continuing operations</b>		
Access charges	20,305	19,421
User charges	2,087	1,961
Fees	501	557
Interest and investment income	725	321
Grants and contributions provided for operating purposes	–	380
Other income	2,181	2,332
<b>Total income from continuing operations</b>	<b>25,799</b>	<b>24,972</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,634	1,492
Borrowing costs	3,253	3,619
Materials and services	6,334	6,316
Depreciation, amortisation and impairment	7,079	8,650
Net loss from the disposal of assets	–	281
Calculated taxation equivalents	79	74
Debt guarantee fee (if applicable)	498	550
<b>Total expenses from continuing operations</b>	<b>18,877</b>	<b>20,982</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>6,922</b>	<b>3,990</b>
Grants and contributions provided for capital purposes	2,631	2,710
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>9,553</b>	<b>6,700</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>9,553</b>	<b>6,700</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(1,731)	(998)
<b>Surplus (deficit) after tax</b>	<b>7,822</b>	<b>5,702</b>
<b>Plus accumulated surplus</b>	<b>220,982</b>	<b>199,570</b>
<b>Plus/less: increase in asset revaluation reserve</b>	<b>15,090</b>	<b>14,088</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	79	74
– Debt guarantee fees	498	550
– Corporate taxation equivalent	1,731	998
<b>Closing accumulated surplus &amp; reserves</b>	<b>246,202</b>	<b>220,982</b>
<b>Return on capital %</b>	<b>3.8%</b>	<b>3.1%</b>
<b>Subsidy from Council</b>	<b>487</b>	<b>1,523</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	7,823	5,702
Less: capital grants and contributions (excluding developer contributions)	(2,631)	(2,710)
<b>Surplus for dividend calculation purposes</b>	<b>5,192</b>	<b>2,992</b>
<b>Potential dividend calculated from surplus</b>	<b>2,596</b>	<b>1,496</b>

(1) See prior period error note for details regarding restatement

## Clarence Valley Council

### Income Statement – Holiday Parks

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>Income from continuing operations</b>		
User charges	7,845	6,144
Interest and investment income	79	16
Grants and contributions provided for operating purposes	30	29
<b>Total income from continuing operations</b>	<b>7,954</b>	<b>6,189</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	186	116
Materials and services	5,616	4,862
Depreciation, amortisation and impairment	713	706
Net loss from the disposal of assets	40	–
<b>Total expenses from continuing operations</b>	<b>6,555</b>	<b>5,684</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>1,399</b>	<b>505</b>
Grants and contributions provided for capital purposes	–	94
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,399</b>	<b>599</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,399</b>	<b>599</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(350)	(126)
<b>Surplus (deficit) after tax</b>	<b>1,049</b>	<b>473</b>
<b>Plus accumulated surplus</b>	<b>25,969</b>	<b>23,955</b>
<b>Plus/less: increase in asset revaluation reserve</b>	<b>5,453</b>	<b>1,415</b>
<b>Plus/less: Transfer of assets to General Fund</b>	<b>–</b>	<b>–</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	350	126
<b>Closing accumulated surplus &amp; reserves</b>	<b>32,821</b>	<b>25,969</b>
<b>Return on capital %</b>	<b>5.0%</b>	<b>2.3%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>288</b>

## Clarence Valley Council

### Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022 <sup>1</sup>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	847	643
Investments	12,637	43,243
Receivables	9,580	5,148
<b>Total current assets</b>	<b>23,064</b>	<b>49,034</b>
<b>Non-current assets</b>		
Investments	33,860	7,022
Receivables	82	59
Infrastructure, property, plant and equipment	486,119	446,298
Intangible assets	1,499	1,500
<b>Total non-current assets</b>	<b>521,560</b>	<b>454,879</b>
<b>Total assets</b>	<b>544,624</b>	<b>503,913</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	1,040	634
Borrowings	1,353	1,258
<b>Total current liabilities</b>	<b>2,393</b>	<b>1,892</b>
<b>Non-current liabilities</b>		
Borrowings	16,570	17,923
Provisions	3,350	–
<b>Total non-current liabilities</b>	<b>19,920</b>	<b>17,923</b>
<b>Total liabilities</b>	<b>22,313</b>	<b>19,815</b>
<b>Net assets</b>	<b>522,311</b>	<b>484,098</b>
<b>EQUITY</b>		
Accumulated surplus	241,200	237,245
Revaluation reserves	281,111	246,853
<b>Total equity</b>	<b>522,311</b>	<b>484,098</b>

(1) See prior period error note for details regarding restatement

## Clarence Valley Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022 <sup>1</sup>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,572	1,194
Investments	7,572	18,150
Receivables	1,692	1,659
<b>Total current assets</b>	<b>10,836</b>	<b>21,003</b>
<b>Non-current assets</b>		
Investments	20,140	2,978
Receivables	553	369
Infrastructure, property, plant and equipment	265,227	249,448
Intangible assets	2	24
<b>Total non-current assets</b>	<b>285,922</b>	<b>252,819</b>
<b>Total assets</b>	<b>296,758</b>	<b>273,822</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	717	273
Borrowings	5,195	4,949
<b>Total current liabilities</b>	<b>5,912</b>	<b>5,222</b>
<b>Non-current liabilities</b>		
Borrowings	44,644	50,018
<b>Total non-current liabilities</b>	<b>44,644</b>	<b>50,018</b>
<b>Total liabilities</b>	<b>50,556</b>	<b>55,240</b>
<b>Net assets</b>	<b>246,202</b>	<b>218,582</b>
<b>EQUITY</b>		
Accumulated surplus	134,194	125,895
Revaluation reserves	112,008	92,687
<b>Total equity</b>	<b>246,202</b>	<b>218,582</b>

(1) See prior period error note for details regarding restatement

## Clarence Valley Council

## Statement of Financial Position – Holiday Parks

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	5,812	4,667
Receivables	125	125
<b>Total current assets</b>	<b>5,937</b>	<b>4,792</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	27,969	21,654
<b>Total non-current assets</b>	<b>27,969</b>	<b>21,654</b>
<b>Total assets</b>	<b>33,906</b>	<b>26,446</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	880	478
<b>Total current liabilities</b>	<b>880</b>	<b>478</b>
<b>Total liabilities</b>	<b>880</b>	<b>478</b>
<b>Net assets</b>	<b>33,026</b>	<b>25,968</b>
<b>EQUITY</b>		
Accumulated surplus	17,561	16,163
Revaluation reserves	15,465	9,805
<b>Total equity</b>	<b>33,026</b>	<b>25,968</b>

## Note – Significant Accounting Policies

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

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

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

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

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

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

### National Competition Policy

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

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, 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 – Significant Accounting Policies (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% (202/22 25%)**

Land tax – the first \$822,000 of combined land values attracts **0%**. For the combined land values in excess of \$822,000 up to \$5,026,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$5,026,000 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% (2021/22 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 – Significant Accounting Policies (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**

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

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

### (iii) Dividends

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

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 2023 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.

## Prior Period Error - Water Supply

During the 2022/23 financial reporting period Council identified the following material, prior period errors:

Council conducted a full review of contributed assets. Evidence was gained that the documentation supporting the recording of Infrastructure Assets relating to developer contributions had been lacking resulting in the omission of some assets over various classes. Clarence Valley Council has now updated its asset register to include these assets and updated values as at 30 June 2023.

The error identified above have been corrected by restating the balances at the beginning of earliest period presented (1 July 2021) and taking the adjustment through to Accumulated surplus. Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown below.

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

#### Statement of Financial Position

\$ '000	Original Balance 1 July, 2021	Impact Increase/ (decrease)	Restated Balance 1 July, 2021
Infrastructure, property, plant and equipment	417,109	61	417,170
<b>Total non-current assets</b>	<b>448,426</b>	<b>61</b>	<b>448,487</b>
<b>Total assets</b>	<b>473,558</b>	<b>61</b>	<b>473,619</b>
<b>Net assets</b>	<b>452,482</b>	<b>61</b>	<b>452,543</b>
Accumulated surplus	228,709	61	228,770
<b>Total equity</b>	<b>452,482</b>	<b>61</b>	<b>452,543</b>

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

#### Statement of Financial Position

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Infrastructure, property, plant and equipment	445,285	1,013	446,298
<b>Total non-current assets</b>	<b>453,866</b>	<b>1,013</b>	<b>454,879</b>
<b>Total assets</b>	<b>502,900</b>	<b>1,013</b>	<b>503,913</b>
<b>Net assets</b>	<b>483,085</b>	<b>1,013</b>	<b>484,098</b>
Accumulated surplus	236,232	1,013	237,245
<b>Total equity</b>	<b>483,085</b>	<b>1,013</b>	<b>484,098</b>

## Prior Period Error - Water Supply (continued)

### Income Statement

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Depreciation, amortisation and impairment	7,171	4	7,175
<b>Total expenses from continuing operations</b>	<b>17,634</b>	<b>4</b>	<b>17,638</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>2,441</b>	<b>(4)</b>	<b>2,437</b>
Grants and contributions provided for capital purposes	6,687	951	7,638
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>9,128</b>	<b>947</b>	<b>10,075</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>9,128</b>	<b>947</b>	<b>10,075</b>
<b>Surplus (deficit) after tax</b>	<b>8,518</b>	<b>947</b>	<b>9,465</b>
<b>Closing accumulated surplus &amp; reserve</b>	<b>483,151</b>	<b>947</b>	<b>484,098</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	8,518	947	9,465
Less: capital grants and contributions (excluding developer contributions)	(6,687)	(951)	(7,638)
<b>Surplus for dividend calculation purposes</b>	<b>1,831</b>	<b>(4)</b>	<b>1,827</b>

## Prior Period Error - Sewerage

During the 2022/23 financial reporting period Council identified the following material, prior period errors:

Council conducted a full review of contributed assets. Evidence was gained that the documentation supporting the recording of Infrastructure Assets relating to developer contributions had been lacking resulting in the omission of some assets over various classes. Clarence Valley Council has now updated its asset register to include these assets and updated values as at 30 June 2023.

The error identified above have been corrected by restating the balances at the beginning of earliest period presented (1 July 2021) and taking the adjustment through to Accumulated surplus. Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown below.

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

#### Statement of Financial Position

\$ '000	Original Balance 1 July, 2021	Impact Increase/ (decrease)	Restated Balance 1 July, 2021
Infrastructure, property, plant and equipment	241,327	4	241,331
<b>Total non-current assets</b>	<b>248,137</b>	<b>4</b>	<b>248,141</b>
<b>Total assets</b>	<b>259,860</b>	<b>4</b>	<b>259,864</b>
<b>Total non-current liabilities</b>	<b>54,788</b>	<b>–</b>	<b>54,788</b>
<b>Total liabilities</b>	<b>60,294</b>	<b>–</b>	<b>60,294</b>
<b>Net assets</b>	<b>199,566</b>	<b>4</b>	<b>199,570</b>
Accumulated surplus	120,095	4	120,099
<b>Total equity</b>	<b>199,566</b>	<b>4</b>	<b>199,570</b>

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

#### Statement of Financial Position

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Infrastructure, property, plant and equipment	248,816	632	249,448
<b>Total non-current assets</b>	<b>252,187</b>	<b>632</b>	<b>252,819</b>
<b>Total assets</b>	<b>273,190</b>	<b>632</b>	<b>273,822</b>
<b>Net assets</b>	<b>217,950</b>	<b>632</b>	<b>218,582</b>
Accumulated surplus	125,263	632	125,895
<b>Total equity</b>	<b>217,950</b>	<b>632</b>	<b>218,582</b>

## Prior Period Error - Sewerage (continued)

### Income Statement

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Depreciation, amortisation and impairment	8,648	2	8,650
<b>Total expenses from continuing operations</b>	<b>20,980</b>	<b>2</b>	<b>20,982</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>3,992</b>	<b>(2)</b>	<b>3,990</b>
Grants and contributions provided for capital purposes	2,082	628	2,710
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>6,074</b>	<b>626</b>	<b>6,700</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>6,074</b>	<b>626</b>	<b>6,700</b>
<b>Surplus (deficit) after tax</b>	<b>5,076</b>	<b>626</b>	<b>5,702</b>
<b>Closing accumulated surplus &amp; reserve</b>	<b>220,356</b>	<b>626</b>	<b>220,982</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	5,076	626	5,702
Less: capital grants and contributions (excluding developer contributions)	(2,082)	(628)	(2,710)
<b>Surplus for dividend calculation purposes</b>	<b>2,994</b>	<b>(2)</b>	<b>2,992</b>



**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 2023, the Statement of Financial Position of each Declared Business Activity as at 30 June 2023 and Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage
- 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 2023, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code).

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

## **Basis for Opinion**

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

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

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

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

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

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

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

## **Emphasis of Matter - Basis of Accounting**

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

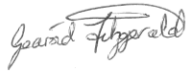
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate,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

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



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

- that the Council carried out its activities effectively, efficiently and economically
- 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 February 2024  
SYDNEY

# Clarence Valley Council

SPECIAL SCHEDULES  
for the year ended 30 June 2023

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# Clarence Valley Council

## Special Schedules

for the year ended 30 June 2023

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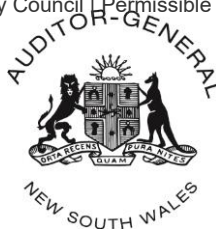
## Clarence Valley Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	37,543	38,637
Plus or minus adjustments <sup>2</sup>	b	394	309
<b>Notional general income</b>	c = a + b	<b>37,937</b>	<b>38,946</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.50%	5.40%
Or plus rate peg amount	i = e x (c + g)	948	2,103
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>38,885</b>	<b>41,049</b>
Plus (or minus) last year's carry forward total	l	20	268
<b>Sub-total</b>	n = (l + m)	<b>20</b>	<b>268</b>
<b>Total permissible income</b>	o = k + n	<b>38,905</b>	<b>41,317</b>
Less notional general income yield	p	38,637	41,605
<b>Catch-up or (excess) result</b>	q = o - p	<b>268</b>	<b>(287)</b>
<b>Carry forward to next year <sup>5</sup></b>	t = q + r + s	<b>268</b>	<b>(287)</b>

**Notes**

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (5) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. 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 2024.

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

### Other Information

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

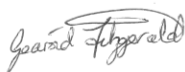
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



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

29 February 2024  
SYDNEY

## Clarence Valley Council

## Report on Infrastructure Values as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance <sup>a</sup>	2022/23 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					
<b>Buildings</b>	Other	865	–	31	27	1,678	3,081	11.0%	60.6%	28.4%	0.0%	0.0%
	Council Offices /Administration Centres	–	–	221	83	15,826	22,141	1.8%	98.2%	0.0%	0.0%	0.0%
	Council Works Depot	3,572	19	146	70	10,611	14,579	62.7%	12.8%	24.4%	0.1%	0.0%
	Council Public Halls	11,598	591	242	70	13,398	24,230	34.7%	3.9%	59.0%	2.4%	0.0%
	Libraries	1,560	–	127	51	9,298	12,656	76.4%	11.3%	12.3%	0.0%	0.0%
	Council Houses	8,460	184	105	24	4,836	10,522	0.1%	13.6%	84.6%	0.0%	1.8%
	Museums	4,183	–	43	10	1,703	4,312	0.2%	0.0%	99.8%	0.0%	0.0%
	Childcare / Community Health	2,057	–	30	36	1,469	2,987	0.3%	30.8%	68.9%	0.0%	0.0%
	Art Gallery	–	–	111	13	8,197	11,147	79.8%	20.2%	0.0%	0.0%	0.0%
	Public Toilets	2,449	–	57	33	3,262	5,672	19.2%	29.7%	48.9%	2.2%	0.0%
	Parks & Reserves Buildings	240	–	18	429	1,132	1,761	0.0%	86.4%	13.6%	0.0%	0.0%
	Sports Buildings	13,978	818	456	336	28,026	45,626	33.6%	32.3%	32.2%	1.8%	0.0%
	Swimming Pool Buildings	4,097	–	75	22	3,623	7,477	9.6%	6.1%	84.3%	0.0%	0.1%
	Holiday Parks Buildings	4,423	–	140	199	7,390	14,019	1.0%	44.8%	54.2%	0.0%	0.0%
	Saleyards Buildings	332	–	4	2	218	422	14.7%	6.8%	78.5%	0.0%	0.0%
	Waste Facilities	3,899	–	110	23	7,743	11,004	59.6%	5.0%	35.4%	0.0%	0.0%
	Water & Sewer Buildings	1,591	–	96	17	6,612	9,605	47.9%	34.1%	18.0%	0.0%	0.1%
	Emergency Services	10,119	–	175	73	10,016	17,460	21.6%	19.2%	59.2%	0.0%	0.0%
	<b>Sub-total</b>	<b>73,423</b>	<b>1,612</b>	<b>2,187</b>	<b>1,518</b>	<b>135,038</b>	<b>218,701</b>	<b>31.6%</b>	<b>29.4%</b>	<b>38.2%</b>	<b>0.7%</b>	<b>0.1%</b>
<b>Other structures</b>	Other structures	956	226	97	–	6,663	9,736	15.6%	74.6%	7.5%	1.7%	0.6%
	Airports	6,968	–	81	143	5,510	8,051	4.2%	9.3%	86.5%	0.0%	0.0%
	Saleyards	1,883	518	68	19	4,634	6,771	12.7%	7.2%	72.5%	6.2%	1.4%
	Cemeteries	2,019	16	21	523	1,447	2,114	3.8%	0.8%	94.7%	0.8%	0.0%
	Tips	8,866	1,070	195	–	13,319	19,463	33.5%	20.9%	40.1%	5.5%	0.0%
	<b>Sub-total</b>	<b>20,692</b>	<b>1,830</b>	<b>462</b>	<b>685</b>	<b>31,573</b>	<b>46,135</b>	<b>20.2%</b>	<b>27.3%</b>	<b>48.6%</b>	<b>3.6%</b>	<b>0.3%</b>

## Clarence Valley Council

## Report on Infrastructure Values as at 30 June 2023 (continued)

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance <sup>a</sup>	2022/23 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					
<b>Roads</b>	Sealed roads	78,105	13,490	7,038	5,945	506,008	703,835	44.4%	31.2%	20.4%	3.6%	0.4%
	Unsealed roads	47,832	–	1,351	3,283	101,149	135,120	34.7%	18.4%	46.9%	0.0%	0.0%
	Bridges	125,300	1,189	2,239	199	130,933	223,916	17.1%	17.3%	65.1%	0.5%	0.0%
	Footpaths	15,973	1,154	449	185	29,339	44,874	35.7%	26.8%	34.0%	2.0%	1.6%
	Road Furniture	1,130	40	269	283	19,883	26,911	50.3%	45.5%	4.1%	0.2%	0.0%
	Water Transport Facilities	1,275	192	78	100	5,762	7,798	53.1%	29.6%	14.9%	2.5%	0.0%
	Carparks	46	–	47	47	3,496	4,732	79.9%	19.1%	1.0%	0.0%	0.0%
	Bus Shelters	116	–	13	5	945	1,279	31.6%	58.1%	10.2%	0.0%	0.0%
	<b>Sub-total</b>	<b>269,777</b>	<b>16,065</b>	<b>11,484</b>	<b>10,047</b>	<b>797,515</b>	<b>1,148,465</b>	<b>37.9%</b>	<b>27.1%</b>	<b>32.3%</b>	<b>2.4%</b>	<b>0.3%</b>
<b>Water supply network</b>	Dams / Weirs	–	–	1,047	80	72,124	104,691	93.1%	5.7%	0.2%	0.0%	1.0%
	Mains	21,165	9,645	4,762	1,232	328,045	476,164	20.2%	75.0%	2.7%	2.1%	0.0%
	Reservoirs & Treatment	24,320	9,449	815	295	56,470	80,451	12.7%	49.7%	23.7%	13.9%	0.0%
	Pumping Station/s	1,603	308	117	25	8,041	11,671	31.6%	52.6%	11.1%	2.1%	2.7%
		<b>Sub-total</b>	<b>47,088</b>	<b>19,402</b>	<b>6,741</b>	<b>1,632</b>	<b>464,680</b>	<b>672,977</b>	<b>30.9%</b>	<b>60.8%</b>	<b>4.9%</b>	<b>3.2%</b>
<b>Sewerage network</b>	Mains	37,509	465	1,958	154	125,386	195,830	33.0%	47.8%	19.0%	0.2%	0.0%
	Pumping Station/s	7,777	3,784	712	529	45,571	71,169	50.8%	35.4%	5.9%	4.8%	3.1%
	Treatment	17,153	2,076	1,297	634	83,042	129,688	40.4%	38.0%	16.0%	3.7%	2.0%
		<b>Sub-total</b>	<b>62,439</b>	<b>6,325</b>	<b>3,967</b>	<b>1,317</b>	<b>253,999</b>	<b>396,687</b>	<b>38.6%</b>	<b>42.4%</b>	<b>15.6%</b>	<b>2.2%</b>
<b>Stormwater drainage</b>	Stormwater drainage	87,324	16,704	3,108	3,021	196,645	310,766	14.2%	55.5%	24.1%	3.1%	3.1%
		<b>Sub-total</b>	<b>87,324</b>	<b>16,704</b>	<b>3,108</b>	<b>3,021</b>	<b>196,645</b>	<b>310,766</b>	<b>14.2%</b>	<b>55.5%</b>	<b>24.1%</b>	<b>3.1%</b>
<b>Open space / recreational assets</b>	Swimming pools	5,159	10	73	89	3,936	7,331	9.7%	0.9%	80.4%	1.6%	7.5%
	Holiday Parks	3,215	234	75	250	4,416	7,487	6.8%	24.8%	60.7%	5.5%	2.2%
	Parks	8,923	608	173	2,038	10,214	17,319	18.9%	19.3%	56.5%	2.7%	2.6%
	Reserves	5,353	607	100	997	5,923	10,043	19.7%	19.6%	54.0%	6.0%	0.7%
	Sports Facilities	16,830	1,430	312	931	18,406	31,208	17.9%	8.9%	65.8%	6.5%	0.9%
		<b>Sub-total</b>	<b>39,480</b>	<b>2,889</b>	<b>733</b>	<b>4,305</b>	<b>42,895</b>	<b>73,388</b>	<b>16.4%</b>	<b>13.7%</b>	<b>62.9%</b>	<b>4.9%</b>



## Clarence Valley Council

## Report on Infrastructure Values as at 30 June 2023 (continued)

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance <sup>a</sup>	2022/23 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	110,433	3,982	3,350	618	205,151	334,982	4.4%	62.1%	32.2%	0.7%	0.6%
	<b>Sub-total</b>	<b>110,433</b>	<b>3,982</b>	<b>3,350</b>	<b>618</b>	<b>205,151</b>	<b>334,982</b>	<b>4.4%</b>	<b>62.1%</b>	<b>32.2%</b>	<b>0.7%</b>	<b>0.6%</b>
	<b>Total – all assets</b>	<b>710,656</b>	<b>68,809</b>	<b>32,032</b>	<b>23,143</b>	<b>2,127,496</b>	<b>3,202,101</b>	<b>29.5%</b>	<b>42.4%</b>	<b>25.0%</b>	<b>2.4%</b>	<b>0.7%</b>

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

## Infrastructure asset condition assessment 'key'

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

## Clarence Valley Council

## Report on Infrastructure Values as at 30 June 2023

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022 <sup>3</sup>	Benchmark
<b>Buildings and infrastructure renewals ratio</b>				
Asset renewals <sup>1</sup>	42,170	118.85%	42.26%	> 100.00%
Depreciation, amortisation and impairment	35,481			
<b>Infrastructure backlog ratio</b>				
Estimated cost to bring assets to a satisfactory standard	710,656	32.63%	30.33%	< 2.00%
Net carrying amount of infrastructure assets	2,178,214			
<b>Asset maintenance ratio</b>				
Actual asset maintenance	23,143	72.25%	62.31%	> 100.00%
Required asset maintenance	32,032			
<b>Cost to bring assets to agreed service level</b>				
Estimated cost to bring assets to an agreed service level set by Council	68,809	2.15%	2.12%	
Gross replacement cost	3,202,101			

(\*) 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.

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

## Clarence Valley Council

## Report on Infrastructure Values as at 30 June 2023

## Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>							
Depreciation, amortisation and impairment	<b>175.43%</b>	43.87%	<b>54.35%</b>	69.77%	<b>32.96%</b>	6.74%	> 100.00%
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	<b>41.19%</b>	38.12%	<b>10.13%</b>	10.11%	<b>24.58%</b>	21.19%	< 2.00%
<b>Asset maintenance ratio</b>							
Actual asset maintenance							
Required asset maintenance	<b>94.70%</b>	78.35%	<b>24.21%</b>	26.06%	<b>33.20%</b>	37.86%	> 100.00%
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	<b>2.02%</b>	2.05%	<b>2.88%</b>	2.91%	<b>1.59%</b>	1.20%	

(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.