

Nambucca Valley Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024



Nambucca Valley ~ Living at its best

Nambucca Valley Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024

Nambucca Valley ~ Living at its best



Nambucca Valley Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Overview

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

44 Princess Street
MACKSVILLE NSW 2447

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

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

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

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

Nambucca Valley Council

General Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

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

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

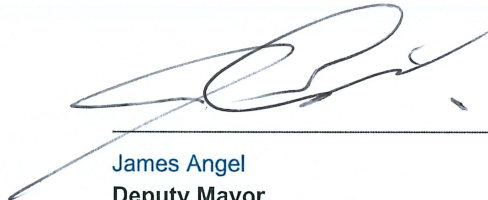
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 17 October 2024.



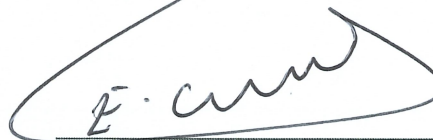
Gary Lee
Mayor
17 October 2024



James Angel
Deputy Mayor
17 October 2024



Bede Spannagle
General Manager
17 October 2024



Evan Webb
Chief Financial Officer
17 October 2024

Nambucca Valley Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Net operating result for the year – from Income Statement		20,681	16,802
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	28,727	43,492
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	143	293
Total items which will not be reclassified subsequently to the operating result		28,870	43,785
Total other comprehensive income for the year		28,870	43,785
Total comprehensive income for the year attributable to Council		49,551	60,587

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

Nambucca Valley Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	13,712	13,764
Investments	C1-2	43,250	28,745
Receivables	C1-4	7,342	7,710
Inventories	C1-5	698	762
Contract assets and contract cost assets	C1-6	5,619	3,097
Other	C1-9	118	70
Total current assets		70,739	54,148
Non-current assets			
Investments	C1-2	24,327	34,809
Receivables	C1-4	21	21
Inventories	C1-5	3,550	3,469
Infrastructure, property, plant and equipment (IPPE)	C1-7	623,584	582,798
Intangible assets	C1-8	468	484
Total non-current assets		651,950	621,581
Total assets		722,689	675,729
LIABILITIES			
Current liabilities			
Payables	C2-1	3,905	4,215
Contract liabilities	C2-2	8,530	9,311
Borrowings	C2-3	2,128	2,191
Employee benefit provisions	C2-4	2,198	3,682
Total current liabilities		16,761	19,399
Non-current liabilities			
Payables	C2-1	1,225	435
Borrowings	C2-3	35,764	37,892
Employee benefit provisions	C2-4	1,538	263
Provisions	C2-5	1,487	1,377
Total non-current liabilities		40,014	39,967
Total liabilities		56,775	59,366
Net assets		665,914	616,363
EQUITY			
Accumulated surplus		404,153	383,472
IPPE revaluation reserve	C3-1	261,761	232,891
Council equity interest		665,914	616,363
Total equity		665,914	616,363

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

Nambucca Valley Council

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		383,472	232,891	616,363	366,670	189,106	555,776
Net operating result for the year		20,681	–	20,681	16,802	–	16,802
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	28,727	28,727	–	43,492	43,492
– Impairment (loss) reversal relating to IPP&E	C1-7	–	143	143	–	293	293
Other comprehensive income		–	28,870	28,870	–	43,785	43,785
Total comprehensive income		20,681	28,870	49,551	16,802	43,785	60,587
Closing balance at 30 June		404,153	261,761	665,914	383,472	232,891	616,363

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

Nambucca Valley Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Cash flows from operating activities				
<i>Receipts:</i>				
23,971	Rates and annual charges		23,771	23,724
9,601	User charges and fees		10,689	8,442
1,868	Investment revenue and interest received		3,603	1,292
2,985	Grants and contributions		21,399	30,187
–	Bonds, deposits and retentions received		95	454
1,686	Other		7,774	2,105
<i>Payments:</i>				
–	Bonds, deposits and retentions refunded		–	(805)
(1,803)	Other		(2,272)	(1,637)
(2,306)	Borrowing costs		(2,166)	(2,222)
(12,373)	Payments to employees		(13,977)	(13,248)
(15,942)	Payments for materials and services		(20,588)	(23,591)
7,687	Net cash flows from operating activities	G1-1	28,328	24,701
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investments		16,315	31,727
7,277	Proceeds from sale of IPPE		459	150
<i>Payments:</i>				
(2,690)	Purchase of investments		(14,036)	(13,039)
–	Acquisition of term deposits		(6,676)	(25,624)
(11,069)	Payments for IPPE		(22,170)	(13,495)
–	Purchase of real estate assets		(81)	–
–	Purchase of intangible assets		–	(48)
(6,482)	Net cash flows from investing activities		(26,189)	(20,329)
Cash flows from financing activities				
<i>Receipts:</i>				
1,700	Proceeds from borrowings		–	3,800
<i>Payments:</i>				
(2,412)	Repayment of borrowings		(2,191)	(2,246)
(712)	Net cash flows from financing activities		(2,191)	1,554
493	Net change in cash and cash equivalents		(52)	5,926
7,838	Cash and cash equivalents – beginning of year		13,764	7,838
8,331	Cash and cash equivalents at end of year	C1-1	13,712	13,764
58,003	plus: Investments on hand at end of year	C1-2	67,577	63,554
66,334	Total cash, cash equivalents and investments		81,289	77,318

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

Nambucca Valley Council

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Nambucca Valley Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 17 October 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

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

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

Historical cost convention

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer C1-7
- (ii) estimated tip remediation provisions – refer C2-5
- (iii) employee benefit provisions – refer C2-4

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer C1-4

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 activities have been included as part of the Consolidated Fund:

- General purpose operations
- Water service
- Sewerage service

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.

A1-1 Basis of preparation (continued)

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

Volunteer services

Council is very much appreciative of the many volunteers who provide services to the community. However, the reality is that due to funding constraints many of these services would not be purchased or provided by Council if the volunteers ceased providing them or alternatively the service level would be greatly reduced. For the services that Council would continue to provide in the absence of volunteers the total cost to Council is not material enough for inclusion in the Annual Financial Statements.

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 2024 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 for the first time at 30 June 2024.

None of these standards had a significant impact on the reported financial position or performance.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
Administration	19,912	19,648	3,717	3,502	16,195	16,146	5,303	6,362	60,701	14,585
Public Order and Safety	976	498	1,483	2,018	(507)	(1,520)	977	443	7,078	6,531
Health	244	240	230	209	14	31	–	–	25	29
Environment	746	900	1,960	1,676	(1,214)	(776)	193	375	419	419
Community Services and Education	136	21	235	91	(99)	(70)	113	21	1,798	1,943
Housing and Community amenities	9,844	8,586	7,930	8,075	1,914	511	887	204	21,009	18,904
Water Supplies	8,937	7,570	6,925	6,178	2,012	1,392	1,926	1,838	124,920	132,091
Sewerage Services	9,557	6,833	6,271	6,000	3,286	833	2,718	1,014	113,723	106,094
Recreation and Culture	1,327	2,281	4,173	7,334	(2,846)	(5,053)	1,065	1,957	71,603	68,859
Mining, Manufacturing and Construction	196	157	703	674	(507)	(517)	–	–	–	–
Transport and Communication	18,332	17,459	15,476	11,433	2,856	6,026	17,712	17,040	320,539	321,080
Economic Affairs	102	16	525	217	(423)	(201)	64	66	874	5,194
Total functions and activities	70,309	64,209	49,628	47,407	20,681	16,802	30,958	29,320	722,689	675,729

B1-2 Components of functions or activities

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

Administration

Includes corporate and other support services; engineering works; and any Council policy compliance.

Public Order and Safety

Includes Council's fire and emergency services levy; fire protection; emergency services; beach control; enforcements of regulations and animal control.

Health

Includes immunisation; food control; health centres etc.

Environment

Includes environmental and town planning support services.

Community Services and Education

Includes administration and education; social protection (welfare); Aboriginal and other community services and administration (excluding accommodation - covered under "housing and community amenities"); youth services; aged and disabled persons services; and other family and children services.

Housing and Community Services

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management including domestic waste, other waste management, other sanitation and garbage; street cleaning; public cemeteries; public conveniences; town planning; other community amenities.

Water Supply

Operation and maintenance of all water supply infrastructure to supply water to consumers that complies with Australian Drinking Water Guidelines. Infrastructure includes Bowra Dam, bores, pumps, water treatment plant, transfer pipelines, Reservoirs and reticulation pipework.

Sewerage Services

Operation and maintenance of all sewerage infrastructure to collect and treat wastewater in compliance with EPA licence requirements. Infrastructure includes Sewage Treatment Plants, gravity sewer mains, sewage pump stations, sewer rising mains and low pressure sewerage systems.

Recreation and Culture

Includes public libraries; museums; art galleries; community centres/halls; including public halls and performing arts venues; sporting grounds and venues; swimming pool, parks; gardens; lakes; and other sporting, recreation and cultural services.

Mining, Manufacturing and Construction

Includes building control; quarries and pits.

Transport and Communciation

Urban local; urban regional; includes sealed and unsealed roads; bridges; footpaths; parking areas; bus shelters and services; drainage; stormwater management; water transport and street lighting.

Economic Affairs

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; real estate development; private works and other business undertakings.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	9,525	9,281
Farmland	1,110	1,045
Business	1,371	1,187
Less: pensioner rebates	(388)	(393)
Rates levied to ratepayers	11,618	11,120
Pensioner rate subsidies received	213	213
Total ordinary rates	11,831	11,333
Special rates		
Environmental	485	464
Rates levied to ratepayers	485	464
Total special rates	485	464
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	4,967	4,653
Water supply services	1,379	1,248
Sewerage services	4,912	4,416
Drainage	153	151
Waste management services (non-domestic)	981	939
Less: pensioner rebates	(466)	(458)
Annual charges levied	11,926	10,949
Pensioner annual charges subsidies received:		
– Water	85	83
– Sewerage	72	73
– Domestic waste management	106	107
Total annual charges	12,189	11,212
Total rates and annual charges	24,505	23,009

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

Material accounting policy information

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period. Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government. Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

\$ '000	2024	2023
Specific user charges (per s502 - specific 'actual use' charges)		
Water supply services	4,505	3,933
Sewerage services	1,069	984
Waste management services (non-domestic)	2,437	2,581
Other	348	81
Library	2	2
Total specific user charges	8,361	7,581
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Building regulation	192	154
Planning and building regulation	248	244
Private works – section 67	190	8
Regulatory/ statutory fees	486	483
Section 10.7 certificates (EP&A Act)	50	48
Section 603 certificates	40	35
Septic tank income	42	45
Town planning-environmental compliance fees	16	24
Total fees and charges – statutory/regulatory	1,264	1,041
(ii) Fees and charges – other (incl. general user charges (per s608))		
Cemeteries	117	140
Park rents	107	99
Total fees and charges – other	224	239
Total other user charges and fees	1,488	1,280
Total user charges and fees	9,849	8,861
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time (1)	8,362	7,839
User charges and fees recognised at a point in time (2)	1,487	1,022
Total user charges and fees	9,849	8,861

Material accounting policy information

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as camping grounds, 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

\$ '000	2024	2023
Fines – parking	27	23
Fines – other	85	34
Diesel rebate	74	52
Insurance claims recoveries	267	98
Sales – general	193	13
Administration	10	16
Bank merchant service fees	13	12
Environmental services	36	30
Insurance – premium rebates	46	35
Libraries	16	11
Road closure/compulsory acquisition	41	37
Special meter reading fees	8	6
Staff Car charges	102	99
Other	23	106
Other-Fair Value on Acquisition	–	92
Total other revenue	941	664
Timing of revenue recognition for other revenue		
Other revenue recognised over time (1)	–	15
Other revenue recognised at a point in time (2)	941	649
Total other revenue	941	664

Material accounting policy information for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	218	869	–	–
Financial assistance – local roads component	93	391	–	–
Payment in advance - future year allocation				
Financial assistance – general component	3,250	3,585	–	–
Financial assistance – local roads component	1,393	1,527	–	–
Amount recognised as income during current year	4,954	6,372	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Aquatic Centre	–	–	–	32
Water supplies	4	–	1,178	1,145
Bushfire and emergency services	274	279	224	13
Sewerage services	4	–	641	10
Community Services	18	21	–	–
Economic development	–	36	332	–
Employment and training programs	112	24	–	–
Environment	553	353	140	22
Library	135	212	21	605
Museums	13	31	83	36
Noxious weeds	387	150	–	–
Public halls	6	7	455	248
Recreation and culture	31	3	730	656
Storm/flood damage	154	–	1,020	–
Street lighting	21	21	–	–
Transport (roads to recovery)	1,510	130	–	–
Transport for NSW (roads and bridges)	2,107	1,040	4,895	4,228
ICT Services	463	660	–	–
Other specific grants	25	215	–	89
Drainage	–	–	207	–
Kerb and gutter	–	–	–	53
Footpaths/Cycleways	214	–	1,996	515
Car parks	–	–	597	2,398
Public Conveniences	–	–	33	–
Roads and bridges	30	4,623	498	209
Transport for NSW contributions (regional roads, block grant)	476	641	197	544
Total special purpose grants and non-developer contributions – cash	6,537	8,446	13,247	10,803

B2-4 Grants and contributions (continued)

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Non-cash contributions				
Other Contributed Assets	-	-	-	50
Subdivisions	-	-	3,613	919
RFS Contributed Assets	-	-	479	120
Total other contributions – non-cash	-	-	4,092	1,089
Total special purpose grants and non-developer contributions (tied)	6,537	8,446	17,339	11,892
Total grants and non-developer contributions	11,491	14,818	17,339	11,892
Comprising:				
– Commonwealth funding	6,464	6,688	2,157	411
– State funding	5,002	8,130	10,911	11,481
– Other funding	25	-	4,271	-
	11,491	14,818	17,339	11,892

Developer contributions

\$ '000	Notes	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
	G4					
Cash contributions						
S 7.11 – contributions towards amenities/services		2	-	-	28	39
S 7.12 – fixed development consent levies		2	-	-	741	1,009
S 64 – water supply contributions		2	-	-	586	649
S 64 – sewerage service contributions		2	-	-	773	913
Total developer contributions			-	-	2,128	2,610
Total contributions			-	-	2,128	2,610
Total grants and contributions			11,491	14,818	19,467	14,502
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			407	-	12,940	4,425
Grants and contributions recognised at a point in time (2)			11,084	14,818	6,527	10,077
Total grants and contributions			11,491	14,818	19,467	14,502

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent funds				
Unspent funds at 1 July	6,127	5,043	18,299	16,206
Add: Funds received and not recognised as revenue in the current year	519	1,854	8,584	6,914
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,796)	(770)	(5,211)	(4,821)
Unspent funds at 30 June	4,850	6,127	21,672	18,299

Material accounting policy information

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue are recognised when control of each performance obligations is satisfied.

The performance obligations vary according to the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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.

Grant income under AASB1058

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Councils 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.

Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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

Contributions

Nambucca Valley Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of s7.11 and 7.12 of the Environmental Planning and Assessment Act 1979.

While Nambucca Valley 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 the council may apply contributions according to the priorities established in work schedules.

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	189	164
– Cash and investments	3,568	1,953
Total interest and investment income (losses)	3,757	2,117
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	156	143
General Council cash and investments	1,105	771
Restricted investments/funds – external:		
Developer contributions		
– Section 7.11/7.12	75	47
– Section 64	375	184
Water fund operations	1,019	479
Sewerage fund operations	813	383
Domestic waste management operations	214	110
Total interest and investment income	3,757	2,117

Material accounting policy information

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

B2-6 Other income

\$ '000	2024	2023
Rental income		
Other lease income		
Telecommunication sites	98	91
Crown Leases	134	102
Other	67	42
Total other lease income	299	235
Total rental income	299	235
Fair value increment on investments		
Fair value increment on investments through profit and loss	–	3
Total Fair value increment on investments	–	3
Total other income	299	238

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	10,913	10,142
Employee termination costs (where material – other than vested leave paid)	–	208
Travel expenses	817	622
Employee leave entitlements (ELE)	1,696	2,133
Superannuation	1,347	1,244
Workers' compensation insurance	369	310
Fringe benefit tax (FBT)	26	19
Payroll tax	265	–
Training costs (other than salaries and wages)	185	127
Protective clothing	30	16
Other	63	125
Total employee costs	15,711	14,946
Less: capitalised costs	(1,780)	(1,501)
Total employee costs expensed	13,931	13,445

Material accounting policy information

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

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

B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		1,541	1,141
Contractor and consultancy costs		8,888	10,200
– Beach inspections		97	92
– Cleaning of Council buildings		95	84
– Computer system – Civica – Authority		142	294
– Environmental		–	43
– Financial/Governance		69	98
– Labour hire		293	281
– Sewer		96	23
– Waste collection contract		2,424	2,406
– EPA Landfill Post Closure Monitoring Expenses		–	6
– Water		108	97
– Infrastructure services		279	–
Audit Fees	F2-1	78	56
Councillor and Mayoral fees and associated expenses	F1-2	281	179
Advertising		73	95
Bank charges		78	72
Electricity and heating		690	606
Insurance		935	810
Office expenses (including computer expenses)		185	154
Postage		60	42
Printing and stationery		49	60
Street lighting		166	364
Subscriptions and publications		84	65
Telephone and communications		78	75
Valuation fees		74	69
Insurance excess (PI/PL)		7	17
Legal expenses:			
– Legal expenses: planning and development		117	43
– Legal expenses: other		130	158
Total materials and services		17,119	17,630
Total materials and services		17,119	17,630

B3-3 Borrowing costs

\$ '000	Notes	2024	2023
(i) Interest bearing liability costs			
Interest on loans		2,254	2,296
Total interest bearing liability costs		2,254	2,296
Total interest bearing liability costs expensed		2,254	2,296
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C2-5	(116)	49
Total other borrowing costs		(116)	49
Total borrowing costs expensed		2,138	2,345

Material accounting policy information

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

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Infrastructure, property, plant and equipment	C1-7	922	837
Office equipment	C1-7	130	116
Furniture and fittings	C1-7	16	10
Infrastructure:			
– Buildings – non-specialised	C1-7	423	401
– Buildings – specialised		311	251
– Other structures		373	330
– Roads		3,190	2,931
– Bridges		1,265	1,258
– Footpaths		201	169
– Other road assets		214	200
– Stormwater drainage		779	708
– Water supply network		1,856	1,734
– Sewerage network		1,986	1,855
– Swimming pools		73	66
– Other open space/recreational assets		228	207
– Other infrastructure		456	405
Other assets:			
– Heritage collections		1	1
– Library books		85	84
Other assets		2	–
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-7	87	29
Intangible assets	C1-8	16	29
Total gross depreciation and amortisation costs		12,614	11,621
Less: capitalised costs		–	(98)
Total depreciation and amortisation costs		12,614	11,523
Impairment / revaluation decrement of IPPE			
Infrastructure:			
Roads -Impairment loss recognised in equity	C1-7	(143)	(293)
Total gross IPPE impairment / revaluation decrement costs		(143)	(293)
Amounts taken through revaluation reserve	C1-7	143	293
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	–
Total depreciation, amortisation and impairment for non-financial assets		12,614	11,523

Material accounting policy information

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets and Note C1-8 for intangible 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.

B3-5 Other expenses

\$ '000	Notes	2024	2023
Impairment of receivables			
Other		70	44
Total impairment of receivables		70	44
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		189	–
Total Fair value decrement on investments	C1-2	189	–
Other			
NSW Rural Fire Service ,SES & Fire and Rescue NSW		651	596
Waste levy		1,296	916
Other contributions/levies		47	38
Donations, contributions and assistance to other organisations (Section 356)		115	319
Total other		2,093	1,836
Total other expenses		2,352	1,880

Material accounting policy information

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

Impairment expenses are recognised when identified.

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

\$ '000	Notes	2024	2023
Infrastructure, property, plant and equipment			
Proceeds from disposal – Infrastructure ,property, plant and equipment		459	150
Less: carrying amount of Infrastructure, property, plant and equipment assets sold/written off		<u>(1,748)</u>	<u>(1,819)</u>
Gain (or loss) on disposal		<u>(1,289)</u>	<u>(1,669)</u>
Gain (or loss) on disposal of real estate assets held for sale			
Less: carrying amount of real estate assets sold/written off	C1-5	<u>–</u>	<u>1,082</u>
Gain (or loss) on disposal		<u>–</u>	<u>1,082</u>
Gain (or loss) on disposal of investments			
Proceeds from disposal/redemptions/maturities – investments		16,315	3
Less: carrying amount of investments sold/redeemed/matured		<u>(16,500)</u>	<u>–</u>
Gain (or loss) on disposal		<u>(185)</u>	<u>3</u>
Net gain (or loss) from disposal of assets		<u>(1,474)</u>	<u>(584)</u>

Material accounting policy information

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 15 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
User charges and fees	9,677	9,849	172	2% F
Other revenues	939	941	2	0% F
Operating grants and contributions	7,460	11,491	4,031	54% F
Council received more than anticipated Financial Assistance grant in advance. Council also received grants that were not included in the initial budget.				
Capital grants and contributions	3,174	19,467	16,293	513% F
Capital grants were not originally included in the budget and are received during the financial year.				
Interest and investment revenue	1,864	3,757	1,893	102% F
The favourable variation is attributable to council redeeming low yielding investments and reinvesting at higher yielding interest rates.				
Expenses				
Employee benefits and on-costs	12,997	13,931	(934)	(7)% U
Materials and services	15,725	17,119	(1,394)	(9)% U
Cash flows from operating activities	7,687	28,328	20,641	269% F
Actual income received was higher than budgeted for in relation to grants, Financial assistance grants. Actual expenditure against budget was higher than expected for road expenditure and natural disaster works.				
Cash flows from investing activities	(6,482)	(26,189)	(19,707)	304% U
Less than expected sale of IPPE and less capital works were completed. Council does not budget for sale and purchases of investments.				
Cash flows from financing activities	(712)	(2,191)	(1,479)	208% U
Council initially budgeted for loan borrowings however these funds were not required to be drawn down.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	13,712	11,950
Cash equivalent assets		
– Deposits at call	–	1,814
Total cash and cash equivalents	13,712	13,764

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	13,712	13,764
Balance as per the Statement of Cash Flows	13,712	13,764

C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Financial assets at fair value through the profit and loss				
NCD's, FRN's and Fixed Interest Bonds (with maturities > 3 months)	–	6,827	–	9,309
Managed Funds	2,950	–	3,121	–
Total	2,950	6,827	3,121	9,309
Debt securities at amortised cost				
Long term deposits	40,300	17,500	25,624	25,500
Total	40,300	17,500	25,624	25,500
Total financial investments	43,250	24,327	28,745	34,809
Total cash assets, cash equivalents and investments	56,962	24,327	42,509	34,809

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and

C1-2 Financial investments (continued)

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in FRNs, Managed Funds and Fixed Interest Bonds in the Statement of Financial Position.

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	81,289	77,318
Less: Externally restricted cash, cash equivalents and investments	(63,625)	(61,869)
Cash, cash equivalents and investments not subject to external restrictions	17,664	15,449

External restrictions

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

Specific purpose unexpended loans – sewer	3,800	–
Specific purpose unexpended grants – water fund	110	153
Specific purpose unexpended grants – sewer fund	870	214
Specific purpose unexpended grants – general fund	5,182	11,728
Security deposits	1,288	1,188
EPA Contribution to Waste Management	500	500
Property Insurance Reimbursements	74	74
Developer contributions – general	2,181	2,465
Developer contributions – water fund	7,434	6,881
Developer contributions – sewer fund	3,370	2,485
Specific purpose unexpended grants (recognised as revenue) – general fund	4,515	35
Water fund	16,272	16,146
Sewer fund	11,897	14,311
Domestic waste management	5,765	5,459
Stormwater Management	367	230
Total external restrictions	63,625	61,869

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

\$ '000	2024	2023
(b) Internal allocations		
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	1,844	1,825
Employees leave entitlement	1,134	1,134
Carry over works	1,236	–
Council building reserve	74	83
Election	171	121
Environment rate unallocated	378	326
Land development	515	894
Lawn cemetery	7	7
Natural Disaster Contingency	84	–
Other contributions	165	111
Swimming pool	36	74
Waste management	4,117	2,735
Unspent Financial Assistance Grant	4,644	5,112
Unexpended Loans - General Fund	1,989	2,193
Office Equipment	118	75
Total internal allocations	16,512	14,690

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

C1-4 Receivables

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Rates and annual charges	1,171	–	212	–
Interest and extra charges	131	–	626	–
User charges and fees	943	–	2,017	–
Accrued revenues				
– Interest on investments	1,246	–	597	–
General	735	–	2,922	–
Government grants and subsidies	2,841	–	–	–
Net GST receivable	446	–	395	–
Other	–	21	1,041	21
Total	7,513	21	7,810	21
Less: provision for impairment				
Rates and annual charges	(171)	–	(100)	–
Total provision for impairment – receivables	(171)	–	(100)	–
Total net receivables	7,342	21	7,710	21

Material accounting policy information

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

Impairment

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

When 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 30 days past due has seen a significant increase in credit risk.

The Council uses the presumption 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.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

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.

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(i) Inventories at cost				
Real estate for resale	–	3,547	–	3,466
Stores and materials	698	–	762	–
Total inventories at cost	698	3,547	762	3,466
(ii) Inventories at net realisable value (NRV)				
Real estate for resale	–	3	–	3
Total inventories at net realisable value (NRV)	–	3	–	3
Total inventories	698	3,550	762	3,469

(i) Other disclosures

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(a) Details for real estate development				
Residential	–	1,044	–	1,031
Industrial/commercial	–	2,506	–	2,438
Total real estate for resale	–	3,550	–	3,469

(Valued at the lower of cost and net realisable value)

Material accounting policy information

Raw materials and stores, work in progress and finished goods

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

Real Estate held for resale/capitalisation of borrowing costs

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

C1-6 Contract assets and Contract cost assets

Contract assets

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Construction of General Fund Infrastructure (excluding Natural Disaster Funding)	3,515	–	1,605	–
Construction of Water Fund Infrastructure	1,136	–	76	–
Construction of Sewer Fund Infrastructure	556	–	51	–
General Fund - Natural Disaster Funding	412	–	1,365	–
Total contract assets	5,619	–	3,097	–

Significant changes in contract assets

- Department of Planning & Environment - Nambucca Heads Library Extension \$350,000
- Bushfire Local Economic Recovery fund - \$1,666,000
- Restart NSW - Valla Employment Lands - \$420,706
- TfNSW Disaster Recovery - \$251,000

Material accounting policy information

Contract assets

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

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period									At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment reversal (recognised in equity)	WIP transfers	Adjustments and transfers	Other movements-Adjustment through CY P & L	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	8,312	–	8,312	5,743	1,635	–	–	–	(6,505)	–	–	–	9,185	–	9,185
Plant and equipment	16,484	(9,260)	7,224	1,917	165	(528)	(922)	–	29	–	–	–	17,052	(9,167)	7,885
Office equipment	799	(501)	298	44	76	(1)	(130)	–	–	–	–	–	832	(545)	287
Furniture and fittings	575	(397)	178	–	–	(2)	(16)	–	–	–	–	–	560	(400)	160
Land:															
– Crown land	13,641	–	13,641	–	–	–	–	–	–	–	–	–	13,641	–	13,641
– Operational land	10,008	–	10,008	–	–	–	–	–	–	(233)	–	–	9,775	–	9,775
– Community land	14,855	–	14,855	–	–	–	–	–	–	233	–	–	15,088	–	15,088
– Land under roads (post 30/6/08)	134	–	134	–	33	–	–	–	–	–	–	–	167	–	167
Land improvements – non-depreciable	1,321	–	1,321	–	311	–	–	–	–	–	–	–	1,632	–	1,632
Infrastructure:															
– Buildings – non-specialised	30,616	(12,899)	17,717	239	–	(75)	(423)	–	134	–	–	862	32,329	(13,875)	18,454
– Buildings – specialised	25,701	(5,695)	20,006	111	320	(72)	(311)	–	–	–	–	967	27,307	(6,286)	21,021
– Other structures	10,697	(5,198)	5,499	21	759	(2)	(373)	–	1,099	–	–	277	13,147	(5,867)	7,280
– Roads	173,283	(66,045)	107,238	2,616	2,584	(626)	(3,190)	143	686	–	–	6,842	188,841	(72,548)	116,293
– Bridges	73,635	(20,750)	52,885	1,130	–	(29)	(1,265)	–	625	–	–	3,781	79,507	(22,380)	57,127
– Footpaths	16,466	(4,680)	11,786	42	849	(1)	(201)	–	272	–	–	603	18,485	(5,135)	13,350
– Other road assets	6,372	(3,193)	3,179	–	169	–	(214)	–	–	–	–	144	6,850	(3,572)	3,278
– Bulk earthworks (non-depreciable)	45,994	–	45,994	658	774	(117)	–	–	–	–	–	2,951	50,260	–	50,260
– Stormwater drainage	75,442	(25,765)	49,677	25	680	(17)	(779)	–	5	–	–	2,005	79,224	(27,628)	51,596
– Water supply network	147,665	(47,812)	99,853	564	1,106	(177)	(1,856)	–	2,043	–	–	4,986	158,396	(51,877)	106,519
– Sewerage network	130,625	(48,201)	82,424	187	1,427	(65)	(1,986)	–	36	–	–	4,089	138,710	(52,598)	86,112
– Swimming pools	2,959	(1,438)	1,521	38	–	(13)	(73)	–	–	–	–	81	3,133	(1,579)	1,554
– Other open space/recreational assets	7,416	(2,279)	5,137	54	47	(15)	(228)	–	12	–	–	258	7,878	(2,613)	5,265
– Other infrastructure	30,714	(7,566)	23,148	984	646	(7)	(456)	–	1,564	–	–	819	33,781	(7,083)	26,698
Other assets:															
– Heritage collections	120	(44)	76	–	–	–	(1)	–	–	–	–	–	120	(45)	75
– Library books	513	(260)	253	81	–	–	(85)	–	–	–	–	–	507	(258)	249
– Other	7	(2)	5	–	–	–	(2)	–	–	–	–	–	7	(4)	3
Reinstatement, rehabilitation and restoration assets (refer Note 12):															
– Tip assets	687	(258)	429	–	455	–	(87)	–	–	–	(227)	62	914	(284)	630
Total infrastructure, property, plant and equipment	845,041	(262,243)	582,798	14,454	12,036	(1,747)	(12,598)	143	–	–	(227)	28,727	907,328	(283,744)	623,584

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

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	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														
Capital work in progress	7,970	–	7,970	2,030	3,363	–	–	–	(5,051)	–	–	8,312	–	8,312
Plant and equipment	16,361	(8,890)	7,471	604	195	(209)	(837)	–	–	–	–	16,484	(9,260)	7,224
Office equipment	742	(385)	357	16	34	–	(116)	–	7	–	–	799	(501)	298
Furniture and fittings	438	(387)	51	7	130	–	(10)	–	–	–	–	575	(397)	178
Land:														
– Operational land	8,732	–	8,732	–	132	(12)	–	–	–	154	1,002	10,008	–	10,008
– Community land	10,563	–	10,563	–	165	–	–	–	–	(154)	4,281	14,855	–	14,855
– Crown land	10,880	–	10,880	–	–	–	–	–	–	–	2,761	13,641	–	13,641
– Land under roads (post 30/6/08)	130	–	130	–	4	–	–	–	–	–	–	134	–	134
Land improvements – non-depreciable	992	–	992	–	319	–	–	–	10	–	–	1,321	–	1,321
Infrastructure:														
– Buildings – non-specialised	27,185	(9,607)	17,578	21	134	(226)	(401)	–	34	–	577	30,616	(12,899)	17,717
– Buildings – specialised	19,563	(4,580)	14,983	1,598	177	(434)	(251)	–	2,847	(41)	1,127	25,701	(5,695)	20,006
– Other structures	9,036	(4,215)	4,821	67	209	(42)	(330)	–	28	41	705	10,697	(5,198)	5,499
– Roads	159,662	(58,906)	100,756	994	576	(243)	(2,931)	293	47	–	7,746	173,283	(66,045)	107,238
– Bridges	69,736	(19,597)	50,139	1,035	–	(100)	(1,258)	–	630	–	2,439	73,635	(20,750)	52,885
– Footpaths	14,022	(3,923)	10,099	85	303	(31)	(169)	–	29	–	1,470	16,466	(4,680)	11,786
– Other road assets (including bulk earthworks)	6,045	(2,855)	3,190	9	29	(7)	(200)	–	5	–	153	6,372	(3,193)	3,179
– Bulk earthworks (non-depreciable)	44,202	–	44,202	–	375	–	–	–	–	–	1,417	45,994	–	45,994
– Stormwater drainage	68,452	(22,869)	45,583	70	227	(60)	(708)	–	275	–	4,290	75,442	(25,765)	49,677
– Water supply network	136,652	(42,988)	93,664	594	153	(188)	(1,734)	–	246	–	7,118	147,665	(47,812)	99,853
– Sewerage network	120,933	(43,080)	77,853	450	205	(244)	(1,855)	–	139	–	5,876	130,625	(48,201)	82,424
– Swimming pools	2,551	(1,174)	1,377	–	–	–	(66)	–	–	–	210	2,959	(1,438)	1,521
– Other open space/recreational assets	6,333	(1,777)	4,556	24	34	(1)	(207)	–	50	–	681	7,416	(2,279)	5,137
– Other infrastructure	26,479	(6,614)	19,865	251	1,122	(21)	(405)	–	704	–	1,632	30,714	(7,566)	23,148
Other assets:														
– Heritage collections	120	(43)	77	–	–	–	(1)	–	–	–	–	120	(44)	76
– Library books	512	(267)	245	92	–	–	(84)	–	–	–	–	513	(260)	253
– Other	7	(2)	5	–	–	–	–	–	–	–	–	7	(2)	5
Reinstatement, rehabilitation and restoration assets (refer Note 12):														
– Tip assets	617	(236)	381	–	–	–	(29)	–	–	70	7	687	(258)	429
Total infrastructure, property, plant and equipment	768,915	(232,395)	536,520	7,947	7,886	(1,818)	(11,592)	293	–	70	43,492	845,041	(262,243)	582,798

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

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

Material accounting policy information

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

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 Climate Change, Energy, the Environment and 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 nominal consideration, the assets are initially recognised at their fair value at acquisition date.

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

Plant and equipment	Years	Other Structures	Years
Office equipment	2 to 15	Fences	15 to 40
Office furniture	10 to 20	Lighting	10 to 30
Computer Equipment	4	Solar Waste Bins	10
Vehicles	3 to 5	Railing	15 to 30
Heavy plant/road making equipment	5 to 20	Other	8 to 100
Other plant and equipment	3 to 30		
		Stormwater assets	
Water and sewer assets		Drains/Pits	70 to 106
Sewer - Rising Mains	70	Culverts	80 to 106
Sewer -Gravity Mains	71 to 89	Pipes	60 to 106
Sewer Manholes	85		
Sewer Pumps & Telemetry, switchboards, valve pits	10 to 100	Buildings	
Sewer Treatment Plant	14 to 133	Buildings: Specialised	9 to 150
Water Reticulation Mains	25 to 100	Buildings: Non Specialised	14 to 153
Water Trunk Mains	32 to 100		
Water Reservoirs - Dams	20 to 129	Other infrastructure assets	
Water Treatment Plant	15 to 100	Swimming pools	10 to 99
Water Bores	20 to 70	Other open space/recreational assets	5 to 85
Water Pump Station	20 to 100	Other infrastructure	15 to 100
		Other Assets	5 to 100
Transportation assets		Tip - Quarry Assets	8 to 34
Sealed roads: surface	20 to 66		
Sealed roads: structure	60 to 120		
Sealed Roads - Subpavement	60 to 180		
Unsealed roads	20 to 25		
Bridge: concrete	50 to 100		
Bridge: other	50 to 80		
Kerb, gutter and footpaths	10 to 120		
Bulk earthworks	Infinite		
Other Road Assets	20 to 100		

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

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

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 in accordance with AASB 1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

Crown reserves

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

Where the Crown reserves are under a lease arrangement they are accounted for under ASSB 16 Leases.

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".

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2024	2023
Software		
Opening values at 1 July		
Gross book value	560	560
Accumulated amortisation	(530)	(501)
Net book value – opening balance	30	59
Movements for the year		
Amortisation charges	(16)	(29)
Closing values at 30 June		
Gross book value	560	560
Accumulated amortisation	(546)	(530)
Total software – net book value	14	30
Other		
Land Easements		
Opening values at 1 July		
Gross book value	454	406
Net book value – opening balance	454	406
Purchases	–	48
Closing values at 30 June		
Gross book value	454	454
Total Land Easements	454	454
Total intangible assets – net book value	468	484

Material accounting policy information

IT development and software

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

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

Land Easement - Water Storage Dam

These are recognised at cost.

The assets are periodically reviewed and are considered to have an indefinite life.

C1-9 Other

Other assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Prepayments	118	-	70	-
Total other assets	118	-	70	-

C2 Liabilities of Council

C2-1 Payables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Prepaid rates	960	-	806	-
Prepaid User Charges	134	-	253	-
Goods and services	1,951	-	1,707	-
Accrued expenses:				
– Borrowings	248	-	267	-
– Salaries and wages	504	-	331	-
– Other expenditure accruals	37	-	33	-
Security bonds, deposits and retentions	63	1,225	758	435
Other	8	-	60	-
Total payables	3,905	1,225	4,215	435

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

Nil

Material accounting policy information

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

Payables

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

C2-2 Contract Liabilities

\$ '000	Notes	2024	2024	2023	2023
		Current	Non-current	Current	Non-current
Unexpended capital grants (to construct Council controlled assets)	(i)	7,576	–	7,289	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	41	–	1,181	–
Unexpended capital contributions (to construct Council controlled assets)	(i)	876	–	70	–
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	–	–	500	–
Other-User fees and charges	(iii)	37	–	271	–
Total contract liabilities		8,530	–	9,311	–

Notes

(i) Council has received funding to construct assets including sporting facilities, bridges, library and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(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.

(iii) Upfront user charges and fees received are recorded as a contract liability on receipt and recognised as revenue over the expected life of the contract.

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

\$ '000	2024	2023
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	3,925	2,726
Operating grants (received prior to performance obligation being satisfied)	561	175
Capital contributions (to construct Council controlled assets)	70	–
Operating contributions (received prior to performance obligation being satisfied)	500	–
User Fees & Charges	271	74
Total revenue recognised that was included in the contract liability balance at the beginning of the period	5,327	2,975

Significant changes in contract liabilities

Grant Funding received in advance:

- Bushfire Local Recovery Fund \$609,000
- Black Summer Bushfire Recovery Grant \$788,000
- Community Local Infrastructure Recovery Program \$714,000
- Fixing Country Bridges Grant \$1,100,498
- Regional Roads & Transport Recovery \$998,000

Material accounting policy information

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

C2-3 Borrowings

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Loans – secured ¹	2,128	35,764	2,191	37,892
Total borrowings	2,128	35,764	2,191	37,892

(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.

(a) Changes in liabilities arising from financing activities

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Cash inflows	Non-cash fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	40,083	(2,191)	–	–	–	–	37,892
Total liabilities from financing activities	40,083	(2,191)	–	–	–	–	37,892

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash outflows	Cash inflows	Non-cash fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	38,529	1,554	–	–	–	–	40,083
Total liabilities from financing activities	38,529	1,554	–	–	–	–	40,083

(b) Financing arrangements

\$ '000	2024	2023
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Total facilities

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

Credit cards/purchase cards	150	126
Total financing arrangements	150	126

Drawn facilities

Financing facilities drawn down at the reporting date are:

Undrawn facilities

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

– Credit cards/purchase cards	120	126
Total undrawn financing arrangements	120	126

Additional financing arrangements information

Breaches and defaults

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

Material accounting policy information

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

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

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or

C2-3 Borrowings (continued)

transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

C2-4 Employee benefit provisions

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Annual leave	977	–	952	–
Sick leave	503	–	457	–
Long service leave	676	1,538	2,235	263
Other leave	42	–	38	–
Total employee benefit provisions	2,198	1,538	3,682	263

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,829	1,904
	1,829	1,904

Description of and movements in non-employee benefit provisions

Material accounting policy information

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C2-5 Provisions

\$ '000	2024		2023	
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	1,487	–	1,377
Sub-total – asset remediation/restoration	–	1,487	–	1,377
Total provisions	–	1,487	–	1,377

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2024		
At beginning of year	1,377	1,377
Unwinding of discount	(9)	(9)
Additional provisions	455	455
Remeasurement effects	(336)	(336)
Total other provisions at end of year	1,487	1,487
2023		
At beginning of year	1,250	1,250
Unwinding of discount	127	127
Total other provisions at end of year	1,377	1,377

Nature and purpose of provisions

Asset remediation

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

Material accounting policy information

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

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

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

Asset remediation – tips and quarries

Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, the removal of residual materials and remediation of disturbed areas, and EPA post closure monitoring for Council's landfill asset. 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 costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

C2-5 Provisions (continued)

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, 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 the volume of waste to landfill. 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 property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Close-down and restoration costs are a normal consequence of tip operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

C3 Reserves

C3-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2024	Water 2024	Sewer 2024
Income from continuing operations			
Rates and annual charges	18,542	1,284	4,885
User charges and fees	5,171	4,523	1,031
Interest and investment income	1,911	1,023	823
Other revenues	345	338	354
Grants and contributions provided for operating purposes	11,030	385	76
Grants and contributions provided for capital purposes	14,829	1,923	2,715
Other income	559	–	–
Total income from continuing operations	52,387	9,476	9,884
Expenses from continuing operations			
Employee benefits and on-costs	9,743	2,067	2,121
Materials and services	14,964	1,601	1,934
Borrowing costs	563	1,311	322
Depreciation, amortisation and impairment of non-financial assets	8,525	1,964	2,125
Other expenses	2,344	8	–
Net losses from the disposal of assets	1,147	219	108
Total expenses from continuing operations	37,286	7,170	6,610
Operating result from continuing operations	15,101	2,306	3,274
Net operating result for the year	15,101	2,306	3,274
Net operating result attributable to each council fund	15,101	2,306	3,274
Net operating result for the year before grants and contributions provided for capital purposes	272	383	559

D1-2 Statement of Financial Position by fund

\$ '000	General 2024	Water 2024	Sewer 2024
ASSETS			
Current assets			
Cash and cash equivalents	8,759	2,316	2,637
Investments	20,450	15,000	7,800
Receivables	5,486	1,129	727
Inventories	674	24	–
Contract assets and contract cost assets	3,927	1,136	556
Other	118	–	–
Total current assets	39,414	19,605	11,720
Non-current assets			
Investments	8,327	6,500	9,500
Receivables	(81)	–	102
Inventories	3,550	–	–
Infrastructure, property, plant and equipment	418,204	112,517	92,863
Intangible assets	62	406	–
Total non-current assets	430,062	119,423	102,465
Total assets	469,476	139,028	114,185
LIABILITIES			
Current liabilities			
Payables	3,625	203	77
Contract liabilities	7,270	390	870
Borrowings	1,327	586	215
Employee benefit provision	2,198	–	–
Total current liabilities	14,420	1,179	1,162
Non-current liabilities			
Payables	1,225	–	–
Borrowings	10,661	19,503	5,600
Employee benefit provision	1,538	–	–
Provisions	1,487	–	–
Total non-current liabilities	14,911	19,503	5,600
Total liabilities	29,331	20,682	6,762
Net assets	440,145	118,346	107,423
EQUITY			
Accumulated surplus	269,246	69,746	65,161
Revaluation reserves	170,899	48,600	42,262
Council equity interest	440,145	118,346	107,423
Total equity	440,145	118,346	107,423

D1-3 Details of internal loans

(in accordance with s410(3) of the *Local Government Act 1993*)

Details of individual internal loans	Council ID / Ref
Borrower (by purpose)	Bridges
Lender (by purpose)	Sewer
Date of Minister's approval	30/06/2006
Date raised	30/06/2006
Term years	20
Dates of maturity	30/06/2026
Rate of interest (%)	6.50%
Amount originally raised (\$'000)	615

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2024	Carrying value 2023	Fair value 2024	Fair value 2023
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	13,712	13,764	13,712	13,764
Receivables	7,363	7,731	7,363	7,731
Investments				
– Debt securities at amortised cost	57,800	51,124	57,800	51,124
Fair value through profit and loss				
Investments				
– Held for trading	9,777	12,430	9,777	12,430
Total financial assets	88,652	85,049	88,652	85,049
Financial liabilities				
Payables	5,130	4,650	5,130	4,650
Loans/advances	37,892	40,083	37,892	40,083
Total financial liabilities	43,022	44,733	43,022	44,733

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified '**at fair value through profit and loss**' are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

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

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

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

The risks associated with the instruments held are:

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

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

- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

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

(a) Market risk – interest rate and price risk

\$ '000	2024	2023
The impact on 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	686	724
Impact of a 10% movement in price of investments		
– Equity / Income Statement	978	1,243

(b) Credit risk

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

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

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

There are no significant concentrations of credit risk, 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.

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2024				
Gross carrying amount	–	1,114	57	1,171
2023				
Gross carrying amount	(34)	236	10	212

Receivables - non-rates and annual charges and contract assets

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

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

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

\$ '000	Not yet overdue	0 - 30 days	Overdue debts			Total
			30- 60 days	60 - 90 days	> 90 days	
2024						
Gross carrying amount	10,033	1,757	37	49	106	11,982
Expected loss rate (%)	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%
ECL provision	22	4	-	-	-	26
2023						
Gross carrying amount	9,916	602	41	22	135	10,716
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	-	-	-	-	-	-

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2024							
Payables	0.00%	1,288	3,842	–	–	5,130	5,130
Borrowings	5.77%	–	4,263	19,185	29,179	52,627	37,892
Total financial liabilities		1,288	8,105	19,185	29,179	57,757	43,022
2023							
Payables	0.00%	1,194	3,456	–	–	4,650	4,650
Borrowings	5.77%	–	4,446	16,479	36,150	57,075	40,083
Total financial liabilities		1,194	7,902	16,479	36,150	61,725	44,733

Loan agreement breaches

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

E2-1 Fair value measurement

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

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

Fair value hierarchy

All assets and liabilities measured at fair value are 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: Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by Council:

Recurring fair value measurements

\$ '000	Notes	Fair value measurement hierarchy							
		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Recurring fair value measurements									
Financial assets									
Financial investments	C1-2								
At fair value through profit or loss – designated at fair value on initial recognition		9,777	12,430	–	–	–	–	9,777	12,430
Total financial assets		9,777	12,430	–	–	–	–	9,777	12,430
Infrastructure, property, plant and equipment									
Operational Land	C1-7	–	–	9,775	10,008	–	–	9,775	10,008
Community Land		–	–	–	–	15,088	14,855	15,088	14,855
Land Under Roads		–	–	–	–	167	134	167	134
Land Improvements – Non - Depreciable		–	–	–	–	1,632	1,321	1,632	1,321
Buildings		–	–	–	–	39,475	37,723	39,475	37,723
Other Structures		–	–	–	–	7,280	5,499	7,280	5,499
Crown Land		–	–	–	–	13,641	13,641	13,641	13,641
Roads, Bridges & Footpaths		–	–	–	–	190,048	175,088	190,048	175,088
Bulk Earthworks		–	–	–	–	50,260	45,994	50,260	45,994
Stormwater Drainage		–	–	–	–	51,596	49,677	51,596	49,677
Water Supply Network		–	–	–	–	106,519	99,853	106,519	99,853
Sewer Supply Network		–	–	–	–	86,112	82,424	86,112	82,424
Swimming Pools		–	–	–	–	1,554	1,521	1,554	1,521
Other Open		–	–	–	–	–	–	–	–
Space/Recreational assets		–	–	–	–	5,265	5,137	5,265	5,137
Other Infrastructure		–	–	–	–	26,698	23,148	26,698	23,148
Heritage Collections		–	–	–	–	75	76	75	76
Tip Remediation		–	–	–	–	630	429	630	429
Total infrastructure, property, plant and equipment		–	–	9,775	10,008	596,040	556,520	605,815	566,528

Transfers between level 1 and level 2 fair value hierarchies

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

E2-1 Fair value measurement (continued)

Valuation techniques

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

Infrastructure, property, plant and equipment (IPPE)

Operational Land

Council's Operational Land was valued at Market Value (highest and best use) by APV in 2022/2023 after identifying all elements that would be taken into account by buyers and sellers in setting the price, including but not limited to zoning, topography, location, size, access, exposure to traffic and business. Condition of asset, future cash flow from the use of the land is also considered when determining the fair value. As such these assets were all classified as having been valued using Level 2 valuation inputs.

Community Land and Crown Land

Community Land and Crown Land are based on either the Land Value provided by the Valuer General's unimproved capital value or an average unit rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value having regard to the highest and best use for the land. As these rates were not considered to be observable market evidence they have been classified a Level 3. There has been no change to the valuation process during the reporting period. Community and Crown Land were valued in 2022/2023.

Buildings – Non Specialised and Specialised

Buildings were revalued by APV with a revaluation date of 31/12/22 using the cost approach. The approach estimated the replacement cost for each building by componentising the building into significant parts with different useful lives and taking into account a range of factors such as asset condition, pattern of consumption and estimated remaining useful lives. While all buildings were physically inspected, inputs such as pattern of consumption, long life, short life components, useful lives and asset condition required extensive professional judgement and are therefore unobservable. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

A further desktop valuation was completed by Council at the 30/6/2023 due to an increase in unit rates for the 6 month period.

An annual indexation of 4.90% has been applied to this class of asset for the period ending 30 June 2024.

Roads (including Bulk Earth Works), Bridges, Footpaths and Other Road Assets

Valuations for these asset classes were undertaken in-house by Council's Engineering Department as at 31 March 2020. The assets included in this valuation include road carriageway (which has been separated to its component parts being pavement, sub pavement and where appropriate seal), car parks, footpaths, guardrails, kerb and gutter, bridges, bus shelters and other road assets.

Limited based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. The estimated replacement cost was determined using unit rates applied to square metre areas or similar appropriate units. Whilst this cost approach utilised industry standard unit rates it also relied upon inputs such as asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Bulk earthworks, in accordance with the accounting standards, are considered to have an indefinite useful life and are not depreciated.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

A desktop valuation for Roads, Bridges, Footpaths and Other Road Assets was completed by Council in 2022/2023 due to an increase in unit rates.

An annual indexation has been applied of 6.50% for Roads, 7.30% for Bridges, 5.20% for Footpaths and 6.40% for Earthworks for the period ending 30 June 2024.

Stormwater

The Stormwater Drainage asset class consists of Council's pits, pipes, and culverts. This valuation was undertaken in-house by Council's Engineering Department as at 31 March 2020.

Limited market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. The estimated replacement/renewal cost was determined using unit rates applied to lineal metre of pipe or similar appropriate units. Whilst this cost approach utilised industry standard unit rates it also relied upon inputs such as asset age, environmental factors (freshwater/tidal/urban/rural), dimensions, materials and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

A desktop valuation was completed by Council in 2022/2023 due to an increase in unit rates.

An annual indexation of 4.10% has been applied to this asset class for the period ending 30 June 2024.

Land under Roads (post 30/6/08)

E2-1 Fair value measurement (continued)

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 1st July 2008 in accordance with AASB 1051. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment. The class was revalued in 2018/2019 using the Englobo methodology. The Englobo methodology is one of 3 methods available to use in accordance with the fair valuation policy as per the Office of Local Government guidance for Infrastructure, property, plant and equipment valuations. This asset class is classified as Level 3 as significant inputs used in the Englobo valuation methodology are unobservable.

Water Supply Network

Assets in this class comprise reservoirs, pumping stations, water treatment works, water bores, rising mains and the reticulation network.

A comprehensive revaluation was carried out by Council and peer reviewed by APV Valuers in 2021/2022.

No market-based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. Valuation took consideration of construction type and materials, age, condition, maintenance and break history. Valuation relies to a varying degree on professional judgement. This is because a substantial part of the network is underground. The available information is also limited by historical records of very long lived assets and there is some uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Department of Climate Change, Energy, the Environment and Water except the years the class is the subject of a full revaluation.

There has been no change to the valuation process during the reporting period.

An annual indexation of 5.07% has been applied to this asset class for the period ending 30 June 2024.

Sewerage Network

Assets within this class comprise treatment works, pumping stations and sewerage mains.

A comprehensive revaluation was carried out by Council and peer reviewed by APV Valuers in 2021/2022.

No market-based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. Valuation took consideration of construction type and materials, age, and maintenance and blockage history. Valuation relies to a varying degree on professional judgement. This is because a substantial part of the network is underground. The available information is also limited by historical records of very long lived assets and there is some uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Department of Climate Change, Energy, the Environment and Water except the years when the class is the subject of a full revaluation.

There has been no change to the valuation process during the reporting period.

An annual indexation of 5.07% has been applied to this asset class for the period ending 30 June 2024.

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

Assets within this class comprise soft fall surfaces, lighting, playground and sporting equipment, swimming pools, retaining walls, boardwalks, jetties, ramps, landslips plus auxiliary structures. All assets in this class were valued by an external valuer (APV) in 2020/2021.

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

A desktop valuation was completed by in 2022/2023 due to an increase in unit rates.

An annual indexation has been applied of 5.25% to Open Spaces, 5.50% to Swimming pools, 3.60% for Other Infrastructure and 5.35% for Other Structures for the period ending 30 June 2024.

Heritage Collections

Assets in this class are valued at cost but are disclosed at fair value in the notes. Council holds these assets for their cultural value within the community. These assets do have a market among collectors and market evidence (Level 2 input) is available, however this information is often limited to similar items and often relate to assets that are not directly comparable. This asset class has therefore been categorised as level 3 unobserved inputs.

Tip Assets – (Landfill Remediation)

This asset class represents the value of works to remediate the Nambucca Landfill under the terms of the facility's licence. The future service potential of the asset is to enable Nambucca Valley Council to comply with the life-cycle responsibilities of the land fill operation. There is no market for the asset and it is therefore classed as having a level 3 fair value with unobserved inputs, principally cost, legislative requirements, estimated timing of expense, CPI and discount rules. Council engaged consultants to review the costs associated with undertaking rehabilitation works for the future landfill cells at the Nambucca Waste Management Facility in 2021/2022. The remediation includes post closure monitoring. This class was

E2-1 Fair value measurement (continued)

revalued at 30/6/20 and subsequently reviewed in 2022/2023 and 2023/2024. The best and highest use for the asset is unique to Nambucca Valley Council as the Licence holder.

Fair value measurements using significant unobservable inputs (level 3)

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

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

\$ '000	Fair value (30/6/24) 2024	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Community Land	15,088	Land Values obtained from NSW Valuer General	Unit rate for Land Value
Land Under Roads	167	Englobo method	Unit rate for Land value, discount rate of 90% applied
Land Improvements – Depreciable	1,632	Cost approach	Current replacement cost of modern equivalent asset. Asset condition, Remaining lives
Buildings – Specialised & Non Specialised	39,475	Cost approach	Current replacement cost of modern equivalent asset. Asset condition, Remaining lives
Other Structures	7,280	Cost approach	Current replacement cost of modern equivalent asset. Asset condition, Remaining lives
Roads	116,293	Cost approach	Unit Rate, Asset Condition, Useful Life
Bridges	57,127	Cost approach	Unit Rate, Asset Condition, Useful Life
Footpaths	13,350	Cost approach	Unit Rate, Asset Condition, Useful Life
Bulk Earthworks	50,260	Cost approach	Unit Rate, Asset Condition, Useful Life
Stormwater Drainage	51,596	Cost approach	Unit Rate, Asset Condition, Useful Life
Water Supply Network	106,519	Industry Cost Indexes, Council and contractor construction rates	Unit Rate, Asset Condition, Useful Life
Sewer Supply Network	86,112	Industry Cost Indexes, Council and contractor construction rates	Unit Rate, Asset Condition, Useful Life
Swimming Pools	1,554	Industry Cost Indexes, Council and contractor construction rates	Unit Rate, Asset Condition, Useful Life
Other Open Space/Recreational Assets	5,265	Cost Approach	Unit Rate, Asset Condition, Useful Life
Other Infrastructure	26,698	Council and contractor construction rates	Unit Rate, Asset Condition, Useful Life
Heritage Collections	75	Cost Approach used to approximate fair value	Current replacement cost of modern equivalent asset, asset condition, pattern of consumption effecting the remaining useful life
Tip Remediation	630	Cost Approach	Discount Rate, Regulation Charge, Unit Cost assumptions, CPI

E2-1 Fair value measurement (continued)

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

\$ '000	Total IPP&E	
	2024	2023
Opening balance	556,520	519,818
Total gains or losses for the period		
Other movements		
Transfers from/(to) another asset class	–	4,890
Purchases (GBV)	16,827	9,230
Disposals (WDV)	(1,217)	(1,597)
Depreciation and impairment	(11,446)	(10,545)
Total gains or losses for the year		
Recognised in other comprehensive income- Revaluation Surplus	28,871	42,783
Other movements		
Tip remediation adjustment	(228)	70
Purchases – Work in Progress Transfer	6,713	(8,129)
Closing balance	596,040	556,520

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).

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

Pooled employers are required to pay future service employer contributions and past service employer contributions to the fund.

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

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

**For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.*

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

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

(b) 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 past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

(c) a description of any agreed allocation of a deficit or surplus on:

(i) wind up of the plan

E3-1 Contingencies (continued)

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

(ii) *the Council's withdrawal from the plan*

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

(d) *Given the Council's accounts for that plan as if it were a defined contribution plan in accordance with Paragraph 34, the following information:*

(i) *the fact that the plan is a defined benefit plan,*

We confirm the plan is a defined benefit plan.

(ii) *the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan.*

(iii) *the expected contributions to the plan for the next annual reporting period.*

Council's expected contribution to the fund for the next annual reporting period is \$43,139.89.

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2024 was \$84,502.64. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2023.

(iv) *information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the Council.*

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

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

* excluding other accumulation accounts and reserves in both assets and liabilities.

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	3.5% per annum for FY 23/24 2.5% per annum thereafter

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2024.

(v) *an indication of the level of participation of the entity in the plan compared with other participating entities.*

An employer's past service contribution per annum (see cover letter) as a percentage of the total past service contributions for all Pooled Employers (\$20m for each year from 1 January 2022 to 31 December 2024) provides an indication of the level of participation of that employer compared with other employers in the Pooled Employer sub-group.

(ii) Statewide Limited

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

E3-1 Contingencies (continued)

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

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

(iii) StateCover Limited

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

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

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

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

(iv) Other guarantees

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

2. Other contingent liabilities

(i) Third party claims

From time to time the Council receives various legal claims incidental to the ordinary course of its business including negligence claims for damages relating to its services. Council believes that it is appropriately covered for all claims through insurance coverage and does not expect any material liabilities to eventuate.

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

Council's revenue recognition policy for such income is to account for it as revenue on receipt. Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2024	2023
Compensation:		
Short-term benefits	1,084	1,207
Post-employment benefits	345	81
Total	1,429	1,288

Other transactions with KMP and their related parties

There were no other material transactions between KMP and their related parties and Council during the financial year.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	47	28
Councillors' fees	174	116
Other Councillors' expenses (including Mayor)	60	35
Total	281	179

F1-3 Other related parties

Council has no other related party transactions

F2 Other relationships

F2-1 Audit fees

\$ '000	2024	2023
During the year, the following fees were incurred for services provided by the auditor of Council and related practices.		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	78	56
Remuneration for audit and other assurance services	78	56
Total Auditor-General remuneration	78	56
Total audit fees	78	56

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	20,681	16,802
Add / (less) non-cash items:		
Depreciation and amortisation	12,614	11,523
(Gain) / loss on disposal of assets	1,474	584
Non-cash capital grants and contributions	(4,092)	(1,089)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	189	(3)
Unwinding of discount rates on reinstatement provisions	(9)	127
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	297	(3,259)
Increase / (decrease) in provision for impairment of receivables	71	42
(Increase) / decrease of inventories	64	40
(Increase) / decrease of other current assets	(48)	3
(Increase) / decrease of contract asset	(2,522)	233
Increase / (decrease) in payables	244	(1,324)
Increase / (decrease) in accrued interest payable	(19)	(4)
Increase / (decrease) in other accrued expenses payable	177	(7)
Increase / (decrease) in other liabilities	78	(109)
Increase / (decrease) in contract liabilities	(781)	936
Increase / (decrease) in employee benefit provision	(209)	206
Increase / (decrease) in other provisions	119	–
Net cash flows from operating activities	28,328	24,701

(b) Non-cash investing and financing activities

RFS Contributed Assets	479	120
Subdivisions	3,333	919
Other Contributed Assets	–	50
Total non-cash investing and financing activities	3,812	1,089

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Carparks	499	–
Buildings	1,892	–
Plant and equipment	1,188	910
Stormwater drainage	525	–
Roads	544	2,556
Bridges	172	518
Water Infrastructure	483	758
Sewer Infrastructure	201	58
Furniture & Fittings	99	–
Environmental	125	–
Cycleway	–	58
Footpaths	251	529
Sporting Grounds	193	150
Investment property		
Land Development	109	94
Total commitments	6,281	5,631

Details of capital commitments

As at the 30 June 2024, significant capital projects included in the capital expenditure commitments are completion of bushfire sheds, purchase of plant & equipment due to supply issues, significant drainage and road projects, upgrade of the Bellingher Street Reservoir and replacing infrastructure such as footpaths and bridges.

G3-1 Events occurring after the reporting date

There are not any known events occurring after the reporting date that would have a significant effect on the financial report.

G4 Statement of developer contributions

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Transfers	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Section 7.11	595	28	–	–	22	(7)	–	638	–
S7.11 contributions – under a plan	595	28	–	–	22	(7)	–	638	–
S7.12 levies – under a plan	1,870	741	–	–	53	(1,122)	–	1,542	–
Total S7.11 and S7.12 revenue under plans	2,465	769	–	–	75	(1,129)	–	2,180	–
S64 contributions	9,366	1,360	–	–	375	(296)	–	10,805	–
Total contributions	11,831	2,129	–	–	450	(1,425)	–	12,985	–

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 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	2,947	5.80%	5.88%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	50,842			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	39,351	55.97%	54.33%	> 60.00%
Total continuing operating revenue ¹	70,309			
3. Unrestricted current ratio				
Current assets less all external restrictions	27,845	5.85x	5.92x	> 1.50x
Current liabilities less specific purpose liabilities	4,761			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	17,699	4.09x	3.66x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	4,329			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	1,131	4.45%	3.07%	< 10.00%
Rates and annual charges collectable	25,432			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	71,512	20.83 months	17.80 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	3,433			

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	5.55%	9.36%	5.07%	(7.28)%	7.80%	(2.64)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding all grants and contributions ¹	49.25%	46.59%	75.64%	75.37%	71.76%	84.78%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	5.85x	5.92x	16.63x	11.97x	10.09x	11.38x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	5.68x	4.00x	1.97x	2.02x	5.73x	8.39x	> 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	4.45%	2.81%	4.28%	3.89%	4.46%	3.97%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	11.80 months	23.92 months	41.82 months	5.68 months	39.10 months	4.88 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note D1-1 above.

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

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business

44 Princess Street
MACKSVILLE NSW 2447

Contact details

Mailing Address

PO Box 177
MACKSVILLE NSW 2447

Telephone: 02 6568 2555

Opening hours

Monday to Friday - 8.30 am to 4.00 pm

Internet: www.nambucca.nsw.gov.au

Email: council@nambucca.nsw.gov.au

Officers

General Manager

Bede Spannagle

Chief Financial Officer

Evan Webb

Public Officer

Matthew Sykes

Auditors

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

Elected members

Mayor

Gary Lee

Councillors

Susan Jenvey
David Jones
James Angel
Troy Vance
Martin Ballangary
Jane Smith
Tamara McWilliam
Ljubov Simson

Other information

ABN: 71 323 535 981



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Nambucca Valley Council

To the Councillors of Nambucca Valley Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Quentin Wong
Delegate of the Auditor-General for New South Wales

29 October 2024
SYDNEY



Cr Gary Lee
 Mayor
 Nambucca Valley Council
 PO Box 177
 MACKSVILLE NSW 2447

Contact: Quentin Wong
 Phone no: 02 9275 7454
 Our ref: R008-2124742775-8109

29 October 2024

Dear Mayor

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

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

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

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

INCOME STATEMENT

Operating result

	2024	2023	Variance
	\$m	\$m	%
Rates and annual charges revenue	24.5	23.0	↑ 6.5
Grants and contributions revenue	31.0	29.3	↑ 5.8
Operating result from continuing operations	20.7	16.8	↑ 23.2
Net operating result before capital grants and contributions	1.2	2.3	↓ 47.8

Council's operating result from continuing operations (\$20.7 million including depreciation, amortisation and impairment expense of \$12.6 million) was \$3.9 million higher than the 2022–23 result. The increase in operating result is largely attributable to the following:

- Rates and annual charges revenue (\$24.5 million) increased by \$1.5 million (6.5 per cent) in 2023–24. The IPART approved rate peg increase was 3.7 per cent.
- Grants and contributions revenue (\$31.0 million) increased by \$1.7 million (5.8 per cent) in 2023–24 due to an increase of \$3.0 million of non-cash contributions recognised during the year, as well as an additional \$1.7 million in funding from Transport for NSW and \$1.1 million relating to storm damages. This was offset by a decrease of \$4.3 million in grants recognised for roads and bridges impacted by natural disasters.
- Interest and investment income (\$3.8 million) increased by \$1.7 million (80.9 per cent) due to increased interest rates yielding higher investment returns.
- Materials and services expense (\$17.1 million) remained consistent, decreasing by \$0.5 million (2.8 per cent) due to a decrease in workload required for contractor maintenance as a result of weather events experienced in the prior year.

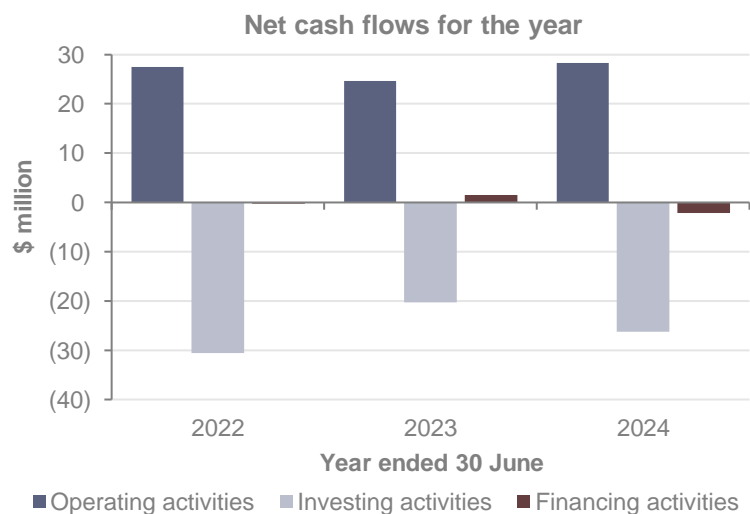
The net operating result before capital grants and contributions (\$1.2 million) was \$1.1 million lower than the 2022–23 result. This is primarily due to the decrease in operating grants recognised during the year.

STATEMENT OF CASH FLOWS

Net cash provided by operating activities increased by \$3.6 million. This is largely due to an increase in user charges and fees and interest income received during 2023-24.

Net cash flows used in investing activities increased by \$5.9 million. This is largely due to an increase in payments for infrastructure, property, plant & equipment of \$8.7 million, offset by a net decrease in financial investments of \$2.5 million.

Net cash flows used in financing activities increased by \$3.7 million. This is due to repayment of existing borrowings and no new borrowings taken out during the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	81.3	77.3	Externally restricted balances comprise mainly of specific purpose unexpended grants, developer contributions, water funds and sewer funds. The Council's externally restricted cash and investments balance increased by \$1.7 million.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	63.6	61.9	Internal allocations are determined by council policies or decisions, which are subject to change. Internally allocated cash and investments increased by \$1.8 million, primarily due to an increase in carry over works.
• Internal allocations	16.5	14.7	

Debt

At 30 June 2024, Council had:

- \$37.9 million in secured loans (\$40.1 million in 2022-23)
- \$0.15 million in credit card facilities with \$0.03 million utilised.

PERFORMANCE

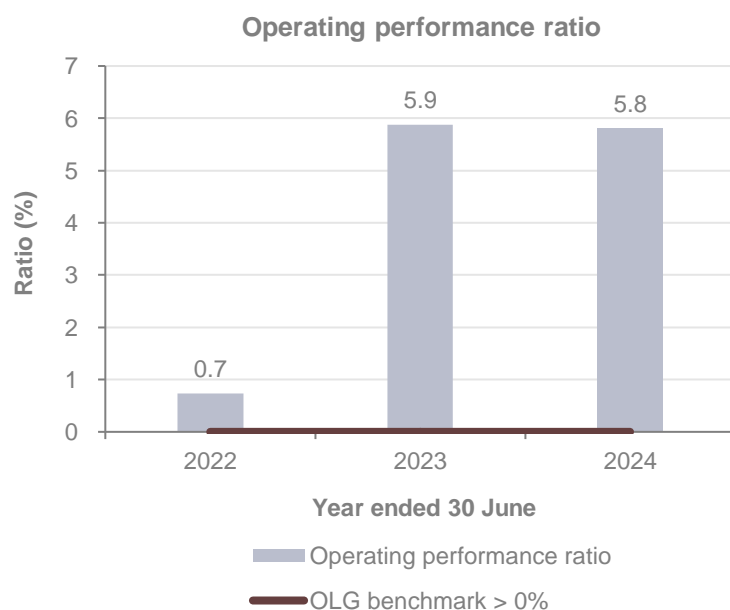
Performance measures

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

Operating performance ratio

The Council met the benchmark for the current reporting period.

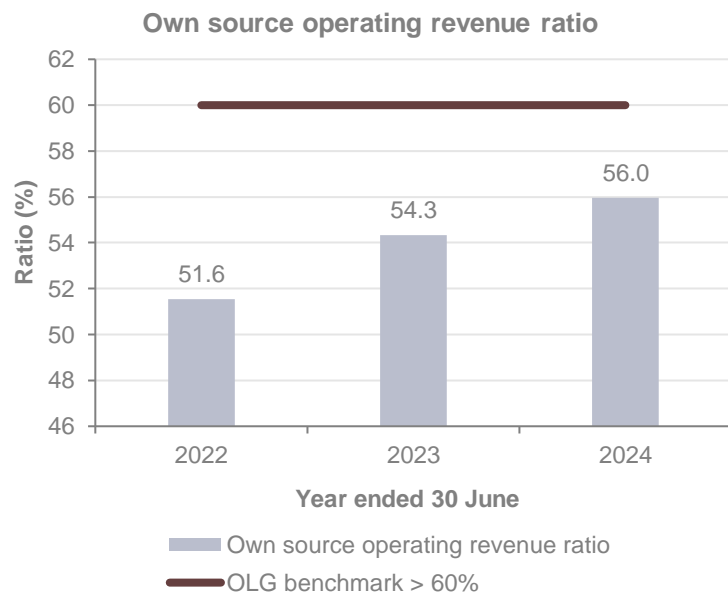
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

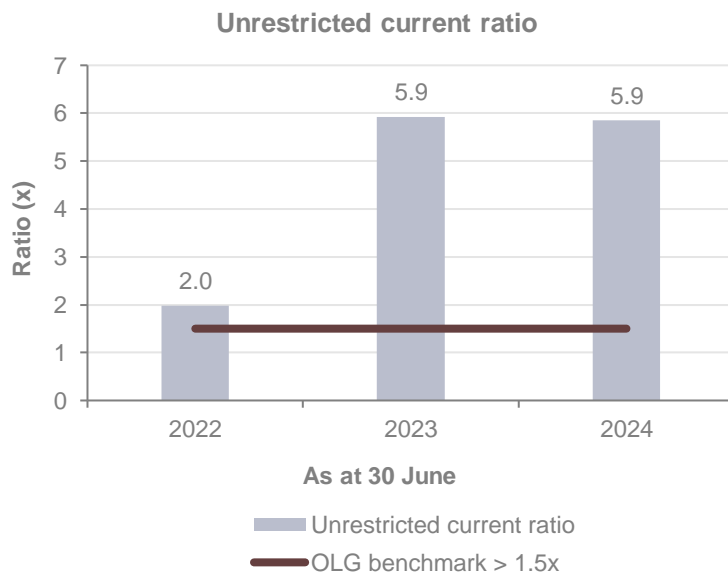
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council met the benchmark for the current reporting period.

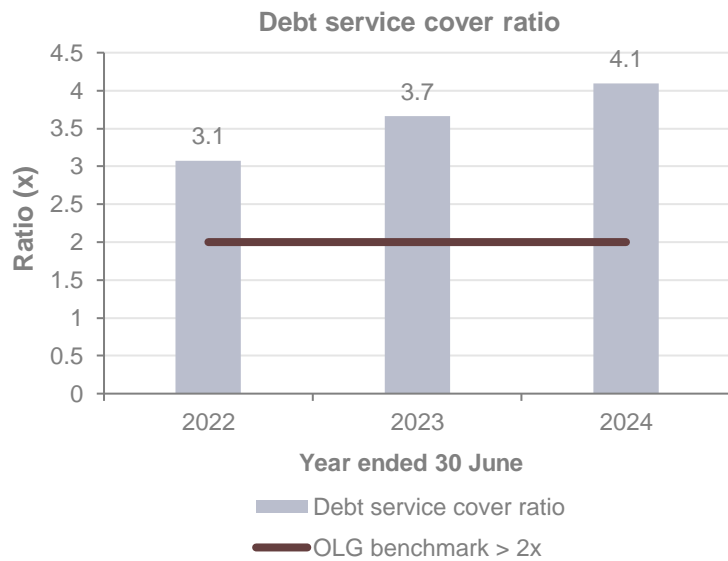
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council met the benchmark for the current reporting period.

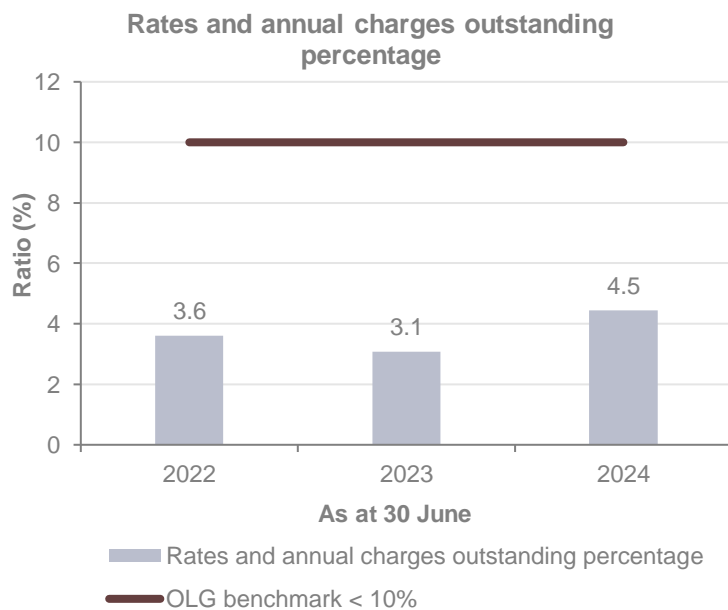
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council met the benchmark for the current reporting period.

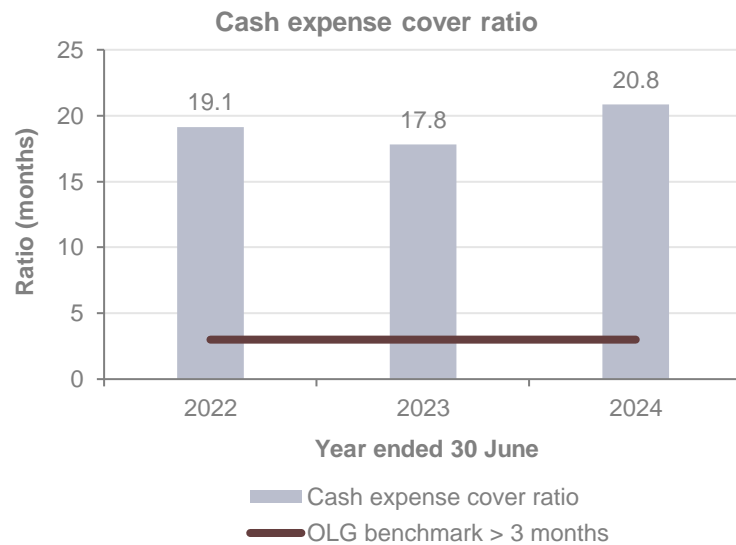
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council met the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$14.5 million of infrastructure, property, plant and equipment during the 2023–24 financial year. This was mainly spent on repairing assets damaged by natural disasters. A further \$12.0 million was spent on new assets compared with \$7.9 million in 2022–23.

OTHER MATTERS

Legislative compliance

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

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

Quentin Wong
Delegate of the Auditor-General for New South Wales

cc: Mr Bede Spannagle, General Manager
Mr Evan Webb, Chief Financial Officer
Mr Barry Ford, Chair of Audit, Risk and Improvement Committee

Nambucca Valley Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024

Nambucca Valley ~ Living at its best



Nambucca Valley Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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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).

Nambucca Valley Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 17 October 2024.



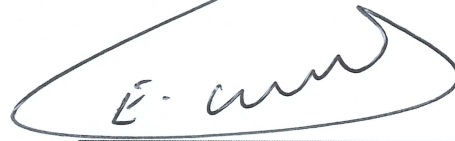
Gary Lee
Mayor
17 October 2024



James Angel
Deputy Mayor
17 October 2024



Bede Spannagle
General Manager
17 October 2024



Evan Webb
Chief Financial Officer
17 October 2024

Nambucca Valley Council

Income Statement of water supply business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	1,284	1,156
User charges	4,523	3,951
Interest and investment income	1,023	482
Grants and contributions provided for operating purposes	385	83
Other income	338	289
Total income from continuing operations	7,553	5,961
Expenses from continuing operations		
Employee benefits and on-costs	2,067	1,777
Borrowing costs	1,311	1,347
Materials and services	1,601	1,268
Depreciation, amortisation and impairment	1,964	1,814
Net loss from the disposal of assets	219	188
Calculated taxation equivalents	14	14
Debt guarantee fee (if applicable)	–	826
Other expenses	8	1
Total expenses from continuing operations	7,184	7,235
Surplus (deficit) from continuing operations before capital amounts	369	(1,274)
Grants and contributions provided for capital purposes	1,923	1,838
Surplus (deficit) from continuing operations after capital amounts	2,292	564
Surplus (deficit) from all operations before tax	2,292	564
Less: corporate taxation equivalent (25%) [based on result before capital]	(92)	–
Surplus (deficit) after tax	2,200	564
Plus accumulated surplus	67,440	66,050
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	14	14
– Debt guarantee fees	–	826
– Corporate taxation equivalent	92	–
Less:		
– Tax equivalent dividend paid	–	(14)
Closing accumulated surplus	69,746	67,440
Return on capital %	1.5%	0.1%
Subsidy from Council	3,158	4,223
Calculation of dividend payable:		
Surplus (deficit) after tax	2,200	564
Less: capital grants and contributions (excluding developer contributions)	(1,337)	(1,189)
Surplus for dividend calculation purposes	863	–
Potential dividend calculated from surplus	431	–

Nambucca Valley Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	4,885	4,378
User charges	1,004	918
Liquid trade waste charges	27	27
Interest and investment income	823	395
Grants and contributions provided for operating purposes	76	73
Other income	354	339
Total income from continuing operations	7,169	6,130
Expenses from continuing operations		
Employee benefits and on-costs	2,121	1,991
Borrowing costs	322	246
Materials and services	1,934	1,828
Depreciation, amortisation and impairment	2,125	1,979
Net loss from the disposal of assets	108	248
Calculated taxation equivalents	20	20
Debt guarantee fee (if applicable)	–	241
Total expenses from continuing operations	6,630	6,553
Surplus (deficit) from continuing operations before capital amounts	539	(423)
Grants and contributions provided for capital purposes	2,715	1,014
Surplus (deficit) from continuing operations after capital amounts	3,254	591
Surplus (deficit) from all operations before tax	3,254	591
Less: corporate taxation equivalent (25%) [based on result before capital]	(135)	–
Surplus (deficit) after tax	3,119	591
Less:		
Plus accumulated surplus	61,887	61,055
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	135	–
– Debt guarantee fees	–	241
– Tax equivalent dividend paid	–	(20)
– Taxation equivalent payments	20	20
Closing accumulated surplus	65,161	61,887
Return on capital %	0.9%	(0.2)%
Subsidy from Council	3,132	3,736
Calculation of dividend payable:		
Surplus (deficit) after tax	3,119	591
Less: capital grants and contributions (excluding developer contributions)	(1,943)	(101)
Surplus for dividend calculation purposes	1,176	490
Potential dividend calculated from surplus	588	245

Nambucca Valley Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	2,316	3,670
Investments	15,000	6,881
Receivables	1,129	1,531
Inventories	24	28
Contract assets and contract cost assets	1,136	76
Total current assets	19,605	12,186
Non-current assets		
Investments	6,500	12,629
Infrastructure, property, plant and equipment	112,517	106,868
Intangible assets	406	406
Total non-current assets	119,423	119,903
Total assets	139,028	132,089
LIABILITIES		
Current liabilities		
Payables	203	315
Contract liabilities	390	153
Borrowings	586	550
Total current liabilities	1,179	1,018
Non-current liabilities		
Borrowings	19,503	20,089
Total non-current liabilities	19,503	20,089
Total liabilities	20,682	21,107
Net assets	118,346	110,982
EQUITY		
Accumulated surplus	69,746	67,440
Revaluation reserves	48,600	43,542
Total equity	118,346	110,982

Nambucca Valley Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	2,637	2,703
Investments	7,800	2,485
Receivables	727	510
Contract assets and contract cost assets	556	51
Total current assets	11,720	5,749
Non-current assets		
Investments	9,500	11,822
Receivables	102	147
Infrastructure, property, plant and equipment	92,863	88,520
Total non-current assets	102,465	100,489
Total assets	114,185	106,238
LIABILITIES		
Current liabilities		
Payables	77	88
Contract liabilities	870	214
Borrowings	215	203
Total current liabilities	1,162	505
Non-current liabilities		
Borrowings	5,600	5,815
Total non-current liabilities	5,600	5,815
Total liabilities	6,762	6,320
Net assets	107,423	99,918
EQUITY		
Accumulated surplus	65,161	61,887
Revaluation reserves	42,262	38,031
Total equity	107,423	99,918

Note – Material accounting policy information

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Water Supplies

Comprising the whole of the operations and assets of the water supply function.

b. Sewerage Services

Comprising the whole of the operations and assets of the sewerage reticulation and treatment service.

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% (22/23 25%)

Note – Material accounting policy information (continued)

Land tax – the first \$1,075,000 of combined land values attracts **0%**. For the combined land values in excess of \$1,075,000 up to \$6,571,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$6,571,000 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 Climate Change, Energy, the Environment and Water (DCCEEW) – 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 DCCEEW – 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%.

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

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(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'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Note – Material accounting policy information (continued)

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.35% at 30/6/24.

(iii) Dividends

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

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

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

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

In accordance with the 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 required to be submitted to the DPIW.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Nambucca Valley Council

To the Councillors of Nambucca Valley Council

Opinion

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

The Declared Business Activities of the Council are:

- water supply
- sewerage.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Quentin Wong', with a stylized flourish at the end.

Quentin Wong
Delegate of the Auditor-General for New South Wales

29 October 2024
SYDNEY

Nambucca Valley Council

SPECIAL SCHEDULES
for the year ended 30 June 2024

Nambucca Valley ~ Living at its best



Nambucca Valley Council

Special Schedules

for the year ended 30 June 2024

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Nambucca Valley Council

Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
Notional general income calculation ¹			
Last year notional general income yield	a	12,121	12,600
Plus or minus adjustments ²	b	41	95
Notional general income	c = a + b	12,162	12,695
Permissible income calculation			
Percentage increase	d	3.70%	4.50%
Plus percentage increase amount ³	f = d x (c + e)	450	571
Sub-total	g = (c + e + f)	12,612	13,266
Plus (or minus) last year's carry forward total	h	6	18
Sub-total	j = (h + i)	6	18
Total permissible income	k = g + j	12,618	13,284
Less notional general income yield	l	12,600	13,280
Catch-up or (excess) result	m = k - l	18	4
Carry forward to next year ⁶	p = m + n + o	18	4

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Nambucca Valley Council

To the Councillors of Nambucca Valley Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets' as at 30 June 2024.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Quentin Wong
Delegate of the Auditor-General for New South Wales

29 October 2024
SYDNEY

Nambucca Valley Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Council Office/Admin Centre	–	–	165	54	2,970	4,850	13.0%	8.0%	71.0%	8.0%	0.0%
	Council Works Depot	15	15	30	24	1,996	2,623	37.0%	50.0%	11.0%	2.0%	0.0%
	Council Public Halls	384	384	677	94	6,835	14,537	2.0%	22.0%	58.0%	18.0%	0.0%
	Libraries	–	–	45	117	5,714	6,395	63.0%	20.0%	17.0%	0.0%	0.0%
	Museum	36	36	40	10	397	952	1.0%	36.0%	47.0%	16.0%	0.0%
	Other – Buildings	42	42	71	81	3,644	4,701	50.0%	24.0%	22.0%	4.0%	0.0%
	Other – Bush Fire/SES Bldgs.	134	134	152	60	3,015	4,510	11.0%	43.0%	33.0%	13.0%	0.0%
	Other – Swimming Pool Bldgs.	5	5	37	36	2,808	3,864	12.0%	84.0%	4.0%	0.0%	0.0%
	Other – Child Care Centres	–	–	11	8	809	1,151	1.0%	99.0%	0.0%	0.0%	0.0%
	Amenities/Toilets	49	49	76	64	3,454	4,490	38.0%	32.0%	26.0%	4.0%	0.0%
	Other -Sports Grounds	155	155	303	62	7,835	11,563	34.0%	10.0%	49.0%	7.0%	0.0%
	Sub-total	820	820	1,607	610	39,475	59,636	25.0%	27.8%	38.9%	8.3%	0.0%
Other structures	Other structures	25	25	465	–	7,280	13,147	25.0%	45.0%	5.0%	25.0%	0.0%
	Sub-total	25	25	465	–	7,280	13,147	25.0%	45.0%	5.0%	25.0%	0.0%
Roads	Sealed roads	456	456	660	758	11,276	21,969	27.0%	27.0%	36.0%	9.0%	1.0%
	Unsealed roads	302	302	1,657	1,550	5,792	10,069	16.0%	12.0%	18.0%	32.0%	22.0%
	Roads – Pavement	1,349	1,349	3,396	1,000	75,303	123,962	21.0%	32.0%	41.0%	5.0%	1.0%
	Sealed Road - Sub Pavement	–	–	–	–	6,163	6,310	100.0%	0.0%	0.0%	0.0%	0.0%
	Kerb & Gutter	–	–	387	58	15,798	23,875	12.0%	51.0%	37.0%	0.0%	0.0%
	Footpaths	–	–	206	74	13,348	18,481	28.0%	55.0%	17.0%	0.0%	0.0%
	Carparks	–	–	30	5	1,961	2,656	22.0%	61.0%	17.0%	0.0%	0.0%
	Other road assets	34	34	117	11	3,280	6,853	41.0%	21.0%	35.0%	3.0%	0.0%
	Bulk earthworks	–	–	–	–	50,261	50,261	100.0%	0.0%	0.0%	0.0%	0.0%
	Bridges – Concrete	–	–	258	134	34,597	42,251	41.0%	53.0%	6.0%	0.0%	0.0%
	Bridges – Timber	1,009	1,009	596	198	1,537	5,421	0.0%	13.0%	55.0%	32.0%	0.0%
	Bridges – Composite	415	415	505	92	19,837	29,888	1.0%	89.0%	5.0%	5.0%	0.0%
	Bridges - Steel	–	–	4	–	500	592	0.0%	20.0%	80.0%	0.0%	0.0%
	Bridge Size Culverts	–	–	36	25	658	1,356	0.0%	18.0%	82.0%	0.0%	0.0%
	Sub-total	3,565	3,565	7,852	3,905	240,308	343,944	34.7%	35.5%	24.4%	4.3%	1.1%

Nambucca Valley Council

Report on infrastructure assets as at 30 June 2024 (continued)

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Water supply network	Reticulation	112	112	707	755	21,973	41,086	14.0%	49.0%	36.0%	1.0%	0.0%
	Trunk Mains	316	316	1,006	126	23,756	42,614	22.0%	23.0%	51.0%	4.0%	0.0%
	Mains/Meters	–	–	32	15	189	349	26.0%	13.0%	37.0%	12.0%	12.0%
	Reservoirs	352	352	858	202	10,085	15,623	40.0%	22.0%	24.0%	7.0%	7.0%
	Water Treatment Plant	35	35	266	155	3,848	4,765	43.0%	24.0%	20.0%	5.0%	8.0%
	Bores	11	11	75	64	1,889	3,065	53.0%	30.0%	12.0%	2.0%	3.0%
	Dams	–	–	345	230	43,065	47,856	84.0%	6.0%	7.0%	3.0%	0.0%
	Pump stations	–	–	84	48	1,714	3,038	38.0%	27.0%	23.0%	12.0%	0.0%
	Sub-total	826	826	3,373	1,595	106,519	158,396	42.0%	24.7%	28.9%	3.4%	1.0%
Sewerage network	Gravity/Rising Mains	178	178	1,707	269	42,261	68,274	12.0%	25.0%	60.0%	3.0%	0.0%
	Pump Stations	108	108	824	407	13,911	21,567	26.0%	22.0%	35.0%	17.0%	0.0%
	Treatment Works	82	82	1,542	985	21,183	33,671	22.0%	37.0%	22.0%	17.0%	2.0%
	Other – Manholes	–	–	492	–	8,758	15,199	26.0%	38.0%	27.0%	7.0%	2.0%
		Sub-total	368	368	4,565	1,661	86,112	138,711	18.1%	28.9%	43.3%	9.0%
Stormwater drainage	Aerated Systems - S/W	–	–	–	–	3	76	100.0%	0.0%	0.0%	0.0%	0.0%
	Stormwater Conduits	–	–	1,146	67	34,389	51,160	12.0%	44.0%	40.0%	4.0%	0.0%
	Inlets & Junction Pits	8	8	193	–	5,316	7,684	17.0%	41.0%	35.0%	7.0%	0.0%
	Culverts	525	525	971	32	11,664	20,026	9.0%	36.0%	43.0%	8.0%	4.0%
	Other – Drainage	–	–	–	–	223	277	100.0%	0.0%	0.0%	0.0%	0.0%
		Sub-total	533	533	2,310	99	51,596	79,223	12.1%	41.5%	40.1%	5.3%
Open space / recreational assets	Swimming pools	–	–	28	–	1,558	3,132	10.0%	90.0%	0.0%	0.0%	0.0%
	Other – Open Space	140	140	214	670	5,261	7,874	42.0%	29.0%	16.0%	13.0%	0.0%
		Sub-total	140	140	242	670	6,819	11,006	32.9%	46.4%	11.4%	9.3%

Nambucca Valley Council

Report on infrastructure assets as at 30 June 2024 (continued)

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Other infrastructure assets	Retaining Walls	–	–	18	–	11,917	14,081	89.0%	9.0%	2.0%	0.0%	0.0%
	Boat Ramps / Jetties, Boardwalks	301	301	527	40	3,629	6,034	22.0%	8.0%	15.0%	55.0%	0.0%
	Landslips	–	–	10	–	5,195	6,311	83.0%	17.0%	0.0%	0.0%	0.0%
	Other	22	22	86	–	5,957	7,353	50.0%	20.0%	28.0%	2.0%	0.0%
	Sub-total	323	323	641	40	26,698	33,779	67.4%	12.7%	9.6%	10.3%	0.0%
Total – all assets		6,600	6,600	21,055	8,580	564,807	837,842	31.6%	31.8%	29.8%	5.9%	0.9%

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

Infrastructure asset condition assessment 'key'

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

Nambucca Valley Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	6,668	59.47%	50.85%	> 100.00%
Depreciation, amortisation and impairment	11,212			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	6,600	1.15%	1.17%	< 2.00%
Net carrying amount of infrastructure assets	573,992			
Asset maintenance ratio				
Actual asset maintenance	8,580	40.75%	58.85%	> 100.00%
Required asset maintenance	21,055			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	6,600	0.79%	0.81%	
Gross replacement cost	837,842			

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

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Nambucca Valley Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	81.03%	63.31%	30.00%	33.81%	9.21%	23.62%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	1.43%	1.46%	0.77%	0.77%	0.42%	0.43%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	40.59%	65.82%	47.29%	47.48%	36.39%	48.07%	> 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	1.00%	1.03%	0.52%	0.52%	0.26%	0.27%	
Gross replacement cost							

(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.