



**OUR VISION & VALUES** ONE TEAM DELIVERING WITH

**PRIDE**

Passion | Respect | Innovation | Dedication | Excellence

**OUR MISSION** TO BE EASY TO DO BUSINESS WITH

# **ATTACHMENTS**

## **ENCLOSURES**

### **Ordinary Council Meeting**

**17 October 2023**



## Table of Contents

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16.11	General Purpose Financial Statements and Special Purpose Statements 2022/23	
	Attachment 3 General Purpose Financial Statements .....	4
	Attachment 4 Special Purpose Financial Statements .....	97

# Goulburn Mulwaree Council

## GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023

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## Goulburn Mulwaree Council

### General Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
<b>1. Understanding Council's Financial Statements</b>	<b>3</b>
<b>2. Statement by Councillors and Management</b>	<b>4</b>
<b>3. Primary Financial Statements:</b>	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
<b>4. Notes to the Financial Statements</b>	<b>10</b>
<b>5. Independent Auditor's Reports:</b>	
On the Financial Statements (Sect 417 [2])	92
On the Financial Statements (Sect 417 [3])	93

#### Overview

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

184-194 Bourke Street  
Goulburn NSW 2580

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

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

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

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

## Goulburn Mulwaree Council

### General Purpose Financial Statements

for the year ended 30 June 2023

### Understanding Council's Financial Statements

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#### Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2023.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

#### About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

##### 2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

##### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

##### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

##### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

#### About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

#### Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

## Goulburn Mulwaree Council

### General Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 17 October 2023.

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Cr Peter Walker  
**Mayor**  
17 October 2023

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Cr Steve Ruddell  
**Deputy Mayor**  
17 October 2023

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Aaron Johansson  
**Chief Executive Officer**  
17 October 2023

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Brendan Hollands  
**Responsible Accounting Officer**  
17 October 2023





Goulburn Mulwaree Council | Statement of Comprehensive Income | for the year ended 30 June 2023

**Goulburn Mulwaree Council**

**Statement of Comprehensive Income**  
for the year ended 30 June 2023

<b>\$ '000</b>	Notes	<b>2023</b>	2022
<b>Net operating result for the year – from Income Statement</b>		<b>15,035</b>	41,149
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<b>105,600</b>	175,218
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>105,600</b>	175,218
<b>Total other comprehensive income for the year</b>		<b>105,600</b>	175,218
<b>Total comprehensive income for the year attributable to Council</b>		<b>120,635</b>	216,367

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

Goulburn Mulwaree Council | Statement of Financial Position | for the year ended 30 June 2023

**Goulburn Mulwaree Council**  
**Statement of Financial Position**  
as at 30 June 2023

\$ '000	Notes	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	33,628	17,467
Investments	C1-2	96,500	91,022
Receivables	C1-4	5,818	6,783
Inventories	C1-5	487	524
Contract assets and contract cost assets	C1-6	5,914	5,486
Other	C1-9	402	363
<b>Total current assets</b>		<b>142,749</b>	<b>121,645</b>
<b>Non-current assets</b>			
Investments	C1-2	–	6,000
Receivables	C1-4	42	39
Infrastructure, property, plant and equipment (IPPE)	C1-7	1,522,884	1,408,886
Investment property	C1-8	5,500	4,400
Right of use assets	C2-1	–	126
<b>Total non-current assets</b>		<b>1,528,426</b>	<b>1,419,451</b>
<b>Total assets</b>		<b>1,671,175</b>	<b>1,541,096</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	9,410	9,619
Contract liabilities	C3-2	19,909	7,047
Lease liabilities	C2-1	–	103
Borrowings	C3-3	2,283	2,521
Employee benefit provisions	C3-4	7,011	7,468
<b>Total current liabilities</b>		<b>38,613</b>	<b>26,758</b>
<b>Non-current liabilities</b>			
Payables	C3-1	1,800	2,100
Borrowings	C3-3	33,517	35,800
Employee benefit provisions	C3-4	887	955
Provisions	C3-5	14,382	14,142
<b>Total non-current liabilities</b>		<b>50,586</b>	<b>52,997</b>
<b>Total liabilities</b>		<b>89,199</b>	<b>79,755</b>
<b>Net assets</b>		<b>1,581,976</b>	<b>1,461,341</b>
<b>EQUITY</b>			
Accumulated surplus	C4-1	502,732	487,697
IPPE revaluation reserve	C4-1	1,079,244	973,644
<b>Council equity interest</b>		<b>1,581,976</b>	<b>1,461,341</b>
<b>Total equity</b>		<b>1,581,976</b>	<b>1,461,341</b>

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

Goulburn Mulwaree Council | Statement of Changes in Equity | for the year ended 30 June 2023

**Goulburn Mulwaree Council**  
**Statement of Changes in Equity**  
 for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		487,697	973,644	1,461,341	446,548	798,426	1,244,974
<b>Opening balance</b>		<b>487,697</b>	<b>973,644</b>	<b>1,461,341</b>	<b>446,548</b>	<b>798,426</b>	<b>1,244,974</b>
Net operating result for the year		15,035	–	15,035	41,149	–	41,149
<b>Net operating result for the period</b>		<b>15,035</b>	<b>–</b>	<b>15,035</b>	<b>41,149</b>	<b>–</b>	<b>41,149</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	105,600	105,600	–	175,218	175,218
<b>Other comprehensive income</b>		<b>–</b>	<b>105,600</b>	<b>105,600</b>	<b>–</b>	<b>175,218</b>	<b>175,218</b>
<b>Total comprehensive income</b>		<b>15,035</b>	<b>105,600</b>	<b>120,635</b>	<b>41,149</b>	<b>175,218</b>	<b>216,367</b>
<b>Closing balance at 30 June</b>		<b>502,732</b>	<b>1,079,244</b>	<b>1,581,976</b>	<b>487,697</b>	<b>973,644</b>	<b>1,461,341</b>

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

Goulburn Mulwaree Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
40,866	Rates and annual charges		41,287	40,113
18,255	User charges and fees		19,602	19,403
946	Interest received		2,612	712
38,930	Grants and contributions		51,331	57,240
–	Bonds, deposits and retentions received		187	523
1,805	Other		3,338	7,145
<i>Payments:</i>				
(29,664)	Payments to employees		(29,035)	(26,489)
(22,962)	Payments for materials and services		(26,915)	(31,475)
(1,700)	Borrowing costs		(1,701)	(1,499)
(739)	Other		1,277	286
45,737	<b>Net cash flows from operating activities</b>	G1-1	<b>61,983</b>	<b>65,959</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Sale of investments		90,500	68,000
–	Redemption of term deposits		522	–
320	Proceeds from sale of IPPE		3,765	5,259
<i>Payments:</i>				
–	Purchase of investments		(90,500)	(68,000)
–	Acquisition of term deposits		–	(18,022)
(86,410)	Payments for IPPE		(47,498)	(61,208)
(86,090)	<b>Net cash flows from investing activities</b>		<b>(43,211)</b>	<b>(73,971)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
4,000	Proceeds from borrowings		–	8,280
<i>Payments:</i>				
2,521	Repayment of borrowings		(2,521)	(2,336)
126	Principal component of lease payments		(90)	(171)
6,647	<b>Net cash flows from financing activities</b>		<b>(2,611)</b>	<b>5,773</b>
(33,706)	<b>Net change in cash and cash equivalents</b>		<b>16,161</b>	<b>(2,239)</b>
–	Cash and cash equivalents at beginning of year		17,467	19,706
(33,706)	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>33,628</b>	<b>17,467</b>
–	plus: Investments on hand at end of year	C1-2	96,500	97,022
(33,706)	<b>Total cash, cash equivalents and investments</b>		<b>130,128</b>	<b>114,489</b>

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

## Goulburn Mulwaree Council

## Contents for the notes to the Financial Statements for the year ended 30 June 2023

<b>A About Council and these financial statements</b>	<b>12</b>
A1-1 Basis of preparation	12
<b>B Financial Performance</b>	<b>15</b>
<b>B1 Functions or activities</b>	<b>15</b>
B1-1 Functions or activities – income, expenses and assets	15
B1-2 Components of functions or activities	16
<b>B2 Sources of income</b>	<b>17</b>
B2-1 Rates and annual charges	17
B2-2 User charges and fees	18
B2-3 Other revenues	19
B2-4 Grants and contributions	20
B2-5 Interest and investment income	23
B2-6 Other income	24
<b>B3 Costs of providing services</b>	<b>25</b>
B3-1 Employee benefits and on-costs	25
B3-2 Materials and services	25
B3-3 Borrowing costs	26
B3-4 Depreciation, amortisation and impairment of non-financial assets	27
B3-5 Other expenses	28
<b>B4 Gains or losses</b>	<b>29</b>
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	29
<b>B5 Performance against budget</b>	<b>30</b>
B5-1 Material budget variations	30
<b>C Financial position</b>	<b>32</b>
<b>C1 Assets we manage</b>	<b>32</b>
C1-1 Cash and cash equivalents	32
C1-2 Financial investments	32
C1-3 Restricted and allocated cash, cash equivalents and investments	33
C1-4 Receivables	36
C1-5 Inventories	38
C1-6 Contract assets and Contract cost assets	38
C1-7 Infrastructure, property, plant and equipment	40
C1-8 Investment properties	45
C1-9 Other	45
<b>C2 Leasing activities</b>	<b>46</b>
C2-1 Council as a lessee	46
C2-2 Council as a lessor	48
<b>C3 Liabilities of Council</b>	<b>49</b>
C3-1 Payables	49
C3-2 Contract Liabilities	50
C3-3 Borrowings	51
C3-4 Employee benefit provisions	54

## Goulburn Mulwaree Council

## Contents for the notes to the Financial Statements for the year ended 30 June 2023

C3-5 Provisions	56
<b>C4 Reserves</b>	<b>58</b>
C4-1 Nature and purpose of reserves	58
<b>D Council structure</b>	<b>59</b>
<b>D1 Results by fund</b>	<b>59</b>
D1-1 Income Statement by fund	59
D1-2 Statement of Financial Position by fund	60
D1-3 Details of internal loans	61
<b>E Risks and accounting uncertainties</b>	<b>62</b>
E1-1 Risks relating to financial instruments held	62
E2-1 Fair value measurement	66
E3-1 Contingencies	74
<b>F People and relationships</b>	<b>77</b>
<b>F1 Related party disclosures</b>	<b>77</b>
F1-1 Key management personnel (KMP)	77
F1-2 Councillor and Mayoral fees and associated expenses	79
<b>F2 Other relationships</b>	<b>80</b>
F2-1 Audit fees	80
<b>G Other matters</b>	<b>81</b>
G1-1 Statement of Cash Flows information	81
G2-1 Commitments	82
<b>G3 Statement of developer contributions as at 30 June 2023</b>	<b>83</b>
G3-1 Summary of developer contributions	83
G3-2 Developer contributions by plan	83
G3-3 Contributions not under plans	85
G3-4 S64 contributions	85
<b>G4 Statement of performance measures</b>	<b>86</b>
G4-1 Statement of performance measures – consolidated results	86
G4-2 Statement of performance measures by fund	87
<b>H Additional Council disclosures (unaudited)</b>	<b>89</b>
H1-1 Statement of performance measures – consolidated results (graphs)	89
H1-2 Council information and contact details	91

## A About Council and these financial statements

### A1-1 Basis of preparation

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

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

#### **Historical cost convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment 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 investment property – refer Note C1-9
- ii. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-8
- iii. estimated tip remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4.

#### **Significant judgements in applying the Council's accounting policies**

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

#### **Monies and other assets received by Council**

##### **The Consolidated Fund**

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund. Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General purpose operations
- Domestic Waste Management Fund
- Water Supply Fund

continued on next page ...

Page 12 of 93

## A1-1 Basis of preparation (continued)

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- Sewerage service Fund

### 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.

It is Council's opinion that no Trust monies held by Council are subject to Council's control and therefore they have not been included in these reports.

As at 30 June 2023 the balance of the trust fund was \$395,296 (\$768,984 at 30 June 2022).

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

### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Volunteer services are not recognised as they are not reliably measured, would not be otherwise purchased and not regarded to be material.

### New accounting standards and interpretations issued but not yet effective

#### New accounting standards and interpretations issued but not yet effective

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

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

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

### Comparative figures

Comparative Figures

Adjustments have been made to presentation of prior year comparatives in Council's Annual Financial Statements. The changes are either to improve presentation or as a result of format changes in the Local Government Code of Accounting Practice and Financial Reporting.

### New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2023.

continued on next page ...

Page 13 of 93



### A1-1 Basis of preparation (continued)

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Those newly adopted standards did not have a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

**B Financial Performance**

**B1 Functions or activities**

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Functions or activities</b>										
Civic Leadership	36,051	33,326	12,285	8,140	23,766	25,186	10,990	9,613	196,045	133,615
Community	4,400	4,505	7,604	6,452	(3,204)	(1,947)	3,653	3,866	164,447	122,505
Economy	5,601	13,023	11,970	3,529	(6,369)	9,494	2,909	6,993	10,938	26,545
Environment	16,950	13,329	14,906	20,180	2,044	(6,851)	3,208	2,339	138,836	170,755
Infrastructure	44,802	53,982	46,004	38,715	(1,202)	15,267	19,930	31,166	1,160,909	1,052,065
Other	-	-	-	-	-	-	-	-	-	35,611
<b>Total functions and activities</b>	<b>107,804</b>	<b>118,165</b>	<b>92,769</b>	<b>77,016</b>	<b>15,035</b>	<b>41,149</b>	<b>40,690</b>	<b>53,977</b>	<b>1,671,175</b>	<b>1,541,096</b>

## B1-2 Components of functions or activities

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

### **Civic Leadership**

Our Leadership - Council administration including executive management, councillor expenses, human resources, financial services, organisational overheads and oncosts, information and technology, customer service and administrative support. Governance such as access to information, code of conduct, legal services, insurances and policies and procedures.

### **Community**

Our Community - Community services and education, including development, youth services, aged and disabled services. Community amenities such as public cemeteries, public conveniences and street lighting. Recreation and cultural services including, public library, art gallery and museums, community halls, sporting grounds and venues, swimming pool, parks and gardens, and other sport and recreation.

### **Economy**

Our Economy - Economic affairs including marketing, visitor information and events, strategic planning and property management.

### **Environment**

Our Environment - Activities such as public health, noxious plants and animal control, solid waste management, street cleaning, drainage and stormwater management, other environmental protection activities.

### **Infrastructure**

Our Infrastructure - Includes the following networks; sewerage services, water supplies, bridges, footpaths, parking areas, sealed and unsealed roads, urban streets, rural and regional roads.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2023	2022
<b>Ordinary rates</b>		
Residential	15,598	15,044
Farmland	2,466	2,400
Business	4,917	4,759
Less: pensioner rebates (mandatory)	(440)	(442)
<b>Rates levied to ratepayers</b>	<b>22,541</b>	<b>21,761</b>
Pensioner rate subsidies received	241	243
<b>Total ordinary rates</b>	<b>22,782</b>	<b>22,004</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	4,931	4,725
Water supply services	2,717	2,396
Sewerage services	10,415	10,156
Waste management services (non-domestic)	562	538
Less: pensioner rebates (mandatory)	(469)	(470)
<b>Annual charges levied</b>	<b>18,156</b>	<b>17,345</b>
Pensioner annual charges subsidies received:		
– Water	94	94
– Sewerage	91	91
– Domestic waste management	72	73
<b>Total annual charges</b>	<b>18,413</b>	<b>17,603</b>
<b>Total rates and annual charges</b>	<b>41,195</b>	<b>39,607</b>

#### Accounting policy

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

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

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

**B2-2 User charges and fees**

\$ '000	Timing	2023	2022
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>			
Water supply services	1	6,445	6,779
Sewerage services	1	2,226	2,304
Waste management services (non-domestic)	1	1,663	1,437
<b>Total specific user charges</b>		<b>10,334</b>	<b>10,520</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Building regulation	1	300	438
Planning and building regulation	2	1,243	1,417
Private works – section 67	1	108	138
Regulatory/ statutory fees	1	201	232
Section 10.7 certificates (EP&A Act)	1	119	108
Section 603 certificates	1	76	102
<b>Total fees and charges – statutory/regulatory</b>		<b>2,047</b>	<b>2,435</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Cemeteries	1	361	275
Gravel pits	1	185	328
Library and art gallery	1	42	37
Transport for NSW works (state roads not controlled by Council)	1	811	146
GPAC Income	1	388	179
Swimming centres	2	1,225	385
Waste disposal tipping fees	1	3,521	2,905
Aged and disabled services	1	47	134
Hire of council properties	1	73	58
Sports stadium/recreation facilities	1	93	68
Animal Impounding	1	24	26
Other	1	201	197
<b>Total fees and charges – other</b>		<b>6,971</b>	<b>4,738</b>
<b>Total other user charges and fees</b>		<b>9,018</b>	<b>7,173</b>
<b>Total user charges and fees</b>		<b>19,352</b>	<b>17,693</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised at a point in time (2)		2,468	2,879
User charges and fees recognised over time (1)		16,884	14,814
<b>Total user charges and fees</b>		<b>19,352</b>	<b>17,693</b>

**Accounting policy**

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

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

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

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

**B2-3 Other revenues**

\$ '000	Timing	2023	2022
Fines – parking	1	48	87
Fines – other	1	62	133
Legal fees recovery – rates and charges (extra charges)	1	110	62
Commissions and agency fees	1	18	8
Gas Main Rental	1	19	1
Diesel rebate	1	99	97
Insurance claims recoveries	1	50	19
Sales – general	1	528	434
Insurance rebates	1	83	78
Low value exception lease income	1	126	93
Employee contributions	1	196	164
License Agreements	1	31	29
Other	1	187	263
<b>Total other revenue</b>		<b>1,557</b>	<b>1,468</b>

**Timing of revenue recognition for other revenue**

Other revenue recognised over time (1)	1,557	1,451
Other revenue recognised at a point in time (2)	-	17
<b>Total other revenue</b>	<b>1,557</b>	<b>1,468</b>

**Accounting policy 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	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>General purpose grants and non-developer contributions (untied)</b>						
<b>General purpose (untied)</b>						
<b>Current year allocation</b>						
Financial assistance – general component		1	1,064	1,884	–	–
Financial assistance – local roads component		1	553	1,009	–	–
<b>Payment in advance - future year allocation</b>						
Financial assistance – general component		1	4,226	2,890	–	–
Financial assistance – local roads component		1	2,260	1,559	–	–
<b>Amount recognised as income during current year</b>			<b>8,103</b>	<b>7,342</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>						
<b>Cash contributions</b>						
<b>Previously specific grants:</b>						
Water supplies	B2-4	1	42	96	345	469
Sewerage services		1	–	–	2,021	2,323
Aged care			72	–	–	–
Bushfire and emergency services		1	601	411	6	–
Community care		1	335	314	624	1,161
Economic development			325	–	–	–
Employment and training programs		1	7	131	–	–
Environmental programs		2	26	147	458	12
Floodplain management			51	–	–	–
Heritage and cultural		1	102	250	5	–
Library – per capita		1	270	228	–	–
LIRS subsidy		1	11	28	–	–
Noxious weeds		1	113	196	–	–
NSW rural fire services			–	–	19	–
Recreation and culture		2	99	558	3,508	8,370
Storm/flood damage		1	3,169	6,224	–	–
Road safety initiatives		1	55	71	190	42
Street lighting		1	157	159	–	–
Transport (roads to recovery)	B2-4	1	940	1,080	–	–
Transport (other roads and bridges funding)		2	3,342	3,238	2,448	11,006
Other specific grants		2	–	6	267	–
<b>Previously contributions:</b>						
Bushfire services		1	747	299	–	–
Community services		1	88	64	35	–
Heritage/cultural		1	–	–	–	32
Other councils – joint works/services		1	30	18	–	–
Recreation and culture		1	–	–	732	–
Roads and bridges		1	4	–	2,497	39
Transport for NSW contributions (regional roads, block grant)		1	335	635	330	–
Sewerage (excl. section 64 contributions)		1	–	–	63	56
Water supplies (excl. section 64 contributions)		1	–	–	(52)	39
Other contributions	B2-4	1	47	6	–	–
Veolia host fee		1	864	594	–	–
ESL Subsidy		1	225	–	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>			<b>12,057</b>	<b>14,753</b>	<b>13,496</b>	<b>23,549</b>

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Page 20 of 93

**B2-4 Grants and contributions (continued)**

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Non-cash contributions</b>					
Other		-	-	414	-
<b>Total other contributions – non-cash</b>		<b>-</b>	<b>-</b>	<b>414</b>	<b>-</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>12,057</b>	<b>14,753</b>	<b>13,910</b>	<b>23,549</b>
<b>Total grants and non-developer contributions</b>		<b>20,160</b>	<b>22,095</b>	<b>13,910</b>	<b>23,549</b>
<b>Comprising:</b>					
- Other funding		1,488	-	467	-
- Commonwealth funding		10,003	8,740	3,628	962
- State funding		8,669	13,355	9,815	22,587
		<b>20,160</b>	<b>22,095</b>	<b>13,910</b>	<b>23,549</b>
 <b>Developer contributions</b>					
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.4 – contributions using planning agreements		-	108	-	-
S 7.11 – contributions towards amenities/services	1	448	10	2,593	2,874
S 7.12 – fixed development consent levies	1	-	-	-	361
S 64 – water supply contributions	1	-	-	502	579
S 64 – sewerage service contributions	1	-	-	1,080	1,484
S 64 – stormwater contributions	1	-	-	351	96
Other developer contributions		4	-	-	-
<b>Total developer contributions – cash</b>		<b>452</b>	<b>118</b>	<b>4,526</b>	<b>5,394</b>
<b>Non-cash contributions</b>					
S 7.11 – contributions towards amenities/services	1	-	-	451	805
S 64 – water supply contributions	1	-	-	113	444
S 64 – sewerage service contributions	1	-	-	238	882
S 64 – stormwater contributions	1	-	-	840	690
<b>Total developer contributions non-cash</b>		<b>-</b>	<b>-</b>	<b>1,642</b>	<b>2,821</b>
<b>Total developer contributions</b>		<b>452</b>	<b>118</b>	<b>6,168</b>	<b>8,215</b>
<b>Total contributions</b>		<b>452</b>	<b>118</b>	<b>6,168</b>	<b>8,215</b>
<b>Total grants and contributions</b>		<b>20,612</b>	<b>22,213</b>	<b>20,078</b>	<b>31,764</b>
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time (1)		-	-	-	-
Grants and contributions recognised at a point in time (2)		20,612	22,213	20,078	31,764
<b>Total grants and contributions</b>		<b>20,612</b>	<b>22,213</b>	<b>20,078</b>	<b>31,764</b>

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Page 21 of 93



**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:

<b>\$ '000</b>	<b>Operating 2023</b>	Operating 2022	<b>Capital 2023</b>	Capital 2022
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	239	123	5,872	2,857
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	759	218	18,785	5,691
<b>Add:</b> Funds received and not recognised as revenue in the current year	-	-	-	-
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	-	(34)	-	-
Funds received in prior year but revenue recognised and funds spent in current year	(92)	(68)	(3,993)	(2,676)
	-	-	-	-
<b>Unspent funds at 30 June</b>	<b>906</b>	<b>239</b>	<b>20,664</b>	<b>5,872</b>
<b>Contributions</b>				
Unspent funds at 1 July *	-	-	24,841	22,554
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	4,886	5,648
<b>Add:</b> contributions received and not recognised as revenue in the current year	-	-	-	-
<b>Add:</b> contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	-	-	900	173
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	(6,996)	(3,534)
<b>Unspent contributions at 30 June</b>	<b>-</b>	<b>-</b>	<b>23,631</b>	<b>24,841</b>

(\* ) Comparative balances amended to ensure the correct classification of unexpended contributions as capital due to them being related to Developer Contributions

**Accounting policy**

**Grants and contributions - enforceable agreement with sufficiently specific performance obligations**

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.

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**

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Page 22 of 93

## B2-4 Grants and contributions (continued)

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

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

### 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.

### Developer Contributions

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

While Council generally incorporates these amounts as part of a Development Consent 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	2023	2022
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	88	84
– Cash and investments	3,462	669
<b>Fair Value Adjustments</b>		
Finance income on the net investment in the lease	C2-2b –	–
<b>Total interest and investment income (losses)</b>	<b>3,550</b>	<b>753</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	41	40
General Council cash and investments	584	36
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	317	58
– Section 64	583	112
Water fund operations	653	208
Sewerage fund operations	1,285	278
Domestic waste management operations	87	21
<b>Total interest and investment income</b>	<b>3,550</b>	<b>753</b>

### Accounting policy

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

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

**B2-6 Other income**

<b>\$ '000</b>	Notes	<b>2023</b>	2022
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties		<u>1,100</u>	100
<b>Total fair value increment on investment properties</b>	C1-8	<u><b>1,100</b></u>	<u>100</u>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		<u>360</u>	324
<b>Total investment properties</b>		<u><b>360</b></u>	<u>324</u>
<b>Total rental income</b>	C2-2	<u><b>360</b></u>	<u>324</u>
<b>Total other income</b>		<u><b>1,460</b></u>	<u>424</u>

## B3 Costs of providing services

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

\$ '000	2023	2022
Salaries and wages	22,411	20,294
Employee leave entitlements (ELE)	4,304	3,222
Superannuation	2,769	3,175
Workers' compensation insurance	470	344
Fringe benefit tax (FBT)	33	66
Payroll tax	124	95
Protective clothing	161	148
<b>Total employee costs</b>	<b>30,272</b>	<b>27,344</b>
Less: capitalised costs	(1,673)	(1,780)
<b>Total employee costs expended</b>	<b>28,599</b>	<b>25,564</b>
Number of 'full-time equivalent' employees (FTE) at year end	315	311

#### Accounting policy

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

#### Retirement benefit obligations

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

#### Superannuation plans

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

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

### B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		4,962	4,509
Contractor costs		14,088	14,897
Audit Fees	F2-1	183	71
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	275	219
Advertising		386	362
Bank charges		238	224
Electricity and heating		2,214	1,354
Insurance		1,705	1,429
Postage		121	122
Printing and stationery		203	152
Street lighting		602	542
Subscriptions and publications		262	221
Telephone and communications		257	278
Valuation fees		143	134
Training costs (other than salaries and wages)		322	289
Other expenses		160	118
<b>Legal expenses:</b>			
– Legal expenses: planning and development		189	506
– Legal expenses: debt recovery		118	64
– Legal expenses: other		257	142

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Page 25 of 93

**B3-2 Materials and services (continued)**

<b>Total materials and services</b>	<b>26,685</b>	25,633
Total materials and services	<b>26,685</b>	25,633

**Accounting policy**

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

**B3-3 Borrowing costs**

\$ '000	Notes	2023	2022
<b>(i) Interest bearing liability costs</b>			
Interest on leases		1	3
Interest on loans		<b>1,686</b>	1,560
<b>Total interest bearing liability costs</b>		<b>1,687</b>	1,563
<b>Total interest bearing liability costs expensed</b>		<b>1,687</b>	1,563
<b>(ii) Other borrowing costs</b>			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	<b>240</b>	211
<b>Total other borrowing costs</b>		<b>240</b>	211
<b>Total borrowing costs expensed</b>		<b>1,927</b>	1,774

**Accounting policy**

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

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

\$ '000	Notes	2023	2022
<b>Depreciation and amortisation</b>			
Plant and equipment		2,334	1,627
Office equipment		785	691
Furniture and fittings		79	73
Land improvements (depreciable)		63	57
<b>Infrastructure:</b>	C1-7		
– Buildings – non-specialised		2,489	1,742
– Other structures		288	214
– Roads		9,657	8,291
– Bridges		1,215	1,222
– Footpaths		1,163	591
– Stormwater drainage		1,765	1,921
– Water supply network		3,596	2,920
– Sewerage network		2,734	2,401
– Swimming pools		78	61
– Other open space/recreational assets		1,310	529
Right of use assets	C2-1	136	136
<b>Other assets:</b>			
– Library books		187	156
– Other		188	155
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C3-5,C1-7	619	586
– Quarry assets	C3-5,C1-7	14	–
<b>Total gross depreciation and amortisation costs</b>		<b>28,700</b>	<b>23,373</b>
<b>Total depreciation and amortisation costs</b>		<b>28,700</b>	<b>23,373</b>
<b>Impairment / revaluation decrement of IPPE</b>			
<b>Infrastructure:</b>	C1-7		
– Roads		244	–
– Stormwater drainage		25	–
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Quarry assets	C3-5,C1-7	–	14
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>269</b>	<b>14</b>
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>269</b>	<b>14</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>28,969</b>	<b>23,387</b>

#### Accounting policy

##### Depreciation and amortisation

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

##### Impairment of non-financial assets

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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**

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>Other</b>		
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	<b>85</b>	46
– NSW fire brigade levy	<b>141</b>	124
– NSW rural fire service levy	<b>526</b>	394
Donations, contributions and assistance to other organisations (Section 356)	<b>187</b>	94
<b>Total other</b>	<b>939</b>	<b>658</b>
<b>Total other expenses</b>	<b>939</b>	<b>658</b>

**Accounting policy**

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

Impairment expenses are recognised when identified.

**B4 Gains or losses**

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

<b>\$ '000</b>	Notes	<b>2023</b>	2022
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Less: carrying amount of property assets sold/written off		<u>(93)</u>	–
<b>Gain (or loss) on disposal</b>		<u>(93)</u>	–
<b>Gain (or loss) on disposal of plant and equipment</b>			
Proceeds from disposal – plant and equipment	C1-7	272	334
Less: carrying amount of plant and equipment assets sold/written off		<u>(360)</u>	(172)
<b>Gain (or loss) on disposal</b>		<u>(88)</u>	162
<b>Gain (or loss) on disposal of infrastructure</b>			
Proceeds from disposal – infrastructure	C1-7	3,493	–
Less: carrying amount of infrastructure assets sold/written off		<u>(8,962)</u>	–
<b>Gain (or loss) on disposal</b>		<u>(5,469)</u>	–
<b>Gain (or loss) on disposal of investments</b>			
Proceeds from disposal/redemptions/maturities – investments	C1-2	90,500	68,000
Less: carrying amount of investments sold/redeemed/matured		<u>(90,500)</u>	(68,000)
<b>Gain (or loss) on disposal</b>		<u>–</u>	–
<b>Gain (or loss) on disposal of non-current assets classified as 'held for sale'</b>			
Proceeds from disposal – non-current assets 'held for sale'	C1-7	–	4,925
Less: carrying amount of 'held for sale' assets sold/written off		<u>–</u>	(844)
<b>Gain (or loss) on disposal</b>		<u>–</u>	4,081
<b>Net gain (or loss) from disposal of assets</b>		<u><b>(5,650)</b></u>	<u><b>4,243</b></u>

**Accounting policy**

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



## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 21 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----		
<b>Revenues</b>					
<b>Rates and annual charges</b>	40,866	41,195	329	1%	<b>F</b>
<b>User charges and fees</b>	18,255	19,352	1,097	6%	<b>F</b>
<b>Other revenues</b>	1,367	1,557	190	14%	<b>F</b>
Favourable result is due to higher than anticipated operational returns across a number of business units. Examples include rental return from property - Brewer Centre Marulan (12K), Performing Arts Centre (13K), Sale of Hay (65K), Visitor Information Centre (10K), Waste Management Services (22K)					
<b>Operating grants and contributions</b>	9,636	20,612	10,976	114%	<b>F</b>
Whist Council is generally conservative in budgeting for grant funding this favourable result is the result of a number of grants awarded above budgeted figures during the year. For example Financial Assistance Grant (2,171K), Special Purpose Grants due to fire/storm damage (1,157K), local & rural road grants (3,200K), RFS vehicle contribution (435K).					
<b>Capital grants and contributions</b>	29,294	20,078	(9,216)	(31)%	<b>U</b>
This result is due to the delays in completion of a number of grant funded projects including the Carr-Confoy pavilion (4,000K), Mayfield Road Bridge replacement (2,170K) and North Goulburn Employment Precinct & round about.					
<b>Interest and investment revenue</b>	946	3,550	2,604	275%	<b>F</b>
This budget variance is due to the substantial increase in interest rates available for Council's Investments. Council has taken a conservative approach to budgeting for Interest & Investment revenue, this year's actuals represent the significant increases in returns from Council's investment portfolio during the course of the year.					
<b>Net gains from disposal of assets</b>	320	-	(320)	(100)%	<b>U</b>
Anticipated disposal and replacement of Plant and Fleet was not required during the year at the level budgeted.					
<b>Other income</b>	438	1,460	1,022	233%	<b>F</b>
Variance is due to the fair value adjustment of investment property at 56 Clinton Street Goulburn (1,100K). This revaluation was completed in 2022/23 in line with the buildings and operational land revaluation completed during this period.					
<b>Expenses</b>					
<b>Employee benefits and on-costs</b>	29,664	28,599	1,065	4%	<b>F</b>
<b>Materials and services</b>	22,962	26,685	(3,723)	(16)%	<b>U</b>
The variance for this item was a result of significant inflationary forces during 2022/23 impacting many of the Council's project costs. Large projects such as Goulburn Hockey facilities, Faithful Street and North Goulburn Employment precinct were impacted by these increases during 2022/23.					
<b>Borrowing costs</b>	1,700	1,927	(227)	(13)%	<b>U</b>

continued on next page ...

Page 30 of 93

**B5-1 Material budget variations (continued)**

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
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This result was due to the unwinding discount relating to Goulburn Tip provision. This was in line with previous years and current rates, however budget was not projected for this expense.

<b>Depreciation, amortisation and impairment of non-financial assets</b>	<b>22,667</b>	<b>28,969</b>	<b>(6,302)</b>	<b>(28)% U</b>
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Variance is due to higher than anticipated depreciation costs as a result of the buildings & operational land asset revaluation completed in the 22/23 financial year.

<b>Other expenses</b>	<b>739</b>	<b>939</b>	<b>(200)</b>	<b>(27)% U</b>
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Result due to higher than anticipated Emergency Services contributions (157K) and donations to village funds that were not budgeted. Tallong (31K), Windellama (12K), Marulan (12K), Tarago (6K), Towrang (9K), Middle Arm (20K), Bungonia (8K).

<b>Net losses from disposal of assets</b>	<b>-</b>	<b>5,650</b>	<b>(5,650)</b>	<b>∞ U</b>
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**Statement of cash flows**

<b>Cash flows from operating activities</b>	<b>45,737</b>	<b>61,983</b>	<b>16,246</b>	<b>36% F</b>
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This variance is due to favourable cash inflows from investment revenues, operating grants, other revenue & other Income as outlined above.

<b>Cash flows from investing activities</b>	<b>(86,090)</b>	<b>(43,211)</b>	<b>42,879</b>	<b>(50)% F</b>
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This result is primarily due to the deferral of a number of grant funded projects including the Carr--Confoy Pavilion, Waste Management Centre Re-use Project, and North Goulburn Employment Precinct.

<b>Cash flows from financing activities</b>	<b>6,647</b>	<b>(2,611)</b>	<b>(9,258)</b>	<b>(139)% U</b>
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This result is primarily due to the deferral of a number of loan funded projects including Carr-Confoy Pavilion and Waste Management Centre Re-use Project. Due to the deferral of these projects, the borrowings were not taken up.

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2023	2022
<b>Cash assets</b>		
Cash on hand and at bank	745	925
Cash equivalent assets		
– Deposits at call	27,883	16,542
– Short-term deposits	5,000	–
<b>Total cash and cash equivalents</b>	<b>33,628</b>	<b>17,467</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	33,628	17,467
<b>Balance as per the Statement of Cash Flows</b>	<b>33,628</b>	<b>17,467</b>

#### Accounting policy

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

#### C1-2 Financial investments

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	96,500	–	91,022	6,000
<b>Total</b>	<b>96,500</b>	<b>–</b>	<b>91,022</b>	<b>6,000</b>
<b>Total financial investments</b>	<b>96,500</b>	<b>–</b>	<b>91,022</b>	<b>6,000</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>130,128</b>	<b>–</b>	<b>108,489</b>	<b>6,000</b>

#### Accounting policy

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

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

#### Financial assets

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

#### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

continued on next page ...

Page 32 of 93

## C1-2 Financial investments (continued)

### Amortised cost

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

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

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

### Fair value through other comprehensive income – equity instruments

Council has no strategic investments in entities over which they do not have significant influence nor control.

### 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.

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>130,128</b>	114,489
Less: Externally restricted cash, cash equivalents and investments	<b>(106,938)</b>	(90,806)
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>23,190</b>	23,683
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended loans – general	248	3,223
Specific purpose unexpended loans – water	137	138
Employee leave entitlements – domestic waste	229	246
Employee leave entitlements – sewerage	346	366
Employee leave entitlements – water	632	684
Specific purpose unexpended grants – general fund	8,929	6,111
Specific purpose unexpended grants – sewer fund	12,641	–
<b>External restrictions – included in liabilities</b>	<b>23,162</b>	10,768
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	4,239	6,413
Developer contributions – water fund	9,486	8,881
Developer contributions – sewer fund	9,906	9,544
Water fund	17,803	17,391
Water supplies – incomplete works	3,969	3,868
Sewerage services – incomplete works	24,142	17,830
Domestic waste management	2,871	2,496
Sewer fund	11,243	13,494

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Page 33 of 93

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

\$ '000	2023	2022
Domestic Waste Management - Incomplete Works	117	121
<b>External restrictions – other</b>	<b>83,776</b>	<b>80,038</b>
<b>Total external restrictions</b>	<b>106,938</b>	<b>90,806</b>

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

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

<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>23,190</b>	<b>23,683</b>
Less: Internally restricted cash, cash equivalents and investments	<b>(19,298)</b>	<b>(17,887)</b>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>3,892</b>	<b>5,796</b>

**Internal allocations**

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

Plant and vehicle replacement	1,926	1,393
Employees leave entitlement	1,066	1,066
Bridges	14	14
Buildings	97	(18)
Collex/Veolia host fee	987	1,412
Community assistance scheme	278	171
Election reserve	78	13
Energy efficiency	5	5
Environment	2,755	2,231
Financial Assistance Grant	6,487	4,449
Gallery	23	72
Insurance rebates	110	110
Library development	10	13
Local roads/infrastructure	701	732
Marulan hall	138	138
Museums	148	153
Outdoor pool renewal	7	537
Performing arts	2	2
Public entertainment venue	697	611
Risk management	281	281
Social plan	33	33
Special projects	1,565	2,181
Strategic planning	511	622
Technology	487	657
Tip replacement	131	200
Tourism	72	77
Training	100	100
Printers	120	120
Landscaped Areas	138	298
Other	331	214
<b>Total internal allocations</b>	<b>19,298</b>	<b>17,887</b>

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

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

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Goulburn Mulwaree Council | Notes to the Financial Statements 30 June 2023

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

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>3,892</b>	<b>5,796</b>

## C1-4 Receivables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Rates and annual charges	1,297	42	1,285	39
Interest and extra charges	57	-	34	-
User charges and fees	2,046	-	2,592	-
Accrued revenues				
- Interest on investments	1,208	-	293	-
- Other income accruals	447	-	1,137	-
Net GST receivable	827	-	1,297	-
Other debtors	23	-	284	-
<b>Total</b>	<b>5,905</b>	<b>42</b>	<b>6,922</b>	<b>39</b>
<b>Less: provision for impairment</b>				
Rates and annual charges	(34)	-	(53)	-
User charges and fees	(47)	-	(80)	-
Other debtors	(6)	-	(6)	-
<b>Total provision for impairment – receivables</b>	<b>(87)</b>	<b>-</b>	<b>(139)</b>	<b>-</b>
<b>Total net receivables</b>	<b>5,818</b>	<b>42</b>	<b>6,783</b>	<b>39</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
- Other	830	-	1,451	-
<b>Sewerage services</b>				
- Other	1,143	-	871	-
<b>Total external restrictions</b>	<b>1,973</b>	<b>-</b>	<b>2,322</b>	<b>-</b>
<b>Unrestricted receivables</b>	<b>3,845</b>	<b>42</b>	<b>4,461</b>	<b>39</b>
<b>Total net receivables</b>	<b>5,818</b>	<b>42</b>	<b>6,783</b>	<b>39</b>

\$ '000	2023	2022
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 9)	139	87
<b>Balance at the end of the year</b>	<b>139</b>	<b>87</b>

### Accounting policy

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

### Impairment

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

When 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 presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or

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Page 36 of 93

#### C1-4 Receivables (continued)

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- 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, or when the receivables are over 1 year past due, whichever occurs first. 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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>(i) Inventories at cost</b>				
Stores and materials	487	-	524	-
<b>Total inventories at cost</b>	<b>487</b>	<b>-</b>	<b>524</b>	<b>-</b>
<b>Total inventories</b>	<b>487</b>	<b>-</b>	<b>524</b>	<b>-</b>

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Total externally restricted assets</b>	-	-	-	-
<b>Total internally restricted assets</b>	-	-	-	-
<b>Total unrestricted assets</b>	<b>487</b>	<b>-</b>	<b>524</b>	<b>-</b>
<b>Total inventories</b>	<b>487</b>	<b>-</b>	<b>524</b>	<b>-</b>

#### Accounting policy

##### Raw materials and stores, work in progress and finished goods

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

##### Land held for resale

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

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

### C1-6 Contract assets and Contract cost assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	5,914	-	5,486	-
<b>Total contract assets and contract cost assets</b>	<b>5,914</b>	<b>-</b>	<b>5,486</b>	<b>-</b>

#### Contract assets

Work relating to infrastructure grants	2,151	-	2,149	-
Construction of Transport assets	2,935	-	2,921	-
Construction of Open space assets	828	-	416	-
<b>Total contract assets</b>	<b>5,914</b>	<b>-</b>	<b>5,486</b>	<b>-</b>

#### (i) Externally restricted assets

##### Externally restricted assets

Water	180	-	180	-
Sewer	902	-	847	-
<b>Total externally restricted assets</b>	<b>1,082</b>	<b>-</b>	<b>1,027</b>	<b>-</b>

continued on next page ...

Page 38 of 93

**C1-6 Contract assets and Contract cost assets (continued)**

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Total restricted assets</b>	1,082	-	1,027	-
<b>Total unrestricted assets</b>	4,832	-	4,459	-
<b>Total contract assets and contract cost asset</b>	5,914	-	5,486	-

**Accounting policy**

**Contract assets**

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

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

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

C1-7 Infrastructure, property, plant and equipment

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 <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	69,745	–	69,745	19,660	21,440	–	–	–	(57,500)	(221)	–	53,124	–	53,124
Plant and equipment	23,541	(12,655)	10,886	–	–	(360)	(2,334)	–	2,296	–	–	24,687	(14,199)	10,488
Office equipment	5,335	(3,786)	1,549	–	–	–	(785)	–	423	–	–	5,758	(4,571)	1,187
Furniture and fittings	1,343	(807)	536	–	–	–	(79)	–	37	–	–	1,380	(886)	494
<b>Land:</b>														
– Operational land	24,475	–	24,475	–	–	–	–	–	–	–	14,688	39,163	–	39,163
– Community land	24,917	–	24,917	–	414	(81)	–	–	81	279	8,424	34,034	–	34,034
– Land under roads (post 30/6/08)	104	–	104	–	1	–	–	–	–	–	–	105	–	105
Land improvements – depreciable	2,271	(727)	1,544	–	–	–	(63)	–	185	–	98	2,601	(837)	1,764
<b>Infrastructure:</b>														
– Buildings – non-specialised	119,872	(50,323)	69,549	–	–	–	(2,489)	–	17,535	–	3,428	139,749	(51,726)	88,023
– Other structures	8,296	(2,870)	5,426	–	–	–	(288)	–	6,537	–	879	15,960	(3,406)	12,554
– Roads	731,469	(225,659)	505,810	–	3,853	(5,960)	(9,657)	(244)	9,490	222	29,210	775,461	(242,737)	532,724
– Bridges	160,756	(41,844)	118,912	–	–	(2,701)	(1,215)	–	5,311	–	6,804	171,613	(44,502)	127,111
– Footpaths	52,025	(10,398)	41,627	–	–	(172)	(1,163)	–	1,309	64	2,440	56,286	(12,181)	44,105
– Stormwater drainage	165,149	(48,095)	117,054	–	841	–	(1,765)	(25)	1,211	10	8,911	179,964	(53,727)	126,237
– Water supply network	330,130	(102,099)	228,031	–	113	–	(3,596)	–	–	–	17,301	355,694	(113,845)	241,849
– Sewerage network	211,497	(53,445)	158,052	–	237	–	(2,734)	–	–	–	11,973	228,038	(60,510)	167,528
– Swimming pools	1,724	(861)	863	–	–	–	(78)	–	12,684	–	62	14,547	(1,016)	13,531
– Other open space/recreational assets	23,606	(3,303)	20,303	–	–	(130)	(1,310)	–	360	(1,423)	1,382	24,153	(4,971)	19,182
<b>Other assets:</b>														
– Library books	1,432	(1,087)	345	–	–	–	(187)	–	–	(1)	–	1,431	(1,274)	157
– Other	906	(320)	586	–	–	–	(188)	–	41	1,144	–	2,091	(508)	1,583
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>														
– Tip assets	11,485	(3,041)	8,444	–	–	–	(619)	–	–	1	–	11,486	(3,660)	7,826
– Quarry assets	246	(118)	128	–	–	–	(14)	–	–	1	–	246	(131)	115
<b>Total infrastructure, property, plant and equipment</b>	<b>1,970,324</b>	<b>(561,438)</b>	<b>1,408,886</b>	<b>19,660</b>	<b>26,899</b>	<b>(9,404)</b>	<b>(28,564)</b>	<b>(269)</b>	<b>–</b>	<b>76</b>	<b>105,600</b>	<b>2,137,571</b>	<b>(614,687)</b>	<b>1,522,884</b>

(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 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	48,724	–	48,724	59,130	–	–	–	(38,109)	–	–	69,745	–	69,745
Plant and equipment	22,099	(11,658)	10,441	2,172	(192)	(1,627)	–	194	(102)	–	23,541	(12,655)	10,886
Office equipment	4,893	(3,094)	1,799	–	–	(691)	–	441	–	–	5,335	(3,786)	1,549
Furniture and fittings	1,381	(1,098)	283	–	–	(73)	–	96	230	–	1,343	(807)	536
<b>Land:</b>													
– Operational land	21,305	–	21,305	–	–	–	–	–	–	3,169	24,475	–	24,475
– Community land	22,643	–	22,643	8	–	–	–	–	–	2,266	24,917	–	24,917
– Land under roads (post 30/6/08)	104	–	104	–	–	–	–	–	–	–	104	–	104
Land improvements – depreciable	2,191	(644)	1,547	–	–	(57)	–	–	–	54	2,271	(727)	1,544
<b>Infrastructure:</b>													
– Buildings – non-specialised	87,292	(43,590)	43,702	982	–	(1,742)	–	22,034	(139)	4,712	119,872	(50,323)	69,549
– Other structures	7,328	(2,358)	4,970	–	–	(214)	–	118	–	552	8,296	(2,870)	5,426
– Roads	654,216	(195,354)	458,862	657	–	(8,291)	–	5,817	–	48,765	731,469	(225,659)	505,810
– Bridges	144,784	(36,541)	108,243	–	–	(1,222)	–	316	–	11,575	160,756	(41,844)	118,912
– Footpaths	46,735	(8,793)	37,942	138	–	(591)	–	86	–	4,052	52,025	(10,398)	41,627
– Stormwater drainage	147,096	(41,143)	105,953	690	–	(1,921)	–	132	–	12,200	165,149	(48,095)	117,054
– Water supply network	290,670	(96,630)	194,040	445	–	(2,920)	–	2	45	36,419	330,130	(102,099)	228,031
– Sewerage network	174,696	(64,706)	109,990	869	–	(2,401)	–	15	(45)	49,624	211,497	(53,445)	158,052
– Swimming pools	1,426	(673)	753	–	–	(61)	–	52	–	119	1,724	(861)	863
– Other open space/recreational assets	12,731	(2,296)	10,435	–	–	(529)	–	8,677	9	1,711	23,606	(3,303)	20,303
<b>Other assets:</b>													
– Library books	1,317	(931)	386	–	–	(156)	–	115	–	–	1,432	(1,087)	345
– Other	886	(161)	725	–	–	(155)	–	14	2	–	906	(320)	586
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>													
– Tip assets	11,486	(2,455)	9,031	–	–	(586)	–	–	–	–	11,485	(3,041)	8,444
– Quarry assets	246	(104)	142	–	–	–	(14)	–	–	–	246	(118)	128
<b>Total infrastructure, property, plant and equipment</b>	<b>1,704,249</b>	<b>(512,229)</b>	<b>1,192,020</b>	<b>65,091</b>	<b>(192)</b>	<b>(23,237)</b>	<b>(14)</b>	<b>–</b>	<b>–</b>	<b>175,218</b>	<b>1,970,324</b>	<b>(561,438)</b>	<b>1,408,886</b>

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

### Accounting policy

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every five years, however the carrying amount of assets is assessed 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 Crown Lands and Water (CLAW).

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.

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

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	10 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	80 to 215	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 208	Flood control structures	50 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 117		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	20	Bulk earthworks	200
Sealed roads: structure	50	Swimming pools	10-50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100-107	Other open space/recreational assets	4 - 110
Bridge: other	50	Other infrastructure	20
Road pavements - Base	50-70		
Road pavements - Sub Base	70-90		
Kerb, gutter and footpaths	40		

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

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

### Land under roads

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

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

continued on next page ...

Page 42 of 93

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

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### **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.

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". Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise rural fire service assets including land and buildings.

Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/23			as at 30/06/22		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Water supply</b>						
WIP	5,935	–	5,935	3,342	–	3,342
Plant and equipment	1,051	395	656	1,051	367	684
Land						
– Operational land	4,759	–	4,759	2,300	–	2,300
– Improvements – depreciable	436	168	268	412	151	261
Buildings	1,690	1,311	379	1,454	1,096	358
Other structures	22	19	3	19	16	3
Infrastructure	354,332	113,603	240,729	328,767	101,857	226,910
<b>Total water supply</b>	<b>368,225</b>	<b>115,496</b>	<b>252,729</b>	<b>337,345</b>	<b>103,487</b>	<b>233,858</b>
<b>Sewerage services</b>						
WIP	16,342	–	16,342	9,520	–	9,520
Plant and equipment	256	256	–	256	245	11
Furniture and fittings	29	5	24	29	5	24
Land						
– Operational land	11,803	–	11,803	7,668	–	7,668
– Community land	175	–	175	143	–	143
Buildings	2,339	1,978	361	2,240	1,870	370
Other structures	42	37	5	36	30	6
Infrastructure	227,634	60,156	167,478	211,094	53,089	158,005
<b>Total sewerage services</b>	<b>258,620</b>	<b>62,432</b>	<b>196,188</b>	<b>230,986</b>	<b>55,239</b>	<b>175,747</b>
<b>Domestic waste management</b>						
WIP	45	–	45	45	–	45
Plant and equipment	8	8	–	8	8	–
Other structures	29	12	17	29	12	17
<b>Total domestic waste management</b>	<b>82</b>	<b>20</b>	<b>62</b>	<b>82</b>	<b>20</b>	<b>62</b>
<b>Total restricted infrastructure, property, plant and equipment</b>	<b>626,927</b>	<b>177,948</b>	<b>448,979</b>	<b>568,413</b>	<b>158,746</b>	<b>409,667</b>

### C1-8 Investment properties

\$ '000	2023	2022
<b>Owned investment property</b>		
Investment property on hand at fair value	5,500	4,400
<b>Total owned investment property</b>	<b>5,500</b>	<b>4,400</b>

#### Owned investment property

##### At fair value

Opening balance at 1 July	4,400	4,300
Net gain/(loss) from fair value adjustments	1,100	100
<b>Closing balance at 30 June</b>	<b>5,500</b>	<b>4,400</b>

##### Accounting policy

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as part of other income.

### C1-9 Other

#### Other assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	402	-	363	-
<b>Total other assets</b>	<b>402</b>	<b>-</b>	<b>363</b>	<b>-</b>

#### Externally restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Water</b>				
Prepayments	-	-	194	-
<b>Total water</b>	<b>-</b>	<b>-</b>	<b>194</b>	<b>-</b>
<b>Sewerage</b>				
Prepayments	-	-	58	-
<b>Total sewerage</b>	<b>-</b>	<b>-</b>	<b>58</b>	<b>-</b>

#### Current other assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Total externally restricted assets	-	-	252	-
Total internally restricted assets	-	-	-	-
Total unrestricted assets	402	-	111	-
<b>Total other assets</b>	<b>402</b>	<b>-</b>	<b>363</b>	<b>-</b>



## C2 Leasing activities

### C2-1 Council as a lessee

Council currently has a lease over part of a building that it utilizes to run a community Centre from. This property is located at 155 Auburn Street Goulburn. Information relating to this lease and associated balances and transactions is provided below:

#### Terms and conditions of leases

##### Buildings

Council currently has a lease over part of a building that it utilizes to run a community centre from. This property is located at 155 Auburn Street Goulburn. The original lease term was for a period of 5 years and commenced on 1 July 2018. This lease allows for a renewal option for another 5 year period.

This lease contains an annual pricing mechanism based on either a 3% increase or CPI increase, whichever is greater, at each anniversary of the lease inception.

##### Extension options

Council included an option in this building lease to provide flexibility and certainty to Council operations and reduce costs of moving premises; and this extension option is at Council's discretion.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension option will be exercised.

There are \$923k in potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is not reasonably certain.

The current lease ended 30/06/2023. As at 17/08/2023, Council is still in the process of negotiating the new lease, and is renting this property on a month-on-month basis. Therefore, the lease liability relating to this property is stated nil as at 30/06/2023.

#### (a) Right of use assets

\$ '000	Buildings	Total
<b>2023</b>		
Opening balance at 1 July	126	126
Depreciation charge	(126)	(126)
<b>Balance at 30 June</b>	<b>—</b>	<b>—</b>
<b>2022</b>		
Opening balance at 1 July	285	285
Depreciation charge	(136)	(136)
<b>Balance at 30 June</b>	<b>126</b>	<b>126</b>

#### (b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	—	—	103	—
<b>Total lease liabilities</b>	<b>—</b>	<b>—</b>	<b>103</b>	<b>—</b>

#### (c) (i) The maturity analysis

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

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Page 46 of 93

**C2-1 Council as a lessee (continued)**

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2022					
Cash flows	137	–	–	137	103

**(d) Income Statement**

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

\$ '000	2023	2022
Interest on lease liabilities	1	6
Depreciation of right of use assets	136	136
	<b>137</b>	<b>142</b>

**(e) Statement of Cash Flows**

Total cash outflow for leases	(141)	(144)
	<b>(141)</b>	<b>(144)</b>

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

**Accounting policy**

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

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

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

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

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

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

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

**Exceptions to lease accounting**

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

**Leases at significantly below market value / Concessionary leases**

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

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties. These leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-9) and/or IPP&E.

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

\$ '000	2023	2022
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#### (i) Assets held as investment property

Investment property operating lease relates to 56 Clinton Street Goulburn NSW 2580 by the council for community services.

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

Lease income (excluding variable lease payments not dependent on an index or rate)	360	324
<b>Total income relating to operating leases for investment property assets</b>	<b>360</b>	<b>324</b>

#### (ii) Assets held as property, plant and equipment

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

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

≤ 1 year	341	249
1–2 years	263	47
<b>Total undiscounted lease payments to be received</b>	<b>604</b>	<b>296</b>

### Accounting policy

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

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

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

The lease income is recognised on a straight-line basis over the lease term.

Council has concluded that the low value exception amount to be applied is \$10,000 and below.

### C3 Liabilities of Council

#### C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	3,662	–	3,929	–
Goods and services – capital expenditure	805	–	1,290	–
Accrued expenses:				
– Borrowings	238	–	252	–
– Salaries and wages	85	–	(4)	–
– Other expenditure accruals	329	–	239	–
Security bonds, deposits and retentions	1,952	–	1,765	–
Performing Art centre shows	257	–	183	–
Regional Hockey Facility	300	1,800	300	2,100
Other	33	–	42	–
Prepaid rates	1,749	–	1,623	–
<b>Total payables</b>	<b>9,410</b>	<b>1,800</b>	<b>9,619</b>	<b>2,100</b>
<b>Total payables</b>	<b>9,410</b>	<b>1,800</b>	<b>9,619</b>	<b>2,100</b>

#### Payables relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Externally restricted assets</b>				
Water	726	–	710	–
Sewer	30	–	30	–
Domestic waste management	1	–	1	–
Payables relating to externally restricted assets	757	–	741	–
<b>Total payables relating to restricted assets</b>	<b>757</b>	<b>–</b>	<b>741</b>	<b>–</b>
<b>Total payables relating to unrestricted assets</b>	<b>8,653</b>	<b>1,800</b>	<b>8,878</b>	<b>2,100</b>
<b>Total payables</b>	<b>9,410</b>	<b>1,800</b>	<b>9,619</b>	<b>2,100</b>

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Page 49 of 93

### C3-1 Payables (continued)

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	970	911
<b>Total payables</b>	<b>970</b>	<b>911</b>

#### Accounting policy

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

#### Payables

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

### C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	18,174	–	3,707	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	904	–	275	–
Unexpended capital contributions (to construct Council controlled assets)	(i)	158	–	2,129	–
<b>Total grants received in advance</b>		<b>19,236</b>	<b>–</b>	<b>6,111</b>	<b>–</b>
<b>User fees and charges received in advance:</b>					
Other		673	–	936	–
<b>Total user fees and charges received in advance</b>		<b>673</b>	<b>–</b>	<b>936</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>19,909</b>	<b>–</b>	<b>7,047</b>	<b>–</b>

#### 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 1058 being satisfied since the performance obligations are ongoing.

(iii) Upfront membership fees for the leisure centre do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life.

#### Contract liabilities relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
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#### Externally restricted assets

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Page 50 of 93

**C3-2 Contract Liabilities (continued)**

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Sewer	12,641	–	–	–
Unspent grants held as contract liabilities (excl. Water & Sewer)	6,595	–	6,111	–
<b>Contract liabilities relating to externally restricted assets</b>	<b>19,236</b>	<b>–</b>	<b>6,111</b>	<b>–</b>
<b>Total contract liabilities relating to restricted assets</b>	<b>19,236</b>	<b>–</b>	<b>6,111</b>	<b>–</b>
<b>Total contract liabilities relating to unrestricted assets</b>	<b>673</b>	<b>–</b>	<b>936</b>	<b>–</b>
<b>Total contract liabilities</b>	<b>19,909</b>	<b>–</b>	<b>7,047</b>	<b>–</b>

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

\$ '000	2023		2022	
<b>Grants and contributions received in advance:</b>				
Capital grants (to construct Council controlled assets)			2,947	3,823
Operating grants (received prior to performance obligation being satisfied)			92	238
<b>User fees and charges received in advance:</b>				
Other			660	42
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>			<b>3,699</b>	<b>4,103</b>

**Significant changes in contract liabilities**

The significant increase to contract liabilities compared to the prior year is due to \$11 million in grant funding for the Waste Water Treatment Plant extension being paid up front and the project is not due to commence until 2023/24 financial year.

**Accounting policy**

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

**C3-3 Borrowings**

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	2,283	33,517	2,521	35,800
<b>Total borrowings</b>	<b>2,283</b>	<b>33,517</b>	<b>2,521</b>	<b>35,800</b>

<sup>(1)</sup> Loans are secured over the general rating income of Council.

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

**Borrowings relating to restricted assets**

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Water	629	10,821	588	11,450
Sewer	293	1,960	276	2,613
<b>Borrowings relating to externally restricted assets</b>	<b>922</b>	<b>12,781</b>	<b>864</b>	<b>14,063</b>

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**C3-3 Borrowings (continued)**

\$ '000	2023		2022	2022
	Current	Non-current	Current	Non-current
<b>Total borrowings relating to restricted assets</b>	<b>922</b>	<b>12,781</b>	864	14,063
<b>Total borrowings relating to unrestricted assets</b>	<b>1,361</b>	<b>20,736</b>	1,657	21,737
<b>Total borrowings</b>	<b>2,283</b>	<b>33,517</b>	2,521	35,800

**Current borrowings not anticipated to be settled within the next twelve months**

The following borrowings, even though classified as current, are not expected to be settled in the next 12 months.

**(a) Changes in liabilities arising from financing activities**

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	38,321	(2,521)	–	–	–	–	35,800
Lease liability (Note C2-1b)	103	(103)	–	–	–	–	–
<b>Total liabilities from financing activities</b>	<b>38,424</b>	<b>(2,624)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>35,800</b>

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	32,377	5,944	–	–	–	–	38,321
Lease liability (Note C2-1b)	274	(171)	–	–	–	–	103
<b>Total liabilities from financing activities</b>	<b>32,651</b>	<b>5,773</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>38,424</b>

**(b) Financing arrangements**

\$ '000	2023	2022
<b>Total facilities</b>		
Credit cards/purchase cards	110	110
<b>Total financing arrangements</b>	<b>110</b>	<b>110</b>
<b>Undrawn facilities</b>		
– Credit cards/purchase cards	110	110
<b>Total undrawn financing arrangements</b>	<b>110</b>	<b>110</b>

**Additional financing arrangements information**

**Breaches and defaults**

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

**Security over loans**

Loans are secured over future cash flows.

continued on next page ...

Page 52 of 93

### C3-3 Borrowings (continued)

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**Accounting policy**

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

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

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



### C3-4 Employee benefit provisions

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Annual leave	2,404	–	2,279	–
Sick leave	36	–	37	–
Long service leave	4,471	887	5,052	955
Other leave	100	–	100	–
<b>Total employee benefit provisions</b>	<b>7,011</b>	<b>887</b>	<b>7,468</b>	<b>955</b>

#### Employee benefit provisions relating to restricted assets

##### Externally restricted assets

Water	548	84	593	91
Sewer	309	37	324	40
Domestic Waste Management	229	–	246	–
Employee benefit provisions relating to externally restricted assets	1,086	121	1,163	131

##### Total employee benefit provisions relating to restricted assets

	1,086	121	1,163	131
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##### Total employee benefit provisions relating to unrestricted assets

	5,925	766	6,305	824
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##### Total employee benefit provisions

	7,011	887	7,468	955
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#### Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	4,544	4,596
	<b>4,544</b>	<b>4,596</b>

#### Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	Other employee benefits	
<b>2023</b>					
At beginning of year	2,279	37	6,007	100	8,423
Other	125	(1)	(649)	–	(525)
Total ELE provisions at end of year	2,404	36	5,358	100	7,898
<b>2022</b>					
At beginning of year	2,539	39	6,135	41	8,754
Other	(260)	(2)	(128)	59	(331)
Total ELE provisions at end of year	2,279	37	6,007	100	8,423

#### Accounting policy

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

#### Short-term obligations

continued on next page ...

Page 54 of 93

### C3-4 Employee benefit provisions (continued)

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

**Other long-term employee benefit obligations**

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

**On-costs**

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

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

### C3-5 Provisions

\$ '000	2023		2022	
	Current	Non-Current	Current	Non-Current
<b>Asset remediation/restoration:</b>				
Goulburn tip	–	13,957	–	13,728
Gravel pits	–	425	–	414
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>14,382</b>	<b>–</b>	<b>14,142</b>
<b>Total provisions</b>	<b>–</b>	<b>14,382</b>	<b>–</b>	<b>14,142</b>

(\*) Comparatives moved to Non-Current to reflect correct categorisation

#### Provisions relating to restricted assets

<b>Total provisions relating to restricted assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total provisions relating to unrestricted assets</b>	<b>–</b>	<b>14,382</b>	<b>–</b>	<b>14,142</b>
<b>Total provisions</b>	<b>–</b>	<b>14,382</b>	<b>–</b>	<b>14,142</b>

#### Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
<b>2023</b>		
At beginning of year	14,142	14,142
Unwinding of discount	240	240
Total other provisions at end of year	14,382	14,382
<b>2022</b>		
At beginning of year	13,931	13,931
Unwinding of discount	211	211
Total other provisions at end of year	14,142	14,142

#### Nature and purpose of provisions

##### Asset remediation

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

##### Accounting policy

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

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

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

##### Asset remediation – tips and quarries

###### Provision for close-down restoration and environmental cleanup costs

continued on next page ...

Page 56 of 93

**C3-5 Provisions (continued)**

	<b>Provision \$000</b>	<b>Years to remediation</b>
Goulburn Tip	\$12,074	12
Marulan Tip	\$1,883	18
Gravel Pits	\$425	11

**Restoration**

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The 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.

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

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within 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 and quarry 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.

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

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

## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

\$ '000	General 2023	Water 2023	Sewer 2023
<b>Income from continuing operations</b>			
Rates and annual charges	28,040	2,748	10,407
User charges and fees	10,152	6,837	2,363
Interest and investment revenue	1,050	930	1,570
Other revenues	1,354	125	78
Grants and contributions provided for operating purposes	20,576	36	-
Grants and contributions provided for capital purposes	15,717	960	3,401
Other income	1,460	-	-
<b>Total income from continuing operations</b>	<b>78,349</b>	<b>11,636</b>	<b>17,819</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	25,144	1,849	1,606
Materials and services	17,498	4,909	4,278
Borrowing costs	999	814	114
Depreciation, amortisation and impairment of non-financial assets	22,496	3,697	2,776
Other expenses	939	-	-
Net losses from the disposal of assets	5,650	-	-
<b>Total expenses from continuing operations</b>	<b>72,726</b>	<b>11,269</b>	<b>8,774</b>
<b>Operating result from continuing operations</b>	<b>5,623</b>	<b>367</b>	<b>9,045</b>
<b>Net operating result for the year</b>	<b>5,623</b>	<b>367</b>	<b>9,045</b>
<b>Net operating result attributable to each council fund</b>	<b>5,623</b>	<b>367</b>	<b>9,045</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(10,094)</b>	<b>(593)</b>	<b>5,644</b>

D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	19,773	2,680	11,175
Investments	20,050	29,347	47,103
Receivables	3,845	830	1,143
Inventories	487	-	-
Contract assets and contract cost assets	4,832	180	902
Other	-	176	239
<b>Total current assets</b>	<b>48,987</b>	<b>33,213</b>	<b>60,562</b>
<b>Non-current assets</b>			
Receivables	42	-	-
Infrastructure, property, plant and equipment	1,073,965	252,729	196,190
Investment property	5,500	-	-
Other	-	2,578	3,277
<b>Total non-current assets</b>	<b>1,079,507</b>	<b>255,307</b>	<b>199,467</b>
<b>Total assets</b>	<b>1,128,494</b>	<b>288,520</b>	<b>260,029</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	8,654	726	30
Contract liabilities	7,268	-	12,641
Borrowings	1,374	629	293
Employee benefit provision	6,154	548	309
<b>Total current liabilities</b>	<b>23,450</b>	<b>1,903</b>	<b>13,273</b>
<b>Non-current liabilities</b>			
Payables	1,800	-	-
Borrowings	26,591	10,821	1,960
Employee benefit provision	766	84	37
Provisions	14,382	-	-
<b>Total non-current liabilities</b>	<b>43,539</b>	<b>10,905</b>	<b>1,997</b>
<b>Total liabilities</b>	<b>66,989</b>	<b>12,808</b>	<b>15,270</b>
<b>Net assets</b>	<b>1,061,505</b>	<b>275,712</b>	<b>244,759</b>
<b>EQUITY</b>			
Accumulated surplus	273,151	96,774	132,807
Revaluation reserves	788,354	178,938	111,952
<b>Council equity interest</b>	<b>1,061,505</b>	<b>275,712</b>	<b>244,759</b>
<b>Total equity</b>	<b>1,061,505</b>	<b>275,712</b>	<b>244,759</b>

**D1-3 Details of internal loans**

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

<b>Details of individual internal loans</b>	<b>Council ID / Ref</b>	<b>Council ID / Ref</b>
Borrower (by purpose)	General Fund	General Fund
Lender (by purpose)	Sewer Fund	Sewer & Water Fund
Date of Minister's approval	8 July 2019	8 June 2021
Date raised	30 June 2019	30 June 2021
Term years	15	15
Dates of maturity	30 June 2034	30 June 2036
Rate of interest (%)	2.00%	Variable
Amount originally raised (\$'000)	\$1,000,000	\$6,300,000



## 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 2023	Carrying value 2022	Fair value 2023	Fair value 2022
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	33,628	17,467	28,628	10,947
Receivables	5,860	6,822	5,860	5,744
Investments				
– Debt securities at amortised cost	96,500	97,022	101,500	79,000
<b>Total financial assets</b>	<b>135,988</b>	<b>121,311</b>	<b>135,988</b>	<b>95,691</b>
<b>Financial liabilities</b>				
Payables	11,210	11,719	11,209	11,719
Borrowings	35,800	38,321	35,800	38,320
<b>Total financial liabilities</b>	<b>47,010</b>	<b>50,040</b>	<b>47,009</b>	<b>50,039</b>

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 measure at amortised cost investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **at fair value through profit and loss** or (ii) **at fair value through other comprehensive income** – 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 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 there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

continued on next page ...

Page 62 of 93

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

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

**(a) Market risk – interest rate and price risk**

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<p>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.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	<b>1,294</b>	1,032
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

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Page 63 of 93

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

**(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.

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

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 rates and annual charges			Total
	overdue	< 5 years	≥ 5 years	
<b>2023</b>				
Gross carrying amount	–	1,313	26	1,339
<b>2022</b>				
Gross carrying amount	1,324	–	–	1,324

**Receivables - non-rates and annual charges and contract assets**

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2023</b>						
Gross carrying amount	8,853	26	530	54	1,059	10,522
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	10.00%	1.01%
<b>ECL provision</b>	–	–	–	–	106	106
<b>2022</b>						
Gross carrying amount	9,325	1,038	47	159	554	11,123
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	25.00%	1.25%
<b>ECL provision</b>	–	–	–	–	139	139

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Page 64 of 93

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

**(c) Liquidity risk**

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
<b>2023</b>							
Payables	0.00%	1,952	7,457	1,200	600	11,209	11,210
Borrowings	4.55%	–	2,283	8,826	24,691	35,800	35,800
<b>Total financial liabilities</b>		<b>1,952</b>	<b>9,740</b>	<b>10,026</b>	<b>25,291</b>	<b>47,009</b>	<b>47,010</b>
<b>2022</b>							
Payables	0.00%	1,765	6,232	1,200	900	10,097	11,719
Borrowings	4.55%	–	2,521	8,838	26,962	38,321	38,321
<b>Total financial liabilities</b>		<b>1,765</b>	<b>8,753</b>	<b>10,038</b>	<b>27,862</b>	<b>48,418</b>	<b>50,040</b>

## E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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

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

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

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

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

The fair value of an asset (or liability) should reflect market conditions at the measurement date. This has become more challenging due to the uncertainty of the economic impact of COVID 19. Some key factors and risks to consider when measuring fair value using a valuation technique including the economic activity level and the credit and liquidity risk in the current environment is quite uncertain.

- The cost approach is particularly suited to assets such as specialised buildings, specialised plant and infrastructure held for their service potential, and specialised or unique heritage assets where there are no observable market selling prices. The cost approach assumes fair value reflects the amount that would be required to replace the service capacity of the asset. No significant changes to the fair value are expected under the cost approach except where assets have been destroyed or damaged. Councils Non specialised buildings, specialised plant and Infrastructure assets of \$ 139,749,200 are valued under the Cost approach.
- The market approach is mainly used for land and non-specialised buildings. Comparable transactions and market evidence from the outbreak to the relevant date of valuation are extremely limited. Our valuation was based on the information available to us as at the time of valuation. Whilst all reasonable steps were taken to estimate the effect on the properties, due to significant uncertainty in the property and capital markets and the rapid unfolding of these events, it is difficult to quantify and assess the impact that the outbreak had on market values. Councils Investment properties of \$5,500,000 are valued under the market approach.
- Assets valued under the income approach are those predominantly to generate cash flows from the provision of goods and services. The recessionary environment created by COVID-19 may have significant impacts on demand for goods and services. Valuation inputs that may be subject to significant changes and uncertainty include projected cash flows, risk free interest rates and risk margins.

		Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
\$ '000	Notes	2023	2022	2023	2022	2023	2022
<b>Recurring fair value measurements</b>							
<b>Financial assets</b>							
Financial investments	C1-2						
At fair value through profit or loss		-	-	-	-	-	-
<b>Investment property</b>							
Investment property	C1-8			5,500	4,400	5,500	4,400
<b>Total investment property</b>		<b>-</b>	<b>-</b>	<b>5,500</b>	<b>4,400</b>	<b>5,500</b>	<b>4,400</b>
<b>Infrastructure, property, plant and equipment</b>							
Plant and equipment	C1-7			10,488	10,886	10,488	10,886
Office equipment				1,187	1,549	1,187	1,549
Furniture and fittings				494	536	494	536
Operational land				39,163	24,475	39,163	24,475
Community land				34,034	24,917	34,034	24,917
Land under roads (post 30/6/08)				105	104	105	104

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Page 66 of 93

## E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2023	2022
		2023	2022	2023	2022	2023	2022
Land improvements – depreciable		–	–	1,764	1,544	1,764	1,544
Buildings – non-specialized		–	–	88,023	69,549	88,023	69,549
Other structures		–	–	12,554	5,426	12,554	5,426
Roads		–	–	532,724	505,810	532,724	505,810
Bridges		–	–	127,111	118,912	127,111	118,912
Footpaths		–	–	44,105	41,627	44,105	41,627
Stormwater drainage		–	–	126,237	117,054	126,237	117,054
Water supply network		–	–	241,849	228,031	241,849	228,031
Sewerage network		–	–	167,528	158,052	167,528	158,052
Recreation and Open Space		–	–	19,182	20,303	19,182	20,303
Swimming Pools		–	–	13,531	863	13,531	863
Library books		–	–	157	345	157	345
Other		–	–	1,583	586	1,583	586
Tip assets		–	–	7,826	8,444	7,826	8,444
Quarry assets		–	–	115	128	115	128
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>–</b>	<b>1,469,760</b>	<b>1,339,141</b>	<b>1,469,760</b>	<b>1,339,141</b>

### Valuation techniques

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

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

#### Investment property

Council obtains independent valuations of its investment property on an annual basis and at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuation. The best evidence of fair value is the current price in an active market for similar assets. The investment property valuation is included in level 3 of the hierarchy. The fair value of the investment property is determined by an independent, qualified valuer on an annual basis who has experience in the location of the property. Council reviews the valuation report and discusses significant movements with the valuer. As at 30 June 2023 the valuation of the investment property was performed by Marsh Valuation Services Pty Ltd, Suzanna Ham AAPI, Certified Practising Valuer. There has been no change to the valuation process during the reporting period.

#### Infrastructure, property, plant and equipment (IPPE)

##### Property, Plant & Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant and Equipment: Trucks, tractors, ride-on mowers, street sweepers, earthmoving equipment and motor vehicles.
- Office Equipment: Refrigerators, electronic whiteboards, flat-screen monitors and computer equipment.
- Furniture & Fittings: Chairs, desks and display systems.

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

##### Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW LocalGovernment Act 1993. The key unobservable input to the valuation is the price per square metre. The most recent valuation was undertaken at 30 June 2023 and was performed by Marsh Valuation Services Pty Ltd, Suzanna Ham AAPI, Certified Practising Valuer.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the

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Page 67 of 93

## E2-1 Fair value measurement (continued)

maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal. There has been no change to the valuation process during the reporting period.

### Community Land

Valuations of all Council's Community Land and Council managed land are based on either the land values provided by the Valuer-General or an average unit rate based on the land values for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3. While Community Land has been re-valued as at 30 June 2023 in line with the Valuer General, there has been no change to the valuation process during the reporting period.

### Land under Roads

Council has elected to recognise Land under Roads where the road was acquired on or after 30/06/2008. 'Land under roads' have been valued using the square metres rates applicable for nearby or adjacent Community Land having regard to the highest and best use for this land. There has been no change to the valuation process during the reporting period.

### Land Improvements - Depreciable

This asset class comprises land improvements such as spectator mounds, swales, berms, gardens, mulched areas, streetscaping and landscaping. These assets may be located on parks, reserves and also within road reserves. 'Land Improvements' were valued in-house using the cost approach by experienced Council engineers and asset management staff.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. 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.

### Buildings – Non Specialised

Buildings – Non Specialised were valued by Marsh Valuation Services Pty Ltd, Suzanna Ham AAPI, Certified Practising Valuer, at 30 June 2023 using a combination of sales comparison approach, income capitalisation approach and cost approach. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption 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. There has been no change to the valuation process during the reporting period.

### Other Structures

This asset class comprises Boardwalks, Viewing platforms, Floodlighting Systems, Irrigation System, Pedestrian Bridges, Retaining Walls, Monuments, Statues, Fences, Wash bays, Cemetery walls and beams. The cost approach has been utilised. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. 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.

### Roads

This asset class comprises the Road Carriageway, Kerb and Gutter, Signs, and Traffic facilities. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter. Cost Approach using Level 3 inputs was used to value the road carriageway and other road infrastructure assets. Valuations for the road infrastructure assets were carried out by APV Valuers and Asset Management as at 30 June 2020.

The cost approach was utilised with inputs such as estimates pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

### Bridges

Bridges were valued by APV Valuers and Asset Management as at 30 June 2020, using the cost approach. The approach estimated the replacement cost for each bridge by componentising the bridges into significant parts with different useful lives and taking into account a range of factors. The components included the Bridge Deck/Superstructure, Bridge Abutments/Foundations and Bridge rails/handrails. Inputs such as estimates of residual value and pattern of consumption

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Page 68 of 93

## E2-1 Fair value measurement (continued)

required extensive professional judgement and impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

### Footpaths

Footpaths were valued by APV Valuers and Asset Management as at 30 June 2020, using the cost approach. Footpaths were segmented to match the adjacent road segment and no further componentisation was undertaken. Footpaths were originally mapped and condition assessed using a combination of video condition assessment and physical inspection. Condition information is updated as changes in the network are observed through regular inspections. There has been no change to the valuation process during the reporting period.

### Stormwater Drainage

Stormwater drainage assets were valued by APV Valuers and Asset Management as at 30 June 2020, using the cost approach. Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with DLG Circular 09-09. Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

### Water Supply Network

Water Supply and Sewerage infrastructure assets were re-valued at fair value as at 30 June 2022. These assets are indexed each year in line with the Reference Rates Manual as published by the NSW Office of Water. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition. This asset class is categorised as Level 3 as there are inputs used in the valuation of these assets (such as estimates of pattern of consumption, residual value, asset condition and useful life), that require significant professional judgement and are therefore unobservable. There has been no change to the valuation process during the reporting period.

### Recreation and Open Space

This asset class comprises of Playground equipment, BBQ's, Shade shelters and Outdoor fitness facilities. These assets may be located on parks, reserves and also within road reserves. 'Recreation and Open Space' assets were valued in-house using the cost approach by experienced Council engineers and asset management staff. These assets have been transferred from other 'Depreciable Land' and 'Other Structures' at 30 June 2016. Cost approach has been utilised. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. 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.

### Swimming Pool

This asset class comprises of Swimming pools only, it does not include related plant and equipment, buildings other structures and car parks. 'Swimming Pool' assets were valued in-house using the cost approach by experienced Council engineers and asset management staff. These assets have been transferred from 'Other Structures' at 30 June 2016. Cost approach has been utilised. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. 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.

### Library Books

Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

### Other Assets

Assets within this class comprise of all assets not classified elsewhere such as artwork. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. There has been no change to the valuation process during the reporting period.

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Page 69 of 93



## E2-1 Fair value measurement (continued)

### Reinstatement, Rehabilitation & Restoration Assets - Tips & Quarries

Council owns and manages tips and quarries in its local government area, and it has been recognised that there will be significant costs associated with the closure and post closure management of the landfill site. Closure of the landfill will involve a wide range of activities including preparation of a Landfill Closure and Management Plan, final capping of the landfill waste and site re-vegetation, installation of a final landfill gas management system, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure. The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. There has been no change to the valuation process during the reporting period.

### 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.

	Valuation technique/s	Unobservable inputs
<b>Financial assets</b>		
At Fair Value through Profit or Loss	Level 3	Unit price
<b>Investment properties</b>		
Investment Property	Level 3	Rental yield and price per hectare
<b>Infrastructure, property, plant and equipment</b>		
Operational Land	Level 3	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Residual value</li> </ul>
Community Land	Level 3	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Residual value</li> </ul>
Land under Roads (post 30/6/08)	Level 3	<ul style="list-style-type: none"> <li>• Unimproved capital value (price per square metre)</li> </ul>
Land Improvements - depreciable	Level 3	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Buildings - Non Specialised	Level 3	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Other Structures	Level 3	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Roads	Level 3	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Bridges	Level 3	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Footpaths	Level 3	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Stormwater Drainage	Level 3	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>
Water Supply Network	Level 3	<ul style="list-style-type: none"> <li>• Gross replacement cost</li> <li>• Asset condition</li> <li>• Remaining useful life</li> <li>• Residual value</li> </ul>

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Page 70 of 93

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Sewerage Network	Level 3	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Asset condition</li> <li>Remaining useful life</li> <li>Residual value</li> </ul>
Recreation and Open Space	Level 3	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Asset condition</li> <li>Remaining useful life</li> <li>Residual value</li> </ul>
Swimming Pools	Level 3	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Asset condition</li> <li>Remaining useful life</li> <li>Residual value</li> </ul>
Library Books	Level 3	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Asset condition</li> <li>Remaining useful life</li> <li>Residual value</li> </ul>
Other	Level 3	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Asset condition</li> <li>Remaining useful life</li> <li>Residual value</li> </ul>
Tip Assets	Level 3	<ul style="list-style-type: none"> <li>Discount Rate</li> <li>CPI</li> </ul>
Quarry Assets	Level 3	<ul style="list-style-type: none"> <li>Discount Rate</li> <li>CPI</li> </ul>
Plant and Equipment	Level 3	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Asset condition</li> <li>Remaining useful life</li> <li>Residual value</li> </ul>
Office Equipment	Level 3	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Asset condition</li> <li>Remaining useful life</li> <li>Residual value</li> </ul>
Furniture and Fittings	Level 3	<ul style="list-style-type: none"> <li>Gross replacement cost</li> <li>Asset condition</li> <li>Remaining useful life</li> <li>Residual value</li> </ul>

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

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Operational land	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>10,886</b>	10,441	<b>1,549</b>	1,799	<b>536</b>	283	<b>24,474</b>	21,305
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Purchases (GBV)	2,296	2,172	-	-	-	-	-	-
Disposals (WDV)	(360)	(192)	-	-	-	-	-	-
Depreciation and impairment	(2,334)	(1,627)	(785)	(691)	(79)	(73)	-	-
Revaluation increments to Equity	-	-	-	-	-	-	14,689	3,169
Other movement (Tfr from WIP)	-	194	423	441	37	96	-	-
Other movement	-	(102)	-	-	-	230	-	-
<b>Closing balance</b>	<b>10,488</b>	10,886	<b>1,187</b>	1,549	<b>494</b>	536	<b>39,163</b>	24,474

\$ '000	Community Land		Land under Roads		Land improvement		Building non-specialised	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>24,917</b>	22,643	<b>104</b>	104	<b>1,544</b>	1,547	<b>69,549</b>	43,702

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Page 71 of 93

E2-1 Fair value measurement (continued)

\$ '000	Community Land		Land under Roads		Land improvement		Building non-specialised	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Purchases (GBV)	-	8	-	-	-	-	-	982
Disposals (WDV)	(81)	-	-	-	-	-	-	-
Depreciation and impairment	-	-	-	-	(63)	(57)	(2,489)	(1,742)
Revaluation increments to Equity	8,424	2,266	-	-	98	54	3,428	4,712
Other movement (Tfr from WIP)	81	-	-	-	185	-	17,535	22,034
Other movement	693	-	1	-	-	-	-	(139)
<b>Closing balance</b>	<b>34,034</b>	<b>24,917</b>	<b>105</b>	<b>104</b>	<b>1,764</b>	<b>1,544</b>	<b>88,023</b>	<b>69,549</b>

\$ '000	Other structures		Roads		Bridges		Footpaths	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>5,426</b>	<b>4,970</b>	<b>505,810</b>	<b>458,862</b>	<b>118,912</b>	<b>108,243</b>	<b>41,627</b>	<b>37,942</b>
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Purchases (GBV)	-	-	-	657	-	-	-	138
Disposals (WDV)	-	-	(5,960)	-	(2,701)	-	(172)	-
Depreciation and impairment	(288)	(214)	(10,172)	(8,291)	(1,218)	(1,222)	(1,164)	(591)
Revaluation increments to Equity	879	552	29,481	48,765	6,807	11,575	2,441	4,052
Other movement (Tfr from WIP)	6,537	118	9,490	5,817	5,311	316	1,308	86
Other movement	-	-	4,075	-	-	-	65	-
<b>Closing balance</b>	<b>12,554</b>	<b>5,426</b>	<b>532,724</b>	<b>505,810</b>	<b>127,111</b>	<b>118,912</b>	<b>44,105</b>	<b>41,627</b>

\$ '000	Stormwater drainage		Water supply network		Sewerage network		Recreation and open space	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>117,054</b>	<b>105,953</b>	<b>228,031</b>	<b>194,040</b>	<b>158,052</b>	<b>109,990</b>	<b>20,303</b>	<b>10,435</b>
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Purchases (GBV)	-	690	-	445	-	869	-	-
Disposals (WDV)	-	-	-	-	-	-	(130)	-
Depreciation and impairment	(1,799)	(1,921)	(3,596)	(2,920)	(2,734)	(2,401)	(1,310)	(529)
Revaluation increments to Equity	8,920	12,200	17,302	36,419	11,974	49,624	1,382	1,711
Other movement (Tfr from WIP)	1,211	132	-	2	-	15	360	8,677
Other movement	851	-	112	45	236	(45)	(1,423)	9
<b>Closing balance</b>	<b>126,237</b>	<b>117,054</b>	<b>241,849</b>	<b>228,031</b>	<b>167,528</b>	<b>158,052</b>	<b>19,182</b>	<b>20,303</b>

\$ '000	Swimming pools		Library books		Other assets		Tip assets	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>863</b>	<b>753</b>	<b>345</b>	<b>386</b>	<b>586</b>	<b>725</b>	<b>8,445</b>	<b>9,031</b>
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Depreciation and impairment	(78)	(61)	(187)	(156)	(188)	(155)	(619)	(586)
Revaluation increments to Equity	62	119	-	-	-	-	-	-
Other movement (Tfr from WIP)	12,684	52	-	115	41	14	-	-

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Page 72 of 93

**E2-1 Fair value measurement (continued)**

\$ '000	Swimming pools		Library books		Other assets		Tip assets	
	2023	2022	2023	2022	2023	2022	2023	2022
Other movement	-	-	(1)	-	1,144	2	-	-
<b>Closing balance</b>	<b>13,531</b>	<b>863</b>	<b>157</b>	<b>345</b>	<b>1,583</b>	<b>586</b>	<b>7,826</b>	<b>8,445</b>

\$ '000	Quarry assets		Investment properties		NCA Held for sale		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>128</b>	<b>142</b>	<b>4,400</b>	<b>4,300</b>	<b>-</b>	<b>450</b>	<b>1,343,541</b>	<b>1,148,046</b>
Recognised in profit or loss – realised (refer to Note B4-1)	-	-	-	100	-	-	-	100
Purchases (GBV)	-	-	-	-	-	-	2,296	5,961
Disposals (WDV)	-	-	-	-	-	(450)	(9,404)	(642)
Depreciation and impairment	(14)	(14)	-	-	-	-	(29,117)	(23,251)
Revaluation increments to Equity	-	-	1,100	-	-	-	106,987	175,218
Other movement (Tfr from WIP)	-	-	-	-	-	-	55,203	38,109
Other movement	1	-	-	-	-	-	5,754	-
<b>Closing balance</b>	<b>115</b>	<b>128</b>	<b>5,500</b>	<b>4,400</b>	<b>-</b>	<b>-</b>	<b>1,475,260</b>	<b>1,343,541</b>

**Highest and best use**

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

**E3-1 Contingencies**

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

**LIABILITIES NOT RECOGNISED**

**1. Guarantees**

**(i) Defined benefit superannuation contribution plans**

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a ‘multi-employer fund’ for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

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

*Description of the funding arrangements.*

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

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

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

\*For 180 Point members, employers are required to contribute 8.0% of salaries for the year ending 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members accumulation accounts, which are paid in addition to members defined benefits.

The past service contribution for each pooled employer is a share of the total past service contributions \$20 million per annum from 1 January 2022 to 31 December 2024, apportioned according to each employer’s share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of funding position for the accrued liabilities.

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$184,708.20. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA as at 30 June 2022.

Council’s expected contribution to the plan for the next annual reporting period is \$175,444.44

continued on next page ...

Page 74 of 93

**E3-1 Contingencies (continued)**

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

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

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

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% for FY22/23 2.5% per annum thereafter

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the pooled employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Fund Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2023.

**(ii) Statewide Limited**

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

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

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

**(iii) StateCover Limited**

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

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

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

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

**(iv) Other guarantees**

Council has a Bank Guarantee liability of \$35,400. This is to ensure the performance obligations under Crown Land Acquisition for easements at Goulburn for Essential Energy projects.

**2. Other liabilities**

continued on next page ...

Page 75 of 93

### E3-1 Contingencies (continued)

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**(i) Third party claims**

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

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

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

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

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

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

**(iii) Upper Lachlan Council asset transfers**

In accordance with the proclamation by the Minister for Local Government on 7th September 2006, in the event of the sale of the former Mulwaree Shire Council administration building in Clinton Street, Goulburn, 'Upper Lachlan Council is to be reimbursed 24.22% of the net profit.'

**(iv) Legal liabilities**

Council is currently party to a legal proceeding in the Land & Environment Court (Goulburn Mulwaree Council & Banton Family Trust ats Filetron Pty Limited) which may give rise to a contingent liability. Estimates provided state that this contingent liability may amount to approximately \$100,000.

**ASSETS NOT RECOGNISED****(i) Land under roads**

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

**(ii) Infringement notices/fines**

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

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

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

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

**F People and relationships**

**F1 Related party disclosures**

**F1-1 Key management personnel (KMP)**

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

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

\$ '000	2023	2022
<b>Compensation:</b>		
Short-term benefits	1,147	1,177
Post-employment benefits	70	107
<b>Total</b>	<b>1,217</b>	<b>1,284</b>

**(-1b) Other transactions with KMP and their related parties**

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
<b>2023</b>						
Supply of Recycling Contract	1	650	-	30 days	-	-
Supply of plant and road construction	2	4,530	150	30 days	-	-
Council employee wages	3	376	-	Award wages	-	-
Donation	4	6	-	Donation policy	-	-
Donation – Fee waiver	5	7	-	Donation policy	-	-
Development application fee	6	5	-	30 days	-	-
Tipping Fees	7	144	15	30 days	-	-
<b>2022</b>						
Supply of Recycling Contract	1	673	149	30 days	-	-
Supply of plant and road construction	2	6,560	11	30 days	-	-
Council employee wages	3	717	-	Award wages	-	-
Donation	4	22	-	Donation policy	-	-



**F1-1 Key management personnel (KMP) (continued)**

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
Donation – Fee waiver	5	7	–	Donation policy	–	–
Development application fee	6	–	–	30 days	–	–
Tipping Fees	7	10	–	30 days	–	–
1	Council has appointed its recycling contract to a company of which a Councillor is a board member, the Councillor has declared his involvement and is excluded from all meetings.					
2	Council engages three local companies for various plant hire and road making activities. The company directors are a related party to a Councillor, the Councillor has declared an interest and follows the code of conduct. All contracts are awarded through the tender process.					
3	Two members of Council staff are related parties to KMP and Councillors. The interest is declared.					
4	Council provided a donation/sponsorship to several community groups where Councillors are related parties. Interest had been declared and payments made through the executive donations procedure.					
5	Council provided a donation to a charity group equal to the value of the Council facility hire fee of which a Councillor is a related party. Interest was declared and payment was made through the executive donations procedure.					
6	Council has received a development application from a Councillor. Interest has been declared.					
7	Council provides a debtor account for the purposes of tipping fees at the Goulburn Waste Management Centre to related parties of Councillors. Interest has been declared and all fees are charged as per the adopted fees and charges. Payment terms are 30 days.					

**F1-2 Councillor and Mayoral fees and associated expenses**

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<p>The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:</p>		
Mayoral fee	46	40
Councillors' fees	190	177
Other Councillors' expenses (including Mayor)	39	2
<b>Total</b>	<b>275</b>	<b>219</b>

**F2 Other relationships**

**F2-1 Audit fees**

<b>\$ '000</b>	<b>2023</b>	2022
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

**Auditors of the Council - NSW Auditor-General:**

**(i) Audit and other assurance services**

Audit and review of financial statements

	<b>183</b>	71
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<b>Remuneration for audit and other assurance services</b>	<b>183</b>	71
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<b>Total Auditor-General remuneration</b>	<b>183</b>	71
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**Non NSW Auditor-General audit firms**

<b>Total audit fees</b>	<b>183</b>	71
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## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
<b>Net operating result from Income Statement</b>	<b>15,035</b>	41,149
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	28,700	23,373
(Gain) / loss on disposal of assets	5,650	(4,243)
Non-cash capital grants and contributions	(2,056)	(2,821)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	(1,100)	(100)
– Revaluation decrements / impairments of IPP&E direct to P&L	269	14
Unwinding of discount rates on reinstatement provisions	240	211
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	1,014	829
Increase / (decrease) in provision for impairment of receivables	(52)	52
(Increase) / decrease of inventories	37	(202)
(Increase) / decrease of other current assets	(39)	922
(Increase) / decrease of contract asset	(428)	2,485
Increase / (decrease) in payables	(267)	820
Increase / (decrease) in accrued interest payable	(14)	64
Increase / (decrease) in other accrued expenses payable	179	(629)
Increase / (decrease) in other liabilities	2,478	917
Increase / (decrease) in contract liabilities	12,862	3,449
Increase / (decrease) in employee benefit provision	(525)	(331)
<b>Net cash flows from operating activities</b>	<b>61,983</b>	<b>65,959</b>
<b>(b) Non-cash investing and financing activities</b>		
Developer contributions 'in kind'	1,642	2,821
Other dedications	414	–
<b>Total non-cash investing and financing activities</b>	<b>2,056</b>	<b>2,821</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	623	154
Other structures	4,286	1,635
Plant and equipment	1,375	–
Roads infrastructure	6,583	7,363
Waste water infrastructure	1,211	10,333
Water infrastructure	–	4,540
<b>Total commitments</b>	<b>14,078</b>	<b>24,025</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	14,078	24,025
<b>Total payable</b>	<b>14,078</b>	<b>24,025</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	3,191	(53)
Future grants and contributions	6,226	–
Section 7.11 and 64 funds/reserves	1,298	–
Unexpended grants	883	1,184
Externally restricted reserves	–	19,570
Internally restricted reserves	1,240	3,324
Unexpended loans	1,240	–
<b>Total sources of funding</b>	<b>14,078</b>	<b>24,025</b>

#### Details of capital commitments

Council has a number of capital projects that have been commenced but not completed. The funding for these projects has been allocated and the majority will be completed within the 2022/2023 financial year.

### G3 Statement of developer contributions as at 30 June 2023

#### G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	1,288	457	-	-	65	(308)	-	1,502	-
Roads	443	588	-	-	26	(19)	-	1,038	-
Traffic facilities	(304)	358	-	-	32	-	-	86	-
Open space	351	254	-	-	15	(25)	-	595	-
Community facilities	449	466	-	-	21	(15)	-	921	-
Other	35	17	-	-	2	(1)	-	53	-
Urban and civic improvements	-	-	-	-	-	-	-	-	-
Rural addressing	-	-	-	-	-	-	-	-	-
Rural waste	-	-	-	-	-	-	-	-	-
<b>S7.11 contributions – under a plan</b>	<b>2,262</b>	<b>2,140</b>	<b>-</b>	<b>-</b>	<b>161</b>	<b>(368)</b>	<b>-</b>	<b>4,195</b>	<b>-</b>
<b>S7.12 levies – under a plan</b>	<b>830</b>	<b>299</b>	<b>-</b>	<b>-</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>1,162</b>	<b>-</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>3,092</b>	<b>2,439</b>	<b>-</b>	<b>-</b>	<b>194</b>	<b>(368)</b>	<b>-</b>	<b>5,357</b>	<b>-</b>
S7.11 not under plans	3,325	960	-	-	123	(5,526)	-	(1,118)	-
S64 contributions	18,426	1,486	-	-	583	(1,103)	-	19,392	-
<b>Total contributions</b>	<b>24,843</b>	<b>4,885</b>	<b>-</b>	<b>-</b>	<b>900</b>	<b>(6,997)</b>	<b>-</b>	<b>23,631</b>	<b>-</b>

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

#### G3-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
<b>CONTRIBUTION PLAN - New Mulwaree Plan</b>									
Drainage	138	28	-	-	5	-	-	171	-
Roads	2	21	-	-	-	(19)	-	4	-
Other	16	4	-	-	1	-	-	21	-
<b>Total</b>	<b>156</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>(19)</b>	<b>-</b>	<b>196</b>	<b>-</b>
<b>CONTRIBUTION PLAN - New Goulburn Citywide Plan</b>									
Drainage	1,028	323	-	-	38	(308)	-	1,081	-
Traffic facilities	8	10	-	-	-	-	-	18	-

G3-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
Open space	1	1	-	-	-	-	-	2	-	
Community facilities	28	2	-	-	1	(15)	-	16	-	
<b>Total</b>	<b>1,065</b>	<b>336</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>(323)</b>	<b>-</b>	<b>1,117</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Marys Mount</b>										
Drainage	476	106	-	-	16	-	-	598	-	
Traffic facilities	(159)	129	-	-	-	-	-	(30)	-	
Open space	163	31	-	-	5	(25)	-	174	-	
<b>Total</b>	<b>480</b>	<b>266</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>(25)</b>	<b>-</b>	<b>742</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Ducks Lane</b>										
Drainage	118	-	-	-	4	-	-	122	-	
Traffic facilities	(1,119)	-	-	-	-	-	-	(1,119)	-	
<b>Total</b>	<b>(1,001)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>(997)</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Clyde Street</b>										
Drainage	(540)	-	-	-	-	-	-	(540)	-	
Traffic facilities	890	219	-	-	30	-	-	1,139	-	
Open space	6	-	-	-	-	-	-	6	-	
<b>Total</b>	<b>356</b>	<b>219</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>605</b>	<b>-</b>	
<b>CONTRIBUTION PLAN - Common Street</b>										
Drainage	68	-	-	-	2	-	-	70	-	
Traffic facilities	76	-	-	-	2	-	-	78	-	
Open space	10	-	-	-	-	-	-	10	-	
<b>Total</b>	<b>154</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>158</b>	<b>-</b>	
<b>CONTRIBUTION PLAN LICP</b>										
Roads	441	567	-	-	26	-	-	1,034	-	
Open space	171	222	-	-	10	-	-	403	-	
Community facilities	421	464	-	-	20	-	-	905	-	
Other	19	13	-	-	1	(1)	-	32	-	
<b>Total</b>	<b>1,052</b>	<b>1,266</b>	<b>-</b>	<b>-</b>	<b>57</b>	<b>(1)</b>	<b>-</b>	<b>2,374</b>	<b>-</b>	

S7.12 Levies – under a plan

CONTRIBUTION PLAN - S94A Levies

Drainage	274	1	-	-	8	-	-	283	-
Roads	556	298	-	-	25	-	-	879	-

G3-2 Developer contributions by plan (continued)

Total	830	299	-	-	33	-	-	1,162	-
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\$ '000	Opening balance at 1 July 2022	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						

G3-3 Contributions not under plans

S7.11 CONTRIBUTIONS – NOT UNDER A PLAN

Roads	2,910	960	-	-	123	(5,526)	-	(1,533)	-
Other	415	-	-	-	-	-	-	415	-
<b>Total</b>	<b>3,325</b>	<b>960</b>	<b>-</b>	<b>-</b>	<b>123</b>	<b>(5,526)</b>	<b>-</b>	<b>(1,118)</b>	<b>-</b>

G3-4 S64 contributions

Sewer and Water S.64 Contributions

Sewer & Water	18,425	1,486	-	-	583	(1,103)	-	19,391	-
<b>Total</b>	<b>18,425</b>	<b>1,486</b>	<b>-</b>	<b>-</b>	<b>583</b>	<b>(1,103)</b>	<b>-</b>	<b>19,391</b>	<b>-</b>



## G4 Statement of performance measures

### G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022      2021		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(224)</b>	<b>(0.26)%</b>	6.16%	5.80%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>86,626</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>66,014</b>	<b>61.87%</b>	52.58%	55.30%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>106,704</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>32,756</b>	<b>2.95x</b>	2.69x	2.79x	> 1.50x
Current liabilities less specific purpose liabilities	<b>11,098</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>30,403</b>	<b>6.70x</b>	7.06x	8.71x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>4,538</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>1,362</b>	<b>3.19%</b>	3.16%	3.74%	< 10.00%
Rates and annual charges collectable	<b>42,698</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>130,128</b>	<b>26.47</b>	22.27	24.06	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>4,915</b>	<b>months</b>	months	months	months

(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

G4-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(8.57)%</b>	(4.81)%	<b>(5.55)%</b>	8.50%	<b>39.15%</b>	45.75%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>53.02%</b>	43.71%	<b>91.44%</b>	86.42%	<b>80.91%</b>	73.04%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>2.95x</b>	2.69x	<b>17.45x</b>	17.34x	<b>4.56x</b>	68.27x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>6.54x</b>	6.63x	<b>2.79x</b>	3.42x	<b>21.88x</b>	19.79x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>3.11%</b>	2.83%	<b>3.63%</b>	4.14%	<b>3.29%</b>	3.81%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>10.74 months</b>	10.55 months	<b>46.89 months</b>	50.45 months	<b>111.15 months</b>	79.86 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G4-1 above.

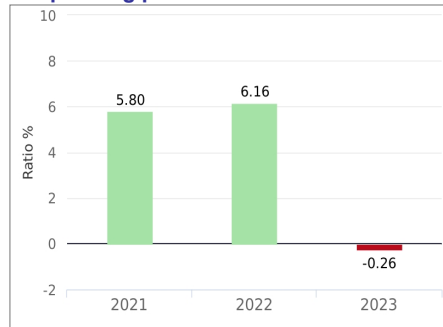
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

**End of the audited financial statements**

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



**Purpose of operating performance ratio**

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

**Commentary on 2022/23 result**

2022/23 ratio (0.26)%

This ratio is well below the benchmark due to a significant decrease in grant funding and significant increase in depreciation with new assets and revaluation of Buildings.

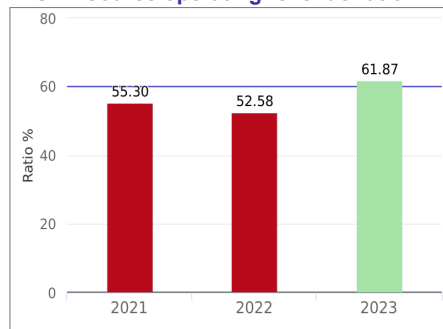
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



**Purpose of own source operating revenue ratio**

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

**Commentary on 2022/23 result**

2022/23 ratio 61.87%

This ratio has increased back above the benchmark this year due to the reduction in large grant funded projects.

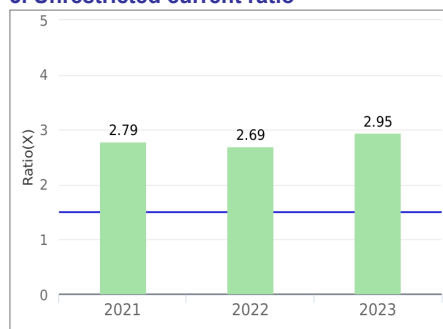
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



**Purpose of unrestricted current ratio**

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

**Commentary on 2022/23 result**

2022/23 ratio 2.95x

This ratio is at a healthy level to ensure that Council can meet its short term commitments.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

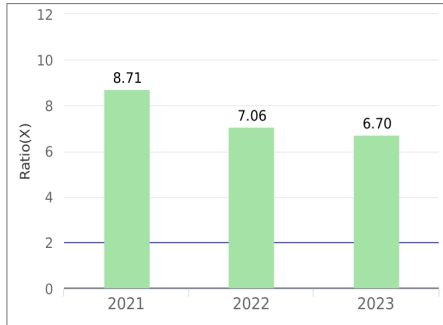
Ratio is outside benchmark

continued on next page ...

Page 89 of 93

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

4. Debt service cover ratio



**Purpose of debt service cover ratio**

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

**Commentary on 2022/23 result**

2022/23 ratio 6.70x

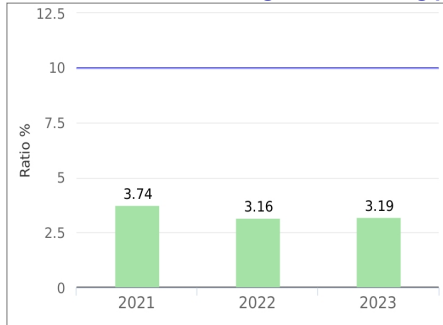
This ratio has dropped but it's still at a healthy level.

Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

- Ratio achieves benchmark
- Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



**Purpose of rates and annual charges outstanding percentage**

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

**Commentary on 2022/23 result**

2022/23 ratio 3.19%

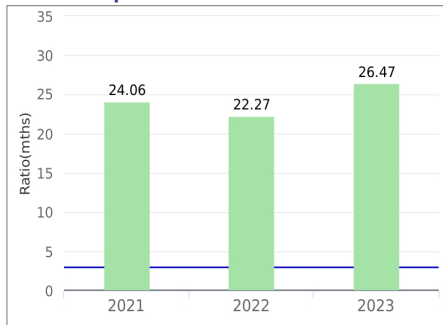
The Council's outstanding rates and debtors are still at a healthy level and this indicator remains relatively steady.

Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

- Ratio achieves benchmark
- Ratio is outside benchmark

6. Cash expense cover ratio



**Purpose of cash expense cover ratio**

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

**Commentary on 2022/23 result**

2022/23 ratio 26.47 months

The number of months has increased and remains at a healthy level. This is due to a number of major projects being completed including the Aquatic Centre and Performing Arts Centre and no additional borrowings were taken out in 2022/23.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

- Ratio achieves benchmark
- Ratio is outside benchmark

## H1-2 Council information and contact details

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**Principal place of business:**

184-194 Bourke Street  
Goulburn NSW 2580

**Contact details****Mailing Address:**

Locked Bag 22  
Goulburn NSW 2580

**Telephone:** 02 4823 4444

**Opening hours:**

8:30am - 5:00pm  
Monday - Friday

**Internet:** [www.goulburn.nsw.gov.au](http://www.goulburn.nsw.gov.au)

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

**Officers****Chief Executive Officer**

Aaron Johansson

**Responsible Accounting Officer**

Brendan Hollands

**Auditors**

Audit Office of NSW  
15/1 Margaret Street  
Sydney NSW 2000

**Elected members****Mayor**

Cr Peter Walker

**Councillors**

Cr Andrew Banfield  
Cr Carol James  
Cr Bob Kirk  
Cr Michael Prevedello  
Cr Steve Ruddell  
Cr Jason Shepherd  
Cr Daniel Strickland  
Cr Andy Wood

Goulburn Mulwaree Council | Notes to the Financial Statements 30 June 2023

## Goulburn Mulwaree Council

### General Purpose Financial Statements

for the year ended 30 June 2023

#### Independent Auditor's Reports:

---

On the Financial Statements (Sect 417 [2])

#### **Independent Auditor's Report**

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

continued on next page ...

Page 92 of 93

Goulburn Mulwaree Council | Notes to the Financial Statements 30 June 2023

## Goulburn Mulwaree Council

### General Purpose Financial Statements

for the year ended 30 June 2023

#### Independent Auditor's Reports: (continued)

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On the Financial Statements (Sect 417 [3])

#### **Independent Auditor's Report**

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



# Goulburn Mulwaree Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023



## Goulburn Mulwaree Council

### Special Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Income Statement of Domestic Waste Management	6
Income Statement of Commercial Waste	7
Statement of Financial Position of water supply business activity	8
Statement of Financial Position of sewerage business activity	9
Statement of Financial Position of Domestic Waste Management	10
Statement of Financial Position of Commercial Waste	11
<b>Note – Significant Accounting Policies</b>	<b>12</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>15</b>

#### 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).

## Goulburn Mulwaree Council

### Special Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 17 October 2023.

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Cr Peter Walker  
**Mayor**  
17 October 2023

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Cr Steve Ruddell  
**Deputy Mayor**  
17 October 2023

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Aaron Johansson  
**Chief Executive Officer**  
17 October 2023

---

Brendan Hollands  
**Responsible Accounting Officer**  
17 October 2023

Goulburn Mulwaree Council | Income Statement of water supply business activity | for the year ended 30 June 2023

## Goulburn Mulwaree Council

### Income Statement of water supply business activity for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	2,748	2,637
User charges	6,724	6,891
Fees	113	137
Interest and investment income	930	224
Grants and contributions provided for operating purposes	36	520
Other income	125	83
<b>Total income from continuing operations</b>	<b>10,676</b>	<b>10,492</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,849	1,874
Borrowing costs	814	836
Materials and services	4,909	3,883
Depreciation, amortisation and impairment	3,697	3,007
Other expenses *	-	-
<b>Total expenses from continuing operations</b>	<b>11,269</b>	<b>9,600</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(593)</b>	<b>892</b>
Grants and contributions provided for capital purposes	960	1,047
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>367</b>	<b>1,939</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>367</b>	<b>1,939</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	-	(223)
<b>Surplus (deficit) after tax</b>	<b>367</b>	<b>1,716</b>
<b>Plus accumulated surplus</b>	<b>96,407</b>	<b>94,468</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	-	223
<b>Closing accumulated surplus</b>	<b>96,774</b>	<b>96,407</b>
<b>Return on capital %</b>	<b>0.1%</b>	<b>0.7%</b>
<b>Subsidy from Council</b>	<b>9,939</b>	<b>6,815</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	367	1,716
Less: capital grants and contributions (excluding developer contributions)	(960)	(1,047)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>669</b>
<b>Potential dividend calculated from surplus</b>	<b>-</b>	<b>335</b>

(\* ) Comparative figures amended to ensure consistency in the categorisation of expenses. Balance transferred to Materials & Services

Goulburn Mulwaree Council | Income Statement of sewerage business activity | for the year ended 30 June 2023

## Goulburn Mulwaree Council

### Income Statement of sewerage business activity for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	10,407	10,067
User charges	1,848	1,843
Liquid trade waste charges	496	536
Fees	19	4
Interest and investment income	1,570	278
Grants and contributions provided for operating purposes	–	2,189
Net gain from the disposal of assets	–	24
Other income	78	102
<b>Total income from continuing operations</b>	<b>14,418</b>	<b>15,043</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,606	1,572
Borrowing costs	114	117
Materials and services	4,278	4,030
Depreciation, amortisation and impairment	2,776	2,442
Other expenses *	–	–
<b>Total expenses from continuing operations</b>	<b>8,774</b>	<b>8,161</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>5,644</b>	<b>6,882</b>
Grants and contributions provided for capital purposes	3,401	2,555
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>9,045</b>	<b>9,437</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>9,045</b>	<b>9,437</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(1,411)	(1,721)
<b>Surplus (deficit) after tax</b>	<b>7,634</b>	<b>7,716</b>
<b>Plus accumulated surplus</b>	<b>123,760</b>	<b>114,323</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	1,411	1,721
<b>Closing accumulated surplus</b>	<b>132,805</b>	<b>123,760</b>
<b>Return on capital %</b>	<b>2.9%</b>	<b>4.0%</b>
<b>Subsidy from Council</b>	<b>2,129</b>	<b>–</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	7,634	7,716
Less: capital grants and contributions (excluding developer contributions)	(3,401)	(2,555)
<b>Surplus for dividend calculation purposes</b>	<b>4,233</b>	<b>5,161</b>
<b>Potential dividend calculated from surplus</b>	<b>2,117</b>	<b>2,581</b>

(\*) Comparative figures amended to ensure consistency in the categorisation of expenses. Balance transferred to Materials & Services

Goulburn Mulwaree Council | Income Statement of Domestic Waste Management | for the year ended 30 June 2023

**Goulburn Mulwaree Council**

**Income Statement of Domestic Waste Management**  
for the year ended 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
<b>Income from continuing operations</b>		
Annual charges	72	73
User charges	4,806	4,594
Interest and investment income	87	28
Other income	58	49
<b>Total income from continuing operations</b>	<b>5,023</b>	<b>4,744</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	904	896
Materials and services	3,703	3,373
<b>Total expenses from continuing operations</b>	<b>4,607</b>	<b>4,269</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>416</b>	<b>475</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>416</b>	<b>475</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>416</b>	<b>475</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(104)	(119)
<b>Surplus (deficit) after tax</b>	<b>312</b>	<b>356</b>
<b>Plus accumulated surplus</b>	<b>2,775</b>	<b>2,300</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	104	119
<b>Closing accumulated surplus</b>	<b>3,191</b>	<b>2,775</b>
<b>Return on capital %</b>	<b>671.0%</b>	<b>766.1%</b>

Goulburn Mulwaree Council | Income Statement of Commercial Waste | for the year ended 30 June 2023

**Goulburn Mulwaree Council**  
**Income Statement of Commercial Waste**  
 for the year ended 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
<b>Income from continuing operations</b>		
User charges	1,663	1,437
<b>Total income from continuing operations</b>	<b>1,663</b>	<b>1,437</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	211	168
Materials and services	1,001	1,086
Depreciation, amortisation and impairment	9	12
<b>Total expenses from continuing operations</b>	<b>1,221</b>	<b>1,266</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>442</b>	<b>171</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>442</b>	<b>171</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>442</b>	<b>171</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(111)	(43)
<b>Surplus (deficit) after tax</b>	<b>331</b>	<b>128</b>
<b>Plus accumulated surplus</b>	<b>1,624</b>	<b>1,453</b>
– Corporate taxation equivalent	111	43
<b>Plus adjustments for amounts unpaid:</b>		
<b>Closing accumulated surplus</b>	<b>2,066</b>	<b>1,624</b>
<b>Return on capital %</b>	<b>491.1%</b>	<b>190.0%</b>

Goulburn Mulwaree Council | Statement of Financial Position of water supply business activity | for the year ended 30 June 2023

**Goulburn Mulwaree Council**

**Statement of Financial Position of water supply business activity**  
as at 30 June 2023

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Contract assets and contract cost assets	180	180
Cash and cash equivalents	2,680	2,680
Investments	29,347	28,282
Receivables	830	1,451
Internal Loan Receivable from General Fund	176	194
<b>Total current assets</b>	<b>33,213</b>	<b>32,787</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	252,729	233,408
Internal Loan Receivable from General Fund	2,578	2,763
<b>Total non-current assets</b>	<b>255,307</b>	<b>236,171</b>
<b>Total assets</b>	<b>288,520</b>	<b>268,958</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	726	710
Borrowings	629	588
Employee benefit provisions	548	593
<b>Total current liabilities</b>	<b>1,903</b>	<b>1,891</b>
<b>Non-current liabilities</b>		
Borrowings	10,821	11,450
Employee benefit provisions	84	91
<b>Total non-current liabilities</b>	<b>10,905</b>	<b>11,541</b>
<b>Total liabilities</b>	<b>12,808</b>	<b>13,432</b>
<b>Net assets</b>	<b>275,712</b>	<b>255,526</b>
<b>EQUITY</b>		
Accumulated surplus	96,774	96,407
Revaluation reserves	178,938	159,119
<b>Total equity</b>	<b>275,712</b>	<b>255,526</b>



Goulburn Mulwaree Council | Statement of Financial Position of sewerage business activity | for the year ended 30 June 2023

**Goulburn Mulwaree Council**

**Statement of Financial Position of sewerage business activity**  
as at 30 June 2023

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	11,175	11,175
Investments	47,103	30,059
Receivables	1,143	871
Contract assets and contract cost assets	902	847
Internal Loan Receivable from General Fund	239	58
<b>Total current assets</b>	<b>60,562</b>	<b>43,010</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	196,190	175,747
Internal Loan Receivable from General Fund	3,277	4,082
<b>Total non-current assets</b>	<b>199,467</b>	<b>179,829</b>
<b>Total assets</b>	<b>260,029</b>	<b>222,839</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	12,641	-
Payables	30	30
Borrowings	293	276
Employee benefit provisions	309	324
<b>Total current liabilities</b>	<b>13,273</b>	<b>630</b>
<b>Non-current liabilities</b>		
Borrowings	1,960	2,613
Employee benefit provisions	37	40
<b>Total non-current liabilities</b>	<b>1,997</b>	<b>2,653</b>
<b>Total liabilities</b>	<b>15,270</b>	<b>3,283</b>
<b>Net assets</b>	<b>244,759</b>	<b>219,556</b>
<b>EQUITY</b>		
Accumulated surplus	132,807	123,760
Revaluation reserves	111,952	95,796
<b>Total equity</b>	<b>244,759</b>	<b>219,556</b>

Goulburn Mulwaree Council | Statement of Financial Position of Domestic Waste Management | for the year ended 30 June 2023

**Goulburn Mulwaree Council**

**Statement of Financial Position of Domestic Waste Management**  
as at 30 June 2023

<b>\$ '000</b>	<b>2023</b>	2022
	<b>Category 2</b>	Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	904	904
Investments	2,313	1,959
Receivables	142	97
<b>Total current assets</b>	<b>3,359</b>	<b>2,960</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	62	62
<b>Total non-current assets</b>	<b>62</b>	<b>62</b>
<b>Total assets</b>	<b>3,421</b>	<b>3,022</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	1	1
Employee benefit provisions	229	246
<b>Total current liabilities</b>	<b>230</b>	<b>247</b>
<b>Total liabilities</b>	<b>230</b>	<b>247</b>
<b>Net assets</b>	<b>3,191</b>	<b>2,775</b>
<b>EQUITY</b>		
Accumulated surplus	3,191	2,775
<b>Total equity</b>	<b>3,191</b>	<b>2,775</b>

Goulburn Mulwaree Council | Statement of Financial Position of Commercial Waste | for the year ended 30 June 2023

**Goulburn Mulwaree Council**

**Statement of Financial Position of Commercial Waste**  
as at 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	1,976	1,534
<b>Total current assets</b>	<b>1,976</b>	<b>1,534</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	90	90
<b>Total non-current assets</b>	<b>90</b>	<b>90</b>
<b>Total assets</b>	<b>2,066</b>	<b>1,624</b>
<b>Net assets</b>	<b>2,066</b>	<b>1,624</b>
<b>EQUITY</b>		
Accumulated surplus	2,066	1,624
<b>Total equity</b>	<b>2,066</b>	<b>1,624</b>

## Note – Significant Accounting Policies

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

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

##### a. Water Supply

Provide potable water for the Local Government Area.

##### b. Sewerage Services

Provide waste water services for the Local Government Area.

#### Category 2

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

##### a. Domestic Waste Management

Collection and disposal of domestic waste in accordance with section 504 of the Local Government Act.

##### b. Commercial Waste

Collection and disposal of commercial waste on a user pays basis.

### 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.

continued on next page ...

Page 12 of 15

## Note – Significant Accounting Policies (continued)

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 – **25.0%**

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$850,000.

### Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25.0%.

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.

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

#### (ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

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

continued on next page ...

Page 13 of 15

### Note – Significant Accounting Policies (continued)

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

#### (iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with the Department of Industry – Water 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 2021 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Goulburn Mulwaree Council | Special Purpose Financial Statements 2023

**Goulburn Mulwaree Council**

**Special Purpose Financial Statements**  
for the year ended 30 June 2023

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