



04

FINANCIAL STATEMENTS
2023-24

MidCoast Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2024



MidCoast Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



MidCoast Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Overview

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

Yalawanyi Ganya
2 Biripi Way
Taree NSW 2430

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.midcoast.nsw.gov.au.

MidCoast Council

General Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

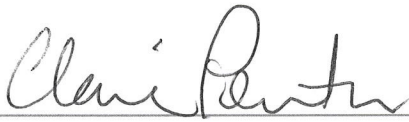
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

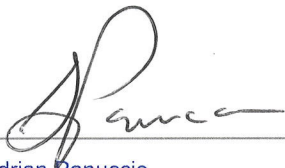
Signed in accordance with a resolution of Council made on 04 September 2024.



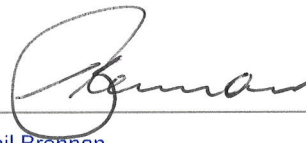
Claire Pontin
Mayor
04 September 2024



Alan Tickle
Councillor
04 September 2024



Adrian Panuccio
General Manager
04 September 2024



Phil Brennan
Responsible Accounting Officer
04 September 2024

MidCoast Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Income from continuing operations				
174,245	Rates and annual charges	B2-1	175,073	168,844
57,829	User charges and fees	B2-2	59,688	55,930
3,836	Other revenues	B2-3	5,473	7,234
33,057	Grants and contributions provided for operating purposes	B2-4	48,904	46,628
40,917	Grants and contributions provided for capital purposes	B2-4	85,790	81,433
9,383	Interest and investment income	B2-5	15,202	9,006
2,590	Other income	B2-6	11,375	9,001
321,857	Total income from continuing operations		401,505	378,076
Expenses from continuing operations				
110,974	Employee benefits and on-costs	B3-1	93,390	85,196
89,110	Materials and services	B3-2	91,847	101,565
8,542	Borrowing costs	B3-3	9,879	9,193
86,694	Depreciation, amortisation and impairment of non-financial assets	B3-4	94,015	107,413
11,706	Other expenses	B3-5	19,254	16,300
729	Net loss from the disposal of assets	B4-1	20,737	22,373
307,755	Total expenses from continuing operations		329,122	342,040
14,102	Operating result from continuing operations		72,383	36,036
14,102	Net operating result for the year attributable to Council		72,383	36,036
(26,815)	Net operating result for the year before grants and contributions provided for capital purposes		(13,407)	(45,397)

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

MidCoast Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Net operating result for the year - from Income Statement		72,383	36,036
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	197,382	191,944
Total items which will not be reclassified subsequently to the operating result		197,382	191,944
Total other comprehensive income for the year		197,382	191,944
Total comprehensive income for the year attributable to Council		269,765	227,980

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

MidCoast Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	74,334	50,691
Investments	C1-2	134,750	120,550
Receivables	C1-4	61,931	68,300
Inventories	C1-5	1,534	1,394
Other		3,044	981
Non-current assets classified as 'held for sale'	C1-6	6,261	–
Total current assets		281,854	241,916
Non-current assets			
Investments	C1-2	162,902	159,377
Receivables	C1-4	628	628
Inventories	C1-5	661	1,034
Infrastructure, property, plant and equipment (IPPE)	C1-7	4,500,513	4,273,132
Investment property	C1-8	33,025	27,912
Right of use assets	C2-1	1,967	2,525
Total non-current assets		4,699,696	4,464,608
Total assets		4,981,550	4,706,524
LIABILITIES			
Current liabilities			
Payables	C3-1	36,362	39,485
Contract liabilities	C3-2	48,022	36,504
Lease liabilities	C2-1	762	694
Borrowings	C3-3	17,792	17,331
Employee benefit provisions	C3-4	24,741	23,591
Provisions	C3-5	11,360	6,546
Total current liabilities		139,039	124,151
Non-current liabilities			
Payables	C3-1	245	–
Lease liabilities	C2-1	1,378	2,037
Borrowings	C3-3	141,827	148,368
Employee benefit provisions	C3-4	1,124	1,799
Provisions	C3-5	26,861	28,858
Total non-current liabilities		171,435	181,062
Total liabilities		310,474	305,213
Net assets		4,671,076	4,401,311
EQUITY			
Accumulated surplus	C4-1	3,140,160	3,067,777
IPPE revaluation surplus	C4-1	1,530,916	1,333,534
Total equity		4,671,076	4,401,311

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

MidCoast Council

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation surplus	Total equity	Accumulated surplus	IPPE revaluation surplus	Total equity
Opening balance at 1 July		3,067,777	1,333,534	4,401,311	3,031,741	1,141,590	4,173,331
Net operating result for the year		72,383	-	72,383	36,036	-	36,036
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	-	197,382	197,382	-	191,944	191,944
Total comprehensive income		72,383	197,382	269,765	36,036	191,944	227,980
Closing balance at 30 June		3,140,160	1,530,916	4,671,076	3,067,777	1,333,534	4,401,311

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

MidCoast Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Cash flows from operating activities				
<i>Receipts:</i>				
174,245	Rates and annual charges		175,282	165,693
57,829	User charges and fees		61,300	56,569
73,974	Grants and contributions		127,731	124,017
9,383	Interest received		13,148	6,940
–	Bonds, deposits and retentions received		–	150
6,426	Other		32,121	30,478
<i>Payments:</i>				
(110,974)	Payments to employees		(92,603)	(84,678)
(89,110)	Payments for materials and services		(106,195)	(104,922)
(8,542)	Borrowing costs		(8,439)	(8,943)
–	Bonds, deposits and retentions refunded		(276)	–
(11,706)	Other		(24,234)	(5,126)
101,525	Net cash flows from operating activities	G1-1	177,835	180,178
Cash flows from investing activities				
<i>Receipts:</i>				
–	Redemption of term deposits		111,550	86,200
–	Sale of investments		14,000	13,540
–	Sale of real estate assets		432	1,300
1,500	Proceeds from sale of IPPE		1,651	1,033
<i>Payments:</i>				
–	Acquisition of term deposits		(138,000)	(112,000)
–	Purchase of investments		(5,300)	(8,000)
(116,834)	Payments for IPPE		(131,619)	(160,510)
(115,334)	Net cash flows from investing activities		(147,286)	(178,437)
Cash flows from financing activities				
<i>Receipts:</i>				
11,000	Proceeds from borrowings		27,545	7,100
<i>Payments:</i>				
(17,660)	Repayment of borrowings		(33,625)	(19,233)
–	Principal component of lease payments		(826)	(772)
(6,660)	Net cash flows from financing activities		(6,906)	(12,905)
(20,469)	Net change in cash and cash equivalents		23,643	(11,164)
50,691	Cash and cash equivalents at beginning of year		50,691	61,855
30,222	Cash and cash equivalents at end of year	C1-1	74,334	50,691
279,927	plus: Investments on hand at end of year	C1-2	297,652	279,927
310,149	Total cash, cash equivalents and investments		371,986	330,618

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

MidCoast Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 04 September 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policy information related to these consolidated financial statements are set out below. Accounting 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, except where amounts are shown in text.

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. fair values of investment properties – refer Note C1-8
- ii. fair values of infrastructure, property, plant and equipment – refer Note C1-7
- iii. 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 other assets received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

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

- General purpose operations
- Water service
- Sewerage service.

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and other assets received by the Council in trust which must be

A1-1 Basis of preparation (continued)

applied only for the purposes of, or in accordance with, the trusts relating to those monies. Trust monies and other assets subject to Council's control have been included in these reports.

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

Volunteer services

Council does not recognise volunteer services in the financial statements because the fair value of those services cannot be measured reliably.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period. Council has elected not to apply any of these pronouncements before its operative date in the annual reporting period beginning 1 July 2023.

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

New accounting standards adopted during the year

During the year, Council adopted all accounting standards which were mandatorily effective for the first time from 1 July 2023. The adoption of these accounting standards has not had any material impact on the disclosures or on the amounts reported in these financial statements.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
Our Unique Diverse & Culturally Rich Communities	24,323	22,904	36,053	37,468	(11,730)	(14,564)	7,115	6,765	280,646	265,152
Our Connected Community	221,447	208,525	224,272	233,075	(2,825)	(24,550)	99,241	94,352	4,400,721	4,157,762
Our Environment	9,660	9,096	14,936	15,522	(5,276)	(6,426)	3,256	3,096	26,925	25,439
Our Thriving & Growing Economy	4,804	4,524	7,626	7,926	(2,822)	(3,402)	1,984	1,887	64,356	60,803
Strong Leadership & Shared Vision	141,271	133,027	46,235	48,049	95,036	84,978	23,098	21,961	208,902	197,368
Total functions and activities	401,505	378,076	329,122	342,040	72,383	36,036	134,694	128,061	4,981,550	4,706,524

B1-2 Components of functions or activities

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

Our Unique, Diverse and Culturally Rich Communities

- We are a diverse community that works together to care for all our members
- We will embrace the uniqueness and creativity of our communities

Our Connected Community

- We feel connected to each other
- It is safe and easy to get around our region
- We utilise technologies to connect us locally and beyond
- We protect the health and safety of our communities

Our Environment

- We protect maintain and restore our natural environment
- We manage resources wisely
- We balance the needs of our natural and built environments

Our Thriving and Growing Economy

- Our region is a popular place to visit, live, work and invest
- Our villages and business precincts are vibrant commercial, cultural and social hubs
- We encourage greater rural and agricultural diversity

Strong Leadership & Shared Vision

- We work in partnership with our community and government to ensure council is a trusted and flexible organisation that delivers on their needs
- We maintain strong organisational health that contributes to council's success and community-focussed culture
- We make opportunities available for the community to inform decisions that shape our future
- We develop and encourage community and civic leadership

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	70,550	67,338
Farmland	9,923	9,602
Business	11,587	11,112
Mining	182	213
Less: pensioner rebates (mandatory)	(2,302)	(2,282)
Rates levied to ratepayers	89,940	85,983
Pensioner rate subsidies received	1,252	1,253
Total ordinary rates	91,192	87,236
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	19,580	18,645
Stormwater management services	893	886
Water supply services	15,905	15,080
Waste management services (non-domestic)	7,371	6,953
Sewerage services	41,327	41,107
Less: pensioner rebates (mandatory)	(2,357)	(2,351)
Annual charges levied	82,719	80,320
Pensioner annual charges subsidies received:		
– Water	420	485
– Sewerage	385	446
– Domestic waste management	357	357
Total annual charges	83,881	81,608
Total rates and annual charges	175,073	168,844

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

Material accounting policy information

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

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

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

B2-2 User charges and fees

\$ '000	2024	2023
Specific user charges (per s502 - specific 'actual use' charges)		
Water supply services	29,417	26,155
Sewerage services	3,059	2,600
Trade Waste	196	108
Total specific user charges	32,672	28,863
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Planning and building regulation	3,355	3,128
Section 10.7 certificates (EPA Act)	320	326
Section 603 certificates	306	272
Laboratory Fees	108	121
Water & Sewerage Connection Fees	881	644
Animal control	106	109
Beach vehicle licencing	716	757
Community health fees (food inspection fees etc.)	231	212
Engineering – fixing levels and DA fees	138	51
On site sewer waste management fees	1,048	1,050
Other	73	65
Total fees and charges – statutory/regulatory	7,282	6,735
(ii) Fees and charges – other (incl. general user charges (per s608))		
Cemeteries	923	1,343
Waste disposal tipping fees	6,540	7,041
Leaseback fees – Council vehicles	1,248	1,201
Saleyards	253	210
Swimming centres	227	222
Entertainment centre	516	533
Ageing services	1,979	1,938
Damage bonds	201	199
Mooring fees	132	134
Transport for NSW fees for service	952	621
Parks and recreation	162	188
National disability insurance scheme	4,863	5,011
Other service fees and misc income	1,738	1,691
Total fees and charges – other	19,734	20,332
Total other user charges and fees	27,016	27,067
Total user charges and fees	59,688	55,930
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	48,254	44,473
User charges and fees recognised at a point in time	11,434	11,457
Total user charges and fees	59,688	55,930

Material accounting policy information

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

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

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

B2-3 Other revenues

\$ '000	2024	2023
Fines	227	494
Legal fees recovery – rates and charges (extra charges)	5	3
Commissions and agency fees	211	189
Diesel rebate	245	213
Insurance claims recoveries	1,078	1,840
Recycling	1,240	1,610
Reimbursements	1,590	1,827
Other	877	1,058
Total other revenue	5,473	7,234
Timing of revenue recognition for other revenue		
Other revenue recognised over time	–	–
Other revenue recognised at a point in time	5,473	7,234
Total other revenue	5,473	7,234

Material accounting policy information for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)				
Current year allocation				
Financial assistance – general component	828	3,553	–	–
Financial assistance – local roads component	290	1,754	–	–
Payment in advance - future year allocation				
Financial assistance – general component	13,224	14,842	–	–
Financial assistance – local roads component	6,054	6,789	–	–
Amount recognised as income during current year	20,396	26,938	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Water supplies	–	–	1,041	935
Sewerage services	–	–	324	–
Library	209	145	24	108
Storm/flood damage	9,548	8,158	641	796
Bushfire and emergency services	1,537	2,699	258	131
Community care	1,523	1,293	–	–
Employment and training programs	261	924	–	–
Heritage and cultural	233	122	76	450
Local Infrastructure Renewal Scheme subsidy	–	43	–	–
Street lighting	517	216	–	–
Transport for NSW contributions (regional roads, block grant)	1,304	1,102	3,735	3,844
Transport (roads to recovery)	6,599	–	–	–
Transport (other roads and bridges funding)	865	839	37,986	46,833
Waste and sustainability	–	–	142	252
Environmental works	2,722	1,144	1	162
Recreation improvements	–	–	5,310	3,769
Stronger country community funding	–	56	886	444
Crown reserve contribution (caravan parks)	673	616	–	–
Misc. contributions	257	240	–	–
Other specific grants	912	1,383	533	283
Other contributions	808	565	304	176
Total special purpose grants and non-developer contributions – cash	27,968	19,545	51,261	58,183
Non-cash contributions				
Bushfire services	540	145	912	947
Sewerage (excl. section 64 contributions)	–	–	4,753	1,489
Water supplies (excl. section 64 contributions)	–	–	1,529	1,651
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	–	–	15,635	4,987
Other	–	–	819	–
Total other contributions – non-cash	540	145	23,648	9,074
Total special purpose grants and non-developer contributions (tied)	28,508	19,690	74,909	67,257
Total grants and non-developer contributions	48,904	46,628	74,909	67,257
Comprising:				
– Commonwealth funding	28,539	29,550	5,845	4,721
– State funding	20,036	17,035	46,023	54,233
– Other funding	329	43	23,041	8,303
	48,904	46,628	74,909	67,257

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions:					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services	G4	–	–	5,813	7,988
S 64 – sewerage service contributions		–	–	2,536	3,311
S 64 – water supply contributions		–	–	2,532	2,877
Total developer contributions – cash		–	–	10,881	14,176
Total developer contributions		–	–	10,881	14,176
Total contributions		–	–	10,881	14,176
Total grants and contributions		48,904	46,628	85,790	81,433
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		–	56	47,106	54,163
Grants and contributions recognised at a point in time		48,904	46,572	38,684	27,270
Total grants and contributions		48,904	46,628	85,790	81,433

Unspent grants and contributions

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

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent grants				
Unspent funds at 1 July	4,440	4,851	33,473	23,395
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	9	–	–
Add: Funds received and not recognised as revenue in the current year	1,840	2,470	30,715	26,582
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(786)	(2,293)	(226)	(460)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,583)	(597)	(19,454)	(16,044)
Unspent funds at 30 June	3,911	4,440	44,508	33,473
Unspent Contributions				
Unspent funds at 1 July	–	–	54,999	58,313
Add: contributions recognised as revenue in the reporting year but not yet spent	–	–	13,175	15,660
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(15,535)	(18,974)
Unspent contributions at 30 June	–	–	52,639	54,999

B2-4 Grants and contributions (continued)

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

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

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

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

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	1,618	876
– Cash and investments	13,453	7,954
– Other	131	176
Total interest and investment income	15,202	9,006

B2-6 Other income

\$ '000	Notes	2024	2023
Reversal of revaluation decrements on IPPE previously expensed			
Bridges		8,738	–
Footpaths		–	6,225
Total reversal of revaluation decrements on IPPE previously expensed charged to Income Statement	C1-7	8,738	6,225
Fair value increment on investment properties			
Fair value increment on investment properties		–	110
Total fair value increment on investment properties	C1-8	–	110
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		1,563	1,344
Lease income relating to variable lease payments not dependent on an index or a rate		104	161
Total Investment properties		1,667	1,505
Other lease income			
Other Council properties		970	1,161
Total other lease income		970	1,161
Total rental income	C2-2	2,637	2,666
Total other income		11,375	9,001

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	79,015	72,071
Employee leave entitlements (ELE)	9,007	9,214
Superannuation	9,737	8,910
Workers' compensation insurance	3,973	3,394
Payroll tax	1,276	1,277
Training costs (other than salaries and wages)	401	341
Protective clothing	403	349
Other	68	49
Total employee costs	103,880	95,605
Less: capitalised costs	(10,490)	(10,409)
Total employee costs expensed	93,390	85,196

Material accounting policy information

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

B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		15,257	15,523
Contractor costs		48,258	58,041
Consultancy costs		3,536	3,417
Audit Fees	F2-1	215	227
Councillor and Mayoral fees and associated expenses	F1-2	456	437
Advertising		453	452
Bank charges		383	494
Electricity and heating		7,483	6,995
Insurance		3,640	3,285
Postage		541	405
Printing and stationery		377	360
Street lighting		1,350	1,112
Subscriptions and publications		567	550
Telephone and communications		860	848
Valuation fees		426	418
Travel expenses		254	135
Plant running costs		5,066	4,845
Other expenses		1,641	2,107
Legal expenses:			
– Legal expenses: planning and development		543	1,419
– Legal expenses: other		158	73
Expenses from short-term leases		61	20
Expenses from leases of low value assets		263	348
Variable lease expense relating to usage		59	54
Total materials and services		91,847	101,565
Total materials and services		91,847	101,565

B3-3 Borrowing costs

(i) Interest bearing liability costs

Interest on loans		8,444	8,803
Interest on leases		87	95
Total interest bearing liability costs		8,531	8,898
Total interest bearing liability costs expensed		8,531	8,898

(ii) Other borrowing costs

Amortisation of discounts and premiums:			
– Remediation liabilities	C3-5	1,348	295
Total other borrowing costs		1,348	295
Total borrowing costs expensed		9,879	9,193

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Plant and equipment		5,408	5,580
Office equipment		16	26
Furniture and fittings		211	175
Computer equipment		1,281	1,244
Land improvements (depreciable)		369	334
Infrastructure:	C1-7		
– Buildings		12,168	11,556
– Other structures		888	626
– Roads		30,242	28,987
– Bridges		2,234	3,374
– Footpaths		594	773
– Stormwater drainage		5,252	4,291
– Water supply network		15,485	14,112
– Sewerage network		10,849	10,539
– Swimming pools		270	244
– Other open space/recreational assets		2,485	2,140
Right of use assets	C2-1	706	649
Other assets:			
– Library books		354	362
– Cemetery assets		27	28
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-7	1,154	249
– Quarry assets	C3-5,C1-7	–	16
Total depreciation and amortisation costs		89,993	85,305
Impairment / revaluation decrement of IPPE and other non-financial assets			
Infrastructure:	C1-7		
– Bridges		–	22,108
Non-current assets held for sale	C1-6	4,022	–
Total IPPE and other non-financial assets impairment / revaluation decrement costs charged to Income Statement		4,022	22,108
Total depreciation, amortisation and impairment for non-financial assets		94,015	107,413

Material accounting policy information

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2024	2023
Impairment of receivables			
Rates and annual charges		220	–
User charges and fees		91	90
Total impairment of receivables	C1-4	311	90
Fair value decrement on investment properties			
Fair value decrement on investment properties		7,272	–
Total fair value decrement on investment properties	C1-8	7,272	–
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		25	–
Total Fair value decrement on investments	C1-2	25	–
Other			
– Emergency services levy		441	253
– NSW fire brigade levy		295	250
– NSW rural fire service levy		2,588	2,047
– Waste levy		6,436	6,375
– Other contributions/levies		1,482	651
Donations, contributions and assistance to other organisations (Section 356)		390	486
Adjustment to Asset Remediation Provision		14	6,148
Total other		11,646	16,210
Total other expenses		19,254	16,300

B4 Gains or losses

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

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		–	–
Less: carrying amount of property assets sold/written off		<u>(1,134)</u>	–
Gain (or loss) on disposal		<u>(1,134)</u>	–
Gain (or loss) on disposal of plant and equipment			
	C1-7		
Proceeds from disposal – plant and equipment		1,641	1,033
Less: carrying amount of plant and equipment assets sold/written off		<u>(1,096)</u>	<u>(2,089)</u>
Gain (or loss) on disposal		<u>545</u>	<u>(1,056)</u>
Gain (or loss) on disposal of infrastructure			
	C1-7		
Proceeds from disposal – infrastructure		10	–
Less: carrying amount of infrastructure assets sold/written off		<u>(20,345)</u>	<u>(22,538)</u>
Gain (or loss) on disposal		<u>(20,335)</u>	<u>(22,538)</u>
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		432	1,300
Less: carrying amount of real estate assets sold/written off		<u>(245)</u>	<u>(79)</u>
Gain (or loss) on disposal		<u>187</u>	<u>1,221</u>
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – financial assets		14,000	13,540
Less: carrying amount of financial assets sold/redeemed/matured		<u>(14,000)</u>	<u>(13,540)</u>
Gain (or loss) on disposal		<u>–</u>	<u>–</u>
Gain (or loss) on disposal of term deposits			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		111,550	86,200
Less: carrying amount of term deposits sold/redeemed/matured		<u>(111,550)</u>	<u>(86,200)</u>
Gain (or loss) on disposal		<u>–</u>	<u>–</u>
Net gain (or loss) from disposal of assets		<u>(20,737)</u>	<u>(22,373)</u>

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 28 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----		
Revenues					
Rates and annual charges	174,245	175,073	828	0%	F
User charges and fees	57,829	59,688	1,859	3%	F
Other revenues	3,836	5,473	1,637	43%	F
The material variations from the original budget include insurance claim recoveries in excess of budget (\$0.8 million), reimbursement of expenditure incurred by Council in excess of budget (\$0.9 million), largely associated with Council's aquatic facilities, offset by lower fines income (\$0.2 million) and lower legal fees recovery (\$0.2 million).					
Operating grants and contributions	33,057	48,904	15,847	48%	F
The material variations in respect of this item are impacted by the Accounting Standard revenue recognition requirements for grants and contributions and by the manner in which Council budgets for grants and contributions. Council's budget reflects the expected total grant funding provided under the grant agreement for the relevant project, not the anticipated amount that may be recognised during the financial period. As such it is difficult to reconcile actual grant income with the original budget.					
Material variations from the original budget include:					
- Additional storm damage grant approvals and receipts for prior year events (\$9.5 million)					
- Additional environmental grant receipts (\$2.4 million)					
Capital grants and contributions	40,917	85,790	44,873	110%	F
The material variations in respect of this item are impacted by the Accounting Standard revenue recognition requirements for grants and contributions and by the manner in which Council budgets for grants and contributions. Council's budget reflects the expected total grant funding provided under the grant agreement for the relevant project, not the anticipated amount that may be recognised during the financial period. As such it is difficult to reconcile actual grant income with the original budget.					
The following variations above budgeted amounts are included in the actual amount:					
- Non-cash contributions of assets (\$16.6 million)					
- Additional Section 7.11 developer contributions (\$3.1 million)					
- Additional grant funding of road-related programs (\$16 million)					
- Additional recreation and other open space improvements (\$6.2 million)					
Interest and investment income	9,383	15,202	5,819	62%	F
The material variations from the original budget include:					
- Interest income on cash and investments in excess of budget (\$4.9 million)					
- Interest on overdue rates and annual charges in excess of budget (\$0.8 million)					
Other income	2,590	11,375	8,785	339%	F
Due to the inherent uncertainty in predicting the impact of valuation movements through the indexation / revaluation process, this was not included in the preparation of the original budget.					

The material variation from the original budget relates to the recognition of the reversal of revaluation decrements previously expensed for the bridges asset class (\$8.7 million).

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Expenses				
Employee benefits and on-costs	110,974	93,390	17,584	16% F
Council's original budget does not exclude employee costs that will be capitalised from the Income Statement. When these costs are taken into account (\$10.137m) the variance to budget reduces to under 10%. The recorded variance also include the impact of the provision for the divestment of the MidCoast Assist Business unit of \$2.089m.				
Materials and services	89,110	91,847	(2,737)	(3)% U
Borrowing costs	8,542	9,879	(1,337)	(16)% U
The material variation from the original budget relates to the amortisation of the remediation liability which is not included in the original budget (\$1.348 million)				
Depreciation, amortisation and impairment of non-financial assets	86,694	94,015	(7,321)	(8)% U
Other expenses	11,706	19,254	(7,548)	(64)% U
The material variations from the original budget include:				
- The fair value decrement on the revaluation of Council's Investment Properties (\$7.272 million)				
- Contribution towards the Forster Surf Life Saving Club building (\$0.8 million)				
Offset by:				
- Lower Waste Levy (\$1.6 million)				
Net losses from disposal of assets	729	20,737	(20,008)	(2,745)% U
Council's original budget does not provide for a significant estimate of movements in this item. The original budget acknowledges some losses through the capitalisation process associated with water and sewer network assets but does not cover other asset classes. The actual result in the current year reflects the value of assets written-off as part of the capitalisation process across all asset classes, offset by the net gains associated with real estate land sales in the current year.				
Statement of cash flows				
Cash flows from operating activities	101,525	177,835	76,310	75% F
The budget Cash Flow Statement is largely based on the Income Statement with adjustments for significant non-cash items, namely depreciation expense. The variations are therefore reflective of the variances outlined in the Income Statement categories above.				
Cashflows from operating activities are also grossed up to include the impact of cashflows related to GST, which are net of GST in the income statement. The impact of the gross up of GST payments is reflected in payments for materials and services (most payments to suppliers include 10% additional GST on the expense which is claimed as an input tax credit) and within Other payments which includes the GST paid on payments for IPPE which is required to be disclosed as an operating cash flow. The recoupment of this GST paid from the ATO is included within Other receipts.				
Cash flows from investing activities	(115,334)	(147,286)	(31,952)	28% U
The variation is related to an increase in the holdings of investments (net increase of \$17.75 million between 30 June 2023 and 30 June 2024) and an additional \$14.785 million in capital expenditure on IPPE.				
Cash flows from financing activities	(6,660)	(6,906)	(246)	4% U

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	45,158	23,823
Cash equivalent assets		
– Deposits at call	29,176	26,868
Total cash and cash equivalents	74,334	50,691
 Reconciliation of cash and cash equivalents		
Total cash and cash equivalents per Statement of Financial Position	74,334	50,691
Balance as per the Statement of Cash Flows	74,334	50,691

C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Financial assets at fair value through the profit and loss				
Unlisted equity securities	–	202	–	227
Total	–	202	–	227
Debt securities at amortised cost				
Long term deposits	111,500	127,000	106,550	105,500
NCD's, FRN's (with maturities > 3 months)	23,250	35,700	14,000	53,650
Total	134,750	162,700	120,550	159,150
Total financial investments	134,750	162,902	120,550	159,377
Total cash assets, cash equivalents and investments	209,084	162,902	171,241	159,377

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise Council's 8.1% interest in Arrow Collaborative Services Limited.

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	371,986	330,618
Less: Externally restricted cash, cash equivalents and investments	<u>(260,691)</u>	<u>(258,727)</u>
Cash, cash equivalents and investments not subject to external restrictions	111,295	71,891
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended loans – general	582	2,630
Subdivision bonds	4,582	4,813
Sundry bonds and deposits	4,887	4,854
Other sale of land, planning guarantee and relocation, tender and sundry deposits	32	34
Specific purpose unexpended grants – general fund	48,022	36,504
External restrictions – included in liabilities	58,105	48,835
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	31,623	29,686
Developer contributions – water fund	–	5,986
Developer contributions – sewer fund	21,016	19,327
Specific purpose unexpended grants (recognised as revenue) – general fund	397	1,409
Water fund	18,283	27,061
Domestic waste management	40,679	41,888
Stormwater management	1,038	940
Sewer fund	84,530	78,748
Stratford-Duralie Coal Contributions	1,453	1,490
Crown Lands Act – Section 106 (Forster Boat Harbour)	432	363
Other contributions to works	678	678
ARTC Rail Crossing	521	521
Cattai Wetlands – Environmental Trust	495	474
Nabiac Showground	219	213
Other	1,222	1,108
External restrictions – other	202,586	209,892
Total external restrictions	260,691	258,727

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

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

\$ '000	2024	2023
(b) Internal allocations		
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	10,077	7,286
Employees leave entitlement	5,968	4,282
Carry over works	4,092	2,099
Building Infrastructure Reserves	1,809	2,385
Environmental Levy Reserve	6,112	6,021
Commercial Waste	3,607	1,823
Election	741	516
Emergency Management	1,190	1,263
Land & Property Reserves	4,649	4,468
IT Infrastructure Reserves	4,302	3,214
Budget Management Reserves	851	851
Parks Infrastructure Reserves	397	511
Road Infrastructure Reserves	2,122	2,226
SRV Infrastructure Reserve	11,621	13,249
FAG in advance	19,278	15,000
Other	3,530	3,351
Total internal allocations	80,346	68,545

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

\$ '000	2024	2023
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	30,949	3,346

C1-4 Receivables

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Rates and annual charges	18,926	–	18,611	–
Interest and extra charges	3,258	–	2,170	–
User charges and fees	6,701	–	6,926	–
Accrued revenues				
– Interest on investments	4,050	–	3,027	–
– Water & Sewerage Accrued Income	3,543	–	3,191	–
– Other income accruals	1,641	–	1,427	–
Government debtors	23,561	–	28,997	–
Net GST receivable	1,674	–	2,369	–
On site sewer management charges	155	–	134	–
Other receivables	74	628	2,789	628
Total	63,583	628	69,641	628
Less: provision for impairment				
Rates and annual charges	(636)	–	(473)	–
Interest and extra charges	(463)	–	(406)	–
User charges and fees	(553)	–	(462)	–
Total provision for impairment – receivables	(1,652)	–	(1,341)	–
Total net receivables	61,931	628	68,300	628

Material accounting policy information

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

Impairment

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

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

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

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

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

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

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

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

C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(i) Inventories at cost				
Real estate for resale	446	661	302	1,034
Stores, materials and/or trading stock	1,088	–	1,092	–
Total inventories at cost	1,534	661	1,394	1,034
Total inventories	1,534	661	1,394	1,034

(i) Other disclosures

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(a) Details for real estate development				
Residential	92	115	92	115
Industrial/commercial	354	546	210	919
Total real estate for resale	446	661	302	1,034

Material accounting policy information

Raw materials and stores, work in progress and finished goods

Costs are assigned to individual items of inventory on the basis of weighted average costs.

Land held for resale

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

C1-6 Non-current assets classified as held for sale

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Non-current assets held for sale				
Land	2,138	-	-	-
Buildings	4,123	-	-	-
Total non-current assets held for sale	6,261	-	-	-
Total non-current assets classified as held for sale	6,261	-	-	-

Details of assets and disposal groups

Non-current assets held for sale comprises Land and Buildings previously classified within Infrastructure, property, plant and equipment which at reporting date Council are committed to sell the assets, the assets are available for sale in their present condition and the sale is expected to be completed within the next financial year.

Reconciliation of non-current assets held for sale

\$ '000	2024 Assets 'held for sale'	2023 Assets 'held for sale'
Opening balance	-	-
<u>Plus new transfers in:</u>		
- Assets held for sale	10,283	-
<u>Less impairment losses:</u>		
- Assets held for sale (losses on reclassification)	(4,022)	-
Closing balance of held for sale non-current assets and operations	6,261	-

Material accounting policy information

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period										At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment reversal / prior period revaluation decrements reversal (via P&L)	WIP transfers	Adjustments and transfers	Tfrs from/to 'held for sale' category	Tfrs from/to investment properties	Revaluation increments (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	160,512	–	160,512	93,012	63,363	–	–	–	(239,576)	–	–	–	–	77,312	–	77,312
Plant and equipment	77,700	(43,782)	33,918	–	–	(1,096)	(5,408)	–	6,976	–	–	–	–	79,776	(45,386)	34,390
Office equipment	264	(180)	84	–	–	–	(16)	–	–	–	–	–	–	264	(195)	69
Furniture and fittings	5,215	(3,378)	1,837	–	–	–	(211)	–	1,691	–	–	–	–	6,906	(3,588)	3,318
Computer equipment	4,253	(2,341)	1,912	–	–	–	(1,281)	–	1,511	–	–	–	–	5,764	(3,622)	2,142
Land:																
– Operational land	97,701	–	97,701	–	–	–	–	–	270	–	(3,677)	(857)	2,163	95,600	–	95,600
– Community land	191,546	–	191,546	–	–	–	–	–	700	–	–	–	(3,307)	188,940	–	188,940
– Land under roads (post 30/6/08)	171	–	171	–	12	–	–	–	–	–	–	–	–	182	–	182
Land improvements – depreciable	6,985	(4,083)	2,902	–	–	–	(369)	–	231	–	–	–	128	7,550	(4,658)	2,892
Infrastructure:																
– Buildings	473,559	(199,324)	274,235	–	–	(1,134)	(12,168)	–	26,686	–	(6,606)	(11,528)	12,450	464,907	(182,973)	281,934
– Other structures	15,102	(4,422)	10,680	–	–	(19)	(888)	–	8,071	–	–	–	1,802	25,489	(5,840)	19,649
– Roads	1,802,787	(685,536)	1,117,251	–	–	(13,389)	(30,242)	–	94,122	–	–	–	64,459	1,964,371	(732,170)	1,232,201
– Bridges	201,802	(54,616)	147,186	–	–	(1,215)	(2,234)	8,738	12,296	2,255	–	–	–	227,245	(60,219)	167,026
– Footpaths	49,092	(14,802)	34,290	–	–	(69)	(594)	–	4,006	–	–	–	2,077	55,916	(16,206)	39,710
– Bulk earthworks (non-depreciable)	800,176	–	800,176	–	–	(1,867)	–	–	15,144	–	–	–	44,903	858,355	–	858,355
– Stormwater drainage	506,769	(171,975)	334,794	–	–	(1,729)	(5,252)	–	12,475	(2,255)	–	–	18,659	541,167	(184,473)	356,694
– Water supply network	805,529	(251,735)	553,794	–	–	(879)	(15,485)	–	36,122	–	–	–	29,074	882,455	(279,830)	602,625
– Sewerage network	656,143	(204,702)	451,441	–	–	(654)	(10,849)	–	13,879	–	–	–	23,009	702,453	(225,628)	476,825
– Swimming pools	12,123	(7,015)	5,108	–	–	–	(270)	–	400	–	–	–	242	13,101	(7,621)	5,480
– Other open space/recreational assets	57,025	(21,226)	35,799	–	–	(525)	(2,485)	–	4,508	–	–	–	1,723	63,268	(24,248)	39,020
Other assets:																
– Library books	4,797	(3,747)	1,050	–	–	–	(354)	–	447	–	–	–	–	5,243	(4,102)	1,141
– Cemetery assets	1,249	(709)	540	–	–	–	(27)	–	41	–	–	–	–	1,290	(736)	554
– Other	1,117	–	1,117	–	–	–	–	–	–	–	–	–	–	1,117	–	1,117
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																
– Quarry assets	182	(182)	–	–	–	–	–	–	–	–	–	–	–	182	(182)	–
– Tip assets	26,111	(11,023)	15,088	–	–	–	(1,154)	–	–	(596)	–	–	–	25,515	(12,178)	13,337
Total infrastructure, property, plant and equipment	5,957,910	(1,684,778)	4,273,132	93,012	63,375	(22,576)	(89,287)	8,738	–	(596)	(10,283)	(12,385)	197,382	6,294,368	(1,793,855)	4,500,513

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

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period											At 30 June 2023			
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ⁽¹⁾	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	Impairment reversal / prior period revaluation decrements (via P&L)	WIP transfers	Adjustments and transfers	Tfrs from / (to) Inventory	Tfrs from/(to) 'held for sale' category	Tfrs from/(to) investment properties	Revaluation increments (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	125,729	–	125,729	118,555	36,082	–	–	–	–	(119,854)	–	–	–	–	–	160,512	–	160,512
Plant and equipment	74,775	(40,238)	34,537	–	–	(730)	(5,580)	–	–	5,692	–	–	–	–	–	77,700	(43,782)	33,918
Office equipment	4,418	(4,305)	113	–	–	(2)	(26)	–	–	–	–	–	–	–	–	264	(180)	84
Furniture and fittings	5,137	(3,203)	1,934	–	–	–	(175)	–	–	78	–	–	–	–	–	5,215	(3,378)	1,837
Computer equipment	9,836	(5,324)	4,512	–	–	(1,357)	(1,244)	–	–	–	–	–	–	–	–	4,253	(2,341)	1,912
Land:																		
– Operational land	97,183	–	97,183	–	–	–	–	–	–	476	–	42	–	–	–	97,701	–	97,701
– Community land	140,047	–	140,047	–	–	–	–	–	–	–	–	–	–	51,499	191,546	–	191,546	
– Land under roads (post 30/6/08)	164	–	164	–	7	–	–	–	–	–	–	–	–	–	171	–	171	
Land improvements – depreciable	6,260	(3,534)	2,726	–	–	–	(334)	–	–	356	–	–	–	153	6,985	(4,083)	2,902	
Infrastructure:																		
– Buildings	438,604	(176,944)	261,660	–	–	(206)	(11,556)	–	–	10,140	(208)	–	–	14,405	473,559	(199,324)	274,235	
– Other structures	14,587	(3,806)	10,781	–	–	(7)	(626)	–	–	572	(39)	–	–	–	15,102	(4,422)	10,680	
– Roads	1,498,913	(729,493)	769,420	–	–	(14,995)	(28,987)	–	–	63,504	(572)	–	–	328,881	1,802,787	(685,536)	1,117,251	
– Bridges	356,388	(149,186)	207,202	–	–	(700)	(3,374)	(22,108)	–	4,093	147	–	–	(38,073)	201,802	(54,616)	147,186	
– Footpaths	37,378	(20,379)	16,999	–	–	(24)	(773)	–	6,225	1,368	1,860	–	–	8,636	49,092	(14,802)	34,290	
– Bulk earthworks (non-depreciable)	1,071,748	–	1,071,748	–	–	(1,463)	–	–	–	8,867	207	–	–	(279,184)	800,176	–	800,176	
– Stormwater drainage	388,805	(183,906)	204,899	–	–	(1,078)	(4,291)	–	–	8,073	298	–	–	126,894	506,769	(171,975)	334,794	
– Water supply network	929,657	(403,008)	526,649	–	–	(1,542)	(14,112)	–	–	8,080	–	–	–	34,717	805,529	(251,735)	553,794	
– Sewerage network	793,571	(276,668)	516,903	–	–	(2,368)	(10,539)	–	–	5,591	–	–	–	(58,146)	656,143	(204,702)	451,441	
– Swimming pools	11,168	(6,399)	4,769	–	–	–	(244)	–	–	314	–	–	–	270	12,123	(7,015)	5,108	
– Other open space/recreational assets	54,558	(18,866)	35,692	–	–	(155)	(2,140)	–	–	2,204	(1,693)	–	–	1,892	57,025	(21,226)	35,799	
Other assets:																		
– Library books	4,350	(3,386)	964	–	–	–	(362)	–	–	446	–	–	–	–	4,797	(3,747)	1,050	
– Other	1,117	–	1,117	–	–	–	–	–	–	–	–	–	–	–	1,117	–	1,117	
– Cemetery assets	1,249	(681)	568	–	–	–	(28)	–	–	–	–	–	–	–	1,249	(709)	540	
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																		
– Tip assets	11,023	(10,775)	248	–	–	–	(249)	–	–	–	15,088	–	–	–	26,111	(11,023)	15,088	
– Quarry assets	182	(166)	16	–	–	–	(16)	–	–	–	–	–	–	–	182	(182)	–	
Total infrastructure, property, plant and equipment	6,076,847	(2,040,267)	4,036,580	118,555	36,089	(24,627)	(84,656)	(22,108)	6,225	–	15,088	42	–	–	191,944	5,957,910	(1,684,778)	4,273,132

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

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

Material accounting policy

Useful lives of IPPE

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

Plant and equipment	Years	Other equipment	Years
Office equipment	3 to 10	Playground equipment	5 to 15
Office furniture	4 to 30	Benches, seats etc.	5 to 40
Computer equipment	3 to 10		
Vehicles	3 to 20	Buildings	
Heavy plant/road making equipment	3 to 30	Buildings	5 to 100
Other plant and equipment	4 to 25		
Water and sewer assets		Stormwater assets	
Dams and reservoirs	10 to 200	Drains	20 to 100
Bores	20 to 80	Culverts	50 to 100
Sewer Pipe Network	25 to 131	Long life assets	to 200
Water Pipe Network	15 to 90		
Pumps and telemetry	10 to 70		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	10 to 100	Bulk earthworks	Infinite
Sealed roads: structure	15 to 100	Swimming pools	3 to 50
Unsealed roads	15 to 100	Other open space/recreational assets	3 to 100
Bridges	50 to 100	Other structures	4 to 80
Road pavements	15 to 100		
Kerb, gutter and footpaths	5 to 100		

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

Revaluation model

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

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

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

Crown reserves

Crown reserves under Council's care and control are recognised as assets of 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.

C1-8 Investment properties

Owned investment property

\$ '000	2024	2023
At fair value		
Opening balance at 1 July	27,912	27,802
Transfers from/(to) owner-occupied property (Note C1-7)	12,385	–
Net gain/(loss) from fair value adjustments	(7,272)	110
Closing balance at 30 June	33,025	27,912

Material accounting policy information

Investment property, principally comprising freehold buildings, is held for long-term rental yields and is not occupied by Council.

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including land, office equipment, plant and equipment, computer equipment and buildings. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Land

Council leases operational land; the leases are generally between 5 and 20 years and some of them include a renewal option to allow Council to renew for up to half the noncancellable lease term at its discretion. The leases contain an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

Office Equipment

Council leases office equipment with lease terms generally for 5 years. The lease payments are fixed during the lease term.

Plant and equipment

Council leases plant and equipment with lease terms generally for 4 years. The lease payments are fixed during the lease term.

Computer Equipment

Council leases computer equipment with lease terms generally for 5 years. The lease payments are fixed during the lease term.

Buildings

Council leases buildings with lease terms generally for 5 years. The leases include renewal options to allow Council to renew for up to 2 additional lease terms at its discretion. The leases contain an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

Extension options

Council includes options in the measurement of its land leases to provide flexibility and certainty to Council operations and reduce costs of moving operational fixtures. At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

(a) Right of use assets

\$ '000	Land	Office Equipment	Plant and Equipment	Computer Equipment	Buildings	Total
2024						
Opening balance at 1 July	300	383	177	857	808	2,525
Additions to right-of-use assets	-	-	45	-	-	45
Adjustments to right-of-use assets due to re-measurement of lease liability	27	110	(63)	-	29	103
Depreciation charge	(24)	(179)	(62)	(383)	(58)	(706)
Balance at 30 June	303	314	97	474	779	1,967
2023						
Opening balance at 1 July	317	575	61	1,240	808	3,001
Additions to right-of-use assets	-	-	153	-	-	153
Adjustments to right-of-use assets due to re-measurement of lease liability	5	(39)	-	-	54	20
Depreciation charge	(22)	(153)	(37)	(383)	(54)	(649)
Balance at 30 June	300	383	177	857	808	2,525

C2-1 Council as a lessee (continued)

(b) Lease liabilities

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Lease liabilities	762	1,378	694	2,037
Total lease liabilities	762	1,378	694	2,037

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2024					
Cash flows	820	673	851	2,344	2,140
2023					
Cash flows	765	1,347	922	3,034	2,731

(d) Income Statement

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

\$ '000	2024	2023
Interest on lease liabilities	87	95
Variable lease payments based on usage not included in the measurement of lease liabilities	59	54
Depreciation of right of use assets	706	649
Expenses relating to short-term leases	61	20
Expenses relating to leases of low-value assets	263	348
	1,176	1,166

(e) Statement of Cash Flows

Total cash outflow for leases	1,209	1,194
	1,209	1,194

Material accounting policy information

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.

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 is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

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.

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 in the Statement of Financial Position as:

- investment property – where the asset is held predominantly for rental or capital growth purposes (refer note C1-8)
- property, plant and equipment – where the rental is incidental, or the asset is held to meet Council's service delivery objective (refer note C1-7).

\$ '000	2024	2023
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(i) Assets held as investment property

Investment property operating leases relate to the Tuncurry Supermarket, Wallis Street Motel, Muldoon Street office building and Pulteney Street building.

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)	1,563	1,344
Lease income relating to variable lease payments not dependent on an index or a rate	104	161
Total income relating to operating leases for investment property assets	1,667	1,505

Operating lease expenses

Direct operating expenses that generated rental income	189	191
Total expenses relating to operating leases - investment properties	189	191

(ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	970	1,161
Total income relating to operating leases for Council assets	970	1,161

(iii) Maturity analysis of contractual lease income

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

< 1 year	1,968	1,905
1–2 years	1,780	1,727
2–3 years	1,628	1,546
3–4 years	1,492	1,221
4–5 years	1,354	1,125
> 5 years	7,466	4,745
Total undiscounted lease payments to be received	15,688	12,269

C3 Liabilities of Council

C3-1 Payables

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Prepaid rates	5,320	–	4,739	–
Goods and services	13,965	–	18,463	–
Accrued expenses:				
– Borrowings	930	–	925	–
– Salaries and wages	5,185	–	4,431	–
Security bonds, deposits and retentions	10,311	–	10,587	–
Prepaid rental	299	245	127	–
Other	352	–	213	–
Total payables	36,362	245	39,485	–

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

\$ '000	2024	2023
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	9,793	9,956
Total payables	9,793	9,956

Material accounting policy information

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

Payables 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	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Funds to construct Council controlled assets	(i)	44,507	-	33,247	-
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	(ii)	3,515	-	3,257	-
Total contract liabilities		48,022	-	36,504	-

Notes

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

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

(i) Revenue recognised (during the financial year) from opening contract liability balances

\$ '000	2024	2023
Funds to construct Council controlled assets	19,454	16,896
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	1,583	596
Total revenue recognised that was included in the contract liability balance at the beginning of the period	21,037	17,492

C3-3 Borrowings

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Loans – secured ¹	17,792	141,827	17,331	148,368
Total borrowings	17,792	141,827	17,331	148,368

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

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

(a) Changes in liabilities arising from financing activities

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	165,699	(6,080)	–	–	–	–	159,619
Lease liability (Note C2-1b)	2,731	(824)	45	101	–	87	2,140
Total liabilities from financing activities	168,430	(6,904)	45	101	–	87	161,759

\$ '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	177,832	(12,133)	–	–	–	–	165,699
Lease liability (Note C2-1b)	3,235	(772)	153	20	–	95	2,731
Total liabilities from financing activities	181,067	(12,905)	153	20	–	95	168,430

(b) Financing arrangements

\$ '000	2024	2023
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Total facilities

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

Credit cards/purchase cards	250	250
Total financing arrangements	250	250

Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards	84	82
Total drawn financing arrangements	84	82

Undrawn facilities

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

– Credit cards/purchase cards	166	168
Total undrawn financing arrangements	166	168

Additional financing arrangements information

Breaches and defaults

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

C3-4 Employee benefit provisions

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Annual leave	8,838	–	8,575	–
Long service leave	15,903	1,124	15,016	1,799
Total employee benefit provisions	24,741	1,124	23,591	1,799

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	16,888	15,973
	16,888	15,973

Material accounting policy information

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.

C3-5 Provisions

\$ '000	2024		2023	
	Current	Non-Current	Current	Non-Current
Other provisions				
Restructuring	2,089	–	–	–
Sub-total – other provisions	2,089	–	–	–
Asset remediation/restoration:				
Asset remediation/restoration (future works)	9,271	26,861	6,546	28,858
Sub-total – asset remediation/restoration	9,271	26,861	6,546	28,858
Total provisions	11,360	26,861	6,546	28,858

Description of and movements in provisions

\$ '000	Other provisions		
	Restructuring	Asset remediation	Total
2024			
At beginning of year	–	35,404	35,404
Unwinding of discount	–	1,348	1,348
Additional provisions	2,089	–	2,089
Amounts used (payments)	–	(36)	(36)
Other	–	(584)	(584)
Total other provisions at end of year	2,089	36,132	38,221
2023			
At beginning of year	–	13,874	13,874
Unwinding of discount	–	294	294
Additional provisions	–	21,236	21,236
Total other provisions at end of year	–	35,404	35,404

Nature and purpose of provisions

Restructuring

The restructuring provision relates to redundancy costs incurred in relation to Council's divestment out of aged care and disability services. The majority of the affected employees will transition from Council in August and September 2024.

Asset remediation

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

Material accounting policy information

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

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

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

Asset remediation - tips and quarries

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

C3-5 Provisions (continued)

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

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

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within infrastructure, property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate. Once the related asset has reached the end of its useful life, all subsequent changes in the liability are recognised in profit or loss as they occur.

Restructuring

A restructuring provision is recognised when Council has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation Surplus

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2024	Water 2024	Sewer 2024
Income from continuing operations			
Rates and annual charges	117,867	15,511	41,695
User charges and fees	23,139	32,287	4,262
Interest and investment income	12,005	629	2,568
Other revenues	5,243	26	204
Grants and contributions provided for operating purposes	48,904	–	–
Grants and contributions provided for capital purposes	73,075	5,103	7,612
Other income	11,375	–	–
Total income from continuing operations	291,608	53,556	56,341
Expenses from continuing operations			
Employee benefits and on-costs	75,656	9,179	8,555
Materials and services	58,604	16,236	17,007
Borrowing costs	3,197	4,023	2,659
Depreciation, amortisation and impairment of non-financial assets	65,526	16,885	11,604
Other expenses	17,858	440	956
Net losses from the disposal of assets	19,204	879	654
Total expenses from continuing operations	240,045	47,642	41,435
Operating result from continuing operations	51,563	5,914	14,906
Net operating result for the year	51,563	5,914	14,906
Net operating result attributable to each council fund	51,563	5,914	14,906
Net operating result for the year before grants and contributions provided for capital purposes	(21,512)	811	7,294

D1-2 Statement of Financial Position by fund

\$ '000	General 2024	Water 2024	Sewer 2024
ASSETS			
Current assets			
Cash and cash equivalents	33,755	15,283	25,296
Investments	105,000	3,000	26,750
Receivables	48,587	8,809	4,535
Inventories	1,534	–	–
Other	3,044	–	–
Non-current assets classified as held for sale	6,261	–	–
Total current assets	198,181	27,092	56,581
Non-current assets			
Investments	109,402	–	53,500
Receivables	628	–	–
Inventories	661	–	–
Infrastructure, property, plant and equipment	3,307,441	671,764	521,308
Investment property	30,259	1,383	1,383
Right of use assets	1,664	216	87
Total non-current assets	3,450,055	673,363	576,278
Total assets	3,648,236	700,455	632,859
LIABILITIES			
Current liabilities			
Payables	32,998	1,810	1,554
Contract liabilities	48,022	–	–
Lease liabilities	759	(6)	9
Borrowings	7,041	5,362	5,389
Employee benefit provision	18,495	3,123	3,123
Provisions	11,360	–	–
Total current liabilities	118,675	10,289	10,075
Non-current liabilities			
Payables	245	–	–
Lease liabilities	1,047	250	81
Borrowings	48,094	60,297	33,436
Employee benefit provision	960	82	82
Provisions	26,861	–	–
Total non-current liabilities	77,207	60,629	33,599
Total liabilities	195,882	70,918	43,674
Net assets	3,452,354	629,537	589,185
EQUITY			
Accumulated surplus	2,227,874	451,152	461,134
Revaluation reserves	1,224,480	178,385	128,051
Council equity interest	3,452,354	629,537	589,185
Total equity	3,452,354	629,537	589,185

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.

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

Council's objective is to minimise the risk to capital. Preservation of capital is the principal consideration of the investment policy and portfolio construction. The second consideration is to ensure that there are sufficient liquid funds to meet all reasonably anticipated cash flow requirements. Council then aims to achieve the best possible return given the above considerations. Council's finance team manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the s625 of the Local Government Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up and performance of the portfolio as required by local government regulations.

The risks associated with the instruments held are:

- **Market risk - Interest rate risk** – the risk that movements in interest rates could affect returns
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due
- **Credit risk** – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

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

(a) Market risk – interest rate risk

\$ '000	2024	2023
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The impact on result for the year and equity of a reasonably possible movement in the interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,333	1,183

(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.

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

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Council makes suitable provision for doubtful receivables as required.

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

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

Credit risk profile

Receivables – rates and annual charges, interest and extra charges and on site sewer management charges

Credit risk on rates and annual charges, interest and extra charges and on site sewer management charges is minimised by the ability of Council to secure a charge over the land relating to the debts – 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 the payment of debt.

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
2024				
Gross carrying amount	–	20,032	2,306	22,338
2023				
Gross carrying amount	–	18,910	2,004	20,914

Receivables - non-rates and annual charges, interest and extra charges and on site sewer management charges

Council applies the simplified approach for non-rates and annual charges, interest and extra charges and on site sewer management charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2024						
Gross carrying amount	37,798	726	229	502	2,616	41,871
Expected loss rate (%)	0.50%	8.48%	7.18%	10.92%	8.89%	1.32%
ECL provision	188	62	16	55	232	553
2023						
Gross carrying amount	46,439	566	206	315	1,829	49,355
Expected loss rate (%)	0.42%	8.56%	11.58%	7.10%	9.51%	0.94%
ECL provision	194	48	24	22	174	462

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2024							
Borrowings	5.48%	–	26,204	80,525	108,474	215,203	159,619
Payables	0.00%	10,311	26,051	245	–	36,607	36,607
Total financial liabilities		10,311	52,255	80,770	108,474	251,810	196,226
2023							
Borrowings	5.26%	–	25,745	82,208	116,576	224,529	165,699
Payables	0.00%	10,587	28,899	–	–	39,486	39,485
Total financial liabilities		10,587	54,644	82,208	116,576	264,015	205,184

Loan agreement breaches

There were no occurrences of breaches to loan agreements during the reporting year.

E2-1 Fair value measurement

Council measures the following assets at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Investment property

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

- Non-current assets classified as held for sale

The carrying amount of the non-current assets held for sale were higher than their fair value and therefore the assets were written down to fair value.

Fair value hierarchy

All assets and liabilities measured at fair value are assigned to a level in the fair value hierarchy as follows:

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

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

Level 3: Unobservable inputs for the asset or liability.

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

E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023
Recurring fair value measurements							
Investment property							
	C1-8						
Tuncurry Supermarket		21,500	21,500	–	–	21,500	21,500
Wallis Street Motel		3,560	3,565	–	–	3,560	3,565
Muldoon Street office building		2,765	2,847	–	–	2,765	2,847
Pulteney Street building		5,200	–	–	–	5,200	–
Total investment property		33,025	27,912	–	–	33,025	27,912
Infrastructure, property, plant and equipment							
	C1-7						
Work In Progress		–	–	77,312	160,512	77,312	160,512
Plant & Equipment		–	–	34,390	33,918	34,390	33,918
Office Equipment		–	–	69	84	69	84
Furniture & Fittings		–	–	3,318	1,837	3,318	1,837
Computer Equipment		–	–	2,142	1,912	2,142	1,912
Operational Land		–	–	95,600	97,701	95,600	97,701
Community Land		–	–	188,940	191,546	188,940	191,546
Land Under Roads (pre 1/7/2008)		–	–	182	171	182	171
Land Improvements Depreciable		–	–	2,892	2,902	2,892	2,902
Buildings		–	–	281,934	274,235	281,934	274,235
Other Structures		–	–	19,649	10,680	19,649	10,680
Roads		–	–	1,232,201	1,117,251	1,232,201	1,117,251
Bridges		–	–	167,026	147,186	167,026	147,186
Footpaths		–	–	39,710	34,290	39,710	34,290
Bulk Earthworks		–	–	858,355	800,176	858,355	800,176
Stormwater Drainage		–	–	356,694	334,794	356,694	334,794
Swimming Pools		–	–	5,480	5,108	5,480	5,108
Other Open Space Recreational		–	–	39,020	35,799	39,020	35,799
Library books		–	–	1,141	1,050	1,141	1,050
Cemetery Assets		–	–	554	540	554	540
Other		–	–	1,117	1,117	1,117	1,117
Tip Assets		–	–	13,337	15,088	13,337	15,088
Water Network		–	–	602,625	553,794	602,625	553,794
Sewerage Network		–	–	476,825	451,441	476,825	451,441
Total infrastructure, property, plant and equipment		–	–	4,500,513	4,273,132	4,500,513	4,273,132
Non-current assets classified as held for sale							
	C1-6						
Land and buildings		6,261	–	–	–	6,261	–
Total NCA's classified as held for sale		6,261	–	–	–	6,261	–

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Investment property

Council obtains an independent fair valuation of its investment property on an annual basis at the end of each reporting period to ensure the financial statements reflect the most up-to-date valuation.

The valuations used for the period ending 30 June 2024 were as follows:

The valuations were obtained from First State Property Valuers, AAPI, Registered Valuer Number 19471.

Tuncurry Supermarket:

Fair value was determined using the capitalisation of net income approach.

Wallis Street Motel, Forster:

Fair value was determined using the capitalisation of net income approach and direct comparison approach relying upon sales of comparable properties with adjustments for differences.

Muldoon Street office building:

Fair value was determined using the capitalisation of net income approach.

Pulteney Street building:

Fair value was determined using the capitalisation of net income approach.

The valuation techniques utilised Level 2 inputs.

The observable inputs included current rental income, rent reviews, capitalisation rate, price per square metre, direct comparison of the sales evidence, zoning, planning controls, land area, configuration and sale data of comparable properties.

Art Works

Artworks were revalued as at 30 June 2021. Council currently owns individual Artworks comprising paintings, drawings, etchings, pottery, engravings, photographs and sculptures. The value of the collection has been determined through engaging external experts, the Art Gallery's trained staff and the original cost.

The valuations were completed using the replacement cost approach and market value. The replacement value was determined by the price the items could be purchased from a reputable dealer, gallery or retail outlet.

This asset class is categorised as Level 3 as some of the inputs mentioned above used to value these assets required significant professional judgement and are unobservable. Valuation techniques remained unchanged during the reporting period.

Cemetery Assets

Assets in this class comprise improvements to our cemeteries including columbarium walls, concrete beams and plinths. This asset class is valued at cost less accumulated depreciation and reported at fair value. Other inputs include remaining useful life, condition and residual value which require professional judgement to assess.

Cemetery assets are reviewed on a regular basis for evidence of change in condition/value.

This asset class is categorised as Level 3 as some of the inputs mentioned above used to value these assets required significant professional judgement and are unobservable. Valuation techniques remained unchanged during the reporting period.

Plant, Office & Computer Equipment, Furniture & Fittings

E2-1 Fair value measurement (continued)

Plant, Office & Computer Equipment and Furniture & Fittings are valued at cost. Typical examples of assets within these classes are as follows:

Plant & Equipment: Trucks, Motor Vehicles, Street Sweepers, Earthmoving and other heavy equipment.

Office Equipment: Scanners, GPS Mappers and other equipment.

Computer Equipment: Computers, Monitors, Software and other equipment.

Furniture & Fittings: Workstations, Office fit out and other fittings.

The key unobservable inputs to the valuation of these assets are the useful and remaining useful life and any residual value that may be applicable. All assets in these classes are deemed to be Level 3 inputs. The asset class is reviewed and adjusted each year for any impairment.

Operational Land

Council obtains an independent fair valuation of its operational land every 5 years. The last full revaluation was on 30 June 2022. Council indexed Operational land at 30 June 2024 by 2.32% based on changes in Council's operational land values provided by the NSW Valuer General.

The last valuation obtained was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Registered Valuer No. 2144.

The valuations were determined by establishing the nature of the asset, characteristics important to market participants, the appropriate market & valuation premise.

Given that some of the valuation techniques used are unobservable, the land is classified as Level 3.

Council obtains new independent valuations every five years. Any assets acquired between valuations are recorded at cost and deemed to reflect level 3.

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

Community Land

Community land was revalued at 30 June 2023. Valuations of all Council's Community Land and Council managed land were based on the land values provided by the Valuer-General. These are the same values used for rating purposes. The last valuation obtained by Council is July 2022. Council indexed Community land at 30 June 2024 by -1.73% based on changes in Council's community land values provided by the NSW Valuer General.

As these rates were not considered to be observable market evidence they have been classified as Level 3 inputs.

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

Land Under Roads

Council has elected to recognise land under roads in accordance with AASB 1051. Council has used the "Englobo" valuation method for land under roads.

This requires an average Site Value (SV) across the Council area on a \$ per m2 to be calculated.

The site value is "the value of the underlying land assuming that any existing improvements have not been made.

Adjustment factors for 65% and 25% respectively have been applied for Englobo value. Land under roads acquired is recognised in accordance with AASB 116 - Property, Plant and Equipment.

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

Given the unobservable characteristics of valuing land under roads they have been classified as Level 3. There has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

Land Improvements - Depreciable

Land Improvements were comprehensively revalued at 30 June 2022. Council indexed land improvements at 30 June 2023 by 5.58% and at 30 June 2024 by a further 4.62% based on the movement in the building price index from Rawlinson since last revaluation. This asset class comprises land improvements such as foreshore improvements, streetscaping and landscaping. These assets may be located on parks, reserves and also within road reserves.

The last valuation obtained was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Registered Valuer No. 2144.

Inputs such as estimates of pattern of consumption, 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.

Buildings Non Specialised & Specialised

Council obtains an independent fair valuation of all buildings, both specialised and non-specialised every 5 years. The last full revaluation was on the 30 June 2022. Council indexed buildings at 30 June 2023 by 5.58% and at 30 June 2024 by a further 4.62% based on the movement in the building price index from Rawlinson since last revaluation.

The last valuation obtained was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Registered Valuer No. 2144.

The valuation was determined by establishing the nature of the asset, characteristics important to market participants, the appropriate market & valuation premise. Having maximised the level of valuation input the adopted technique deemed appropriate for Non Specialised and Specialised Buildings was predominately the cost approach and as such these assets were all classified as having been valued using Level 3 valuation inputs.

The key unobservable inputs include the replacement cost, remaining useful life and condition rating.

Council obtains new independent valuations every five years, any assets acquired between valuations are recorded at cost.

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

Other Structures, Other Open Space & Recreation Assets and Swimming Pools

Council revalued Other Structures at 30 June 2021. Council indexed other structures at 30 June 2022 by 5.30% and at 30 June 2024 by a further 10.10% based on the movement in the building price index from Rawlinson since last revaluation. Other open space/recreational assets and Swimming Pools were revalued at 30 June 2022. Council indexed other open space/recreational assets and Swimming Pools at 30 June 2023 by 5.58% and at 30 June 2024 by a further 4.62% based on the movement in the building price index from Rawlinson since last revaluation.

The valuation was determined by establishing the nature of the asset, characteristics important to market participants, the appropriate market & valuation premise. Having maximised the level of valuation input the adopted technique deemed appropriate for these assets was predominately the cost approach and as such these assets were all classified as having been valued using Level 3 valuation inputs.

The key unobservable inputs include the replacement cost, remaining useful life and condition rating.

Council obtains new independent valuations every five years. Any assets acquired between valuations are recorded at cost.

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.

The carrying amount of these assets is deemed to approximate the fair value without any material discrepancy due to the nature of the items.

E2-1 Fair value measurement (continued)

The key unobservable inputs include the replacement cost, remaining useful life and condition rating and as such they have been classified as Level 3 inputs.

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

Landfill Remediation

Council operates landfills for the management of waste throughout the local government area.

Closure of a landfill will involve a wide range of activities including final capping of the landfill, 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.

An evaluation of the cost associated with the closure of the landfills was performed at 30 June 2024.

The key unobservable inputs are the discount factor, timing and any escalation in costs and future environmental issues and as such the asset has been classified as level 3.

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

Infrastructure Assets

Infrastructure assets represent the bulk of Council's assets and comprise roads, bridges, footpaths, cycle ways, kerb & guttering, roundabouts and stormwater drainage.

Infrastructure Assets were comprehensively revalued at 31 March 2023. Council indexed Infrastructure assets at 30 June 2024 by 5.52% based on the movement in the road and bridge construction NSW producer price index from the Australian Bureau of Statistics since last comprehensive revaluation.

Infrastructure assets generally have long useful lives and as there is no ready market for their sale determining an appropriate fair value requires the use of considerable unobservable inputs.

The following components are included in the valuation process:

- Sealed Roads Surface (flexible seal and asphalt)
- Sealed Roads Pavement
- Unsealed Roads Pavement
- Formation/Earthworks
- Roundabouts
- Kerb & Gutter
- Footpaths and Cycle Ways
- Ancillary Assets (signs, guard fencing, line marking)
- Bridges (timber and concrete)
- Stormwater drainage

Standard replacement costs were developed for each of the asset components using achieved unit rates of like assets recently constructed by Council.

The useful life of assets was determined by using data from sample assets within the component types and the remaining useful life for roads were determined from a condition assessment by Council officers and independent contractors using multi laser profilometry and video and visual surveys.

The key unobservable inputs are the unit rates, residual values, useful life and remaining useful life and as such the asset has been classified as level 3.

Work In Progress

Assets within the category of work in progress are incomplete.

The assets are valued at cost but disclosed as fair value in the notes. Upon completion they will be transferred to the asset class that best fits the asset and subject to the valuation process for that asset class.

The key unobservable include type of asset, unit rate and as such they have been classified as level 3.

E2-1 Fair value measurement (continued)

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

Sewer & Water Network Infrastructure

This asset class comprises of sewer pressure reticulation mains, rising mains, gravity mains, vent shafts, sewer manholes, and water mains, water meters.

Water, and sewer network infrastructure were comprehensively revalued at 31 March 2023. Water and sewerage network assets have been indexed by 5.07% to 30 June 2024 in accordance with the Rates Reference Manual issued by the Department of Planning and Environment - Water.

The 'cost approach' using level 3 inputs was used to value the sewer and water infrastructure asset class. There has been no change to the valuation process during the reporting period.

Sewer Manholes are an integral part of the sewer services. The lifetime of concrete manholes is considered to be between 35 and 50 years with any defects in the manhole usually identified only a few years prior to replacement.

The pipes may have a lifespan of 30 - 70 years depending on environmental conditions. Pipes retain no residual value as once failure occur the pipes or section of pipe will be replaced. The time to replace is a short span of time as leaks and breaks become more frequent and it usually indicates serious structural problems with the pipe and replacement is inevitable.

The useful life of sewer and water mains varies according to pipe material for example Ductile Iron Cement Lined (DICTL) and Vitrified Clay (VC) may reach 100 years in service. Asbestos Cement (AC) has been revised to 45 years according to WSAA standards. The material being transported has an effect on useful life and sewer rising mains are subject to fluctuations in exposure to corrosive materials and oxygen hence will experience shorter time in service than gravity mains. The ground conditions also have an effect on useful life and acid sulphate soils will corrode the exterior of the pipe. The residual value is set at zero.

Non-current assets classified as 'held for sale'

This asset class includes Land and Buildings previously classified within Infrastructure, property, plant and equipment which, at reporting date, Council are committed to sell. The assets are available for sale in their present condition and the sale is expected to be completed within the next financial year.

The assets within the asset class relate to the land and buildings at 4-8 Breese Parade Forster, and the land at 101 Goldens Road, Forster.

The fair value of 4-8 Breese Parade, Forster was based on the agreed contracted price for sale, following a market based sales transaction, with settlement of the transaction occurring in July 2024.

The fair value of 101 Goldens Road, Forster was based on the agreed transfer price by Council at its 26 June 2024 Ordinary Council meeting.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

b. 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
Infrastructure, property, plant and equipment		
Plant and equipment	Cost Approach	Useful life Residual value Asset condition
Office equipment	Cost Approach	Useful life Asset condition
Furniture and fittings	Cost Approach	Useful life Asset condition
Computer equipment	Cost Approach	Useful life Asset condition
Community land	Land value as supplied by NSW Valuer-General	Land value may not reflect market value Varies significantly from asset to asset
Operational land	Market Value /Cost Approach	Methods used by external valuers may include unobservable inputs
Land under roads	Price Per Square Metre	Area of Council rateable land
Land improvements depreciable	Discount factors	Area of Council road pattern
	Cost Approach	Useful life Asset condition
Buildings specialised and non-specialised	Cost Approach	Useful life Asset condition
		Methods used by external valuers may include unobservable inputs
Other structures	Cost Approach	Useful life Asset condition
Other open space and recreational assets	Cost Approach	Useful life Asset condition
Swimming pools	Cost Approach	Useful life Asset condition
Other assets	Cost Approach	Useful life Asset condition
Library books	Cost Approach	Useful life Asset condition

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Landfill remediation	Cost Approach	Cost Assessment Discount Rates Environmental Issues Future costs
Roads	Cost Approach	Useful life Asset condition Unit rate methodology
Earthworks	Cost Approach	Asset condition Unit rate methodology
Bridges	Cost Approach	Useful life Asset condition Unit rate methodology
Footpaths	Cost Approach	Useful life Asset condition Unit rate methodology
Stormwater drainage	Cost Approach	Useful life Asset condition Unit rate methodology
Work in progress	Cost Approach	Incomplete work Useful life Asset condition Unit rate methodology
Other infrastructure	Cost Approach	Useful life Asset condition Unit rate methodology
Water network assets	Cost Approach	Useful life Asset condition Unit rate methodology
Sewerage network assets	Cost Approach	Useful life Asset condition Unit rate methodology
Cemetery assets	Cost Approach	Useful life Asset condition Unit rate methodology
Quarry assets	Cost Approach	Useful life Asset condition Unit rate methodology

E2-1 Fair value measurement (continued)

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

\$ '000	Work in progress		Plant and equipment		Office equipment		Furniture and fittings		Computer equipment		Operational land		Community land	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	160,512	125,729	33,918	34,537	85	113	1,837	1,934	1,911	4,512	97,701	97,183	191,546	140,047
Total gains or losses for the period														
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	–	–	–	–	–	–	2,163	–	(3,307)	51,499
Other movements														
Transfer from another asset category	–	–	–	–	–	–	–	–	–	–	(4,534)	42	–	–
Transfers from/(to) another asset class	(239,576)	(119,854)	6,975	5,691	–	–	1,691	78	1,511	–	270	476	700	–
Purchases (GBV)	156,377	154,637	–	–	–	–	–	–	–	–	–	–	–	–
Disposals (WDV)	–	–	(1,096)	(730)	–	(2)	–	–	–	(1,357)	–	–	–	–
Depreciation and impairment	–	–	(5,408)	(5,580)	(16)	(26)	(211)	(174)	(1,281)	(1,244)	–	–	–	–
Closing balance	77,313	160,512	34,389	33,918	69	85	3,317	1,838	2,141	1,911	95,600	97,701	188,939	191,546

\$ '000	Water network		Sewerage network		Buildings		Roads		Bridges		Footpaths stormwater earthworks		Other structures	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	553,792	526,649	451,442	516,904	274,235	261,660	1,117,251	769,420	147,187	207,202	1,169,261	1,293,646	10,681	10,781
Total gains or losses for the period														
Recognised in other comprehensive income – revaluation surplus	29,074	34,717	23,009	(58,146)	12,450	14,405	64,459	328,881	–	(38,073)	65,640	(143,654)	1,802	–
Other movements														
Transfer from another asset category	–	–	–	–	(18,133)	–	–	–	–	–	–	–	–	–
Transfers from/(to) another asset class	36,122	8,080	13,879	5,591	26,685	9,931	94,122	62,932	14,551	4,240	29,370	20,673	8,072	533
Disposals (WDV)	(879)	(1,542)	(654)	(2,368)	(1,134)	(206)	(13,389)	(14,995)	(1,215)	(700)	(3,665)	(2,565)	(19)	(7)
Depreciation and impairment	(15,484)	(14,112)	(10,849)	(10,539)	(12,168)	(11,555)	(30,242)	(28,987)	6,503	(25,482)	(5,846)	1,161	(888)	(626)
Closing balance	602,625	553,792	476,827	451,442	281,935	274,235	1,232,201	1,117,251	167,026	147,187	1,254,760	1,169,261	19,648	10,681

\$ '000	Open space swimming pools		Other asset classes		Total	
	2024	2023	2024	2023	2024	2023
Opening balance						
		40,908		40,461	20,864	5,802
					4,273,131	4,036,580

continued on next page ...

E2-1 Fair value measurement (continued)

\$ '000	Open space swimming pools		Other asset classes		Total	
	2024	2023	2024	2023	2024	2023
Recognised in other comprehensive income – revaluation surplus	1,965	2,162	128	153	197,383	191,944
Transfer from another asset category	–	–	–	–	(22,667)	42
Transfers from/(to) another asset class	4,908	825	122	15,891	(598)	15,087
Purchases (GBV)	–	–	12	7	156,389	154,644
Disposals (WDV)	(525)	(155)	–	–	(22,576)	(24,627)
Depreciation and impairment	(2,755)	(2,385)	(1,904)	(989)	(80,549)	(100,538)
Closing balance	44,501	40,908	19,222	20,864	4,500,513	4,273,132

E2-1 Fair value measurement (continued)

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 Fund) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

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

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

Description of the funding arrangements.

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

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

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

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

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

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

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

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

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding past service 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.

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Fund and recognised as an expense for the year ending 30 June 2024 was \$482,646.78. The last formal valuation of the Fund was performed by the Fund Actuary, Mr Richard Boyfield, as at 30 June 2023.

Council's expected contribution to the plan for the next annual reporting period is \$317,030.25.

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

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

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$182,243.97 as at 30 June 2024.

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

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

Investment return	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI	3.5% FY23/24 2.5% per annum thereafter

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. Council's 11 Councillors and 4 senior staff, comprising the general manager and 3 directors, have been identified as representing Council's KMP.

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

\$ '000	2024	2023
Compensation:		
Short-term benefits	1,636	1,570
Post-employment benefits	182	165
Total	1,818	1,735

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 Council swimming pool) will not be disclosed.

Nature of the transaction	Ref	Transactions during the year	Outstanding balances
\$ '000			
2024			
Employee expenses relating to close family members	1	161	–
2023			
Employee expenses relating to close family members	1	170	–
Property rental from grazing lease	2	1	–
Provision of Services - Planning and Building regulation	3	12	–

1 There are two (2023: three) close family members of Council's KMP employed by MidCoast Council under current Council award on an arms length basis.

2 1 KMP previously had a grazing lease over Council property which is used for agistment of cattle with rental paid on a quarterly basis. This lease expired on 31 December 2022.

3 In 2023 Council purchased planning and building regulation services during the year from a company controlled by a member of the KMP and their close family members of Council. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement processes. No such service were purchased in 2024.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
Mayoral fee	64	63
Councillors' fees	287	278
Other Councillors' expenses (including Mayor)	105	96
Total	456	437

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

F2 Other relationships

F2-1 Audit fees

\$ '000	2024	2023
Audit and other assurance services: Auditors of the Council - NSW Auditor General:		
Audit of financial statements	215	227
Total fees paid or payable to the Auditor-General	215	227

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	72,383	36,036
Add / (less) non-cash items:		
Depreciation and amortisation	89,993	85,305
(Gain) / loss on disposal of assets	20,737	22,373
Non-cash capital grants and contributions	(24,188)	(9,219)
Reversal of prior year IPP&E revaluation decrements / impairment previously costed direct to the P&L	(8,738)	(6,225)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	25	–
– Investment property	7,272	(110)
– Revaluation decrements / impairments of IPP&E direct to P&L	4,022	22,108
Unwinding of discount rates on reinstatement provisions	1,348	294
Interest on leases	87	95
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	6,058	(13,818)
Increase / (decrease) in provision for impairment of receivables	311	90
(Increase) / decrease of inventories	4	38
(Increase) / decrease of other current assets	(2,063)	2,579
Increase / (decrease) in payables	(4,498)	6,807
Increase / (decrease) in accrued interest payable	5	(139)
Increase / (decrease) in other accrued expenses payable	754	529
Increase / (decrease) in other liabilities	861	274
Increase / (decrease) in contract liabilities	11,518	11,559
Increase / (decrease) in employee benefit provision	475	366
Increase / (decrease) in other provisions	1,469	21,236
Net cash flows from operating activities	177,835	180,178

(b) Non-cash investing and financing activities

Bushfire services	912	947
Subdivider contributions 'in kind'	21,917	8,127
Other dedications	808	–
Total non-cash investing and financing activities	23,637	9,074

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Sewerage and water infrastructure	4,223	6,509
Road infrastructure	41,884	24,612
Buildings	3,951	2,881
Other	15,977	9,515
Total commitments	66,035	43,517
These expenditures are payable as follows:		
Within the next year	66,035	43,517
Total payable	66,035	43,517
Sources for funding of capital commitments:		
Unexpended Loans	–	1,855
Future grants and contributions	10,245	723
Externally restricted reserves	47,813	38,325
Internal allocations	7,977	2,614
Total sources of funding	66,035	43,517

G3-1 Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

G4 Statement of developer contributions

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	511	–	–	–	22	–	–	533	–
Roads	8,166	1,265	–	–	393	(250)	–	9,574	–
Parking	1,571	–	–	–	37	(706)	706	1,608	–
Open space	6,310	808	–	–	267	(823)	127	6,689	–
Community facilities	1,330	267	–	–	61	(173)	(127)	1,358	–
Other	5,100	2,205	–	–	264	(1,139)	–	6,430	–
Surf Life Saving	277	53	–	–	10	(94)	(706)	(460)	–
Bushfire Facilities	759	117	–	–	37	(27)	–	886	–
Administration Building	116	243	–	–	5	(230)	–	134	–
Multi Purpose Community Centre	356	9	–	–	15	–	–	380	–
Library Book Stock	480	44	–	–	18	(100)	–	442	–
Aquatic Centre	632	151	–	–	33	(7)	–	809	–
Rec & Community Facilities	139	–	–	–	5	–	–	144	–
Central Library Building	1,491	260	–	–	–	(1,751)	–	–	–
Other - Finance	218	40	–	–	9	–	–	267	–
Plan Administration	903	111	–	–	43	(11)	–	1,046	–
S7.11 contributions – under a plan	28,359	5,573	–	–	1,219	(5,311)	–	29,840	–
S7.12 levies – under a plan	705	123	–	–	34	–	–	862	–
Total S7.11 and S7.12 revenue under plans	29,064	5,696	–	–	1,253	(5,311)	–	30,702	–
S7.11 not under plans	166	–	–	–	7	–	–	173	–
S7.4 planning agreements	457	260	–	–	31	–	–	748	–
S64 contributions	25,312	5,069	–	–	859	(10,224)	–	21,016	–
Total contributions	54,999	11,025	–	–	2,150	(15,535)	–	52,639	–

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

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					

CONTRIBUTION PLAN (former Gloucester Shire Council)

continued on next page ...

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
Roads	515	-	-	-	22	-	-	537	-	
Parking	7	-	-	-	-	-	-	7	-	
Rec & Community Facilities	139	-	-	-	5	-	-	144	-	
Total	661	-	-	-	27	-	-	688	-	
CONTRIBUTION PLAN - FORSTER DISTRICT (former Great Lakes Council)										
Drainage	498	-	-	-	21	-	-	519	-	
Roads	1,173	928	-	-	89	-	-	2,190	-	
Parking	1,503	-	-	-	34	(706)	706	1,537	-	
Open space	2,996	694	-	-	153	(105)	-	3,738	-	
Community facilities	1,162	261	-	-	61	-	-	1,484	-	
Surf Life Saving	51	43	-	-	-	(94)	(706)	(706)	-	
Central Library	1,491	240	-	-	-	(1,731)	-	-	-	
Aquatic Centre	632	144	-	-	33	-	-	809	-	
Total	9,506	2,310	-	-	391	(2,636)	-	9,571	-	
CONTRIBUTION - GREAT LAKES WIDE (former Great Lakes Council)										
Library Book stocks	278	38	-	-	11	(50)	-	277	-	
Bushfire facilities	759	90	-	-	37	-	-	886	-	
Administration building	116	243	-	-	5	(230)	-	134	-	
Plan Administration	534	110	-	-	27	(11)	-	660	-	
Total	1,687	481	-	-	80	(291)	-	1,957	-	
CONTRIBUTION PLAN - TEA GARDENS / HAWKS NEST (former Great Lakes Council)										
Roads	187	17	-	-	9	-	-	213	-	
Parking	61	-	-	-	3	-	-	64	-	
Open space	459	15	-	-	15	(127)	127	489	-	
Community facilities	168	6	-	-	-	(173)	(127)	(126)	-	
Surf Life Saving	47	1	-	-	2	-	-	50	-	
Total	922	39	-	-	29	(300)	-	690	-	
CONTRIBUTION PLAN - ROAD HAULAGE (former Great Lakes Council)										
Roads	803	145	-	-	30	(250)	-	728	-	
Total	803	145	-	-	30	(250)	-	728	-	
CONTRIBUTION PLAN - RURAL ROADS BULADHDELAH, STROUD & RURAL OPEN SPACE (former Great Lakes Council)										
Roads	693	26	-	-	31	-	-	750	-	
Open space	200	14	-	-	9	-	-	223	-	
Total	893	40	-	-	40	-	-	973	-	

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G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
CONTRIBUTION PLAN - THE BRANCH LANE (former Great Lakes Council)										
Roads	123	-	-	-	5	-	-	-	128	-
Total	123	-	-	-	5	-	-	-	128	-
CONTRIBUTION PLAN - COOMBA RD & SHALLOW BAY RD (former Great Lakes Council)										
Roads	198	2	-	-	9	-	-	-	209	-
Total	198	2	-	-	9	-	-	-	209	-
CONTRIBUTION PLAN - 2001 PLAN GREATER TAREE (former Greater Taree City Council)										
Open Space	221	18	-	-	10	-	-	-	249	-
Surf Life Saving	179	9	-	-	8	-	-	-	196	-
Library Book Stock	202	6	-	-	7	(50)	-	-	165	-
Central Library Building	-	20	-	-	-	(20)	-	-	-	-
Aquatic Centre	-	7	-	-	-	(7)	-	-	-	-
Bushfire Facilities	-	18	-	-	-	(18)	-	-	-	-
Other - Finance	74	-	-	-	3	-	-	-	77	-
Plan Administration	369	1	-	-	16	-	-	-	386	-
Total	1,045	79	-	-	44	(95)	-	-	1,073	-
CONTRIBUTION PLAN 2001 PLAN TAREE (former Greater Taree City Council)										
Roads	574	-	-	-	25	-	-	-	599	-
Open space	274	-	-	-	9	(55)	-	-	228	-
Other - Finance	6	-	-	-	-	-	-	-	6	-
Total	854	-	-	-	34	(55)	-	-	833	-
CONTRIBUTION PLAN - 2001 PLAN WINGHAM (former Greater Taree City Council)										
Roads	453	-	-	-	19	-	-	-	472	-
Open Space	-	4	-	-	-	-	-	-	4	-
Bushfire Facilities	-	-	-	-	-	-	-	-	-	-
Total	453	4	-	-	19	-	-	-	476	-
CONTRIBUTION PLAN - 2001 HALLIDAYS POINT (former Greater Taree City Council)										
Roads	989	147	-	-	49	-	-	-	1,185	-
Open Space	947	63	-	-	20	(536)	-	-	494	-
Bushfire facilities	-	9	-	-	-	(9)	-	-	-	-
MP Community Centre	153	9	-	-	7	-	-	-	169	-
Other - Finance	1	-	-	-	-	-	-	-	1	-
Total	2,090	228	-	-	76	(545)	-	-	1,849	-
CONTRIBUTION PLAN - 2010 PLAN OLD BAR (former Greater Taree City Council)										
Drainage	13	-	-	-	1	-	-	-	14	-
Roads	1,459	-	-	-	62	-	-	-	1,521	-
Open Space	1,010	-	-	-	43	-	-	-	1,053	-

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G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
Bushfire Facilities	-	-	-	-	-	-	-	-	-	
MP Community Centre	167	-	-	-	7	-	-	174	-	
Other - Finance	54	-	-	-	2	-	-	56	-	
Total	2,703	-	-	-	115	-	-	2,818	-	
CONTRIBUTION PLAN - 2001 PLAN HARRINGTON (former Greater Taree City Council)										
Roads	999	-	-	-	43	-	-	1,042	-	
Open space	203	-	-	-	8	-	-	211	-	
Bushfire Facilities	-	-	-	-	-	-	-	-	-	
MP Community Centre	36	-	-	-	1	-	-	37	-	
Other - Finance	1	-	-	-	-	-	-	1	-	
Total	1,239	-	-	-	52	-	-	1,291	-	
CONTRIBUTION PLAN NUMBER 2016										
Other	5,100	2,205	-	-	264	(1,139)	-	6,430	-	
Other - Finance	82	40	-	-	4	-	-	126	-	
Total	5,182	2,245	-	-	268	(1,139)	-	6,556	-	
S7.12 Levies – under a plan										
CONTRIBUTION PLAN OLD BAR (former Greater Taree City Council)										
General Purpose	81	-	-	-	3	-	-	84	-	
Total	81	-	-	-	3	-	-	84	-	
CONTRIBUTION PLAN MCC 2016 (covers former Greater Taree City Council area)										
General Purpose	565	112	-	-	28	-	-	705	-	
Total	565	112	-	-	28	-	-	705	-	
CONTRIBUTION PLAN GLOUCESTER 2015 (former Gloucester Shire Council)										
General Purpose	59	11	-	-	3	-	-	73	-	
Total	59	11	-	-	3	-	-	73	-	

G4-3 Contributions not under plans

\$ '000	Opening balance at 1 July 2023	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
(former Great Lakes Council)										
Roads	166	-	-	-	7	-	-	-	173	-
Total	166	-	-	-	7	-	-	-	173	-

G4-4 S7.4 planning agreements

363 Diamond Beach Road, Diamond Beach (Seashells)

Other	60	-	-	-	3	-	-	-	63	-
Total	60	-	-	-	3	-	-	-	63	-

391 Diamond Beach Road, Diamond Beach

Other	91	-	-	-	4	-	-	-	95	-
Total	91	-	-	-	4	-	-	-	95	-

Murray Road, Wingham

Other	123	-	-	-	5	-	-	-	128	-
Total	123	-	-	-	5	-	-	-	128	-

Sanderling Avenue, Hawks Nest

Other	132	-	-	-	6	-	-	-	138	-
Total	132	-	-	-	6	-	-	-	138	-

72 Clarkson Street, Nabiac

Other	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

Bulahdelah Highway Service Centre

Other	51	-	-	-	2	-	-	-	53	-
Total	51	-	-	-	2	-	-	-	53	-

210 Diamond Beach Road, Diamond Beach

Other	-	260	-	-	11	-	-	-	271	-
Total	-	260	-	-	11	-	-	-	271	-

G4-5 S64 contributions

Former MidCoast Water Contributions

continued on next page ...

G4-5 S64 contributions (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
Water Contributions	5,986	2,532	–	–	–	(8,518)	–	–	–	
Sewer Contributions	19,326	2,536	–	–	859	(1,706)	–	21,015	–	
Total	25,312	5,068	–	–	859	(10,224)	–	21,015	–	

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	10,222	3.33%	(2.47)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	306,977			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	258,073	65.71%	65.55%	> 60.00%
Total continuing operating revenue ¹	392,767			
3. Unrestricted current ratio				
Current assets less all external restrictions	168,483	4.49x	2.58x	> 1.50x
Current liabilities less specific purpose liabilities	37,527			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	110,094	4.16x	2.99x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	26,437			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	21,085	10.72%	10.70%	< 10.00%
Rates and annual charges collectable	196,598			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	312,834	15.04 months	14.10 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	20,804			

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	0.22%	(7.48)%	3.66%	(0.05)%	16.39%	16.74%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	56.88%	56.48%	90.47%	89.02%	86.49%	90.64%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.49x	2.58x	2.63x	3.95x	5.62x	5.00x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	7.27x	4.25x	2.41x	2.08x	2.74x	2.44x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	12.08%	10.80%	8.92%	11.46%	7.55%	10.15%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	12.45 months	10.16 months	7.14 months	14.41 months	39.63 months	37.98 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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

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



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

MidCoast Council

To the Councillors of MidCoast Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Lawrissa Chan
Delegate of the Auditor-General for New South Wales

22 October 2024
SYDNEY



Councillor Claire Pontin
 Mayor
 MidCoast Council
 PO Box 482
 TAREE NSW 2430

Contact: Lawrissa Chan
 Phone no: (02) 9275 7255
 Our ref: R008-2124742775-7387

22 October 2024

Dear Mayor

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

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

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

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

INCOME STATEMENT

Operating result

	2024 \$m	2023 \$m	Variance %
Rates and annual charges revenue	175.1	168.8	↑ 3.7
Grants and contributions revenue	134.7	128.1	↑ 5.2
Operating result from continuing operations	72.4	36.0	↑ 101.1
Net operating result before capital grants and contributions	(13.4)	(45.4)	↑ 70.5

Rates and annual charges revenue (\$175.1 million) increased by \$6.3 million (3.7 per cent) in 2023–24 due to rate peg increase of 3.9 per cent.

Grants and contributions revenue (\$134.7 million) increased by \$6.6 million (5.2 per cent) in 2023–24 due to an increase in non-cash contributions, offset by a reduction in developer contributions and financial assistance grants as 85 per cent was received in advance (compared to 100 per cent in 2022–23).

Council’s operating result from continuing operations was \$72.4 million, including depreciation, amortisation and impairment expense of \$94.0 million. This was \$36.4 million higher than the 2022–23 result, mainly due to the increase in interest and investment income, rates and annual charges, and in the prior year, there was a \$22.1 million revaluation decrement for bridges recognised in the income statement (nil in the current year).

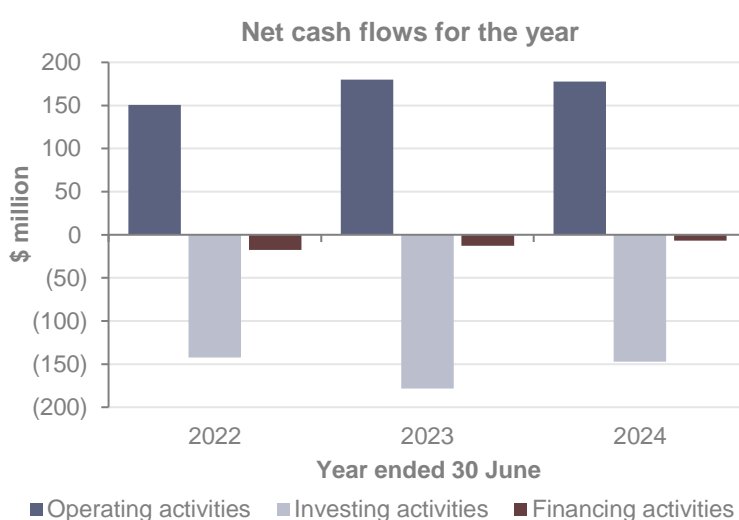
The net operating result before capital grants and contributions was a deficit of \$13.4 million. This improved by \$32.0 million compared with 2022–23, due to similar reasons as mentioned above.

STATEMENT OF CASH FLOWS

Cash flows from operating activities decreased by \$2.3 million mainly due to an increase in employees and other payments, which is offset by higher rates and annual charges and interest and investment income.

Cash flows used in investing activities decreased by \$31.2 million due to a reduction in payments for infrastructure, property, plant and equipment.

Cash flows used in financing activities decreased by \$6.0 million, mainly due to higher repayments offset by new borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	372.0	330.6	Externally restricted balances comprise mainly of developer contributions, water and sewer funds. Externally restricted cash has remained steady compared to the prior year.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are determined by council policies or decisions, which are subject to change. The increase of \$11.8 million is mainly due to additional funds set aside for plant and vehicle replacement and financial assistance grants received in advance.
• External restrictions	260.7	258.7	
• Internal allocations	80.3	68.5	

Debt

At 30 June 2024, Council had:

- \$159.6 million in secured loans (\$165.7 million in 2022–23), including \$17.8 million classified as current, while the remaining balance classified as non-current
- \$0.25 million in credit card facility with \$0.17 million unused (\$0.25 million with \$0.17 million unused in 2022–23).

PERFORMANCE

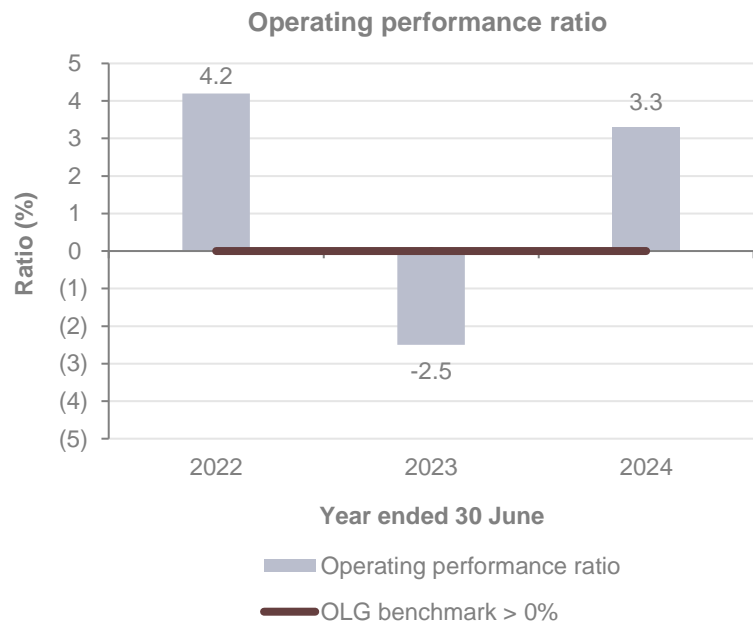
Performance measures

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

Operating performance ratio

Council exceeded the benchmark for the current reporting period.

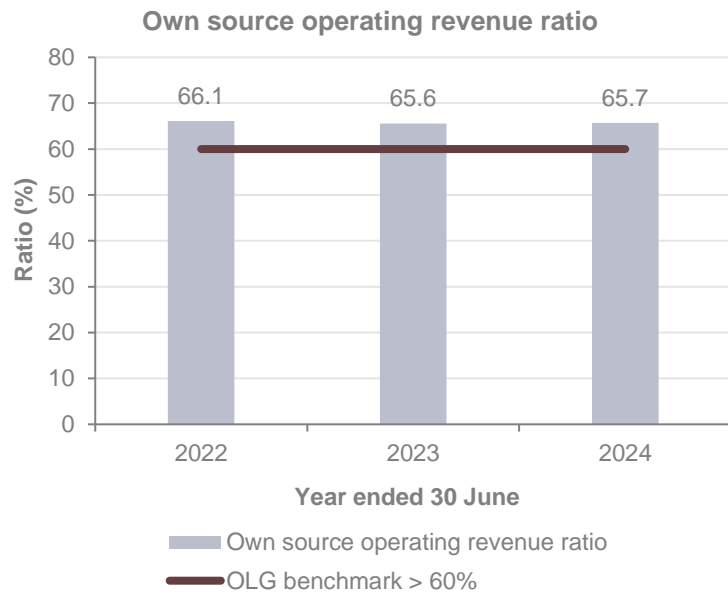
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council exceeded the benchmark for the current reporting period.

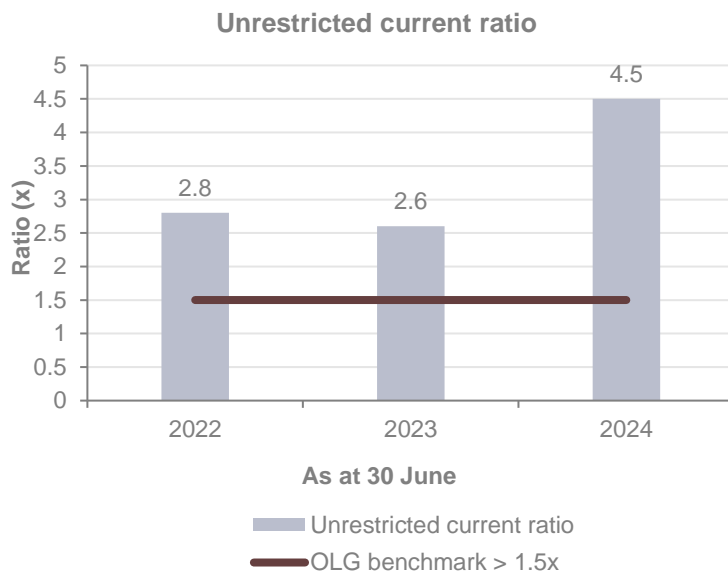
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council exceeded the benchmark for the current reporting period.

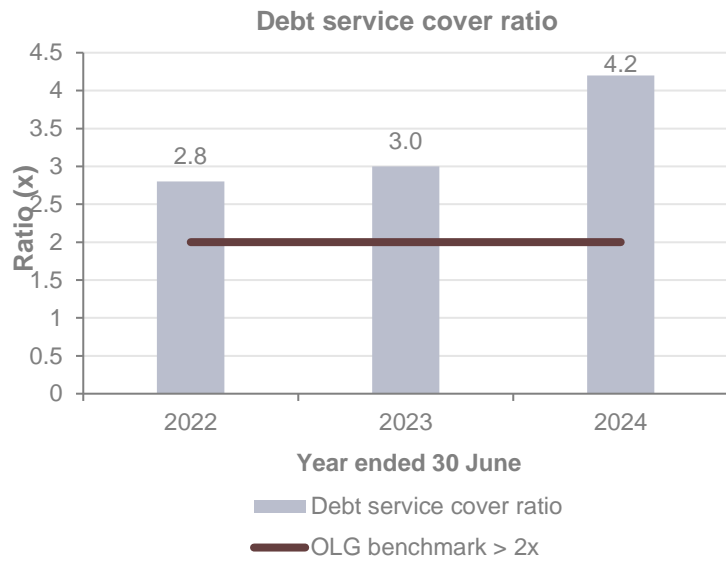
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council exceeded the benchmark for the current reporting period.

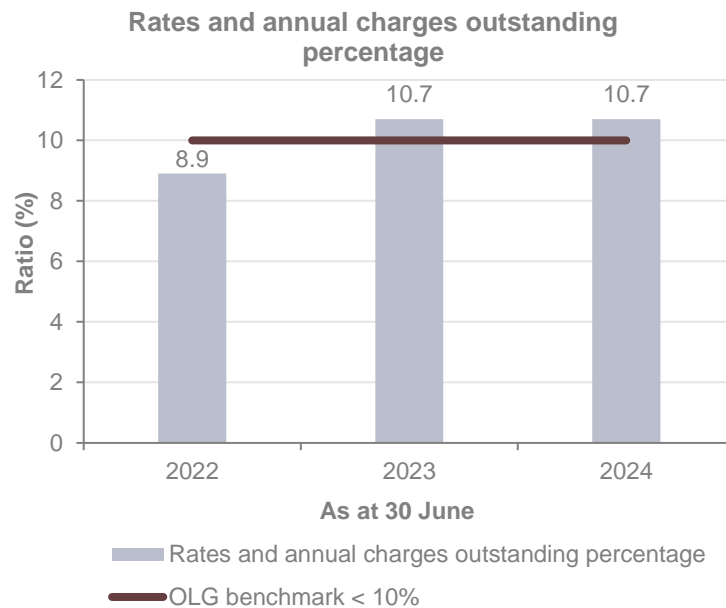
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

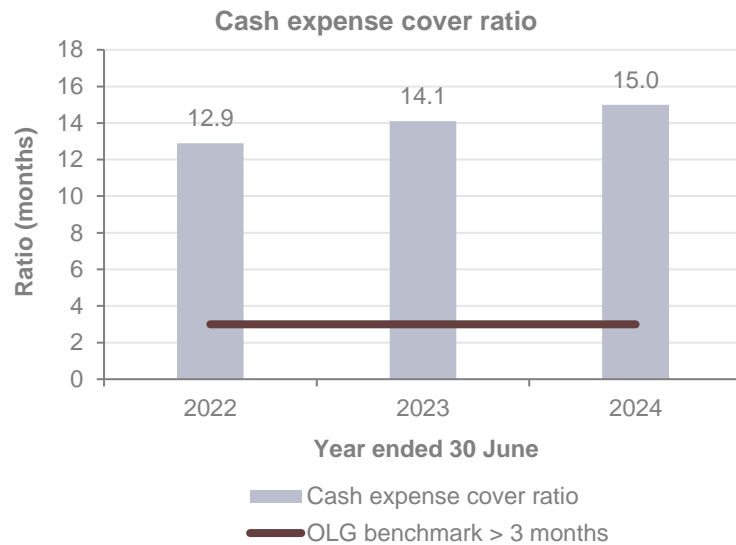
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council exceeded the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$93.0 million of infrastructure, property, plant and equipment during the 2023–24 financial year (\$118.6 million in 2022–23). This was mainly spent on roads (\$56.4 million) and bridges (\$13.4 million). A further \$63.4 million was spent on new assets (\$36.1 million in 2022–23) including capital work in progress of \$24.1 million on water supply network, \$10.3 million on roads and \$7.7 million on sewerage network.

OTHER MATTERS

Legislative compliance

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

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

Lawrissa Chan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

MidCoast Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



MidCoast Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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Background

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

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

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

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

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

MidCoast Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

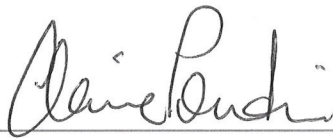
- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections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

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

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

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

Signed in accordance with a resolution of Council made on 04 September 2024.



Claire Pontin

Mayor

04 September 2024



Alan Tickle

Councillor

04 September 2024



Adrian Panuccio

General Manager

04 September 2024



Phil Brennan

Responsible Accounting Officer

04 September 2024

MidCoast Council

Income Statement of water supply business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	15,511	14,694
User charges	31,022	27,401
Fees	1,265	1,207
Interest and investment income	629	520
Other income	26	505
Total income from continuing operations	48,453	44,327
Expenses from continuing operations		
Employee benefits and on-costs	9,179	8,829
Borrowing costs	4,023	4,194
Materials and services	16,236	15,353
Depreciation, amortisation and impairment	16,885	15,486
Net loss from the disposal of assets	879	2,213
Calculated taxation equivalents	272	269
Debt guarantee fee (if applicable)	657	710
Other expenses	440	470
Total expenses from continuing operations	48,571	47,524
Surplus (deficit) from continuing operations before capital amounts	(118)	(3,197)
Grants and contributions provided for capital purposes	5,103	5,463
Surplus (deficit) from continuing operations after capital amounts	4,985	2,266
Surplus (deficit) from all operations before tax	4,985	2,266
Surplus (deficit) after tax	4,985	2,266
Plus opening retained profits	445,369	442,251
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	272	269
– Debt guarantee fees	657	710
Less:		
– Tax equivalent dividend paid	(131)	(127)
Closing accumulated surplus	451,152	445,369
Return on capital %	0.6%	0.2%
Subsidy from Council	24,981	24,221
Calculation of dividend payable:		
Surplus (deficit) after tax	4,985	2,266
Less: capital grants and contributions (excluding developer contributions)	(1,041)	(935)
Surplus for dividend calculation purposes	3,944	1,331
Potential dividend calculated from surplus	1,972	666

MidCoast Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	41,695	40,738
User charges	3,871	3,222
Fees	391	282
Interest and investment income	2,568	1,918
Other income	204	405
Total income from continuing operations	48,729	46,565
Expenses from continuing operations		
Employee benefits and on-costs	8,555	8,120
Borrowing costs	2,659	2,980
Materials and services	17,007	16,175
Depreciation, amortisation and impairment	11,604	11,306
Net loss from the disposal of assets	654	3,039
Calculated taxation equivalents	235	233
Debt guarantee fee (if applicable)	388	443
Other expenses	956	145
Total expenses from continuing operations	42,058	42,441
Surplus (deficit) from continuing operations before capital amounts	6,671	4,124
Grants and contributions provided for capital purposes	7,612	4,801
Surplus (deficit) from continuing operations after capital amounts	14,283	8,925
Surplus (deficit) from all operations before tax	14,283	8,925
Less: corporate taxation equivalent (25%) [based on result before capital]	(1,668)	(1,031)
Surplus (deficit) after tax	12,615	7,894
Plus opening retained profits	446,341	436,856
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	235	233
– Debt guarantee fees	388	443
– Corporate taxation equivalent	1,671	1,031
Less:		
– Tax equivalent dividend paid	(116)	(116)
Closing accumulated surplus	461,134	446,341
Return on capital %	1.8%	1.4%
Subsidy from Council	13,086	12,781
Calculation of dividend payable:		
Surplus (deficit) after tax	12,615	7,894
Less: capital grants and contributions (excluding developer contributions)	(324)	–
Surplus for dividend calculation purposes	12,291	7,894
Potential dividend calculated from surplus	6,146	3,947

MidCoast Council

Income Statement of Midcoast Assist

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
Income from continuing operations		
Fees	7,975	8,352
Grants and contributions provided for operating purposes	1,305	1,042
Other income	36	243
Total income from continuing operations	9,316	9,637
Expenses from continuing operations		
Employee benefits and on-costs	9,235	7,465
Borrowing costs	2	2
Materials and services	1,324	1,418
Depreciation, amortisation and impairment	65	105
Calculated taxation equivalents	445	335
Other expenses	17	–
Total expenses from continuing operations	11,088	9,325
Surplus (deficit) from continuing operations before capital amounts	(1,772)	312
Surplus (deficit) from continuing operations after capital amounts	(1,772)	312
Surplus (deficit) from all operations before tax	(1,772)	312
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(78)
Surplus (deficit) after tax	(1,772)	234
Plus accumulated surplus	1,414	767
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments Payroll	445	335
– Corporate taxation equivalent	–	78
Add:		
Less:		
Closing accumulated surplus	87	1,414
Return on capital %	(713.7)%	72.9%
Subsidy from Council	1,781	–

MidCoast Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	15,283	16,547
Investments	3,000	13,500
Receivables	8,809	8,847
Other	–	29
Total current assets	27,092	38,923
Non-current assets		
Investments	–	3,000
Infrastructure, property, plant and equipment	671,764	627,302
Investment property	1,383	1,424
Right of use assets	216	231
Total non-current assets	673,363	631,957
Total assets	700,455	670,880
LIABILITIES		
Current liabilities		
Payables	1,810	1,547
Contract liabilities	–	204
Lease liabilities	(6)	(6)
Borrowings	5,362	5,347
Employee benefit provisions	3,123	2,973
Total current liabilities	10,289	10,065
Non-current liabilities		
Lease liabilities	250	258
Borrowings	60,297	65,639
Employee benefit provisions	82	239
Total non-current liabilities	60,629	66,136
Total liabilities	70,918	76,201
Net assets	629,537	594,679
EQUITY		
Accumulated surplus	451,152	445,368
Revaluation reserves	178,385	149,311
Total equity	629,537	594,679

MidCoast Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	25,296	17,825
Investments	26,750	25,000
Receivables	4,535	6,028
Other	–	29
Total current assets	56,581	48,882
Non-current assets		
Investments	53,500	55,250
Infrastructure, property, plant and equipment	521,308	494,660
Investment property	1,383	1,423
Right of use assets	87	69
Total non-current assets	576,278	551,402
Total assets	632,859	600,284
LIABILITIES		
Current liabilities		
Payables	1,554	1,344
Lease liabilities	9	6
Borrowings	5,389	5,445
Employee benefit provisions	3,123	2,973
Total current liabilities	10,075	9,768
Non-current liabilities		
Lease liabilities	81	66
Borrowings	33,436	38,824
Employee benefit provisions	82	240
Total non-current liabilities	33,599	39,130
Total liabilities	43,674	48,898
Net assets	589,185	551,386
EQUITY		
Accumulated surplus	461,134	446,343
Revaluation reserves	128,051	105,043
Total equity	589,185	551,386

MidCoast Council

Statement of Financial Position of Midcoast Assist

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	2,852	2,041
Receivables	511	554
Total current assets	3,363	2,595
Non-current assets		
Infrastructure, property, plant and equipment	248	431
Right of use assets	–	92
Total non-current assets	248	523
Total assets	3,611	3,118
LIABILITIES		
Current liabilities		
Payables	685	795
Lease liabilities	–	31
Employee benefit provisions	750	779
Provisions	2,089	–
Total current liabilities	3,524	1,605
Non-current liabilities		
Lease liabilities	–	62
Employee benefit provisions	–	37
Total non-current liabilities	–	99
Total liabilities	3,524	1,704
Net assets	87	1,414
EQUITY		
Retained earnings	87	1,414
Total equity	87	1,414

Note – Material accounting policy information

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

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

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

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

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

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

Council prepares SPFS for the MidCoast Assist business activity as it is considered a Category 1 business activity as outlined below. Council at its 7 February 2024 Ordinary Council meeting resolved to begin a process to transition out of providing Aged Care and Disability Services and cease the provision of Aged Care and Disability Services by 30 September 2024 (or whenever practical after this date). This transition was ongoing as at balance date of 30 June 2024 with the majority of the Aged Care and Disability Services to cease being provided by MidCoast Assist by 30 September 2024.

The 30 June 2024 SPFS for the MidCoast Assist business activity have been prepared on the basis that Council intends to cease the Provision of Aged Care and Disability Services by 30 September 2024. As at 30 June 2024, all liabilities are classified as current and include a provision for restructuring. Current and non-current assets are based on historic costs however reflect fair value. Any remaining net surplus or deficit within the MidCoast Assist business activity following the divestment will be transferred to or from the general fund.

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

Water Services

The provision of Water Services throughout the Midcoast Council region.

Sewerage Services

The provision of Sewerage Services throughout the MidCoast Council region.

MidCoast Assist

Council provides Ageing and Disability Services to its community as a National Disability Insurance Scheme provider.

Council declared at a Council Meeting held on 26 June 2019 that MidCoast Assist was to be considered as a Category 1 business activity.

Note – Material accounting policy information (continued)

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements.

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

Notional rate applied (%)

Corporate income tax rate – **25%** (22/23 25%)

Land tax – the first \$1,075,000 of combined land values attracts **0%**. For the combined land in excess of \$1,075,000 up to \$6,571,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$6,571,000 a premium marginal rate of **2.0%** applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$1,200,000. This applies to the MidCoast Assist Business Activity. Water & Sewer Funds are not exempt from Payroll Tax and actual payments are included.

In accordance with DCCEEW's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the regulatory and assurance framework as a 'dividend for taxation equivalents', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to the DCCEEW's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

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

Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (22/23 25%).

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

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is the equivalent company tax rate prevalent at reporting date.

Local government rates and charges

Rates and charges have been included as an expense for all Category 1 businesses.

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. A rate of 1% has been used in relation to the 2023/2024 financial period.

Note – Material accounting policy information (continued)

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when 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.

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.30% at 30/6/2024.

(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 DCCEEW's regulatory and assurance framework and must not exceed:

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

In accordance with DCCEEW's regulatory and assurance framework, statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DCCEEW.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

MidCoast Council

To the Councillors of MidCoast Council

Opinion

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

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity
- MidCoast Assist.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Lawrissa Chan', written in a cursive style.

Lawrissa Chan
Delegate of the Auditor-General for New South Wales

22 October 2024
SYDNEY

MidCoast Council

SPECIAL SCHEDULES
for the year ended 30 June 2024



MidCoast Council

Special Schedules

for the year ended 30 June 2024

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MidCoast Council

Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
Notional general income calculation ¹			
Last year notional general income yield	a	88,742	92,817
Plus or minus adjustments ²	b	642	617
Notional general income	c = a + b	89,384	93,434
Permissible income calculation			
Percentage increase	d	3.90%	5.20%
Plus percentage increase amount ³	f = d x (c + e)	3,486	4,859
Sub-total	g = (c + e + f)	92,870	98,293
Plus (or minus) last year's carry forward total	h	31	84
Sub-total	j = (h + i)	31	84
Total permissible income	k = g + j	92,901	98,377
Less notional general income yield	l	92,817	98,338
Catch-up or (excess) result	m = k - l	84	39
Carry forward to next year ⁴	p = m + n + o	84	39

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

MidCoast Council

To the Councillors of MidCoast Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

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

Lawrissa Chan
Delegate of the Auditor-General for New South Wales

22 October 2024
SYDNEY

MidCoast Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Other Buildings	6,599	6,599	538	238	27,433	48,945	6.4%	20.1%	65.6%	7.9%	0.0%
	Council Offices/Administration Centres	513	513	500	514	38,699	45,414	67.4%	23.7%	5.3%	3.5%	0.1%
	Council Works Depots	4,000	4,000	776	346	48,195	70,590	6.9%	67.3%	19.2%	6.6%	0.0%
	Council Public Halls	4,214	4,214	277	30	12,333	25,210	0.0%	3.1%	85.4%	11.4%	0.1%
	Libraries	518	518	294	177	23,905	26,767	74.5%	13.6%	9.2%	2.7%	0.0%
	Cultural/Community Facilities	36,129	36,129	2,728	2,156	131,369	247,981	3.5%	9.8%	71.3%	15.4%	0.0%
	Sub-total		51,973	51,973	5,113	3,461	281,934	464,907	14.46%	20.83%	53.53%	11.16%
Other structures	Other structures Not Included In Buildings	1,647	1,647	280	479	19,649	25,489	46.0%	31.7%	8.8%	13.5%	0.0%
	Sub-total	1,647	1,647	280	479	19,649	25,489	46.00%	31.70%	8.80%	13.50%	0.00%
Roads	Sealed roads	169,430	169,430	14,797	14,359	1,056,556	1,665,644	18.2%	37.2%	29.7%	12.9%	2.0%
	Unsealed roads	8,383	8,383	3,882	4,143	47,913	78,954	17.3%	26.6%	52.8%	1.8%	1.5%
	Bridges	8,409	8,409	2,198	452	167,026	227,245	24.3%	56.4%	15.1%	4.1%	0.1%
	Footpaths/Cycleways	3,335	3,335	733	471	39,710	55,916	33.3%	27.1%	37.0%	2.1%	0.5%
	Kerb & Guttering	25,127	25,127	366	365	127,732	219,773	12.8%	10.5%	72.5%	3.4%	0.8%
	Bulk earthworks	–	–	–	–	858,355	858,355	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total		214,684	214,684	21,976	19,790	2,297,292	3,105,887	41.12%	25.98%	24.17%	7.54%
Water supply network	Water supply network	54,757	54,757	9,689	9,455	602,625	882,455	35.9%	32.2%	15.0%	13.9%	3.0%
	Sub-total	54,757	54,757	9,689	9,455	602,625	882,455	35.90%	32.20%	15.00%	13.90%	3.00%
Sewerage network	Sewerage network	50,785	50,785	10,019	9,688	476,825	702,453	29.0%	32.9%	24.3%	8.3%	5.5%
	Sub-total	50,785	50,785	10,019	9,688	476,825	702,453	29.00%	32.90%	24.30%	8.30%	5.50%
Stormwater drainage	Stormwater drainage	35,489	35,489	2,739	1,783	356,694	541,167	23.7%	44.4%	27.9%	3.6%	0.4%
	Sub-total	35,489	35,489	2,739	1,783	356,694	541,167	23.70%	44.40%	27.90%	3.60%	0.40%

MidCoast Council

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

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Open space / recreational assets	Swimming pools	3,105	3,105	144	1,178	5,480	13,101	0.6%	4.8%	41.0%	53.6%	0.0%
	Other Recreational/Open Space Assets	4,956	4,956	696	7,800	39,020	63,268	26.4%	41.4%	23.3%	8.8%	0.1%
	Sub-total	8,061	8,061	840	8,978	44,500	76,369	21.97%	35.12%	26.34%	16.49%	0.08%
Total – all assets		417,396	417,396	50,656	53,634	4,079,519	5,798,727	34.86%	29.22%	25.45%	8.67%	1.80%

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

Infrastructure asset condition assessment 'key'

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

MidCoast Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	<u>93,012</u>	115.59%	128.13%	> 100.00%
Depreciation, amortisation and impairment	<u>80,467</u>			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	<u>417,396</u>	10.04%	10.33%	< 2.00%
Net carrying amount of infrastructure assets	<u>4,156,831</u>			
Asset maintenance ratio				
Actual asset maintenance	<u>53,634</u>	105.88%	135.76%	> 100.00%
Required asset maintenance	<u>50,656</u>			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	<u>417,396</u>	7.20%	7.54%	
Gross replacement cost	<u>5,798,727</u>			

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

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

MidCoast Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	151.74%	158.21%	23.95%	42.01%	66.00%	49.77%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	10.13%	10.18%	9.09%	10.33%	10.65%	11.29%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	111.45%	160.87%	97.58%	104.40%	96.70%	90.19%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	7.40%	7.59%	6.21%	7.10%	7.23%	7.77%	

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

