

Tenterfield Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2023

"Quality Nature, Quality Heritage and Quality Lifestyle"



Tenterfield Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

"Quality Nature, Quality Heritage and Quality Lifestyle"



Tenterfield Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

247 Rouse Street
Tenterfield NSW 2372

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.tenterfield.nsw.gov.au.

Tenterfield Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Each year NSW Local Governments are required to present audited financial statements to their council and community.

Tenterfield Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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 20 December 2023.

Bronwyn Petrie
Mayor
20 December 2023

John Macnish
Deputy Mayor
20 December 2023

Glenn Wilcox
Interim General Manager
20 December 2023

Roy Jones
Responsible Accounting Officer
20 December 2023

Tenterfield Shire Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Restated Actual 2022 ¹ \$ '000
	Income from continuing operations			
11,605	Rates and annual charges	B2-1	11,871	11,260
2,691	User charges and fees	B2-2	2,935	2,466
540	Other revenues	B2-3	805	1,712
8,658	Grants and contributions provided for operating purposes	B2-4	19,727	16,711
361	Grants and contributions provided for capital purposes	B2-4	33,671	15,505
120	Interest and investment income	B2-5	1,066	122
–	Other income	B2-6	258	160
23,975	Total income from continuing operations		70,333	47,936
	Expenses from continuing operations			
9,456	Employee benefits and on-costs	B3-1	8,349	8,836
4,287	Materials and services	B3-2	11,764	10,212
803	Borrowing costs	B3-3	963	562
8,311	Depreciation, amortisation and impairment of non-financial assets	B3-4	8,727	7,848
1,747	Other expenses	B3-5	790	817
276	Net loss from the disposal of assets	B4-1	2,534	2,994
24,880	Total expenses from continuing operations		33,127	31,269
(905)	Operating result from continuing operations		37,206	16,667
(905)	Net operating result for the year attributable to Council		37,206	16,667
1,266	Net operating result for the year before grants and contributions provided for capital purposes		3,535	1,162

(1) Restated - refer to Note G4-1

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

Tenterfield Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 \$ '000	Restated 2022 ¹ \$ '000
Net operating result for the year – from Income Statement		37,206	16,667
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	41,282	49,418
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-6,G4-1	1,299	(17,297)
Total items which will not be reclassified subsequently to the operating result		42,581	32,121
Total other comprehensive income for the year		42,581	32,121
Total comprehensive income for the year attributable to Council		79,787	48,788

(1) Restated - refer to Note G4-1

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

Tenterfield Shire Council

Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$ '000	Restated 2022 ¹ \$ '000	Restated 1 July 2021 ¹ \$ '000
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	34,891	37,107	13,383
Receivables	C1-3	3,604	3,021	5,026
Inventories	C1-4	221	326	355
Contract assets and contract cost assets	C1-5	14,249	5,547	7,417
Total current assets		52,965	46,001	26,181
Non-current assets				
Infrastructure, property, plant and equipment (IPPE)	C1-6	581,546	513,184	469,004
Right of use assets	C2-1	264	126	246
Total non-current assets		581,810	513,310	469,250
Total assets		634,775	559,311	495,431
LIABILITIES				
Current liabilities				
Payables	C3-1	5,877	4,458	2,433
Contract liabilities	C3-2	4,716	11,721	3,412
Lease liabilities	C2-1	54	36	63
Borrowings	C3-3	950	870	804
Employee benefit provisions	C3-4	1,240	1,539	1,912
Provisions	C3-5	1,678	1,412	863
Total current liabilities		14,515	20,036	9,487
Non-current liabilities				
Lease liabilities	C2-1	193	113	153
Borrowings	C3-3	20,128	17,979	12,905
Provisions	C3-5	1,137	2,168	2,659
Total non-current liabilities		21,458	20,260	15,717
Total liabilities		35,973	40,296	25,204
Net assets		598,802	519,015	470,227
EQUITY				
Accumulated surplus		224,461	187,255	170,588
IPPE revaluation reserve	C4-1	374,341	331,760	299,639
Council equity interest		598,802	519,015	470,227
Total equity		598,802	519,015	470,227

(1) Restated - refer to Note G4-1

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

Tenterfield Shire Council

Statement of Changes in Equity

for the year ended 30 June 2023

	Notes	2023			2022 ¹		
		Accumulated surplus	IPPE revaluation reserve ¹	Total equity	Accumulated surplus ¹	IPPE revaluation reserve ¹	Total equity ¹
		\$ '000	\$ '000	\$ '000	Restated \$ '000	Restated \$ '000	Restated \$ '000
Opening balance at 1 July		188,973	349,057	538,030	171,377	299,639	471,016
Correction of prior period errors	G4-1	(1,718)	(17,297)	(19,015)	(789)	–	(789)
Opening balance		187,255	331,760	519,015	170,588	299,639	470,227
Net operating result for the year		37,206	–	37,206	17,596	–	17,596
Correction of prior period errors	G4-1	–	–	–	(929)	–	(929)
Net operating result for the period		37,206	–	37,206	16,667	–	16,667
Other comprehensive income							
Correction of prior period errors	G4-1	–	–	–	–	(17,297)	(17,297)
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	41,282	41,282	–	49,418	49,418
– Impairment (loss) reversal relating to IPP&E	C1-6	–	1,299	1,299	–	–	–
Other comprehensive income		–	42,581	42,581	–	32,121	32,121
Total comprehensive income		37,206	42,581	79,787	16,667	32,121	48,788
Closing balance at 30 June		224,461	374,341	598,802	187,255	331,760	519,015

(1) Restated - see Note G4-1

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

Tenterfield Shire Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Restated Actual 2022 ¹ \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
11,563	Rates and annual charges		11,876	11,316
2,640	User charges and fees		3,110	3,007
125	Interest received		1,034	103
8,819	Grants and contributions		38,706	44,144
41	Bonds, deposits and retentions received		112	53
1,295	Other		5,044	431
<i>Payments:</i>				
(9,455)	Payments to employees		(8,673)	(9,166)
(4,673)	Payments for materials and services		(15,290)	(8,940)
(778)	Borrowing costs		(713)	(471)
(1,865)	Other		(970)	(146)
7,712	Net cash flows from operating activities	G1-1	34,236	40,331
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of real estate assets		45	49
2,514	Proceeds from sale of IPPE		206	–
<i>Payments:</i>				
(10,463)	Payments for IPPE		(38,876)	(21,729)
(150)	Purchase of intangible assets		–	–
(8,099)	Net cash flows from investing activities		(38,625)	(21,680)
Cash flows from financing activities				
<i>Receipts:</i>				
3,100	Proceeds from borrowings		3,100	5,904
<i>Payments:</i>				
(1,076)	Repayment of borrowings		(871)	(764)
–	Principal component of lease payments		(56)	(67)
2,024	Net cash flows from financing activities		2,173	5,073
1,637	Net change in cash and cash equivalents		(2,216)	23,724
15,061	Cash and cash equivalents at beginning of year		37,107	13,383
16,698	Cash and cash equivalents at end of year	C1-1	34,891	37,107

(1) Restated - see Note G4-1

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

Tenterfield Shire 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 20 December 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these 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 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

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

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

and are clearly marked.

COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Council did not identify any potential material adjustments required to be done as a result of the pandemic. Even though the pandemic had a widespread effect on slowing down economies around the world, as at 30 June 2023 it is hard to predict any significant future implications on Council's business. Council's business operations remain on the same pattern. Council is not aware of any post balance sheet date events which would result in separate disclosures or adjustments to the 30 June 2023 financial results. Hence, 30 June 2023 financial statements were prepared on a going concern basis.

Domestic and international situation

Widespread volatility caused by international and domestic events in 2022 (war in Ukraine, natural disasters in NSW and nationwide, etc.) has significantly impacted supply chains, labour costs and inflation. With continuing changes in material costs, labour shortages and supply issues there has been a significant increases in amount of discussion and data regarding changes in construction costs. Commodity prices including key construction materials have seen significant increases over the last 3 years. As a result of assessment done, council had performed indexation of its infrastructure assets to ensure their carrying amount is not materially different to fair value as at 30 June 2022.

Rise of the cost of living continued in 2023 financial year. This caused another indexation of infrastructure assets values as at the end of June 2023 (see Note C1-6). Management keeps monitoring ongoing developments on the international and Australian markets and the impact they may have on the financial results and position of the council.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

A1-1 Basis of preparation (continued)

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. Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) estimated tip 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 Note C1-3.
- 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.

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

- General purpose operations
- Tenterfield Water service
- Tenterfield Sewerage service
- Stormwater Management Fund
- Waste Management Fund

Due to their immaterial value and nature, the following committees, entities and operations have been excluded from consolidation:

- Sir Henry Parkes Memorial Management Committee (Joint Committee);
- Tenterfield Saleyards Advisory Committee;
- Aboriginal Advisory Committee;
- Heritage Advisory Committee;
- ANZAC Centenary Steering Committee; and
- Disability, Inclusion and Access Advisory Committee.

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.

A1-1 Basis of preparation (continued)

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 does not recognise services provided by volunteers in its income statement due to the immateriality and unjustifiable cost of trying to reliably capture and assign a value to the many services volunteers in our community provide.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations 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 accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2023.

None of the newly adopted standards had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

B Financial Performance

B1 Functions or activities

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

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

Functions or activities	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022 ¹	2023	2022 ¹	2023	2022	2023	2022 ¹
	\$ '000	\$ '000	\$ '000	Restated \$ '000	\$ '000	Restated \$ '000	\$ '000	\$ '000	\$ '000	Restated \$ '000
Civic Office ²	(3)	34	297	408	(300)	(374)	(3)	24	464	262
Organisation and Leadership	–	–	838	925	(838)	(925)	–	–	9	9
Community Development	20	253	345	75	(325)	178	20	253	818	354
Economic Growth and Tourism	2,322	393	745	1,046	1,577	(653)	2,307	386	3,674	3,122
Theatre and Museum Complex	110	99	364	287	(254)	(188)	4	11	348	348
Finance and Technology	11,045	9,510	481	1,018	10,564	8,492	5,278	4,581	18,532	22,228
Corporate and Governance	3	1	717	728	(714)	(727)	–	–	438	346
Workforce Development	299	473	1,186	1,161	(887)	(688)	47	139	–	–
Library Services	291	86	466	484	(175)	(398)	283	82	62	156
Emergency Services	448	145	650	722	(202)	(577)	448	145	1,106	633
Asset Management and Resourcing	1	2	613	654	(612)	(652)	–	–	3,402	2,277
Commercial Works	135	118	119	89	16	29	–	–	–	–
Environmental Management	237	168	346	286	(109)	(118)	232	165	39	21
Planning and Regulation	701	701	428	615	273	86	388	299	556	317
Plant, Fleet and Equipment	50	60	(319)	(201)	369	261	–	–	6,906	7,665
Buildings and Amenities	372	265	1,036	1,187	(664)	(922)	155	120	19,031	12,586
Livestock Saleyards ³	(17)	120	159	144	(176)	(24)	(162)	–	1,838	1,520
Parks, Gardens and Open Space	322	195	1,024	1,081	(702)	(886)	194	71	14,212	11,684
Swimming Complex	–	–	213	193	(213)	(193)	–	–	1,230	854
Stormwater and Drainage	92	74	155	170	(63)	(96)	3	2	5,148	4,745
Transport Network	36,167	24,104	14,958	13,960	21,209	10,144	36,099	24,059	458,388	407,192
Sewerage Services	3,052	2,735	2,371	1,910	681	825	13	25	29,857	27,164
Waste Management	3,648	4,168	3,047	2,039	601	2,129	152	111	14,834	13,027
Water Supply	11,038	4,232	2,888	2,288	8,150	1,944	7,940	1,743	53,883	42,801
Total functions and activities	70,333	47,936	33,127	31,269	37,206	16,667	53,398	32,216	634,775	559,311

(1) Restated - refer to note G4-1

(2) Civic Office was in receipt of \$8.8K in Grants however had to refund prior year 2022 COVID Safe Grant for \$11.9K resulting in a net deficit of \$3K.

(3) Livestock Saleyards – The Saleyards was in receipt of \$146K from Operational Income generated from fees and charges. However, a \$162K refund of unspent grant relating to Truck Wash was paid to the funding body. This has resulted a net deficit of \$17K.

B1-2 Components of functions or activities

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

Civic Office

Corporate affairs and relations; the governance framework; overall corporate performance and reporting; community advocacy; mayoral, councillor and committee support; and media and external communications.

Organisation and Leadership

Collaboration with other organisations and governments; continual improvement; overall strategic direction of the administrative arm; community engagement; administrative support; service integration and corporate advertising.

Community Development

Community engagement, development of partnerships, indigenous affairs, inclusiveness, accessible services, supporting diversity and cultural events.

Economic Growth and Tourism

Community prosperity, tourism, connectivity, partnering, promotion and livability. The Office of the Chief Executive directly oversees these outcomes.

Theatre and Museum Complex

Sir Henry Parkes School of Art; cultural diversity, events and art activities; youth engagement; volunteering; and festivals.

Finance and Technology

Information technology; financial sustainability and advise; investments; financial capacity; procurement compliance; regulatory and statutory compliance; business systems; property strategy, overall management and register, land mapping service (GIS).

Corporate and Governance

Statutory reporting, business processes and integration; procurement compliance; audit; community involvement; customer service; governance; information technology and information management; insurance, risk and business continuity; registers and records management, legal services and election support.

Workforce Development

Workplace health and wellbeing, planning and culture; workers compensation; workforce performance; training; recruitment, selection and retention; and internal communications.

Library Services

Home services; vision impaired; review and updating collections; exchanges; internet and Wi Fi access; accessible technology; exhibitions; online training and resources; research and reference services; and the management of corporate art and memorabilia.

Emergency Services

Integrating land use policies to support emergency management; disaster management; review of emergency management plans; inter-agency communication and collaboration; and rural addressing.

Asset Management and Resourcing

Review, investigation, survey, design, development and project management; asset investigation, planning, policy formulation and management (both as a bureau service to whole organisation and for transport infrastructure).

Commercial Works

Private works management, benchmarking, offsetting costs through creating synergies.

Environmental Management

Education; noxious plants; feral pests (advocacy); illegal dumping and pollution; and roads & footpath regulatory enforcement.

B1-2 Components of functions or activities (continued)

Planning and Regulation

Development planning, controls, assessment and certification; regulation of premises; built environment; urban design; land use data, mapping and reporting; building and assessment advice; heritage; domestic animals; public health and pollution.

Plant, Fleet and Equipment

Effective provision and management of plant, fleet, equipment, store and depots; and tendering and procurement.

Buildings and Amenities

Energy management and conservation, asset planning and maintenance scheduling; building and amenities utilisation, income generation and administration.

Livestock Saleyards

Planning, development, maintenance, operations and administration of the Saleyards.

Parks, Gardens and Open Space

Consultation, planning, development; increasing patronage; amenity; maintenance and operations; public art; cycleways; public trees; sportsgrounds (active and passive); cleanliness and administration.

Swimming Complex

Service provision; regulatory compliance; planning; supervision of patrons; and management.

Stormwater and Drainage

Ongoing management and improvement of all stormwater infrastructure, gross pollutant traps, natural urban waterways and erosion control apparatus.

Transport Network

Sustainable management and improvement of all infrastructure used to facilitate transportation: vehicular, aviation, pedestrian and cyclists; car parking; quarries; delineation, line marking, signage and lighting; regulatory compliance; emergency response and on-call; traffic committee administration; and risk mitigation.

Sewerage Services

Ongoing catchment, transportation, and treatment; monitoring, reporting, environmental compliance and emergency management; trade waste and commercial; fees and charges; public education and administration.

Waste Management

Ongoing and sustainably managing waste: reduction; recycling; landfill remediation and development; and public education.

Water Supply

Ongoing water catchment, storage, treatment, distribution, monitoring, regulating, reporting, compliance, charging and administration.

B2 Sources of income

B2-1 Rates and annual charges

	2023 \$ '000	2022 \$ '000
Ordinary rates		
Residential	2,145	2,122
Farmland	2,361	2,368
Mining	10	10
Business	335	322
Less: pensioner rebates (mandatory)	(122)	(130)
Rates levied to ratepayers	4,729	4,692
Pensioner rate subsidies received	66	73
Total ordinary rates	4,795	4,765
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	1,184	1,080
Stormwater management services	72	71
Water supply services	1,552	1,364
Sewerage services	2,685	2,545
Waste management services (non-domestic)	207	190
Waste management facility charge	1,474	1,342
Less: pensioner rebates (mandatory)	(216)	(217)
Annual charges levied	6,958	6,375
Pensioner annual charges subsidies received:		
– Water	29	30
– Sewerage	26	27
– Domestic waste management	63	63
Total annual charges	7,076	6,495
Total rates and annual charges	11,871	11,260
Timing of revenue recognition for rates and annual charges		
Rates and annual charges recognised at a point in time (2)	11,871	11,260
Total rates and annual charges	11,871	11,260

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

	Timing	2023 \$ '000	2022 \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	1	1,494	1,116
Sewerage services	1	174	126
Waste management services (non-domestic)	1	328	272
Trade waste	1	24	18
Total specific user charges		2,020	1,532
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Inspection services	2	17	19
Planning and building regulation	2	280	363
Private works – section 67	2	135	118
Section 603 certificates	2	23	37
Companion animals	2	4	3
Local government and health act fees	2	9	10
Total fees and charges – statutory/regulatory		468	550
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aerodrome	2	1	1
Cemeteries	2	112	121
Saleyards	2	146	120
Tourism	2	15	7
Cinema	2	50	44
Library	2	8	4
Museum and theatre	2	42	31
Service installation	2	49	25
Other	2	24	31
Total fees and charges – other		447	384
Total other user charges and fees		915	934
Total user charges and fees		2,935	2,466
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		2,020	1,532
User charges and fees recognised at a point in time (2)		915	934
Total user charges and fees		2,935	2,466

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, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged the fee is recognised on a straight-line basis over the expected life of the membership.

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

B2-3 Other revenues

	Notes	Timing	2023 \$ '000	2022 \$ '000
Diesel rebate		2	49	60
Recycling income (non-domestic)		2	63	89
Insurance rebates		2	–	27
Sale of surplus material		2	1	1
Training reimbursement		2	225	300
Effect of re-measurement of remediation provision	C3-5	2	–	172
Effect from de-recognition of remediation provision	C3-5	2	65	947
Other		2	402	116
Total other revenue			805	1,712
Timing of revenue recognition for other revenue				
Other revenue recognised over time (1)			–	–
Other revenue recognised at a point in time (2)			805	1,712
Total other revenue			805	1,712

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

	Timing	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,117	1,807	–	–
Financial assistance – local roads component	2	522	920	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	4,161	2,774	–	–
Financial assistance – local roads component	2	2,076	1,419	–	–
Amount recognised as income during current year		7,876	6,920	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	1	43	53	7,730	1,516
Bushfire and emergency services	2	311	145	–	–
Community centres	1	–	–	31	6
Economic development	2	124	135	–	–
Environmental programs	2	20	–	–	–
Heritage and cultural	1,2	240	104	82	184
Library	2	64	62	219	19
LIRS subsidy	2	11	15	–	–
Noxious weeds	1,2	207	165	–	–
Recreation and culture	2	8	40	2,344	193
Community development	2	20	343	–	–
Street lighting	2	34	33	–	–
Town planning	1,2	–	80	–	1
Saleyards	2	–	–	(162)	–
Waste management	2	–	–	122	88
Disaster recovery	2	4,143	5,593	66	–
Transport (roads to recovery)	2	1,044	1,044	–	–
Transport (other roads and bridges funding)	1,2	3,782	204	22,795	13,238
Other councils – joint works/services	1	125	126	–	–
Transport for NSW contributions (regional roads, block grant)	2	1,625	1,594	–	–
FBT contributions	2	47	51	–	–
Waste management services	2	3	4	–	–
Total special purpose grants and non-developer contributions – cash		11,851	9,791	33,227	15,245
Total special purpose grants and non-developer contributions (tied)		11,851	9,791	33,227	15,245
Total grants and non-developer contributions		19,727	16,711	33,227	15,245
Comprising:					
– Commonwealth funding		17,677	9,704	4,789	10,607
– State funding		2,024	6,813	28,465	4,638
– Other funding		26	194	(27)	–
		19,727	16,711	33,227	15,245

B2-4 Grants and contributions (continued)

Developer contributions

	Notes	Timing	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):		G4				
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	374	212
S 64 – water supply contributions		2	–	–	57	23
S 64 – sewerage service contributions		2	–	–	13	25
Total developer contributions – cash			–	–	444	260
Total developer contributions			–	–	444	260
Total contributions			–	–	444	260
Total grants and contributions			19,727	16,711	33,671	15,505
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			168	179	7,761	1,470
Grants and contributions recognised at a point in time (2)			19,559	16,532	25,910	14,035
Total grants and contributions			19,727	16,711	33,671	15,505

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:

Notes	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Grants				
Unspent grants at 1 July	2,546	1,207	11,946	3,577
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	4,567	2,528	569	445
Add: grants received for the provision of goods and services in a future period	–	–	4,479	11,490
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(2,528)	(1,189)	(693)	(154)
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(11,490)	(3,412)
Unspent grants at 30 June	4,585	2,546	4,811	11,946
Contributions	G4			
Unspent contributions at 1 July	–	–	470	222
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	400	248
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Unspent contributions at 30 June	–	–	870	470

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 may 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.

B2-4 Grants and contributions (continued)

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

	2023 \$ '000	2022 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	70	70
– Cash and investments	996	52
Total interest and investment income (losses)	1,066	122

Accounting policy

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

B2-6 Other income

	2023 \$ '000	2022 \$ '000
Rental income		
Other lease income		
Council owned property	164	160
Total other lease income	164	160
Total rental income	164	160
IMF Settlement Income	94	–
Total other	94	–
Total other income	258	160

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2023 \$ '000	2022 \$ '000
Salaries and wages	6,969	7,525
Employee leave entitlements (ELE)	1,384	1,345
Superannuation	823	880
Workers' compensation insurance	222	186
Fringe benefit tax (FBT)	37	39
Other	47	42
Total employee costs	9,482	10,017
Less: capitalised costs	(1,133)	(1,181)
Total employee costs expensed	8,349	8,836

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

		2023	2022 ¹
	Notes	\$ '000	Restated \$ '000
Raw materials and consumables		3,110	3,372
Contractor and consultancy costs		6,810	4,818
Audit Fees	F2-1	61	60
Councillor and Mayoral fees and associated expenses	F1-2	175	184
Advertising		44	36
Cleaning		42	42
Election expenses		–	84
Electricity and heating		238	279
Insurance		592	523
Postage		39	31
Printing and stationery		17	31
Street lighting		98	127
Subscriptions and publications		89	137
Telephone and communications		192	258
Travel expenses		13	10
Training costs (other than salaries and wages)		95	75
Other expenses		106	107
– Legal expenses: planning and development		1	–
– Legal expenses: other		36	34
Other		6	4
Total materials and services		11,764	10,212
Total materials and services		11,764	10,212

Accounting policy

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

(1) Restated - see Note G4-1

B3-3 Borrowing costs

	Notes	2023 \$ '000	2022 \$ '000
(i) Interest bearing liability costs			
Interest on leases		7	9
Interest on loans		840	522
Total interest bearing liability costs		847	531
Total interest bearing liability costs expensed		847	531
(ii) Other borrowing costs			
– Remediation liabilities	C3-5	116	31
Total other borrowing costs		116	31
Total borrowing costs expensed		963	562

Accounting policy

Borrowing costs are expensed as incurred.

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

		2023	2022 ¹
	Notes	\$ '000	Restated \$ '000
Depreciation and amortisation			
Plant and equipment		776	779
Office equipment		55	55
Furniture and fittings		3	4
Land improvements (depreciable)		39	36
Infrastructure:	C1-6		
– Buildings		1,016	846
– Other structures		182	182
– Roads		3,189	3,306
– Bridges		1,046	926
– Footpaths		47	42
– Stormwater drainage		108	100
– Water supply network		866	718
– Sewerage network		547	493
– Swimming pools		27	25
– Other open space/recreational assets		169	146
Right of use assets	C2-1	16	120
Other assets:			
– Library books		32	33
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-6	812	161
– Quarry assets	C1-6	16	16
Total gross depreciation and amortisation costs		8,946	7,988
Less: capitalised costs		(219)	(140)
Total depreciation and amortisation costs		8,727	7,848
Impairment / revaluation decrement of IPPE			
Infrastructure:	C1-6		
– Roads		(1,299)	15,904
- Bulk earthworks		–	1,393
Total gross IPPE impairment / revaluation decrement costs		(1,299)	17,297
Amounts taken through revaluation reserve	C1-6	1,299	(17,297)
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	–
Total depreciation, amortisation and impairment for non-financial assets		8,727	7,848

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. Useful lives are included in Note C1-6 for IPPE assets and Note C1-7 for intangible assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

Impairment of non-financial assets

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

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

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by

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

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) Restated - see Note G4-1

B3-5 Other expenses

	2023 \$ '000	2022 \$ '000
Other		
Grants funded donations, contributions and assistance to other organisations (incl. Section 356)	250	377
Council funded donations, contributions and assistance to other organisations (incl. Section 356)	42	66
Emergency services levy (includes FRNSW, SES, and RFS levies)	498	374
Total other	790	817
Total other expenses	790	817

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

	Notes	2023 \$ '000	2022 ¹ \$ '000
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		1,116	–
Less: carrying amount of property assets sold/written off		(962)	–
Gain (or loss) on disposal		154	–
Gain (or loss) on disposal of plant and equipment			
Non-cash income from trade-in – plant and equipment	C1-6	2,170	1,705
Less: carrying amount of plant and equipment assets sold/written off		(2,242)	(1,880)
Gain (or loss) on disposal		(72)	(175)
Gain (or loss) on disposal of infrastructure			
Less: carrying amount of infrastructure assets sold/written off	C1-6	(2,629)	(2,830)
Gain (or loss) on disposal		(2,629)	(2,830)
Gain (or loss) on disposal of real estate assets held for sale			
Proceeds from disposal – real estate assets	C1-4	45	49
Less: carrying amount of real estate assets sold/written off		(32)	(38)
Gain (or loss) on disposal		13	11
Net gain (or loss) from disposal of assets		(2,534)	(2,994)

Accounting policy

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

Non-infrastructure assets

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.

Infrastructure assets

It is not common for infrastructure assets to be sold. De-recognition of carrying value of infrastructure assets usually occurs in cases of replacement or when they are no longer serviceable. Physical replacement of infrastructure assets result in loss from disposal of replaced assets through profit and loss account. Renewal works which represent reversal of consumed service potential add up to the carrying value of the asset.

(1) Restated - see Note G4-1

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 25 May 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	11,605	11,871	266	2% F
User charges and fees	2,691	2,935	244	9% F
Other revenues	540	805	265	49% F
Higher than expected other revenue was mostly due to one-off fire insurance recovery settlements.				
Operating grants and contributions	8,658	19,727	11,069	128% F
Above expected amount of operating grants was mostly due to 100% advance receipt of 2024 FAG and flood emergency grants.				
Capital grants and contributions	361	33,671	33,310	9,227% F
Significant portion of the capital grant income in 2023 comprises of revenue recognised on grant funded projects delivered in 2023 funds for which were received in 2022 financial year. Plus there were various other not budgeted capital grants.				
Interest and investment revenue	120	1,066	946	788% F
Significant increase in interest rates in current year.				
Other income	-	258	258	∞ F
In 2023 council received unexpected IMF settlement income in amount \$95 thousand.				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Employee benefits and on-costs	9,456	8,349	1,107	12% F
Materials and services	4,287	11,764	(7,477)	(174)% U
Higher than expected operational costs due to flood related emergency works.				
Borrowing costs	803	963	(160)	(20)% U
Higher than expected borrowing costs were due to increased interest rates.				
Depreciation, amortisation and impairment of non-financial assets	8,311	8,727	(416)	(5)% U
Other expenses	1,747	790	957	55% F
Net losses from disposal of assets	276	2,534	(2,258)	(818)% U
This is a paper-based effect of write-off of undepreciated amount of disposed or impaired assets. It is hard to budget.				
Statement of cash flows				
Cash flows from operating activities	7,712	34,236	26,524	344% F
Higher than expected FAG and other emergency flood related grants in current year.				
Cash flows from investing activities	(8,099)	(38,625)	(30,526)	377% U
In line with the increased capital grants income trend.				
Cash flows from financing activities	2,024	2,173	149	7% F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2023 \$ '000	2022 \$ '000
Cash assets		
Cash on hand and at bank	28,509	30,725
Cash equivalent assets		
– Deposits at call	6,000	6,000
Trust account	382	382
Total cash and cash equivalents	34,891	37,107

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	34,891	37,107
Balance as per the Statement of Cash Flows	34,891	37,107

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 Restricted and allocated cash, cash equivalents and investments

	2023 \$ '000	2022 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	34,891	37,107
Less: Externally restricted cash, cash equivalents and investments	(28,078)	(31,626)
Cash, cash equivalents and investments not subject to external restrictions	6,813	5,481
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	4,587	11,132
Specific purpose unexpended grants – water fund	124	588
External restrictions – included in liabilities	4,711	11,720
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants (recognised as revenue) – general fund (including waste and stormwater)	4,530	2,654
Specific purpose unexpended grants (recognised as revenue) – water fund	44	28
Developer contributions – general (including waste and stormwater)	722	388
Developer contributions – water fund	94	38
Developer contributions – sewer fund	54	41
RFS reserves	111	92
Water fund	1,211	2,180
Sewer fund	6,764	5,704
Domestic waste management	8,464	7,373
Stormwater management	991	1,026
Trust fund	382	382
External restrictions – other	23,367	19,906
Total external restrictions	28,078	31,626

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.

C1-2 Restricted and allocated cash, cash equivalents and investments (continued)

	2023 \$ '000	2022 \$ '000
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(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	6,813	5,481
Less: Internally restricted cash, cash equivalents and investments	(5,500)	(5,000)
Unrestricted and unallocated cash, cash equivalents and investments	1,313	481

Internal allocations

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

Special projects	5,500	5,000
Total internal allocations	5,500	5,000

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

	2023 \$ '000	2022 \$ '000
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(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	1,313	481
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C1-3 Receivables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Rates and annual charges	391	-	396	-
Interest and extra charges	88	-	79	-
User charges and fees	707	-	486	-
Private works	83	-	81	-
Accrued revenues				
– Interest on investments	26	-	3	-
Government agency receivables	272	-	1,287	-
Net GST receivable	1,037	-	708	-
Other debtors	1,055	-	36	-
Total	3,659	-	3,076	-
Less: provision for impairment				
Other debtors	(55)	-	(55)	-
Total provision for impairment – receivables	(55)	-	(55)	-
Total net receivables	3,604	-	3,021	-
Externally restricted receivables				
Water supply				
– Rates and availability charges	81	-	69	-
– Other	668	-	625	-
Sewerage services				
– Rates and availability charges	132	-	118	-
– Other	82	-	60	-
Domestic waste management	249	-	209	-
Stormwater management	8	-	4	-
Total external restrictions	1,220	-	1,085	-
Unrestricted receivables	2,384	-	1,936	-
Total net receivables	3,604	-	3,021	-

	2023 \$ '000	2022 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	55	55
Balance at the end of the year	55	55

C1-3 Receivables (continued)

Accounting policy

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

Impairment

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

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

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 60 days past due has seen a significant increase in credit risk.

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

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

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

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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

Rates and annual charges outstanding are secured against the property.

C1-4 Inventories

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
(i) Inventories at cost				
Real estate for resale	–	–	32	–
Stores and materials	221	–	294	–
Total inventories at cost	221	–	326	–
Total inventories	221	–	326	–

(i) Other disclosures

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Notes				
(a) Details for real estate development				
Residential	–	–	32	–
Total real estate for resale	–	–	32	–
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	–	–	32	–
Total costs	–	–	32	–
Total real estate for resale	–	–	32	–
Movements:				
Real estate assets at beginning of the year	32	–	70	–
– WDV of sales (expense)	(32)	–	(38)	–
Total real estate for resale	–	–	32	–

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.

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.

C1-5 Contract assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Contract assets	14,249	-	5,547	-
Total contract assets	14,249	-	5,547	-

Contract assets

Contract Asset (AASB 15)	170	-	126	-
Grant Contract Asset (AASB 1058 - asset exemption)	9,297	-	4,264	-
Accrued Income (AASB 1058)	4,782	-	1,157	-
Total contract assets	14,249	-	5,547	-

Significant changes in contract assets

Contract Assets relating to work for external parties (AASB 15)

No significant changes - consistent with prior year.

Grant Contract Assets - work related to infrastructure grants (AASB 1058 - Asset Exemption)

Increase is due to works performed on various grant funded projects which will be recovered in 2024 financial year. Major unpaid works as at 30 June 2023 relate to the following projects:

- 1) Mt Lindesay Upgrade - \$1.7M
- 2) Fixing Local Roads - \$1.5M
- 3) Building Better Region Funds Infrastructure Projects - \$1.3M
- 4) BLERF - 0737 - Improve Mt Lindesay Road - \$2M

Accrued Income - not specific or not enforceable grants (AASB 1058)

Significant increase is mostly related to post flood events works funded by AGRN 1012. Council is expecting to get reimbursed for those works in 2024 financial year.

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.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022 ²			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount ²	Accumulated depreciation and impairment ²	Net carrying amount ²	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment reversal (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	22,978	–	22,978	6,818	21,175	–	–	–	(4,892)	–	–	46,079	–	46,079
Plant and equipment	16,709	(7,732)	8,977	2,164	68	(2,242)	(776)	–	–	–	–	16,299	(8,102)	8,197
Office equipment	770	(444)	326	–	–	–	(55)	–	–	–	–	770	(499)	271
Furniture and fittings	155	(142)	13	–	–	–	(3)	–	–	–	–	155	(145)	10
Land:														
– Crown land - managed by council	1,647	–	1,647	–	–	–	–	–	–	–	118	1,765	–	1,765
– Crown land - devolved to council	2,772	–	2,772	–	–	–	–	–	–	–	198	2,970	–	2,970
– Operational land	4,649	–	4,649	–	–	(962)	–	–	–	–	3,534	7,220	–	7,220
– Community land	1,673	–	1,673	–	–	–	–	–	–	–	120	1,793	–	1,793
– Land under roads (post 30/6/08)	13	–	13	–	–	–	–	–	–	–	–	13	–	13
Land improvements – depreciable	1,917	(711)	1,206	–	16	–	(39)	–	23	–	60	2,054	(788)	1,266
Infrastructure:														
– Buildings	39,295	(21,442)	17,853	–	92	–	(1,016)	–	1,438	–	9,999	38,779	(10,414)	28,365
– Other structures	5,416	(2,155)	3,261	–	–	–	(182)	–	42	–	156	5,734	(2,458)	3,276
– Roads	298,409	(76,886)	221,523	3,333	1,610	(2,052)	(3,189)	1,299	1,592	–	12,916	319,906	(82,874)	237,032
– Bridges	98,066	(41,718)	56,348	909	–	(476)	(1,046)	–	459	–	3,270	104,064	(44,599)	59,465
– Footpaths	3,726	(1,057)	2,669	–	503	–	(47)	–	–	–	155	4,449	(1,169)	3,280
– Bulk earthworks (non-depreciable)	103,704	(1,393)	102,311	859	1,629	–	–	–	693	–	6,133	113,018	(1,393)	111,625
– Stormwater drainage	8,993	(5,039)	3,954	–	–	–	(108)	–	–	–	296	9,685	(5,543)	4,142
– Water supply network	66,057	(30,328)	35,729	301	–	(38)	(866)	–	258	–	2,686	71,245	(33,183)	38,062
– Sewerage network	31,622	(11,524)	20,098	–	157	(61)	(547)	–	352	–	1,507	34,403	(12,896)	21,507
– Swimming pools	1,535	(1,169)	366	–	–	–	(27)	–	–	–	17	1,614	(1,257)	357
– Other open space/recreational assets	3,397	(931)	2,466	–	1,727	(2)	(169)	–	35	–	117	5,324	(1,149)	4,175
Other assets:														
– Library books	167	(94)	73	–	–	–	(32)	–	–	–	–	167	(126)	41
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	3,440	(1,273)	2,167	–	–	–	(812)	–	–	(780)	–	2,661	(2,085)	576
– Quarry assets	152	(40)	112	–	–	–	(16)	–	–	(38)	–	114	(55)	59
Total infrastructure, property, plant and equipment	717,262	(204,078)	513,184	14,384	26,977	(5,833)	(8,930)	1,299	–	(818)	41,282	790,281	(208,735)	581,546

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

(2) Restated - see Note G4-1

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

By aggregated asset class	At 1 July 2021 ²			Asset movements during the reporting period											At 30 June 2022 ²		
	Gross carrying amount ²	Accumulated depreciation and impairment ²	Net carrying amount ²	Additions renewals ¹	Additions new assets	Carrying value of disposals ²	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity) ²	WIP transfers	Adjustments and transfers	Reclassification	Transfers to remediation provision	Revaluation decrements/ impairment to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount ²	Accumulated depreciation and impairment ²	Net carrying amount ²
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital work in progress	16,056	–	16,056	3,046	11,873	–	–	–	(7,992)	–	–	(5)	–	–	22,978	–	22,978
Plant and equipment	16,383	(6,953)	9,430	2,170	34	(1,880)	(779)	–	2	–	–	–	–	–	16,709	(7,732)	8,977
Office equipment	724	(389)	335	–	46	–	(55)	–	–	–	–	–	–	–	770	(444)	326
Furniture and fittings	155	(138)	17	–	–	–	(4)	–	–	–	–	–	–	–	155	(142)	13
Land:																	
– Operational land	3,995	–	3,995	–	–	–	–	–	–	–	–	–	–	654	4,649	–	4,649
– Community land	1,525	–	1,525	–	–	–	–	–	–	–	–	–	–	148	1,673	–	1,673
– Crown land - managed by council	1,278	–	1,278	–	–	–	–	–	–	–	223	–	–	146	1,647	–	1,647
– Crown land - devolved to council	2,750	–	2,750	–	–	–	–	–	–	–	(223)	–	–	245	2,772	–	2,772
– Land under roads (post 30/6/08)	10	–	10	–	–	–	–	–	–	–	–	–	–	3	13	–	13
Land improvements – depreciable	1,758	(616)	1,142	–	–	–	(36)	–	–	–	–	–	–	100	1,917	(711)	1,206
Infrastructure:																	
– Buildings	32,950	(17,671)	15,279	168	541	(50)	(846)	–	397	–	–	–	–	2,364	39,295	(21,442)	17,853
– Other structures	4,960	(1,794)	3,166	–	7	–	(182)	–	–	–	–	–	–	269	5,416	(2,155)	3,261
– Roads	268,882	(52,429)	216,453	2,156	1,021	(1,134)	(3,306)	(15,904)	–	–	–	–	–	22,238	298,409	(76,886)	221,523
– Bridges	89,403	(41,344)	48,059	1,931	–	(1,634)	(926)	–	4,001	–	–	–	–	4,917	98,066	(41,718)	56,348
– Footpaths	3,374	(915)	2,459	–	–	–	(42)	–	–	–	–	–	–	252	3,726	(1,057)	2,669
– Bulk earthworks (non-depreciable)	93,763	–	93,763	159	–	–	–	(1,393)	–	–	–	–	–	9,782	103,704	(1,393)	102,311
– Stormwater drainage	8,395	(4,659)	3,736	63	13	(1)	(100)	–	–	–	–	–	–	242	8,993	(5,039)	3,954
– Water supply network	58,672	(34,813)	23,859	–	2	–	(718)	–	3,592	–	–	–	–	8,994	66,057	(30,328)	35,729
– Sewerage network	34,217	(12,537)	21,680	–	66	–	(493)	–	–	–	–	(1,156)	–	31,622	(11,524)	20,098	
– Swimming pools	1,408	(1,047)	361	–	–	–	(25)	–	–	–	–	–	–	30	1,535	(1,169)	366
– Other open space/recreational assets	2,956	(708)	2,248	11	174	(10)	(146)	–	–	–	–	–	–	190	3,397	(931)	2,466
Other assets:																	
– Library books	167	(60)	107	–	–	–	(33)	–	–	–	–	–	–	–	167	(94)	73
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																	
– Tip assets	3,124	(1,910)	1,214	–	–	–	(161)	–	–	1,114	–	–	–	–	3,440	(1,273)	2,167
– Quarry assets	105	(23)	82	–	–	–	(16)	–	–	47	–	–	–	–	152	(40)	112
Total infrastructure, property, plant and equipment	647,010	(178,006)	469,004	9,704	13,777	(4,709)	(7,868)	(17,297)	–	1,161	–	(5)	(1,156)	50,574	717,262	(204,078)	513,184

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

(2) Restated - see Note G4-1

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

Accounting policy

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

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

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

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

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

Land is not depreciated unless it was acquired to be controlled by the council for a specified period of time. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Water and sewer assets	Years
Office equipment	10	Water - Mains	80 to 90
Office furniture	10 to 20	Water - Pumping Stations	30 to 80
Computer equipment	4	Water Dam	100
Plants - Light vehicles	1	Water - Reservoirs	40 to 80
Plants - Heavy plant/road making equipment	10	Water - Treatment Works	30 to 80
Other plant and equipment	10	Sewerage - Ancilliary	30 to 50
		Sewerage - Pumping Stations	30
		Sewerage - Treatment Works	30 to 70
		Sewerage - Mains	70 to 210
Transportation assets		Stormwater assets	
Sealed roads: surface	30	Drains	80
Sealed roads: pavement base	50		
Sealed roads: pavement sub-base	Infinite		
Unsealed roads surface:			
- depreciable component	25		
- non-depreciable component	Infinite	Buildings	
Bulk earthworks	Infinite	Buildings	15 to 75
Bridge: concrete	100		
Bridge: timber	80	Other infrastructure assets	
Kerb, gutter and footpaths	80	Swimming pools	50
		Other open space/ recreational assets	10 to 100

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. As at 30 June 2023 only vehicle assets had residual values.

Depreciation starts in the year following the year of acquisition of an asset.

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.

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

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

Rural Fire Service assets

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

Council did not recognise Rural Fire Services Assets, including buildings, plant and equipment, due to lack of evidence of control over the economic benefits which are expected to flow from these assets.

C2 Leasing activities

C2-1 Council as a lessee

Information relating to the leases in place and associated balances and transactions is provided below.

Buildings

Council leases land for operational purposes. The land leases contains an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

(a) Right of use assets

	Office and IT equipment \$ '000	Land \$ '000	Total \$ '000
2023			
Opening balance at 1 July	9	117	126
Additions to right-of-use assets	154	–	154
Depreciation charge	(9)	(7)	(16)
Balance at 30 June	154	110	264
2022			
Opening balance at 1 July	114	132	246
Depreciation charge	(105)	(15)	(120)
Balance at 30 June	9	117	126

(b) Lease liabilities

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Lease liabilities	54	193	36	113
Total lease liabilities	54	193	36	113

C2-1 Council as a lessee (continued)

(c) (i) The maturity analysis

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

	< 1 year \$ '000	1 – 5 years \$ '000	> 5 years \$ '000	Total \$ '000	Total per Statement of Financial Position \$ '000
2023					
Cash flows	62	134	88	284	247
2022					
Cash flows	40	53	96	189	149

(d) Income Statement

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

	2023 \$ '000	2022 \$ '000
Interest on lease liabilities	7	9
Depreciation of right of use assets	16	120
	23	129

(e) Statement of Cash Flows

Total cash outflow for leases	62	78
	62	78

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

Council has a lease at significantly below market for land and building which is used for School of Arts.

The lease is for 80 years and requires payments of a maximum amount of \$1 per year. The use of the right-to-use asset is restricted by the lessor to specified community services which Council must provide, these services are detailed in the lease. Council does not believe that this lease is material from a statement of financial position or performance perspective.

Accounting policy

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

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

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

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

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

C2-1 Council as a lessee (continued)

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

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

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets (below \$10,000). Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / concessionary leases

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

C2-2 Council as a lessor

Operating leases

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

– property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-6).

	2023 \$ '000	2022 \$ '000
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(i) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	164	160
Total income relating to operating leases for Council assets	164	160

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

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

< 1 year	164	160
1–2 years	164	160
2–3 years	164	160
3–4 years	164	160
4–5 years	164	160
> 5 years	164	160
Total undiscounted lease payments to be received	984	960

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, 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

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Goods and services	4,305	–	3,044	–
Goods and services – accruals	308	–	211	–
Accrued expenses:				
– Borrowings	274	–	140	–
– Salaries and wages	187	–	190	–
Advances	7	–	7	–
Security bonds, deposits and retentions	296	–	184	–
Other	118	–	300	–
Trust account	382	–	382	–
Total payables	5,877	–	4,458	–

Payables relating to restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Externally restricted assets				
Water	506	–	290	–
Sewer	299	–	61	–
Payables relating to externally restricted assets	805	–	351	–
Total payables relating to restricted assets	805	–	351	–
Total payables relating to unrestricted assets	5,072	–	4,107	–
Total payables	5,877	–	4,458	–

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

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

C3-2 Contract Liabilities

	Notes	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	4,716	–	11,721	–
Total grants received in advance		4,716	–	11,721	–
Total contract liabilities		4,716	–	11,721	–

Notes

(i) Council has received funding to construct assets to be controlled by the council under Stronger Country Communities Funding and Drought Stimulus Package grant agreements. The funds received are under enforceable contracts which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

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

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

	2023 \$ '000	2022 \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	11,490	3,412
Total revenue recognised that was included in the contract liability balance at the beginning of the period	11,490	3,412

Significant changes in contract liabilities

Drop of contract liability is due to performing works under the funding deeds in 2023 financial year for the unspent grant money in 2023 FY

Accounting policy

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

C3-3 Borrowings

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Loans – secured ¹	950	20,128	870	17,979
Total borrowings	950	20,128	870	17,979

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

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

Borrowings relating to restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Externally restricted assets				
Water	215	5,585	171	5,799
Sewer	108	1,461	101	1,569
Borrowings relating to externally restricted assets	323	7,046	272	7,368
Total borrowings relating to restricted assets	323	7,046	272	7,368
Total borrowings relating to unrestricted assets	627	13,082	598	10,611
Total borrowings	950	20,128	870	17,979

C3-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	2022		Non-cash movements				2023
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	18,849	(871)	3,100	–	–	–	21,078
Lease liability (Note C2-1b)	149	56	42	–	–	–	247
Total liabilities from financing activities	18,998	(815)	3,142	–	–	–	21,325

	2021		Non-cash movements				2022
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	13,709	5,140	–	–	–	–	18,849
Lease liability (Note C2-1b)	216	(67)	–	–	–	–	149
Total liabilities from financing activities	13,925	5,073	–	–	–	–	18,998

(b) Financing arrangements

	2023 \$ '000	2022 \$ '000
Total facilities		
Credit cards/purchase cards	50	50
Master lease facilities	5,000	–
Total financing arrangements	5,050	50
Undrawn facilities		
– Credit cards/purchase cards	10	32
– Lease facilities	5,000	–
Total undrawn financing arrangements	5,010	32

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

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Annual leave	623	–	683	–
Long service leave	617	–	856	–
Total employee benefit provisions	1,240	–	1,539	–

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

	2023 \$ '000	2022 \$ '000
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The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	837	1,108
	837	1,108

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

	2023 Current \$ '000	2023 Non-Current \$ '000	2022 Current \$ '000	2022 Non-Current \$ '000
Other provisions				
Workers compensation	34	–	32	–
Sub-total – other provisions	34	–	32	–
Asset remediation/restoration:				
Asset remediation/restoration (future works)	1,644	1,137	1,380	2,168
Sub-total – asset remediation/restoration	1,644	1,137	1,380	2,168
Total provisions	1,678	1,137	1,412	2,168

Description of and movements in provisions

	Other provisions		
	Workers compensation \$ '000	Asset remediation \$ '000	Total \$ '000
2023			
At beginning of year	32	3,548	3,580
Unwinding of discount	–	116	116
Effect of de-recognition of provision through profit and loss (Note B2-3)	–	(65)	(65)
Remeasurement effect through asset (Note C1-6)	–	(818)	(818)
Other	2	–	2
Total other provisions at end of year	34	2,781	2,815
2022			
At beginning of year	42	3,480	3,522
Unwinding of discount	–	31	31
Remeasurement effect through profit and loss (Note B2-3)	–	(172)	(172)
Effect of de-recognition of provision through profit and loss (Note B2-3)	–	(947)	(947)
Remeasurement effect through asset (Note C1-6)	–	1,161	1,161
Amounts used (payments) (Note C1-6)	–	(5)	(5)
Other	(10)	–	(10)
Total other provisions at end of year	32	3,548	3,580

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

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

C3-5 Provisions (continued)

during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
Income from continuing operations			
Rates and annual charges	7,735	1,498	2,638
User charges and fees	1,177	1,532	226
Interest and investment income	923	35	108
Other revenues	758	6	41
Grants and contributions provided for operating purposes	19,518	183	26
Grants and contributions provided for capital purposes	25,871	7,787	13
Other income	258	–	–
Total income from continuing operations	56,240	11,041	3,052
Expenses from continuing operations			
Employee benefits and on-costs	7,561	464	324
Materials and services	9,257	1,234	1,273
Borrowing costs	580	255	128
Depreciation, amortisation and impairment of non-financial assets	7,246	896	585
Other expenses	790	–	–
Net losses from the disposal of assets	2,435	38	61
Total expenses from continuing operations	27,869	2,887	2,371
Operating result from continuing operations	28,371	8,154	681
Net operating result for the year	28,371	8,154	681
Net operating result attributable to each council fund	28,371	8,154	681
Net operating result for the year before grants and contributions provided for capital purposes	2,500	367	668

D1-2 Statement of Financial Position by fund

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	26,600	1,473	6,818
Receivables	2,641	749	214
Inventories	221	–	–
Contract assets and contract cost assets	12,013	2,236	–
Total current assets	41,475	4,458	7,032
Non-current assets			
Infrastructure, property, plant and equipment	507,512	50,857	23,177
Right of use assets	264	–	–
Total non-current assets	507,776	50,857	23,177
Total assets	549,251	55,315	30,209
LIABILITIES			
Current liabilities			
Payables	5,077	501	299
Income received in advance	(5)	5	–
Contract liabilities	4,592	124	–
Lease liabilities	54	–	–
Borrowings	627	215	108
Employee benefit provision	1,240	–	–
Provisions	1,678	–	–
Total current liabilities	13,263	845	407
Non-current liabilities			
Lease liabilities	193	–	–
Borrowings	13,082	5,585	1,461
Provisions	1,137	–	–
Total non-current liabilities	14,412	5,585	1,461
Total liabilities	27,675	6,430	1,868
Net assets	521,576	48,885	28,341
EQUITY			
Accumulated surplus	185,739	24,113	14,609
Revaluation reserves	335,837	24,772	13,732
Council equity interest	521,576	48,885	28,341
Total equity	521,576	48,885	28,341

D2 Interests in other entities

D2-1 Subsidiaries, joint arrangements and associates not recognised

New England Joint Organisation (NEJO)

The NEJO was established on 11 May 2018 and is a separately constituted entity pursuant to Part 7 (Sections 400O to 400ZH) of the *Local Government Act (NSW)* 1993, as amended, and the Local Government (General) Regulation 2008.

The principle purpose of the NEJO is to establish strategic regional priorities and to provide regional leadership to the geographical area for which it serves, and to identify and take up opportunities for intergovernmental cooperation on matters relating to the joint organisation area.

NEJO comprises of seven voting member councils: Armidale Regional Council, Glen Innes Severn Council, Inverell Shire Council, Moree Plains Shire Council, Narrabri Shire Council, Tenterfield Shire Council and Uralla Shire Council.

The Board of NEJO consists of:

- The Mayors of each Member Council, who are entitled to one (1) vote at Meetings;
- A non-voting representative of the NSW Government, who is the Regional Director of the Department of Premier and Cabinet.

The Chairperson is to be elected by the voting representatives of the Board from one (1) of the Mayoral representatives. Chairperson does not have a casting vote.

A decision of the Board is supported by a majority at which a quorum is present is a decision of NEJO.

Tenterfield Shire Council, as a member of the NEJO, has a one seventh voting right in respect to the decisions of the Board. Considering the fact that decision making is based on majority votes, council does not have control, joint control or significant influence over relevant activities of the organisation.

In accordance with the Charter each member of the NEJO contributes annual fees towards the operation of the joint organisation. In 2022/2023 the contribution made by Tenterfield Shire Council was zero due to the fact that the joint organisation decided to cease operations in the 2024 and moving forward (2022: \$13,444.55). For the period ended 30 June 2023 NEJO's net operating loss was \$25 thousand (2022: gain \$68 thousand).

North West Weight of Loads Committee (NWWLC)

Council joined the North West Weight of Loads Committee (NWWLC) in March 2021. The NWWLC is a joint venture between the Council of the Shire of Moree Plains, the Council of the Shire of Narrabri, the Western Plains Regional Council, the Council of the Shire of Glen Innes Severn, the Council of the Shire of Gunnedah, the Council of the Shire of Tenterfield, the Council of the Shire of Inverell and the Council of the Shire of Warrumbungle.

Council's interest in the group capital is 12.5% which no control or significant influence over the group's activity. The principal activity of the NWWLC is the checking and enforcement of load weights carried by heavy vehicles on roads within the above named Council boundaries.

Tenterfield Shire Council's member contribution to the NWWLC in 2023 financial year was zero (2022: \$1,087.27).

For the period ended 30 June 2023 NWWLC's net operating income attributable to Tenterfield Shire Council was \$4,377.58 (2022: \$8,967.53).

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 Council.

Council's objective is to maximise its return on cash and investments while maintaining an adequate level of liquidity and preserving capital. The finance team manage the cash and investments portfolio with the assistance of independent advisers. Council has an investment policy which complies with 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 and performance of the portfolio as required by local government regulations.

NSW 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 receivables, loans, investments and financial liabilities approximates the 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 its debts as and when they fall due
- credit risk – the risk that a contracting entity will not complete its obligations under 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 its independent advisers before placing any cash and investments.

(a) Market risk – interest rate and price risk

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

Impact of a 1% movement in interest rates

– Equity / Income Statement	135	183
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(b) Credit risk

Council's receivables for the purposes of credit risk exposure comprise two categories:

1) Category 1: rates and annual charges (including interests on outstanding rates); statutory entitlements (GST receivable); government grants and subsidies; accrued grants income; and interest on investments.

2) Category 2: user charges and fees; private works; other debtors.

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, whether through exposure to individual customers, specific industry sectors and/or regions.

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

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

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

Credit risk profile

Receivables – Category 1

Rates and annual charges (including interest on overdue rates debtors)

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.

Government grants, subsidies, GST receivable

Credit risk on this type of debtors is negligible due to allocation of the funds to the council for the whole period of fund agreements, absence of evidence of default of the Australian Government in the past, currently and in the future and timely payments made by the government.

Interest on investments

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.

Contract Assets

This class of assets comprises of accrued income under various government grants. Credit risk on this type of accruals is negligible due to allocation of the funds to the council for the whole period of fund agreements, absence of evidence of default of the Australian Government in the past, currently and in the future and timely payments made by the government.

	Not yet overdue \$ '000	overdue rates and annual charges < 5 years \$ '000	≥ 5 years \$ '000	Total \$ '000
2023				
Gross carrying amount - Receivables (AASB 9)	391	–	–	391
Contract Assets (AASB 15 and AASB 1058)	14,249	–	–	14,249
2022				
Gross carrying amount - Receivables (AASB 9)	396	–	–	396
Contract Assets (AASB 15 and AASB 1058)	5,547	–	–	5,547

Receivables - Category 2

Fees and charges, Private works and other debtors

Council applies the simplified approach for Category 2 debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, Category 2 debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2021 is determined as follows. The expected credit losses incorporate forward-looking information.

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts			Total \$ '000
			31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2023						
Gross carrying amount	3,005	8	5	250	–	3,268
Expected loss rate (%)	0.00%	10.00%	15.00%	21.38%	0.00%	1.68%
ECL provision	–	1	1	53	–	55
2022						
Gross carrying amount	2,003	46	5	589	–	2,643
Expected loss rate (%)	0.29%	10.00%	15.00%	7.30%	0.00%	2.05%
ECL provision	6	5	1	43	–	55

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

(c) Liquidity risk

Payables, lease liability and borrowings are both subject to liquidity risk – 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 maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. 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 (for lease liability maturity analysis refer to Note C2-1) and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2023							
Payables	0.00%	296	5,581	–	–	5,877	5,877
Loans	4.63%	–	1,695	8,754	19,957	30,406	21,078
Total financial liabilities		296	7,276	8,754	19,957	36,283	26,955
2022							
Payables	0.00%	184	4,274	–	–	4,458	4,458
Loans	4.61%	–	1,575	7,603	16,244	25,422	18,849
Total financial liabilities		184	5,849	7,603	16,244	29,880	23,307

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

The fair value of assets 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							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022 ¹	2023	2022 ¹
Infrastructure, property, plant and equipment	C1-6								
Plant and equipment		30/06/18	30/06/18	–	–	8,197	8,977	8,197	8,977
Office equipment		30/06/16	30/06/16	–	–	271	326	271	326
Furniture and fittings		30/06/16	30/06/16	–	–	10	13	10	13
Crown land		30/06/21	30/06/21	–	–	4,735	4,419	4,735	4,419
Land – operational		30/06/23	30/06/18	7,220	4,649	–	–	7,220	4,649
Land – community		30/06/21	30/06/21	–	–	1,793	1,673	1,793	1,673
Land under roads		30/06/14	30/06/14	–	–	13	13	13	13
Land improvements – depreciated		30/06/21	30/06/21	–	–	1,266	1,206	1,266	1,206
Buildings		30/06/23	30/06/18	–	–	28,365	17,853	28,365	17,853
Other structures		30/06/21	30/06/21	–	–	3,276	3,261	3,276	3,261
Roads		30/06/19	30/06/19	–	–	237,032	221,523	237,032	221,523
Bulk earthworks		30/06/19	30/06/19	–	–	111,625	102,311	111,625	102,311
Footpaths		30/06/19	30/06/19	–	–	3,280	2,669	3,280	2,669
Bridges		30/06/19	30/06/19	–	–	59,465	56,348	59,465	56,348
Stormwater assets		30/06/19	30/06/19	–	–	4,142	3,954	4,142	3,954
Water supply assets		30/06/22	30/06/22	–	–	38,062	35,729	38,062	35,729
Sewerage network		30/06/22	30/06/22	–	–	21,507	20,098	21,507	20,098
Swimming pools		30/06/21	30/06/21	–	–	357	366	357	366
Open space and recreation		30/06/21	30/06/21	–	–	4,175	2,466	4,175	2,466
Library books		30/06/21	30/06/21	–	–	41	73	41	73
Tip assets		30/06/22	30/06/22	–	–	576	2,167	576	2,167
Quarry assets		30/06/22	30/06/22	–	–	59	112	59	112
Total infrastructure, property, plant and equipment				7,220	4,649	528,247	485,557	535,467	490,206

(1) Restated - see Note G4-1

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:

E2-1 Fair value measurement (continued)

Infrastructure, property, plant and equipment (IPPE)

Crown Land

All valuations of Crown Land are based upon the land valuations issued by the Valuer - General. Crown Land was valued as at 30 June 2021 using the 1 July 2019 VG valuation data. There has been no change to the valuation process during the reporting period.

Community Land

All valuations of Community Land are based upon the land valuations issued by the Valuer - General. Community Land was valued as at 30 June 2021. There has been no change to the valuation process during the reporting period.

Operational Land

The valuation of Operational Land has been based upon relevant sales in the area. In certain locations there was a lack of appropriate comparable sales evidence and in these instances the closest comparable sales and factors relating the land parcels geographic, land use and zoning were also taken into consideration. The last valuation was undertaken at 30 June 2023 by APV Valuers & Asset Management. There has been no change to the valuation process during the reporting period.

Other Structures, Swimming Pools and Open Space & Recreation Assets

The valuation process involved current replacement cost approach. Unobservable inputs such as replacement cost, asset condition and useful life required extensive professional judgement. The unobservable inputs place this class of asset at Level 3. The last valuation was undertaken on 30 June 2021 by APV Valuers and Asset Management Pty Ltd. There has been no change to the valuation process during the reporting period.

Plant & Equipment, Office Equipment, Furniture & Fittings and Library Books

Plant & Equipment, Furniture & Fittings, Library Books and Office Equipment are valued at cost but disclosed at fair value in the Notes of the financial statements. It is assumed that the carrying amount of these asset classes is approximate fair value. Assets include graders, motor vehicles, mowers, chainsaws, computers, tables, chairs, lighting, library books and resources. The key unobservable input is the condition of the assets. There has been no change to the valuation process during the reporting period.

Buildings

Buildings assets are valued externally. Council engaged APV Valuers & Asset Management to perform a comprehensive valuation of buildings assets as at 30 June 2023.

Most of the Council's buildings are specialised by nature and were valued utilising the cost approach. The approach estimated the replacement cost of each building and componentising of significant parts of specific buildings with different useful lives and taking into account a range of factors. Where the unit rates could be supported by market evidence, Level 2 inputs were utilised. Other inputs (such as estimates useful life, asset condition and componentisation) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued utilising Level 3 inputs.

There were no changes in valuation technique from prior year.

Water supply and Sewerage network assets

Due to specialised nature of the assets all water and sewer network assets were valued using cost approach with the Level 3 input dominating the valuation. As a result, this class of assets is always valued externally with sufficient regularity to ensure carrying amount of the assets is not materially different to fair value. Council engaged independent professional valuer, Australis Asset Advisory Group, to perform a comprehensive revaluation of its water and sewerage supply network assets as at 30 June 2022.

Valuer applied significant judgement in determining following inputs into the valuation process: unit rates, condition assessment and obsolescence, useful life. The valuation technique has not changed from previous year.

Transportation assets

Transportation assets is a valuation class of asset for the purposes of AASB 13 *Fair Value Measurement* which combines following classes of assets from Note C1-6: roads, bridges, footpaths, bulk earthworks, stormwater drainage.

This valuation relies on key unobservable inputs such as unit rates, condition ratings, useful life. The key unobservable inputs and no active market place these assets categories at Level 3. The last valuation of replacement cost was undertaken on 30

E2-1 Fair value measurement (continued)

June 2019 by AssetVal Pty Ltd. Further adjustments were then applied based on the condition of the assets using internal inspection data.

Remediation Assets for Tips and Quarries

Restoration, cell capping, leachate collection and site closures have been recognised as significant costs for the remediation assets. In particular, the closing of a landfill site will include preparation, final cell capping, site re-vegetation and leachate management. The key unobservable inputs are discount rate, estimated costs, legislative requirements, and timing of remediation and indexation of labour costs. Council engaged an external independent valuation firm (Australis) to update critical estimates related to rehabilitation of a tip and used internal expertise to update critical estimates for remediation of quarries on 30 June 2022.

Fair value measurements using significant unobservable inputs (level 3)

There were no movements between levels of hierarchy during the year. The operational land level of hierarchy was adjusted to Level 2 retrospectively. For schedule of changes in values please refer to Note C1-6.

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 future service employer contributions and past service employer contributions to the Fund.

The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current future service employer contribution rates are::

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

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

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$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 \$49,238.34. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$38,548.68. Council's expected contribution to the plan for the next annual reporting period is \$48,122.04.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 0.19%

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6% for FY 22/23 per annum 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.

E3-1 Contingencies (continued)

(iv) Other guarantees

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

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

	2023 \$ '000	2022 \$ '000
Compensation:		
Short-term benefits	977	963
Post-employment benefits	81	70
Total	1,058	1,033

F1-2 Councillor and Mayoral fees and associated expenses

	2023 \$ '000	2022 \$ '000
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The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	25	27
Councillors' fees	113	118
Other Councillors' expenses (including Mayor)	37	39
Total	175	184

F2 Other relationships

F2-1 Audit fees

	2023 \$ '000	2022 \$ '000
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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

Remuneration for audit and other assurance services

Total Auditor-General remuneration

Total audit fees

61	60
61	60
61	60
61	60

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2023 \$ '000	2022 ¹ \$ '000
Net operating result from Income Statement	37,206	16,667
Add / (less) non-cash items:		
Depreciation and amortisation	8,727	7,848
(Gain) / loss on disposal of assets	2,534	2,994
Net effect from de-recognition of remediation provision	(65)	(1,119)
Unwinding of discount rates on reinstatement provisions	116	31
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	327	2,005
(Increase) / decrease of inventories	73	(9)
Decrease/(increase) in accrued grants income	-	-
(Increase) / decrease of contract asset	(8,702)	1,870
Increase / (decrease) in payables	1,261	1,681
Increase / (decrease) in accrued interest payable	134	60
Increase / (decrease) in other accrued expenses payable	(3)	43
Increase / (decrease) in other liabilities	(70)	297
Increase / (decrease) in contract liabilities	(7,005)	8,309
Increase / (decrease) in employee benefit provision	(299)	(373)
Increase / (decrease) in other provisions	2	27
Net cash flows from operating activities	34,236	40,331

(1) Restated - see Note G4-1

G2-1 Commitments

Capital commitments (exclusive of GST)

	2023 \$ '000	2022 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Water Supply	279	8,340
Plant and equipment	–	216
Intangibles	–	51
Sewer Network	–	117
Waste Management	222	100
Roads	2,350	8,141
Parks	16	147
Buildings	49	139
Other	820	5
Total commitments	3,736	17,256
These expenditures are payable as follows:		
Within the next year	3,736	17,256
Total payable	3,736	17,256
Sources for funding of capital commitments:		
Unrestricted general funds	201	384
Future grants and contributions	2,112	14,089
Externally restricted reserves	254	275
Internally restricted reserves	1,169	2,508
Total sources of funding	3,736	17,256

G3-1 Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed. No other matters have arisen subsequent to balance date that would require these financial statements to be amended

G4 Changes from prior year statements

G4-1 Correction of errors

Intangible assets

Council uses various software to manage operations on a day-to-day basis. The software is used by council under Software as a Service agreements. Historically, expenditure associated with software upgrades, configurations, customisation and implementation of new modules have been recognised as intangible assets. However, this expenditure does not meet asset recognition criteria under AASB 138 *Intangible Assets* on the ground of lack of control over the software.

The error identified above has been corrected by restating the balances at the beginning of the earliest period presented (1 July 2021) and taking the adjustment through to accumulated surplus at that date.

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

Bridges write-off

As a result of severe weather and flooding events in February 2022, two bridges have been destroyed. Management managed to assess the damage in 2023 financial year only. Because the actual event occurred in 2022 financial year, the carrying amount (\$946 thousand) of the bridges should have been written off in 2022 financial year.

The error identified above has been corrected by restating the balances at 30 June 2022 and taking the adjustment through to accumulated surplus at that date.

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

Impairment of roads and bulk earthworks

As a result of severe weather and flooding events in February 2022, council's road network was significantly damaged. Council managed to assess the damage in 2023 financial year only. Because the actual event occurred in 2022 financial year, the effect of damage in amount of \$17,297 thousand should have been recognised as impairment in 2022 financial year. Total impairment is split between roads class of assets (\$15,904 thousand) and bulk earthworks (\$1,393 thousand).

The error identified above has been corrected by restating the balances at 30 June 2022 and taking the adjustment through to revaluation reserve at that date.

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

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

	Original Balance 1 July, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July, 2021 \$ '000
Intangible assets	789	(789)	–
Total non-current assets	470,039	(789)	469,250
Net assets	471,016	(789)	470,227
Accumulated Surplus	171,377	(789)	170,588
Total equity	471,016	(789)	470,227

continued on next page ...

G4-1 Correction of errors (continued)

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

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
Infrastructure, property, plant and equipment	531,427	(18,243)	513,184
Intangible assets	772	(772)	–
Total non-current assets	532,325	(19,015)	513,310
Net assets	538,030	(19,015)	519,015
Accumulated Surplus	188,973	(1,718)	187,255
Revaluation Reserves	349,057	(17,297)	331,760

Income Statement

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
Materials and services	10,132	80	10,212
Depreciation, amortisation and impairment of non-financial assets	7,945	(97)	7,848
Net loss from the disposal of assets	2,048	946	2,994
Net operating result for the year	17,596	(929)	16,667

Statement of Comprehensive Income

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
Net operating result for the year	17,596	(929)	16,667

G5 Statement of developer contributions as at 30 June 2023

G5-1 Summary of developer contributions

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Expenditure during year and transfers to unrestricted \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Drainage	4	3	–	–	–	–	7	–	
Roads	301	209	–	–	16	(69)	457	–	
New multi-residential development	4	101	–	–	2	–	107	–	
Open space	4	3	–	–	–	–	7	–	
Community facilities	10	8	–	–	1	–	19	–	
Emergency services	20	15	–	–	1	–	36	–	
Waste management	37	27	–	–	2	–	66	–	
Other	11	8	–	–	–	–	19	–	
S7.11 contributions – under a plan	391	374	–	–	22	(69)	718	–	
Total S7.11 and S7.12 revenue under plans	391	374	–	–	22	(69)	718	–	
S64 contributions	79	69	–	–	4	–	152	–	
Total contributions	470	443	–	–	26	(69)	870	–	

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

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Expenditure during year and transfers to unrestricted \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
CONTRIBUTION PLAN NUMBER 2013									
Drainage	4	3	-	-	-	-	-	7	-
Roads	301	209	-	-	16	(69)	-	457	-
New multi-residential development	4	101	-	-	2	-	-	107	-
Open space	4	3	-	-	-	-	-	7	-
Community facilities	10	8	-	-	1	-	-	19	-
Emergency services	20	15	-	-	1	-	-	36	-
Waste management	37	27	-	-	2	-	-	66	-
Other	11	8	-	-	-	-	-	19	-
Total	391	374	-	-	22	(69)	-	718	-

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts	Indicator	Indicators		Benchmark
	2023	2023	Restated 2022 ³	2021	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	6,069	16.55%	12.81%	1.12%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	36,662				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	16,935	24.08%	32.79%	31.97%	> 60.00%
Total continuing operating revenue ¹	70,333				
3. Unrestricted current ratio					
Current assets less all external restrictions	21,431	2.73x	1.95x	2.25x	> 1.50x
Current liabilities less specific purpose liabilities	7,839				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	15,759	8.34x	9.02x	6.98x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,890				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	479	3.86%	4.01%	4.41%	< 10.00%
Rates and annual charges collectable	12,416				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	34,891	15.76 months	22.77 months	7.88 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	2,214				

(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) Restated - see Note G4-1

G6-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022 ⁴	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	16.58%	10.92%	11.28%	15.00%	21.98%	29.53%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	19.29%	25.82%	27.81%	58.10%	98.72%	98.10%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.73x	1.95x	5.28x	3.79x	17.28x	36.56x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	10.40x	12.16x	3.57x	3.64x	6.06x	6.42x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	5.79%	5.91%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	14.00 months	20.59 months	8.88 months	21.97 months	45.81 months	49.92 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(4) Restated - see Note G4-1

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

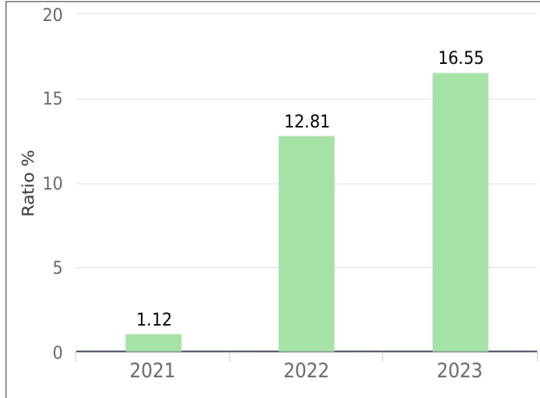
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio 16.55%

The ratio of 9.13% is higher than the benchmark of >0.00%, however lower than last FY 2021-22 of 12.81%. This is mainly due to increase in operational expenditure associated with grant related disaster recovery works and an increase in depreciation expenses due to indexation of infrastructure assets.

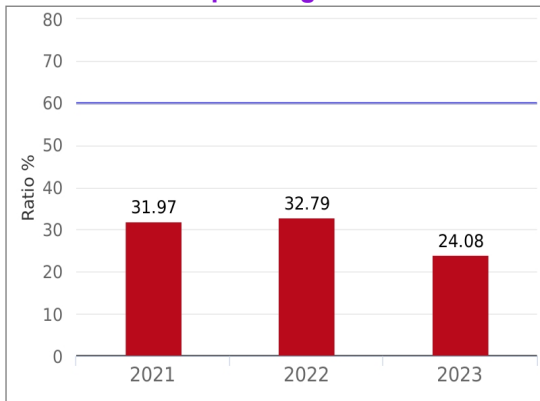
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2022/23 result

2022/23 ratio 24.08%

Council ratio of 25.07% is below the benchmark ratio (>60.00%) in the FY 2022-23. Council was partially successful in its IPART application for a Special Rate Variation and was approved 43% rates increase (including rate peg) for FY 2023-24. The impact of this determination should reflect a better ratio result in FY 2023-24. Council is also considering sale of underperforming assets to increase its operating ratio for next financial year.

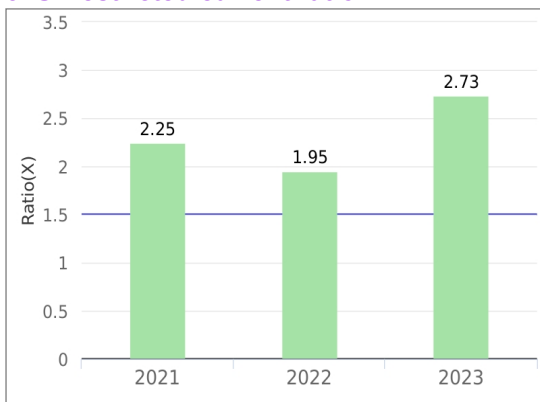
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2022/23 result

2022/23 ratio 2.73x

Council ratio of 2.73x is above the benchmark of (1.50x) and slightly higher than previous year ratio of 1.95x. Council continues to address its unrestricted funds and maintain good governance over its working capital to ensure the ratio is above the benchmark.

Benchmark: — > 1.50x

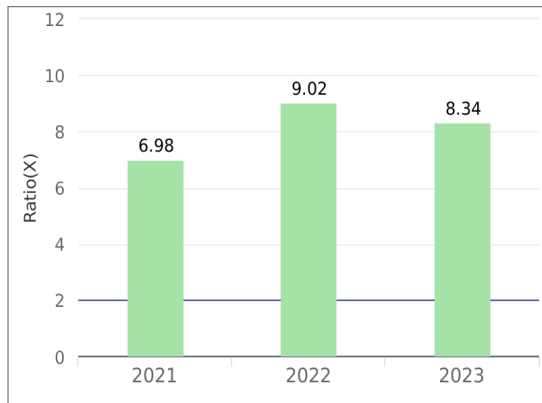
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 8.34x

Council continues to maintain its ratio above the benchmark of (>2.00x). Council aims to improve its funding source (through Special Rate Variation and selling of assets) to reduce future borrowings and monitor its borrowing and loan repayment capacity by focusing on long term – intergenerational asset creation.

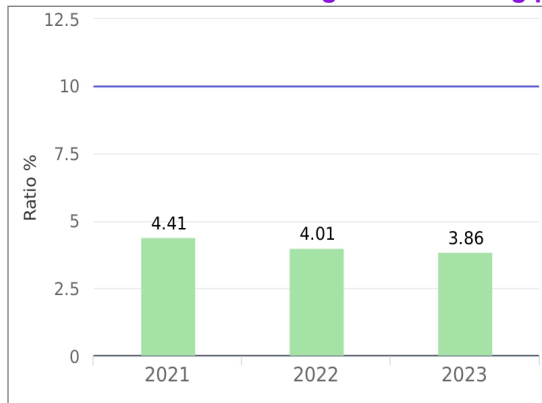
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

2022/23 ratio 3.86%

Council ratio of 3.86% is well within the benchmark of (<10%). Council ratio has further improved from 4.01% in last financial year.

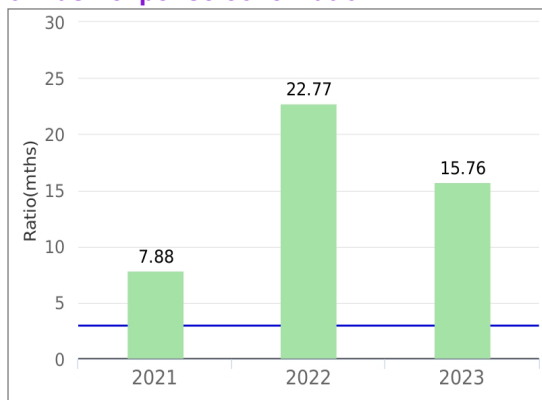
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 15.76 months

Council ratio of 19.05 months is well above the benchmark of (>3 months). This is predominately due to council being in receipt of grants and contribution for both operational and capital purposes. Council also received 100% of Financial Assistance Grant for FY 2023-24 in FY 2022-23 which has resulted in a strong cash expense ratio.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

247 Rouse Street
Tenterfield NSW 2372

Contact details

Mailing Address:

PO Box 214
Tenterfield NSW 2372

Telephone: 02 6736 6000

Facsimile: 02 6736 6005

Opening hours:

9:00am - 4:30pm
Monday to Friday

Internet: www.tenterfield.nsw.gov.au

Email: council@tenterfield.nsw.gov.au

Officers

Interim General Manager

Glenn Wilcox

Responsible Accounting Officer

Roy Jones

Public Officer

Kylie Smith

Auditors

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

Elected members

Mayor

Bronwyn Petrie

Councillors

John Macnish (Deputy Mayor)
Peter Petty
Tim Bonner
Tom Peters
Peter Murphy
Kim Rhodes
Greg Sauer
Geoff Nye

Other information

ABN: 85 010 810 083

Tenterfield Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

Tenterfield Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

Tenterfield Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

"Quality Nature, Quality Heritage and Quality Lifestyle"



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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).

Tenterfield Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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 20 December 2023.

Bronwyn Petrie
Mayor
20 December 2023

John Macnish
Deputy Mayor
20 December 2023

Glenn Wilcox
Interim General Manager
20 December 2023

Roy Jones
Responsible Accounting Officer
20 December 2023

Tenterfield Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
Income from continuing operations		
Access charges	1,498	1,310
User charges	1,494	1,116
Fees	38	23
Interest and investment income	35	2
Grants and contributions provided for operating purposes	183	234
Other income	6	8
Total income from continuing operations	3,254	2,693
Expenses from continuing operations		
Employee benefits and on-costs	464	514
Borrowing costs	255	161
Materials and services	1,234	874
Depreciation, amortisation and impairment	896	740
Loss on de-recognition of assets	38	–
Total expenses from continuing operations	2,887	2,289
Surplus (deficit) from continuing operations before capital amounts	367	404
Grants and contributions provided for capital purposes	7,787	1,539
Surplus (deficit) from continuing operations after capital amounts	8,154	1,943
Surplus (deficit) from all operations before tax	8,154	1,943
Less: corporate taxation equivalent (25%) [based on result before capital]	(92)	(101)
Surplus (deficit) after tax	8,062	1,842
Plus accumulated surplus	15,959	14,013
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	92	104
Closing accumulated surplus	24,113	15,959
Return on capital %	1.2%	1.4%
Subsidy from Council	1,422	883
Calculation of dividend payable:		
Surplus (deficit) after tax	8,062	1,842
Less: capital grants and contributions (excluding developer contributions)	(7,787)	(1,539)
Surplus for dividend calculation purposes	275	303
Potential dividend calculated from surplus	138	152

Tenterfield Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
Income from continuing operations		
Access charges	2,638	2,496
User charges	174	126
Liquid trade waste charges	24	18
Fees	28	23
Interest and investment income	108	9
Grants and contributions provided for operating purposes	26	27
Other income	41	10
Total income from continuing operations	3,039	2,709
Expenses from continuing operations		
Employee benefits and on-costs	324	337
Borrowing costs	128	135
Materials and services	1,273	909
Depreciation, amortisation and impairment	585	528
Net loss from the disposal of assets	61	–
Total expenses from continuing operations	2,371	1,909
Surplus (deficit) from continuing operations before capital amounts	668	800
Grants and contributions provided for capital purposes	13	25
Surplus (deficit) from continuing operations after capital amounts	681	825
Surplus (deficit) from all operations before tax	681	825
Less: corporate taxation equivalent (25%) [based on result before capital]	(167)	(200)
Surplus (deficit) after tax	514	625
Plus accumulated surplus	13,928	13,101
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	167	202
Closing accumulated surplus	14,609	13,928
Return on capital %	3.4%	4.3%
Subsidy from Council	136	–
Calculation of dividend payable:		
Surplus (deficit) after tax	514	625
Less: capital grants and contributions (excluding developer contributions)	(13)	(25)
Surplus for dividend calculation purposes	501	600
Potential dividend calculated from surplus	251	300

Tenterfield Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

	2023 \$ '000	2022 \$ '000
ASSETS		
Current assets		
Contract assets and contract cost assets	2,236	444
Cash and cash equivalents	1,473	2,834
Receivables	749	694
Total current assets	4,458	3,972
Non-current assets		
Infrastructure, property, plant and equipment	50,857	39,572
Total non-current assets	50,857	39,572
Total assets	55,315	43,544
LIABILITIES		
Current liabilities		
Contract liabilities	124	588
Payables	501	285
Income received in advance	5	5
Borrowings	215	171
Total current liabilities	845	1,049
Non-current liabilities		
Borrowings	5,585	5,799
Total non-current liabilities	5,585	5,799
Total liabilities	6,430	6,848
Net assets	48,885	36,696
EQUITY		
Accumulated surplus	24,113	15,959
Revaluation reserves	24,772	20,737
Total equity	48,885	36,696

Tenterfield Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

	2023 \$ '000	2022 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	6,818	5,745
Receivables	214	178
Total current assets	7,032	5,923
Non-current assets		
Infrastructure, property, plant and equipment	23,177	21,544
Total non-current assets	23,177	21,544
Total assets	30,209	27,467
LIABILITIES		
Current liabilities		
Payables	299	61
Borrowings	108	101
Total current liabilities	407	162
Non-current liabilities		
Borrowings	1,461	1,569
Total non-current liabilities	1,461	1,569
Total liabilities	1,868	1,731
Net assets	28,341	25,736
EQUITY		
Accumulated surplus	14,609	13,928
Revaluation reserves	13,732	11,808
Total equity	28,341	25,736

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. Tenterfield Shire Water Supplies

Water supply system servicing the towns of Tenterfield, Urbenville and Jennings.

b. Tenterfield Shire Sewerage Services

Sewerage reticulation and treatment system servicing the towns of Tenterfield and Jennings.

Category 2

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

Nil

Taxation equivalent charges

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

Notional rate applied (%)

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

Note – Significant Accounting Policies (continued)

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

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

In accordance with section 4 of Department of Planning Noand Environment (DPE) – Water's regulatory and assurance framework, 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 regulatory and assurance framework as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to sections 3 and 4 of DPE – Water's regulatory and assurance framework 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 relevant corporate income tax rate, currently 25% (21/22 25%).

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines and must not exceed 50% of the relevant 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).

Note – Significant Accounting Policies (continued)

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are submitted to DPIE – Water.

Tenterfield Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Tenterfield Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2023

"Quality Nature, Quality Heritage and Quality Lifestyle"



Tenterfield Shire Council

Special Schedules

for the year ended 30 June 2023

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Tenterfield Shire Council

Permissible income for general rates

	Notes	Calculation 2022/23 \$ '000	Calculation 2023/24 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	4,825	4,852
Plus or minus adjustments ²	b	(4)	-
Notional general income	c = a + b	4,821	4,852
Permissible income calculation			
Or rate peg percentage	e	0.70%	43.00%
Or plus rate peg amount	i = e x (c + g)	34	2,086
Sub-total	k = (c + g + h + i + j)	4,855	6,938
Plus (or minus) last year's carry forward total	l	(15)	(12)
Sub-total	n = (l + m)	(15)	(12)
Total permissible income	o = k + n	4,840	6,926
Less notional general income yield	p	4,852	6,933
Catch-up or (excess) result	q = o - p	(12)	(7)
Carry forward to next year ⁶	t = q + r + s	(12)	(7)
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)*.

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

Permissible income for general rates

Permissible income for general rates: PLUS PDF inserted here

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Tenterfield Shire Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard		Estimated cost to bring assets to agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000			\$ '000	\$ '000	1	2	3
Buildings	Other	–	138	78	78	28,365	38,779	10.0%	44.0%	42.0%	4.0%	0.0%	
	Sub-total	–	138	78	78	28,365	38,779	10.0%	44.0%	42.0%	4.0%	0.0%	
Other structures	Other structures	376	190	111	111	3,276	5,734	6.0%	21.0%	46.0%	24.0%	3.0%	
	Sub-total	376	190	111	111	3,276	5,734	6.0%	21.0%	46.0%	24.0%	3.0%	
Roads	Roads ^b	7,141	7,779	2,669	2,669	251,812	319,187	66.0%	14.0%	12.0%	6.0%	2.0%	
	Bridges	6,847	10,592	7	7	59,465	104,064	16.0%	29.0%	31.0%	14.0%	10.0%	
	Footpaths	17	–	–	–	3,280	4,449	58.0%	37.0%	4.0%	1.0%	0.0%	
	Bulk earthworks	–	–	–	–	113,018	113,018	0.0%	0.0%	0.0%	0.0%	100.0%	
	Other	–	–	–	–	(16,173)	–	0.0%	0.0%	0.0%	0.0%	0.0%	
	Sub-total	14,005	18,371	2,676	2,676	411,402	540,718	42.5%	14.1%	13.1%	6.2%	24.1%	
Water supply network	Other	7,321	14,292	539	539	38,062	71,245	13.0%	58.0%	4.0%	5.0%	20.0%	
	Sub-total	7,321	14,292	539	539	38,062	71,245	13.0%	58.0%	4.0%	5.0%	20.0%	
Sewerage network	Other	536	301	510	510	21,507	34,403	22.0%	40.0%	31.0%	7.0%	0.0%	
	Sub-total	536	301	510	510	21,507	34,403	22.0%	40.0%	31.0%	7.0%	0.0%	
Stormwater drainage	Other	915	–	47	47	4,142	9,685	24.0%	33.0%	14.0%	29.0%	0.0%	
	Sub-total	915	–	47	47	4,142	9,685	24.0%	33.0%	14.0%	29.0%	0.0%	
Open space / recreational assets	Swimming pools	467	1,284	20	20	357	1,614	5.0%	3.0%	12.0%	80.0%	0.0%	
	Open Space & Recreation	163	78	268	268	4,175	5,324	51.0%	28.0%	10.0%	10.0%	1.0%	
	Sub-total	630	1,362	288	288	4,532	6,938	40.3%	22.2%	10.5%	26.3%	0.7%	
Total – all assets		23,783	34,654	4,249	4,249	511,286	707,502	36.2%	21.9%	14.9%	6.7%	20.3%	

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

(b) Roads maintenance significantly increased in 2022 financial year compared to 2021 financial year due to disaster funded recovery expenses.

Infrastructure asset condition assessment 'key'

1 **Excellent/very good**

No work required (normal maintenance)

2 **Good**

Only minor maintenance work required

4 **Poor**

Renewal required

5 **Very poor**

Urgent renewal/upgrading required

Tenterfield Shire Council

Report on infrastructure assets as at 30 June 2023 (continued)

3 Satisfactory Maintenance work required

Tenterfield Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts		Indicators		Benchmark
	2023	Indicator 2023	2022 ³	2021	
Buildings and infrastructure renewals ratio ¹					
Asset renewals ¹	12,222	207.22%	42.77%	151.93%	> 100.00%
Depreciation, amortisation and impairment	5,898				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	23,783	4.27%	5.35%	6.24%	< 2.00%
Net carrying amount of infrastructure assets	557,365				
Asset maintenance ratio					
Actual asset maintenance	4,249	100.00%	100.00%	100.03%	> 100.00%
Required asset maintenance	4,249				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	34,654	4.90%	3.03%	4.01%	
Gross replacement cost	707,502				

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

(1) Includes renewal works in Work In Progress (WIP).

(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) Restated - see Note G4-1

Tenterfield Shire Council

Report on infrastructure assets 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	
Buildings and infrastructure renewals ratio ¹							
Asset renewals ¹	253.85%	42.08%	73.79%	40.67%	36.20%	75.86%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	3.20%	4.56%	19.23%	16.66%	2.49%	2.13%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	3.33%	1.14%	20.06%	20.67%	0.87%	0.03%	
Gross replacement cost							

(1) Includes renewal works in Work In Progress (WIP).

(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.