

Bathurst Regional Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

*A vibrant regional centre that enjoys a rural lifestyle A
Region full of community spirit and shared prosperity.*



Bathurst Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

*A vibrant regional centre that enjoys a rural lifestyle A
Region full of community spirit and shared prosperity.*



Bathurst Regional Council

General Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	72
On the Financial Statements (Sect 417 [3])	76

Overview

Bathurst Regional Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:
158 Russell Street
Bathurst NSW 2795

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.bathurst.nsw.gov.au.

Bathurst Regional Council

General Purpose Financial Statements

for the year ended 30 June 2023

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

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


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


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


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

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

Signed in accordance with a resolution of Council made on 20 September 2023.



Jess Jennings
Mayor
20 September 2023

Benjamin Fry
Deputy Mayor
20 September 2023

David Sherley
General Manager
20 September 2023

Aaron Jones
Responsible Accounting Officer
20 September 2023

Bathurst Regional Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
	Income from continuing operations			
52,557	Rates and annual charges	B2-1	53,031	51,039
29,246	User charges and fees	B2-2	30,212	24,928
2,707	Other revenues	B2-3	2,331	1,942
12,272	Grants and contributions provided for operating purposes	B2-4	18,490	15,882
21,707	Grants and contributions provided for capital purposes	B2-4	17,655	18,151
1,304	Interest and investment income	B2-5	3,311	872
2,454	Other income	B2-6	2,698	2,393
2,666	Net gain from the disposal of assets	B4-1	–	7,257
245	Fair value increment on investment properties	C1-8	4,357	982
125,158	Total income from continuing operations		132,085	123,446
	Expenses from continuing operations			
33,010	Employee benefits and on-costs	B3-1	35,479	36,092
45,980	Materials and services	B3-2	58,022	43,927
998	Borrowing costs	B3-3	1,546	1,098
35,347	Depreciation, amortisation and impairment of non-financial assets	B3-4	34,717	34,449
2,057	Other expenses	B3-5	2,264	1,729
–	Net loss from the disposal of assets	B4-1	606	–
117,392	Total expenses from continuing operations		132,634	117,295
7,766	Operating result from continuing operations		(549)	6,151
7,766	Net operating result for the year attributable to Council		(549)	6,151
(13,942)	Net operating result for the year before grants and contributions provided for capital purposes		(18,204)	(12,000)

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

Bathurst Regional Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		(549)	6,151
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	184,106	117,044
Total items which will not be reclassified subsequently to the operating result		184,106	117,044
Total other comprehensive income for the year		184,106	117,044
Total comprehensive income for the year attributable to Council		183,557	123,195

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

Bathurst Regional Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	7,647	7,265
Investments	C1-2	73,550	71,730
Receivables	C1-4	20,548	10,609
Inventories	C1-5	4,232	4,164
Contract assets and contract cost assets	C1-6	1,075	2,484
Other	C1-9	1,125	1,072
Total current assets		108,177	97,324
Non-current assets			
Investments	C1-2	17,300	27,000
Receivables	C1-4	527	663
Inventories	C1-5	11,403	11,569
Infrastructure, property, plant and equipment (IPPE)	C1-7	1,724,240	1,535,175
Investment property	C1-8	21,450	17,093
Right of use assets	C2-1	165	169
Total non-current assets		1,775,085	1,591,669
Total assets		1,883,262	1,688,993
LIABILITIES			
Current liabilities			
Payables	C3-1	14,559	9,522
Contract liabilities	C3-2	11,825	9,666
Lease liabilities	C2-1	56	51
Borrowings	C3-3	5,291	5,107
Employee benefit provisions	C3-4	11,673	13,978
Provisions	C3-5	190	155
Total current liabilities		43,594	38,479
Non-current liabilities			
Payables	C3-1	1,152	1,242
Lease liabilities	C2-1	115	123
Borrowings	C3-3	34,648	29,317
Employee benefit provisions	C3-4	465	143
Provisions	C3-5	3,170	3,128
Total non-current liabilities		39,550	33,953
Total liabilities		83,144	72,432
Net assets		1,800,118	1,616,561
EQUITY			
Accumulated surplus		701,817	702,366
IPPE revaluation reserve	C4-1	1,098,301	914,195
Council equity interest		1,800,118	1,616,561
Total equity		1,800,118	1,616,561

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

Bathurst Regional Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		702,366	914,195	1,616,561	696,215	797,151	1,493,366
Net operating result for the year		(549)	–	(549)	6,151	–	6,151
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	184,106	184,106	–	117,044	117,044
Other comprehensive income		–	184,106	184,106	–	117,044	117,044
Total comprehensive income		(549)	184,106	183,557	6,151	117,044	123,195
Closing balance at 30 June		701,817	1,098,301	1,800,118	702,366	914,195	1,616,561

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

Bathurst Regional Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
Receipts:				
52,289	Rates and annual charges		52,821	51,497
29,228	User charges and fees		31,924	27,292
1,304	Interest received		2,187	777
33,979	Grants and contributions		36,907	34,800
–	Bonds, deposits and retentions received		38	543
4,861	Other		4,384	7,643
Payments:				
(33,286)	Payments to employees		(36,746)	(35,147)
(49,668)	Payments for materials and services		(63,521)	(48,959)
(998)	Borrowing costs		(1,464)	(1,087)
(2,067)	Other		(2,394)	(614)
35,642	Net cash flows from operating activities	G1-1	24,136	36,745
Cash flows from investing activities				
Receipts:				
–	Sale of investments		71,730	165,300
2,666	Sale of real estate assets		1,502	8,026
–	Proceeds from sale of IPPE		703	1,968
–	Deferred debtors receipts		170	–
Payments:				
–	Purchase of investments		(72,530)	(166,450)
–	Acquisition of term deposits		8,680	(10,500)
(45,556)	Payments for IPPE		(39,335)	(31,611)
(4,000)	Purchase of real estate assets		(134)	(482)
–	Deferred debtors and advances made		–	(48)
(46,890)	Net cash flows from investing activities		(29,214)	(33,797)
Cash flows from financing activities				
Receipts:				
10,950	Proceeds from borrowings		10,950	3,300
Payments:				
(5,147)	Repayment of borrowings		(5,435)	(5,055)
–	Principal component of lease payments		(55)	(82)
5,803	Net cash flows from financing activities		5,460	(1,837)
(5,445)	Net change in cash and cash equivalents		382	1,111
16,571	Cash and cash equivalents at beginning of year		7,265	6,154
11,126	Cash and cash equivalents at end of year	C1-1	7,647	7,265
–	plus: Investments on hand at end of year	C1-2	90,850	98,730
11,126	Total cash, cash equivalents and investments		98,497	105,995

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

Bathurst Regional Council

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

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	13
B1 Functions or activities	13
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
B2 Sources of income	15
B2-1 Rates and annual charges	15
B2-2 User charges and fees	16
B2-3 Other revenues	17
B2-4 Grants and contributions	18
B2-5 Interest and investment income	21
B2-6 Other income	21
B3 Costs of providing services	22
B3-1 Employee benefits and on-costs	22
B3-2 Materials and services	22
B3-3 Borrowing costs	23
B3-4 Depreciation, amortisation and impairment of non-financial assets	23
B3-5 Other expenses	24
B4 Gains or losses	25
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	25
B5 Performance against budget	26
B5-1 Material budget variations	26
C Financial position	28
C1 Assets we manage	28
C1-1 Cash and cash equivalents	28
C1-2 Financial investments	29
C1-3 Restricted and allocated cash, cash equivalents and investments	30
C1-4 Receivables	31
C1-5 Inventories	32
C1-6 Contract assets and Contract cost assets	32
C1-7 Infrastructure, property, plant and equipment	34
C1-8 Investment properties	37
C1-9 Other	37
C2 Leasing activities	38
C2-1 Council as a lessee	38
C2-2 Council as a lessor	41
C3 Liabilities of Council	43
C3-1 Payables	43
C3-2 Contract Liabilities	43
C3-3 Borrowings	44
C3-4 Employee benefit provisions	45

Bathurst Regional Council

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

C3-5 Provisions	46
C4 Reserves	47
C4-1 Nature and purpose of reserves	47
D Council structure	48
D1 Results by fund	48
D1-1 Income Statement by fund	48
D1-2 Statement of Financial Position by fund	49
D2 Interests in other entities	50
D2-1 Subsidiaries	50
D2-2 Interests in joint arrangements	51
E Risks and accounting uncertainties	52
E1-1 Risks relating to financial instruments held	52
E2-1 Fair value measurement	54
E3-1 Contingencies	58
F People and relationships	61
F1 Related party disclosures	61
F1-1 Key management personnel (KMP)	61
F1-2 Councillor and Mayoral fees and associated expenses	61
F2 Other relationships	62
F2-1 Audit fees	62
G Other matters	63
G1-1 Statement of Cash Flows information	63
G2-1 Commitments	64
G3 Statement of developer contributions as at 30 June 2023	65
G3-1 Summary of developer contributions	65
G3-2 Developer contributions by plan	65
G3-3 Contributions not under plans	67
G4 Statement of performance measures	68
G4-1 Statement of performance measures – consolidated results	68
G4-2 Statement of performance measures by fund	69
H Additional Council disclosures (unaudited)	71
H1-1 Council information and contact details	71

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 30 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties – refer Note C1-8
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (iii) estimated tip remediation provisions – refer Note C3-5
- (iv) employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

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

- General purpose operations
- Water service
- Sewerage service

A1-1 Basis of preparation (continued)

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

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

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council relies on some volunteer services in the operation of various Museums. The volunteer services, whilst helping the facilities, would not be purchased if not voluntarily provided and the value of those services cannot be reliably measured.

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 2023 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2022.

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

The following new standards are effective for the first time at 30 June 2023:

- AASB 2022-3 *Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments*

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

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
Governance	–	15	3,947	3,883	(3,947)	(3,868)	–	8,392	68	68
Administration	709	794	14,681	15,508	(13,972)	(14,714)	–	346	55,123	27,330
Public order and safety	644	564	2,701	1,832	(2,057)	(1,268)	1,142	280	14,908	12,167
Environment	13,912	14,192	15,443	12,305	(1,531)	1,887	789	938	249,505	225,299
Community services and education	2,906	2,900	2,594	3,629	312	(729)	2,080	2,273	13,956	12,042
Housing and community amenities	882	966	3,020	3,335	(2,138)	(2,369)	745	780	8,262	6,461
Water supplies	23,406	15,524	14,285	14,361	9,121	1,163	7,700	1,601	359,381	297,156
Sewerage services	17,807	16,056	14,850	12,293	2,957	3,763	820	1,335	200,942	189,388
Recreation and culture	9,324	7,829	23,155	18,573	(13,831)	(10,744)	1,549	4,941	312,153	266,489
Mining, manufacturing and construction	1,132	1,265	1,317	1,457	(185)	(192)	–	–	281	248
Transport and communication	11,727	15,944	31,228	25,528	(19,501)	(9,584)	11,358	12,678	656,726	609,264
Economic affairs	9,009	11,237	5,413	4,591	3,596	6,646	285	469	11,957	43,081
General Purpose Revenues	40,627	36,160	–	–	40,627	36,160	9,677	–	–	–
Total functions and activities	132,085	123,446	132,634	117,295	(549)	6,151	36,145	34,033	1,883,262	1,688,993

B1-2 Components of functions or activities

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

Governance

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

Administration

Includes corporate support and other support services, engineering works, and any Council policy

Public order and safety

Includes Council's fire and emergency services levy, fire protection, emergency services, enforcement of regulations and animal control.

Environment

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

Community services and education

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

Housing and community amenities

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

Water supplies

Includes maintenance and operation of dams, water filtration plant, reservoirs and the reticulation of the water supply.

Sewerage services

Includes maintenance and operation of the sewerage network of pipes, pump stations and treatment works.

Recreation and culture

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

Mining, manufacturing and construction

Includes building control, quarries and pits.

Transport and communication

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

Economic affairs

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	21,085	20,416
Farmland	2,247	2,189
Mining	12	11
Business	6,389	6,190
Less: pensioner rebates (mandatory)	(661)	(664)
Rates levied to ratepayers	29,072	28,142
Pensioner rate subsidies received	364	365
Total ordinary rates	29,436	28,507
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	7,215	6,810
Stormwater management services	400	398
Water supply services	3,354	3,265
Sewerage services	11,967	11,405
Waste management services (non-domestic)	1,009	1,000
Section 611 charges	34	39
Less: pensioner rebates (mandatory)	(430)	(427)
Less: pensioner rebates (Council policy)	(191)	(193)
Annual charges levied	23,358	22,297
Pensioner annual charges subsidies received:		
– Water	114	114
– Sewerage	112	111
– Domestic waste management	11	10
Total annual charges	23,595	22,532
Total rates and annual charges	53,031	51,039

Council has used 2019 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	2023	2022
Specific user charges (per s502 - specific 'actual use' charges)		
Water supply services	11,519	10,132
Sewerage services	1,956	1,636
Waste management services (non-domestic)	3,955	3,733
Total specific user charges	17,430	15,501
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Planning and building regulation	1,363	1,585
Private works – section 67	168	32
Section 603 certificates	85	121
Total fees and charges – statutory/regulatory	1,616	1,738
(ii) Fees and charges – other (incl. general user charges (per s608))		
Aerodrome	172	86
Advertising	6	4
Cemeteries	8	5
Art gallery	3	12
Child care	863	816
Bathurst rail museum	217	179
Chifley home	20	1
Entertainment centre	515	316
Library and art gallery	17	11
Mount panorama	2,446	1,533
National motor racing museum	453	254
Tourism	977	751
Transport for NSW works (state roads not controlled by Council)	4,141	2,543
Sewerage	931	840
Water	287	259
Other	110	79
Total fees and charges – other	11,166	7,689
Total other user charges and fees	12,782	9,427
Total user charges and fees	30,212	24,928

Accounting policy

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

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

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

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

B2-3 Other revenues

\$ '000	2023	2022
Fines	85	60
Fines – parking	83	48
Legal fees recovery – other	–	17
Commissions and agency fees	64	96
Diesel rebate	–	5
Insurance claims recoveries	11	26
Recycling income (non-domestic)	407	446
Insurance rebates	106	119
Mount Panorama	696	434
Recovery of Lehman Brothers investment	–	5
Other	329	346
Sales – miscellaneous	550	340
Total other revenue	2,331	1,942

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Financial assistance	2,324	3,931	–	–
Payment in advance - future year allocation				
Financial assistance	7,753	4,461	–	–
Amount recognised as income during current year	10,077	8,392	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Bushfire and emergency services	310	280	47	–
Community care	2,061	1,983	19	243
Community centres	–	–	–	(3)
Economic development	125	91	160	378
Environmental programs	195	188	779	–
Heritage and cultural	478	660	357	1,859
Kerb and gutter	–	–	–	21
LIRS subsidy	10	12	–	–
Mount Panorama	96	–	(7)	7
Other contributions	5	3	39	39
Other councils – joint works/services	336	190	–	–
Recreation and culture	59	31	446	2,176
Other specific grants	–	5	12	109
Sewerage services	–	–	–	275
Storm/flood damage	447	–	–	747
Strategic planning	637	780	–	–
Street lighting	108	108	–	–
Transport (aerodrome)	–	–	(4)	2,090
Transport (cycleways)	–	–	359	1,435
Transport (other roads and bridges funding)	2,703	1,113	1,237	1,134
Transport (roads to recovery)	–	1,338	–	171
Transport for NSW contributions (regional roads, block grant)	795	705	1,083	1,663
Waste management	–	3	–	–
Water supplies	–	–	6,971	671
Total special purpose grants and non-developer contributions – cash	8,365	7,490	11,498	13,015
Non-cash contributions				
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	–	–	2,696	1,377
Heritage/cultural	–	–	120	208
Other	–	–	49	–
Total other contributions – non-cash	–	–	2,865	1,585
Total special purpose grants and non-developer contributions (tied)	8,365	7,490	14,363	14,600
Total grants and non-developer contributions	18,442	15,882	14,363	14,600
Comprising:				
– Commonwealth funding	12,896	12,836	2,163	1,653
– State funding	4,617	2,104	9,525	11,123
– Other funding	929	942	2,675	1,824
	18,442	15,882	14,363	14,600

Developer contributions

B2-4 Grants and contributions (continued)

\$ '000	Notes	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions:	G3				
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services		–	–	1,743	1,511
S 64 – water supply contributions		–	–	729	930
S 64 – sewerage service contributions		–	–	820	1,060
Other developer contributions		48	–	–	50
Total developer contributions – cash		48	–	3,292	3,551
Total developer contributions		48	–	3,292	3,551
Total contributions		48	–	3,292	3,551
Total grants and contributions		18,490	15,882	17,655	18,151

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants				
Unspent funds at 1 July	1,173	786	4,784	322
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,770	634	8,153	5,231
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(353)	(247)	(4,461)	(769)
Unspent funds at 30 June	2,590	1,173	8,476	4,784
Unspent contributions				
Unspent funds at 1 July	–	–	44,681	45,083
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	98	–	4,341	4,131
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(66)	–	(3,164)	(4,533)
Unspent contributions at 30 June	32	–	45,858	44,681

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

Capital grants

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

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

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

Developer contributions

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

B2-4 Grants and contributions (continued)

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	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	190	181
– Cash and investments	3,121	691
Total interest and investment income (losses)	3,311	872

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2023	2022
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		707	678
Lease income relating to variable lease payments not dependent on an index or a rate		166	140
Total Investment properties		873	818
Other lease income			
Room/Facility Hire		1,614	1,376
Leaseback fees - council vehicles		211	199
Total other lease income		1,825	1,575
Total rental income	C2-2	2,698	2,393
Total other income		2,698	2,393

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	26,788	25,533
Travel expenses	663	483
Employee leave entitlements (ELE)	2,841	5,165
Superannuation	3,408	3,240
Workers' compensation insurance	1,021	1,142
Fringe benefit tax (FBT)	155	112
Payroll tax	353	298
Training costs (other than salaries and wages)	282	260
Protective clothing	3	1
Other	111	74
Total employee costs	35,625	36,308
Less: capitalised costs	(146)	(216)
Total employee costs expensed	35,479	36,092

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		43,280	30,956
Contractor costs		2,060	1,440
Audit Fees	F2-1	121	109
Councillor and Mayoral fees and associated expenses	F1-2	330	321
Advertising		867	514
Bank charges		171	158
Cleaning		760	704
Election expenses		–	316
Electricity and heating		2,618	2,357
Fire control expenses		5	8
Insurance		1,611	1,476
Office expenses (including computer expenses)		106	78
Postage		131	135
Printing and stationery		199	212
Street lighting		653	600
Subscriptions and publications		2,208	1,561
Telephone and communications		470	491
Valuation fees		195	164
Other expenses		10	10
Legal expenses:			

continued on next page ...

B3-2 Materials and services (continued)

\$ '000	2023	2022
– Legal expenses: planning and development	51	92
– Legal expenses: debt recovery	176	83
– Legal expenses: other	324	489
Expenses from short-term leases	72	106
Expenses from leases of low value assets	114	115
Variable lease expense relating to usage	66	79
Recycling services	1,424	1,353
Total materials and services	58,022	43,927

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2023	2022
(i) Interest bearing liability costs			
Interest on leases		7	21
Interest on overdraft		37	22
Interest on loans		1,425	1,055
Total interest bearing liability costs		1,469	1,098
– Remediation liabilities	C3-5	77	–
Total borrowing costs expensed		1,546	1,098

Accounting policy

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

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

\$ '000	Notes	2023	2022
Depreciation and amortisation			
Plant and equipment		2,511	2,586
Office equipment		321	519
Furniture and fittings		148	164
Land improvements (depreciable)		733	708
Infrastructure:	C1-7		
– Buildings		2,089	1,765
– Buildings – Leasehold Improvements		271	326
– Other structures		1,219	1,172
– Roads		7,427	14,364
– Bridges		7,993	1,009
– Footpaths		301	255
– Stormwater drainage		2,101	1,983
– Water supply network		3,600	4,561
– Sewerage network		5,308	4,342
– Swimming pools		173	158
Right of use assets	C2-1	56	80
Other assets:			
– Other		438	429
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5, C1-7	28	28
Total depreciation and amortisation costs		34,717	34,449

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

Total depreciation, amortisation and impairment for non-financial assets

34,717 **34,449**

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

B3-5 Other expenses

\$ '000	Notes	2023	2022
Impairment of receivables			
Other		3	53
Total impairment of receivables	C1-4	3	53
Other			
Contributions/levies to other levels of government			
– NSW fire brigade levy		524	331
– NSW rural fire service levy		667	337
– Waste levy		118	35
– EPA payment for Sewerage Treatment		9	23
– Donations, contributions and assistance		530	429
– Footpath and gutter maintenance		39	74
– Somerville collection		68	148
Upper Macquarie County Council (Noxious Weeds)		306	299
Total other expenses		2,264	1,729

Accounting policy

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

Impairment expenses are recognised when identified.

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

\$ '000	Notes	2023	2022
Infrastructure, property, plant & equipment			
Proceeds from disposal – property		16	1,388
Less: carrying amount of property assets sold/written off		(924)	(1,836)
Gain (or loss) on disposal		(908)	(448)
Gain (or loss) on disposal of plant and equipment			
	C1-7		
Proceeds from disposal – plant and equipment		687	580
Less: carrying amount of plant and equipment assets sold/written off		(1,656)	(157)
Gain (or loss) on disposal		(969)	423
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		1,502	8,026
Less: carrying amount of real estate assets sold/written off		(231)	(744)
Gain (or loss) on disposal		1,271	7,282
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		71,730	58,200
Less: carrying amount of investments sold/redeemed/matured		(71,730)	(58,200)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(606)	7,257

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 29 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Other revenues	2,707	2,331	(376)	(14)% U
Income from Parking Fines was down \$293,000 due to Council's decision to restrict parking patrols as the CBD recovered from COVID, plus staff vacancies impacting resource availability.				
Operating grants and contributions	12,272	18,490	6,218	51% F
Prepayment of 2024 Financial Assistance Grant of \$7,753,470 received in 2023, less \$4,461,000 for 2023 received in 2022. Plus additional grant funds received during the year for various operating projects relating to flood damage (see Materials and services expenses below).				
Capital grants and contributions	21,707	17,655	(4,052)	(19)% U
Council had budgeted to receive \$4m grant income to begin upgrades at the Aerodrome terminal, but no funds were received so this project did not proceed.				
Interest and investment revenue	1,304	3,311	2,007	154% F
Interest rates achieved for investments significantly higher than anticipated during preparation of budget.				
Net gains from disposal of assets	2,666	–	(2,666)	(100)% U
Delays in the planning and approval process for Council's land development program kept this income item under budget.				
Fair value increment on investment property	245	4,357	4,112	1,678% F
Revaluation due to CPI of 6% was higher than anticipated at start of year.				
Other income	2,454	2,698	244	10% F
Rental income from Council properties higher than anticipated, partially due to CPI increasing greater than expected.				
Expenses				
Materials and services	45,980	58,022	(12,042)	(26)% U
Heavy rain and floods early in the year left roads severely damaged, resulting in additional \$6.8m over-budget expenses for road maintenance, some of it recovered in Grants. Sewer network maintenance over-budget by \$3.2m, Water network maintenance over-budget by \$1.5m and Waste site maintenance and collection costs over-budget by \$1.3m.				
Borrowing costs	998	1,546	(548)	(55)% U
Interest rates on new borrowings in 2022 and 2023 significantly higher than anticipated.				
Other expenses	2,057	2,264	(207)	(10)% U
Emergency Services Levy (ESL) \$282k over budget.				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
---------	----------------	----------------	------------------------------	--

Net losses from disposal of assets

—

606

(606)

∞

U

Council decision in 2023 to not continue with the Second Circuit project at this stage resulted in write-off of \$905,809 previously capitalised consultant costs for design of the circuit, partially offset by gain on sale of other items of IPPE.

Statement of cash flows

Cash flows from operating activities

35,642

24,136

(11,506)

(32)%

U

Payments for Materials and services \$13m over budget, as per above, mainly due to road, water and sewer network maintenance costs.

Cash flows from investing activities

(46,890)

(29,214)

17,676

(38)%

F

\$6.2m savings from delays in purchase/construction of IPPE and \$3.8m savings with minor purchases of Real Estate assets. Additional \$8.6m income over-budget from acquisition/sale of term deposits.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	7,647	7,265
Total cash and cash equivalents	7,647	7,265

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	7,647	7,265
Balance as per the Statement of Cash Flows	7,647	7,265

Accounting policy

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

C1-2 Financial investments

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Debt securities at amortised cost				
Long term deposits	73,550	3,000	71,730	13,500
NCD's, FRN's (with maturities > 3 months)	–	14,300	–	13,500
Total	73,550	17,300	71,730	27,000
Total financial investments	73,550	17,300	71,730	27,000
Total cash assets, cash equivalents and investments	81,197	17,300	78,995	27,000

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

Fair value through other comprehensive income – equity instruments

Council has a number of strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss. Other net gains and losses excluding dividends are recognised in Other Comprehensive Income Statement.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. Net gains or losses, including any interest or dividend income, are recognised in profit or loss. Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	98,497	105,995
Less: Externally restricted cash, cash equivalents and investments	(98,381)	(96,526)
Cash, cash equivalents and investments not subject to external restrictions	116	9,469
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	11,059	5,950
Specific purpose unexpended grants – water fund	7	7
Specific purpose unexpended loans – general	448	10,045
External restrictions – included in liabilities	11,514	16,002
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	13,431	13,623
Developer contributions – water fund	10,001	9,922
Developer contributions – sewer fund	22,456	21,137
Water fund	12,225	9,626
Sewer fund	23,927	22,889
Stormwater management	782	622
Domestic waste management	4,045	2,705
External restrictions – other	86,867	80,524
Total external restrictions	98,381	96,526

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

\$ '000	2023	2022
(b) Internal allocations		
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Employees leave entitlement	–	138
Aerodrome	–	51
Administration	–	230
Building maintenance and improvements	–	227
Carry over works	–	585
Cultural and community services	–	698
Environmental	–	81
Land development	–	6,615
Plant and vehicle replacement	–	545
Waste employee leave entitlements	–	251
Total internal allocations	–	9,421

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

C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates and annual charges	2,320	193	1,994	171
Interest and extra charges	1,049	–	1,010	–
User charges and fees	4,013	–	3,434	–
Accrued revenues				
– Interest on investments	1,327	–	242	–
– Other income accruals	553	–	143	–
Deferred debtors	51	334	63	492
Government grants and subsidies	18	–	10	–
Net GST receivable	1,288	–	918	–
Sundry debtors	9,952	–	2,873	–
Other debtors	(2)	–	–	–
Total	20,569	527	10,687	663
Less: provision for impairment				
User charges and fees	(15)	–	(58)	–
Other debtors	(6)	–	(20)	–
Total provision for impairment – receivables	(21)	–	(78)	–
Total net receivables	20,548	527	10,609	663

\$ '000	2023	2022
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	78	24
+ new provisions recognised during the year	–	54
– amounts written off this year	(54)	–
– amounts provided for but recovered during the year	(3)	–
Balance at the end of the year	21	78

Accounting policy

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

Impairment

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

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

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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

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

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

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

C1-4 Receivables (continued)

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 1 years past due, whichever occurs first.

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Real estate for resale	3,389	11,403	3,320	11,569
Stores and materials	607	–	555	–
Trading stock	236	–	289	–
Total inventories at cost	4,232	11,403	4,164	11,569
Total inventories	4,232	11,403	4,164	11,569

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

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

C1-6 Contract assets and Contract cost assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	1,075	–	2,484	–
Total contract assets and contract cost assets	1,075	–	2,484	–

Contract assets

Transport Assets	494	–	2,357	–
Flood Security Works	447	–	–	–

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

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Other	134	—	127	—
Total contract assets	1,075	—	2,484	—

Significant changes in contract assets

Contract Assets have decreased from 2022 due to completion of large grant programs from other levels of Government, where we had incurred expenditure but not reached milestones listed in grant agreements for payment of income.

Accounting policy

Contract assets

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

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period						At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Plant and equipment	29,556	(20,087)	9,469	3,692	375	(52)	(2,511)	–	–	33,000	(22,027)	10,973
Office equipment	3,367	(2,665)	702	5	132	–	(321)	–	–	3,504	(2,986)	518
Furniture and fittings	2,081	(1,647)	434	28	–	–	(148)	–	–	2,109	(1,795)	314
Land:												
– Operational land	116,523	–	116,523	–	–	(1,604)	–	–	16,294	131,213	–	131,213
– Community land	22,875	–	22,875	–	–	–	–	–	14,311	37,186	–	37,186
– Land under roads (post 30/6/08)	1,564	–	1,564	–	–	–	–	–	969	2,533	–	2,533
Land improvements – depreciable	34,313	(8,624)	25,689	16	1,337	–	(733)	–	1,503	37,722	(9,910)	27,812
Infrastructure:												
– Buildings	226,395	(69,879)	156,516	217	1,942	–	(2,089)	–	72,529	374,127	(145,012)	229,115
– Buildings – leasehold improvements	5,404	(586)	4,818	–	–	–	(271)	–	–	5,404	(857)	4,547
– Other structures	44,672	(16,075)	28,597	239	1,199	(18)	(1,219)	–	1,988	49,040	(18,254)	30,786
– Roads	541,817	(209,502)	332,315	1,711	10,546	(905)	(7,427)	(6,896)	18,897	584,841	(236,600)	348,241
– Bridges	112,016	(50,190)	61,826	39	179	–	(7,993)	6,896	3,600	118,863	(54,316)	64,547
– Footpaths	22,513	(7,644)	14,869	255	873	–	(301)	–	927	25,037	(8,414)	16,623
– Bulk earthworks (non-depreciable)	160,749	–	160,749	1,933	2,009	–	–	–	9,715	174,406	–	174,406
– Stormwater drainage	207,975	(55,912)	152,063	10	1,990	–	(2,101)	–	10,677	224,753	(62,114)	162,639
– Water supply network	390,897	(137,014)	253,883	912	10,970	–	(3,600)	–	18,114	430,761	(150,482)	280,279
– Sewerage network	259,967	(122,249)	137,718	265	979	–	(5,308)	–	9,428	279,273	(136,191)	143,082
– Swimming pools	17,492	(2,608)	14,884	–	–	–	(173)	–	2,571	33,660	(16,378)	17,282
Other assets:												
– Other	50,839	(14,299)	36,540	53	293	–	(438)	–	2,583	54,823	(15,792)	39,031
Reinstatement, rehabilitation and restoration assets (refer Note 15):												
– Tip assets	3,169	(28)	3,141	–	–	–	(28)	–	–	3,169	(56)	3,113
Total infrastructure, property, plant and equipment	2,254,184	(719,009)	1,535,175	9,375	32,824	(2,579)	(34,661)	–	184,106	2,605,424	(881,184)	1,724,240

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period					At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000											
Plant and equipment	29,097	(18,434)	10,663	1,549	–	(157)	(2,586)	–	29,556	(20,087)	9,469
Office equipment	3,179	(2,145)	1,034	–	187	–	(519)	–	3,367	(2,665)	702
Furniture and fittings	2,081	(1,483)	598	–	–	–	(164)	–	2,081	(1,647)	434
Land:											
– Operational land	103,917	–	103,917	–	152	(1,120)	–	13,574	116,523	–	116,523
– Community land	19,897	–	19,897	–	–	–	–	2,978	22,875	–	22,875
– Land under roads (post 30/6/08)	1,480	–	1,480	–	–	–	–	84	1,564	–	1,564
Land improvements – depreciable	30,571	(7,094)	23,477	–	489	(18)	(708)	2,449	34,313	(8,624)	25,689
Infrastructure:											
– Buildings – non-specialised	187,756	(58,298)	129,458	784	6,587	(661)	(1,765)	22,113	226,395	(69,879)	156,516
– Buildings – specialised	5,468	(306)	5,162	13	–	(31)	(326)	–	5,404	(586)	4,818
– Other structures	37,799	(13,626)	24,173	45	3,299	(6)	(1,172)	2,258	44,672	(16,075)	28,597
– Roads	483,787	(174,710)	309,077	4,486	1,440	–	(14,364)	31,676	541,817	(209,502)	332,315
– Bridges	99,939	(44,286)	55,653	–	1,272	–	(1,009)	5,910	112,016	(50,190)	61,826
– Footpaths	19,718	(6,661)	13,057	323	321	–	(255)	1,423	22,513	(7,644)	14,869
– Bulk earthworks (non-depreciable)	142,831	–	142,831	2,448	30	–	–	15,440	160,749	–	160,749
– Stormwater drainage	194,753	(50,899)	143,854	370	1,731	–	(1,983)	8,091	207,975	(55,912)	152,063
– Water supply network	377,000	(137,168)	239,832	3,573	870	–	(4,561)	14,169	390,897	(137,014)	253,883
– Sewerage network	237,077	(90,533)	146,544	52	1,266	–	(4,342)	(5,802)	259,967	(122,249)	137,718
– Swimming pools	15,945	(2,219)	13,726	–	–	–	(158)	1,316	17,492	(2,608)	14,884
Other assets:											
– Other	48,237	(13,150)	35,087	7	510	–	(429)	1,365	50,839	(14,299)	36,540
Reinstatement, rehabilitation and restoration assets (refer Note 15):											
– Tip assets	1,777	–	1,777	1,392	–	–	(28)	–	3,169	(28)	3,141
Total infrastructure, property, plant and equipment	2,042,309	(621,012)	1,421,297	15,042	18,154	(1,993)	(34,369)	117,044	2,254,184	(719,009)	1,535,175

(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)

Accounting policy

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20	Bulk earthworks	Non-depreciable
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Other open space/recreational assets	20
Bridge: concrete	100	Other infrastructure	20
Bridge: other	50		
Road pavements	60		
Kerb, gutter and footpaths	80		

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

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

Land under roads

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

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

Crown reserves

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

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

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

Rural Fire Service assets

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

Council recognises rural fire service assets including land and buildings however the fire fighting vehicles or "red fleet" are not considered to be under the control of Council and are therefore not recognised in these financial statements.

C1-8 Investment properties

\$ '000	2023	2022
Owned investment property		
Investment property on hand at fair value	21,450	17,093
Total owned investment property	21,450	17,093

Owned investment property

At fair value

Opening balance at 1 July	17,093	16,111
Net gain/(loss) from fair value adjustments	4,357	982
Closing balance at 30 June	21,450	17,093

Accounting policy

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

C1-9 Other

Other assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	1,125	–	1,072	–
Total other assets	1,125	–	1,072	–

C2 Leasing activities

C2-1 Council as a lessee

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

Land and buildings

Council leases land and buildings for their operational purposes; the leases are generally between 1 and 100 years and some of them include a renewal option to allow Council to renew for up to twice the noncancellable lease term at their discretion.

The leases contain an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. Leases are for between 1 and 3 years with no renewal option, payments are fixed, however some of the leases include variable payments based on usage.

Extension options

Council includes options in the building leases to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

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	Office Equipment	Land	Total
2023			
Opening balance at 1 July	138	31	169
Additions to right-of-use assets	59	–	59
Adjustments to right-of-use assets due to re-measurement of lease liability	(7)	–	(7)
Depreciation charge	(53)	(3)	(56)
Balance at 30 June	137	28	165
2022			
Opening balance at 1 July	184	35	219
Additions to right-of-use assets	30	–	30
Adjustments to right-of-use assets due to re-measurement of lease liability	–	–	–
Depreciation charge	(76)	(4)	(80)
Balance at 30 June	138	31	169

C2-1 Council as a lessee (continued)

(b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	56	115	51	123
Total lease liabilities	56	115	51	123

(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
2023					
Cash flows	61	108	12	181	171
2022					
Cash flows	55	108	17	180	174

(d) Income Statement

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

\$ '000	2023	2022
Interest on lease liabilities	7	21
Variable lease payments based on usage not included in the measurement of lease liabilities	66	79
Depreciation of right of use assets	56	80
Expenses relating to short-term leases	72	106
Expenses relating to low-value leases	114	115
	315	401

(e) Statement of Cash Flows

Total cash outflow for leases	315	401
	315	401

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

Council has identified a number of right of use leases at significantly below market terms & conditions for land and buildings used for toilet facilities, underground pipes and RFS brigade stations.

Lease periods range up to 57 years remaining and require payments up to a maximum of \$1,000 per year. Market values for these assets are difficult to reliably estimate due to the nature of the asset (underground pipes and land within railway corridors), so Council has measured these assets at cost. Use of the right-to-use asset is restricted by lessors to specified community services which Council must provide, as detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

Accounting policy

C2-1 Council as a lessee (continued)

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-8) and/or IPP&E (refer note C1-7) in the Statement of Financial Position.

\$ '000	2023	2022
---------	------	------

(i) Assets held as investment property

Investment property operating leases relate to Council's leasing of the Post Office building. The leases for each tenant range in term from 1 to 7 years, with some having options for further periods up to 15 years.

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)	707	678
Lease income relating to variable lease payments not dependent on an index or a rate	166	140
Total income relating to operating leases for investment property assets	873	818

Operating lease expenses

Direct operating expenses that generated rental income	462	396
Direct operating expenses that did not generate rental income	234	234
Total expenses relating to operating leases	696	630

Repairs and maintenance: investment property

Other	120	96
Total repairs and maintenance: investment property	120	96

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council land, buildings and facilities for the provision of services by various community organisations and groups. The leases for each tenant range in term from 1 to 5 years. The table below relates to operating leases on assets disclosed in note C1-7.

Lease income (excluding variable lease payments not dependent on an index or rate)	1,825	1,575
Total income relating to operating leases for Council assets	1,825	1,575

Amount of IPPE leased out by Council under operating leases

Plant & Equipment	979	1,041
Land	5,236	4,969
Buildings	49,894	46,460
Land Improvements	4,085	3,889
Structures	3,983	7,253
Total amount of IPPE leased out by Council under operating leases	64,177	63,612

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

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

< 1 year	864	598
1–2 years	802	358
2–3 years	833	279

C2-2 Council as a lessor (continued)

\$ '000	2023	2022
3–4 years	609	286
4–5 years	268	54
> 5 years	–	1
Total undiscounted lease payments to be received	3,376	1,576

Accounting policy

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

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

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

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Goods and services	8,838	–	4,709	–
Accrued expenses:				
– Borrowings	121	–	39	–
– Salaries and wages	730	–	14	–
– Other expenditure accruals	194	–	350	–
Security bonds, deposits and retentions	2,451	1,152	2,323	1,242
Prepaid rates	2,225	–	2,087	–
Total payables	14,559	1,152	9,522	1,242

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Grants and contributions received in advance:					
Funds to construct Council controlled assets	(i)	10,988	–	8,890	–
Grant Funds received prior to performance obligation being satisfied	(ii)	689	–	556	–
Contributions received prior to performance obligation being satisfied	(ii)	37	–	42	–
Total grants received in advance		11,714	–	9,488	–
User fees and charges received in advance:					
Other		111	–	178	–
Total user fees and charges received in advance		111	–	178	–
Total contract liabilities		11,825	–	9,666	–

Notes

(i) Council has received funding to construct assets including sporting facilities, bridges and other infrastructure. The funds received are under enforceable contracts which require Council to construct identified assets which will be under Council's control on completion. 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 and contributions received but the revenue recognition criteria in AASB 15 have not been satisfied as the performance obligations are ongoing.

Significant changes in contract liabilities

Contract liabilities have increased significantly from 2022 due to increased grant programs from other levels of Government, where Council has received grant income but not completed the projects.

Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring

C3-2 Contract Liabilities (continued)

a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

C3-3 Borrowings

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Loans – secured ¹	5,291	34,648	5,107	29,317
Total borrowings	5,291	34,648	5,107	29,317

(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 18.

(a) Changes in liabilities arising from financing activities

\$ '000	2022		Non-cash movements			2023
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	34,424	(5,435)	10,950	–	–	39,939
Lease liability (Note C2-1b)	174	(3)	–	–	–	171
Total liabilities from financing activities	34,598	(5,438)	10,950	–	–	40,110

\$ '000	2021		Non-cash movements			2022
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	36,179	(1,755)	–	–	–	34,424
Lease liability (Note C2-1b)	226	(52)	–	–	–	174
Total liabilities from financing activities	36,405	(1,807)	–	–	–	34,598

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Bank overdraft facilities ¹	650	650
Credit cards/purchase cards	115	115
Total financing arrangements	765	765
Undrawn facilities		
– Bank overdraft facilities	650	650
– Credit cards/purchase cards	115	115
Total undrawn financing arrangements	765	765

Additional financing arrangements information

Breaches and defaults

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

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

C3-3 Borrowings (continued)

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost. Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

C3-4 Employee benefit provisions

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Annual leave	3,606	–	4,287	–
Long service leave	8,067	465	9,691	143
Total employee benefit provisions	11,673	465	13,978	143

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	8,067	9,691
	8,067	9,691

Accounting policy

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods. These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

C3-5 Provisions

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
Other provisions				
Rostered Day Off	113	–	114	–
Sub-total – other provisions	113	–	114	–
Asset remediation/restoration:				
Asset remediation/restoration (future works)	77	3,170	41	3,128
Sub-total – asset remediation/restoration	77	3,170	41	3,128
Total provisions	190	3,170	155	3,128

Description of and movements in provisions

\$ '000	Other provisions		
	Asset remediation	Other	Total
2023			
At beginning of year	3,169	114	3,283
Other	78	(1)	77
Total other provisions at end of year	3,247	113	3,360
2022			
At beginning of year	1,777	118	1,895
Other	1,392	(4)	1,388
Total other provisions at end of year	3,169	114	3,283

Nature and purpose of provisions

Asset remediation

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

Accounting policy

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

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

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

Asset remediation – tips and quarries

Restoration

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

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Rehabilitation

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

C3-5 Provisions (continued)

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

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2023	Water 2023	Sewer 2023
Income from continuing operations			
Rates and annual charges	37,861	3,281	11,889
User charges and fees	14,824	12,399	2,989
Interest and investment revenue	2,286	311	714
Other revenues	2,241	59	31
Grants and contributions provided for operating purposes	18,264	114	112
Grants and contributions provided for capital purposes	6,969	8,973	1,713
Fair value increment on investment property	4,357	–	–
Other income	2,698	–	–
Total income from continuing operations	89,500	25,137	17,448
Expenses from continuing operations			
Employee benefits and on-costs	27,184	4,230	4,065
Materials and services	40,269	9,738	8,015
Borrowing costs	1,118	428	–
Depreciation, amortisation and impairment of non-financial assets	25,449	3,812	5,456
Other expenses	393	1,012	859
Net losses from the disposal of assets	606	–	–
Total expenses from continuing operations	95,019	19,220	18,395
Operating result from continuing operations	(5,519)	5,917	(947)
Net operating result for the year	(5,519)	5,917	(947)
Net operating result attributable to each council fund	(5,519)	5,917	(947)
Net operating result for the year before grants and contributions provided for capital purposes	(12,488)	(3,056)	(2,660)

D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
ASSETS			
Current assets			
Cash and cash equivalents	(28,511)	12,231	23,927
Investments	73,550	–	–
Receivables	15,428	3,789	1,331
Inventories	4,232	–	–
Contract assets and contract cost assets	628	447	–
Other	1,069	16	40
Total current assets	66,396	16,483	25,298
Non-current assets			
Investments	(15,158)	10,002	22,456
Receivables	435	51	41
Inventories	11,403	–	–
Infrastructure, property, plant and equipment	1,238,291	332,805	153,144
Investment property	21,450	–	–
Right of use assets	164	–	1
Total non-current assets	1,256,585	342,858	175,642
Total assets	1,322,981	359,341	200,940
LIABILITIES			
Current liabilities			
Payables	14,321	168	70
Contract liabilities	6,028	5,797	–
Lease liabilities	56	–	–
Borrowings	4,846	445	–
Employee benefit provision	10,354	786	533
Provisions	190	–	–
Total current liabilities	35,795	7,196	603
Non-current liabilities			
Payables	1,152	–	–
Lease liabilities	114	–	1
Borrowings	23,864	10,784	–
Employee benefit provision	465	–	–
Provisions	3,170	–	–
Total non-current liabilities	28,765	10,784	1
Total liabilities	64,560	17,980	604
Net assets	1,258,421	341,361	200,336
EQUITY			
Accumulated surplus	463,487	143,819	94,511
Revaluation reserves	794,934	197,542	105,825
Council equity interest	1,258,421	341,361	200,336
Total equity	1,258,421	341,361	200,336

D2 Interests in other entities

D2-1 Subsidiaries

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described below.

Council's consolidated financial statements also include controlled entities with ownership interest of 50% or less.

Name of Operation/Entity	Principal activity
The Somerville Collection Ltd	Australian Fossil and Mineral Museum 224 Howick Street, Bathurst

Interests in Subsidiary	Ownership 2023	Ownership 2022	Voting rights 2023	Voting rights 2022
Council's interest in Subsidiary	0%	0%	20%	20%
Non-controlling interest in Subsidiary	100%	100%	80%	80%

The nature and extent of significant restrictions relating to the Subsidiary

The specimen collection is owned by the Australian Museum Trust.

The fixtures and fittings are owned by The Somerville Collection Limited, a company limited by guarantee.

The nature of risks associated with Council's interests in the Subsidiary

Council controls the day to day financial and operating activities of the museum including the receipt of its income, payment of its expenses and employment of staff, including the liability for the leave entitlements of those staff.

Council has resolved to support the operations of the museum to a maximum subsidy of \$250,000 each year into the future.

Other disclosures

Although Council's voting rights are only 20% and it owns none of the assets, because of the support of the day to day operations, Council considers that it has control over the operations.

Reporting dates of Subsidiary

The Somerville Collection balance date is 30 June.

Summarised financial information for the Subsidiary

\$ '000	2023	2022
Summarised statement of comprehensive income		
Revenue	503	454
Expenses	(473)	(481)
Profit for the period	30	(27)
Total comprehensive income	30	(27)
Summarised statement of financial position		
Current assets	118	114
Non-current assets	194	105
Total assets	312	219
Current liabilities	7	6
Total liabilities	7	6
Net assets	305	213

D2-1 Subsidiaries (continued)

Accounting policy for subsidiaries

Subsidiaries are all entities (including structured entities) over which the Council has control. Control is established when the Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

D2-2 Interests in joint arrangements

County Councils

County Councils as joint ventures

Council is a member of the Upper Macquarie County Council, a body corporate established under the Local Government Act 1993 (NSW) to control weeds. Council is one of 4 constituent members and does not control the County Council. Accordingly, the County Council has not been consolidated in these Financial Statements.

Accounting policy

The council has determined that it has only one joint operation.

Council is only one of several Councils involved in the Central NSW Joint Operation. The assets and liabilities of the joint operation are immaterial to Council's operations and are therefore not included in these Financial Statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council. Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council. The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

(a) Market risk – interest rate and price risk

\$ '000	2023	2022
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	984	1,014
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

(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 and carries out credit checks on most non-rate debtors. There are no material receivables that have been subjected to a re-negotiation of repayment terms.

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to 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.

Council has a policy in the case of an aged pensioner who elects to do so, Council shall allow unpaid rates to accumulate and be paid from the estate of such aged pensioner or from the sale of the house.

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
2023				
Gross carrying amount	–	2,513	–	2,513
2022				
Gross carrying amount	–	1,994	171	2,165

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

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	9,805	9,254	158	–	441	19,658
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	4.76%	0.11%
ECL provision	–	–	–	–	21	21
2022						
Gross carrying amount	11,038	364	1	249	17	11,669
Expected loss rate (%)	0.00%	0.00%	0.00%	24.60%	100.00%	0.67%
ECL provision	–	–	–	61	17	78

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
\$ '000							
2023							
Payables	0.00%	14,559	1,152	—	—	15,711	15,711
Borrowings	3.87%	—	6,410	22,051	19,262	47,723	39,939
Total financial liabilities		14,559	7,562	22,051	19,262	63,434	55,650
2022							
Payables	0.00%	9,522	1,242	—	—	10,764	10,764
Borrowings	3.19%	—	6,018	19,537	13,331	38,886	34,424
Total financial liabilities		9,522	7,260	19,537	13,331	49,650	45,188

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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

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

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

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

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

Fair value measurement hierarchy							
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
Recurring fair value measurements							
Investment property	C1-8						
230 Howick Street, Bathurst		21,450	17,093	—	—	21,450	17,093
Total investment property		21,450	17,093	—	—	21,450	17,093
Infrastructure, property, plant and equipment							
	C1-7						
Plant and equipment		—	—	10,973	9,469	10,973	9,469
Office equipment		—	—	518	702	518	702
Furniture and fittings		—	—	314	434	314	434
Operational land		—	—	131,213	116,523	131,213	116,523
Community land		—	—	37,186	22,875	37,186	22,875
Land under roads (post 30/6/08)		—	—	2,533	1,564	2,533	1,564
Land improvements – depreciable		—	—	27,812	25,689	27,812	25,689
Buildings		—	—	229,115	156,516	229,115	156,516
Leasehold Improvements		—	—	4,547	4,818	4,547	4,818
Other structures		—	—	30,786	28,597	30,786	28,597
Roads		—	—	348,241	332,315	348,241	332,315
Bridges		—	—	64,547	61,826	64,547	61,826
Footpaths		—	—	16,623	14,869	16,623	14,869
Bulk earthworks (non-depreciable)		—	—	174,406	160,749	174,406	160,749
Stormwater drainage		—	—	162,639	152,063	162,639	152,063
Water supply network		—	—	280,279	253,883	280,279	253,883
Sewerage network		—	—	143,082	137,718	143,082	137,718
Swimming pools		—	—	17,282	14,884	17,282	14,884
Other assets		—	—	39,031	36,540	39,031	36,540
Tip		—	—	3,113	1,752	3,113	1,752
Total infrastructure, property, plant and equipment		—	—	1,724,240	1,533,786	1,724,240	1,533,786

Transfers between level 1 and level 2 fair value hierarchies

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

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

The investment property at 230 Howick Street, Bathurst was valued by Marsh Pty Ltd (AssetVal), registered valuers, in June 2023. The 2023 fair value includes an indexation using the Consumer Price Index, as shown in Note C1-8.

Infrastructure, property, plant and equipment (IPPE)

Land and Buildings

The buildings asset class includes any 'enclosable' roofed structure (4 walls), otherwise assets are classified as Other Structures. Land is classified as either operational or community by Council when acquired. Operational land includes those parcels that are used or earmarked for future use in Council's operations. Community land typically includes road and drainage reserves and open space areas.

Community land is valued at the current valuation provided by the Valuer General of NSW in 2021 and does not have an active market. As such, these assets were classified as having been valued using level 3 valuation inputs. In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Operational land and buildings were valued by Marsh Pty Ltd (AssetVal), Registered Valuers, in June 2023 using the cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While buildings were physically inspected and the unit rates based on square metres could be supported from market evidence (Level 2) other inputs (such as estimates of residual value and pattern of consumption) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets were classified as having been valued using Level 3 valuation inputs.

During the financial year Council completed the construction of a number of buildings. While the costs were current and the impact of depreciation was negligible, buildings have been classified as Level 3 as they were immaterial in relation to the overall value of this asset class.

Other Structures

This asset class includes any non-enclosable roofed or non-roofed structure (fewer than 4 walls).

Other Structures were revalued in 2021 using the cost approach. This was derived via a number of methods, depending on the information available (historical cost, actual quotes/tenders, published component rates). Due to the highly varied nature of this asset class, only very small subsets of assets can be valued using the same basis. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Roads

This asset class comprises the Road Carriageway, Guardrails, Kerb and Gutter, Signs and Traffic facilities.

The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter or other roadside drainage. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure.

Roads were revalued by Council staff on 30 June 2020. Valuations for the road carriageway, comprising surface, pavement and formation earthworks were based on calculations carried out by the Assets Team, utilising internal cost rates and the detailed asset information residing in Council's Asset Management System - "Confirm". Other Road Infrastructure was valued the same way.

The cost approach was utilised and while the unit rates based on square metres, linear metres or similar could be supported from market evidence (Level 2) other inputs (such as estimated pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

E2-1 Fair value measurement (continued)

Bridges

Bridges were valued in 2020 by Bridge Knowledge using the cost approach and also included a condition assessment. The approach estimated the replacement for each bridge in its entirety; deck, approaches, railings and abutments.

All bridges were physically inspected and an assessment made of the component condition. Unit rates based on deck areas could be supported from market evidence (level 2) however other inputs (pattern of consumption, site-specific technical design issues) require extensive professional judgement and impact on the final determination of fair value. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Footpaths

Footpaths were revalued by Council Staff on 30 June 2020 using the cost approach using internal unit cost inputs (Level 3). Footpaths are inspected on either an annual or semi-annual basis for defects and condition and the results are included in the asset register (Confirm) system. In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Parking areas

Parking areas are valued and assessed on the same basis as roads.

Bus Shelters

Bus Shelters are valued and assessed on the same basis as Other Structures.

Aerodrome

This comprises the infrastructure assets that form the aerodrome. Equivalent asset classes have been valued using the same conditions and parameters as described above (runway surface, pavement and earthworks as for roads; parking areas, other structures and drainage like for like). Revalued by Council staff on 30 June 2020. Substantial professional judgement has been required to undertake this work and this class is therefore classified as Level 3. In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Water Supply network

Assets within this class comprise the infrastructure to supply a reticulated potable drinking water service to Bathurst and adjoining suburbs/villages. There is also a small non-potable service at Hillview Estate Napoleon Reef and a raw-water supply from Winburndale Dam used for irrigation of parks and playing fields in town.

In Bathurst, there is the Filtration Plant, Pump Stations, Reservoirs and reticulation pipe network. A revaluation was made as at 30 June 2022; the reticulation network valued on the basis outlined in the DPI NSW Reference Rates Manual and all other assets were revalued as part of a CNSWJO-wide contract with Australis Valuers. While this provides some degree of observability, a substantial amount of professional judgement is required due to limitations in the historical records of very long lived assets as there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Sewerage network

Assets within this class comprise the infrastructure to supply a reticulated waste water (sewerage) service to Bathurst and adjoining suburbs/villages. This is the Reticulation Pipe Network, Pump Stations and Treatment Plant. A revaluation was made as at 30 June 2022; the reticulation network valued on the basis outlined in the DPI NSW Reference Rates Manual and all other assets were revalued as part of a CNSWJO-wide contract with Australis Valuers. While this provides some degree of observability, a substantial amount of professional judgement is required due to limitations in the historical records of very long lived assets as there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices.

E2-1 Fair value measurement (continued)

Drainage assets were revalued by Council staff on 30 June 2020. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors.

While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other 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.

Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. In June 2023, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

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.

\$ '000	Fair value (30/6/23) 2023	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Land & Buildings	463,192	Independent Market Valuation by a Registered Valuer	Land value, land area, restricted use
Infrastructure	1,207,099	Internal Valuation	Based on actual costs and indexed where required. Estimation of remaining asset lives where infrastructure is below ground. Condition.
Other Assets	53,949	Internal Valuation and Independent Market Valuation where available	Based on actual costs and indexed where required.

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

\$ '000	Land and buildings (level 3)		Infrastructure assets (level 3)		Other assets (level 3)		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	356,582	307,564	1,128,229	1,064,574	48,897	49,159	1,533,708	1,421,297
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	107,594	43,456	73,929	72,145	2,583	1,365	184,106	116,966
Other movements								
Purchases (GBV)	4,950	11,369	32,749	18,182	5,967	2,253	43,666	31,804
Disposals (WDV)	(1,622)	(1,836)	(905)	–	(52)	(157)	(2,579)	(1,993)
Depreciation and impairment	(4,312)	(3,971)	(26,903)	(26,672)	(3,446)	(3,723)	(34,661)	(34,366)
Closing balance	463,192	356,582	1,207,099	1,128,229	53,949	48,897	1,724,240	1,533,708

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

- For 180 Point Members, Employers are required to contribute 8.0% of salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$364,743.89. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 30/06/2022, and covers the period ended 30 June 2023.

E3-1 Contingencies (continued)

Council's expected contribution to the plan for the next annual reporting period is \$380,469.00.

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

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

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of 0.90% as at 30 June 2023.

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% for FY 22/23 2.5% per annum thereafter

* Plus promotional increases

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

(ii) Statewide Limited

Council is a member of Statewide Mutual Limited, 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 30/6 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 had 1 bank guarantee at 30 June 2023 held by the Commonwealth Bank.

1. Rental bond for the premises used as the Bathurst Rail Museum for \$50,000

2. Other liabilities

E3-1 Contingencies (continued)

(i) Third party claims

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

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

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

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

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

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

(iii) Somerville collection

The Council is a member of a company Limited by Guarantee called the Somerville Collection.

The company was established to manage & maintain the Somerville Collection (made up of fossils, minerals and other features) which are exhibited in Bathurst at the Australian Fossil and Mineral Museum. The Company is a non profit entity. In the event that the Company is wound up, Council's liability is limited to a maximum of \$100.

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 30/6/2008.

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	1,706	1,659
Post-employment benefits	160	127
Total	1,866	1,786

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
---------	------	------

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

Mayoral fee	61	56
Councillors' fees	223	213
Other Councillors' expenses (including Mayor)	46	52
Total	330	321

F2 Other relationships

F2-1 Audit fees

\$ '000	2023	2022
---------	------	------

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

	87	83
Remuneration for audit and other assurance services	87	83

Total Auditor-General remuneration

	87	83
--	----	----

Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Audit and review of financial statements

	3	1
Remuneration for audit and other assurance services	3	1

(ii) Non-assurance services

Internal audit

	31	25
Remuneration for non-assurance services	31	25

Total remuneration of non NSW Auditor-General audit firms

	34	26
--	----	----

Total audit fees

	121	109
--	-----	-----

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
Net operating result from Income Statement	(549)	6,151
Add / (less) non-cash items:		
Depreciation and amortisation	34,717	34,449
(Gain) / loss on disposal of assets	606	(7,257)
Non-cash capital grants and contributions	(2,865)	(1,585)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	(4,357)	(982)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(9,916)	(1,074)
Increase / (decrease) in provision for impairment of receivables	(57)	54
(Increase) / decrease of inventories	1	72
(Increase) / decrease of other current assets	(53)	(397)
(Increase) / decrease of contract asset	1,409	(180)
Increase / (decrease) in payables	4,129	1,534
Increase / (decrease) in accrued interest payable	82	11
Increase / (decrease) in other accrued expenses payable	560	64
Increase / (decrease) in other liabilities	176	828
Increase / (decrease) in contract liabilities	2,159	2,597
Increase / (decrease) in employee benefit provision	(1,983)	1,065
Increase / (decrease) in other provisions	77	1,395
Net cash flows from operating activities	24,136	36,745

(b) Non-cash investing and financing activities

Other dedications	2,865	1,585
Total non-cash investing and financing activities	2,865	1,585

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
---------	------	------

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Buildings	396	2,014
Roads	5,482	166
Sewer	1,353	517
Stormwater Drainage	–	52
Structures	1,072	541
Water	13,147	3,553
Other	1,374	–
Total commitments	22,824	6,843

These expenditures are payable as follows:

Within the next year	22,824	6,843
Total payable	22,824	6,843

Sources for funding of capital commitments:

Unrestricted general funds	2,183	78
Future grants and contributions	14,471	1,251
Section 7.11 and 64 funds/reserves	1,142	2,546
Unexpended grants	166	–
Externally restricted reserves	4,862	2,693
Unexpended loans	–	275
Total sources of funding	22,824	6,843

G3 Statement of developer contributions as at 30 June 2023

G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	5,479	124	–	–	140	(18)	–	5,725	–
Roads	4,419	749	–	–	104	(620)	–	4,652	–
Traffic facilities	10	2	–	–	–	–	–	12	–
Parking	247	–	–	–	3	–	–	250	–
Open space	1,111	84	–	–	15	(614)	–	596	–
Community facilities	1,906	756	–	–	37	(909)	–	1,790	–
S7.11 contributions – under a plan	13,172	1,715	–	–	299	(2,161)	–	13,025	–
Total S7.11 and S7.12 revenue under plans	13,172	1,715	–	–	299	(2,161)	–	13,025	–
S7.11 not under plans	401	30	–	–	9	(67)	–	373	–
S7.4 planning agreements	50	47	–	–	1	(66)	–	32	–
S64 contributions	31,058	1,552	–	–	784	(937)	–	32,457	–
Total contributions	44,681	3,344	–	–	1,093	(3,231)	–	45,887	–

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

G3-2 Developer contributions by plan

	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
\$ '000		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN – Jordan Creek Stormwater Drainage Management									
Drainage	602	37	–	–	18	(4)	–	653	–
Total	602	37	–	–	18	(4)	–	653	–

G3-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from	
		Cash	Non-cash Land	Non-cash Other						
CONTRIBUTION PLAN – Raglan Creek Stormwater Drainage										
Drainage	3,267	66	–	–	86	(9)	–	3,410	–	
Total	3,267	66	–	–	86	(9)	–	3,410	–	
CONTRIBUTION PLAN – Sawpit Creek Drainage										
Drainage	694	4	–	–	9	–	–	707	–	
Total	694	4	–	–	9	–	–	707	–	
CONTRIBUTION PLAN – Central Carparking Strategies										
Parking	247	–	–	–	3	–	–	250	–	
Total	247	–	–	–	3	–	–	250	–	
CONTRIBUTION PLAN – Community Facilities and Services Bathurst										
Community facilities	1,906	756	–	–	37	(909)	–	1,790	–	
Total	1,906	756	–	–	37	(909)	–	1,790	–	
CONTRIBUTION PLAN – Robin Hill Drainage										
Drainage	478	–	–	–	14	–	–	492	–	
Total	478	–	–	–	14	–	–	492	–	

G3-2 Developer contributions by plan (continued)

	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
\$ '000		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN – Eglinton Open Space & Drainage									
Drainage	438	17	–	–	13	(5)	–	463	–
Open space	494	19	–	–	14	(6)	–	521	–
Total	932	36	–	–	27	(11)	–	984	–
CONTRIBUTION PLAN – Bathurst Regional Open Space									
Open space	617	65	–	–	1	(608)	–	75	–
Total	617	65	–	–	1	(608)	–	75	–
CONTRIBUTION PLAN – Roadworks – New Residential Subdivisions									
Roads	4,419	749	–	–	104	(620)	–	4,652	–
Total	4,419	749	–	–	104	(620)	–	4,652	–
CONTRIBUTION PLAN - Bathurst Regional Traffic Generating Development Roads									
CONTRIBUTION PLAN - Bathurst Regional Traffic Generating Development									
Traffic facilities	10	2	–	–	–	–	–	12	–
Total	10	2	–	–	–	–	–	12	–

G3-3 Contributions not under plans

CONTRIBUTIONS NOT UNDER A PLAN

Roads	72	2	–	–	2	–	–	76	–
Other	329	28	–	–	7	(67)	–	297	–
Total	401	30	–	–	9	(67)	–	373	–

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 20222021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(21,952)	(19.94)%	(20.80)%	(25.35)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	110,073				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	91,583	71.70%	70.46%	73.85%	> 60.00%
Total continuing operating revenue ¹	127,728				
3. Unrestricted current ratio					
Current assets less all external restrictions	21,473	0.96x	1.15x	1.47x	> 1.50x
Current liabilities less specific purpose liabilities	22,459				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	14,311	2.03x	2.46x	1.71x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	7,036				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	3,562	6.32%	5.82%	6.29%	< 10.00%
Rates and annual charges collectable	56,396				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	84,197	9.22	12.20	10.24	> 3.00
Monthly payments from cash flow of operating and financing activities	9,135	months	months	months	months

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

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

G4-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(20.77)%	(20.69)%	(18.91)%	(32.10)%	(16.90)%	(9.98)%	> 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	70.36%	63.70%	63.85%	87.82%	89.54%	87.09%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	0.96x	1.15x	2.29x	1.93x	41.95x	31.20x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	1.56x	1.97x	2.77x	1.87x	∞	∞	> 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	8.64%	7.93%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	5.26	7.92	∞	∞	∞	∞	> 3.00
Monthly payments from cash flow of operating and financing activities	months	months					months

(1) - (2) Refer to Notes at Note 24a above.

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

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:

158 Russell Street
BATHURST NSW 2795

Contact details

Mailing Address:

Private Mail Bag 17
BATHURST NSW 2795

Telephone: 02 6333 6111

Facsimile: 02 6331 7211

Opening hours:

General Office, Departments and Cashiers
8.30am to 4.45pm weekdays

Internet: www.bathurst.nsw.gov.au

Email: council@bathurst.nsw.gov.au

Officers

General Manager

David Sherley

Responsible Accounting Officer

Aaron Jones

Public Officer

Aaron Jones

Auditors

Auditor General of NSW
Level 19, Darling Park Tower 2
201 Sussex St, Sydney NSW 2000

Elected members

Mayor

Jess Jennings

Councillors

Warren Aubin

Kirralee Burke

Ben Fry

Graeme Hanger

Margaret Hogan

Ian North

Andrew Smith

Robert Taylor

Other information

ABN: 42 173 522 302



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Bathurst Regional Council

To the Councillors of Bathurst Regional Council

Qualified Opinion

I have audited the accompanying financial statements of Bathurst Regional Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information. The financial statements include the consolidated financial statements of the Council and the entities it controlled at the year's end or from time to time during the year.

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

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

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

Basis for Qualified Opinion

Non recognition of rural fire-fighting equipment

As disclosed in Note C1-7 'Infrastructure, property, plant and equipment' to the financial statements, the Council has not recognised rural fire-fighting equipment as assets in the Statement of Financial Position at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

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

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

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 20 June 2012
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such these are assets provided to Council free-of-charge.

This is a limitation on the scope of my audit as I was unable to obtain sufficient appropriate audit evidence to:

- support the carrying values of rural fire-fighting equipment assets that should be recorded in the Statement of Financial Position and related notes as at 30 June 2023
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2023
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G4-1 'Statement of performance measures – consolidated results' and Note G4-2 'Statement of performance measures by fund'.

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.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.

A handwritten signature in black ink, reading 'Monique Bartley'. The signature is fluid and cursive, with the first name 'Monique' and last name 'Bartley' clearly distinguishable.

Monique Bartley
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY



Cr Jess Jennings
Mayor
Bathurst Regional Council
58-64 Molong Street
Condobolin NSW 2877

Contact: Monique Bartley
Phone no: 02 9275 7204
Our ref: R008-16585809-47096

31 October 2023

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2023 Bathurst Regional Council

I have audited the general purpose financial statements (GPFS) of the Bathurst Regional Council (the Council) for the year ended 30 June 2023 as required by section 415 of the *Local Government Act 1993* (the Act).

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

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

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

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

Modification to the opinion in the Independent Auditor's Report

Non-recognition of rural fire-fighting equipment

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

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

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

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting

equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed 20 June 2012.

- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such the assets are provided to the Council free of charge.





Consequently, we were unable to determine the carrying values of rural firefighting equipment assets and related amounts that should be recorded and recognised in the council's 30 June 2023 financial statements.

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

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

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	53.0	51.0	 3.9
Grants and contributions revenue	36.1	34.0	 6.2
Operating result from continuing operations	(0.5)	6.2	 108.1
Net operating result before capital grants and contributions	(18.2)	(12.0)	 51.7

Rates and annual charges revenue (\$53.0 million) increased by \$2.0 million (3.9 per cent) in 2022–23, primarily due to rate peg increase of 2.5 per cent.

Grants and contributions revenue (\$36.1 million) increased by \$2.1 million (6.2 per cent) in 2022–23 due to:

- receiving \$6.3 million in funding for water harvesting under Safe and Secure Water Program
- receiving 96 per cent of the financial assistance grants for 2023-24 in advance (73 per cent in 2021-22)

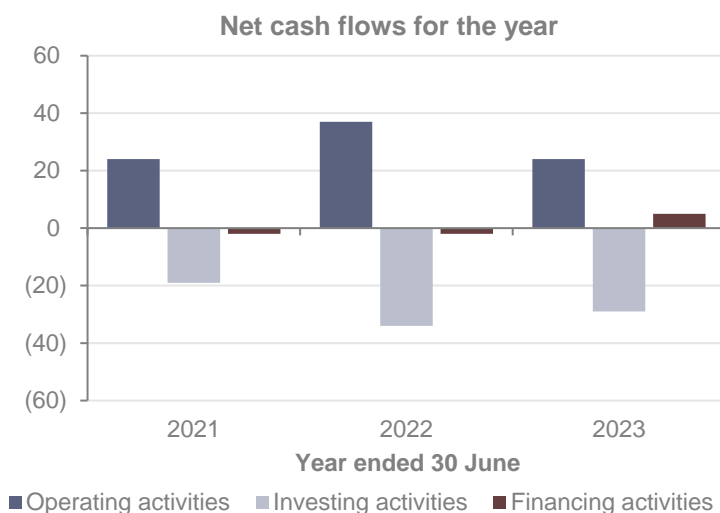
The Council's operating result from continuing operations (\$0.5 million deficit including depreciation, amortisation and impairment expense of \$34.7 million) was \$6.7 million lower than the 2021–22 result.

The net operating result before capital grants and contributions (\$18.2 million) was \$6.2 million higher than the 2021–22 result. Council spent significant funds on infrastructure repairs (primarily roads) during the year due to heavy rains and flood damage.

STATEMENT OF CASH FLOWS

Cash flows for materials and services increased due to the need for flood remediation works.

Council drew down \$11.0 million in new borrowings during the 2022-23 financial year for the construction of the Winburndale Dam Safety Upgrade, Carrington Park Grandstand Extension, and road constructions.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	98.5	106.0	Externally restricted balances comprise mainly of contract liabilities, unexpended grant funds developer contributions, water and sewer funds. Internal allocations are determined by council policies or decisions, which are subject to change.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	98.4	96.5	
• Internal allocations	--	9.4	

Debt

At 30 June 2023, Council had:

- \$39.9 million in secured loans (\$34.4 million in 2021-22)
- \$650,000 in approved overdraft facility with nil drawn down
- \$115,000 in credit card facility with nil used.

PERFORMANCE

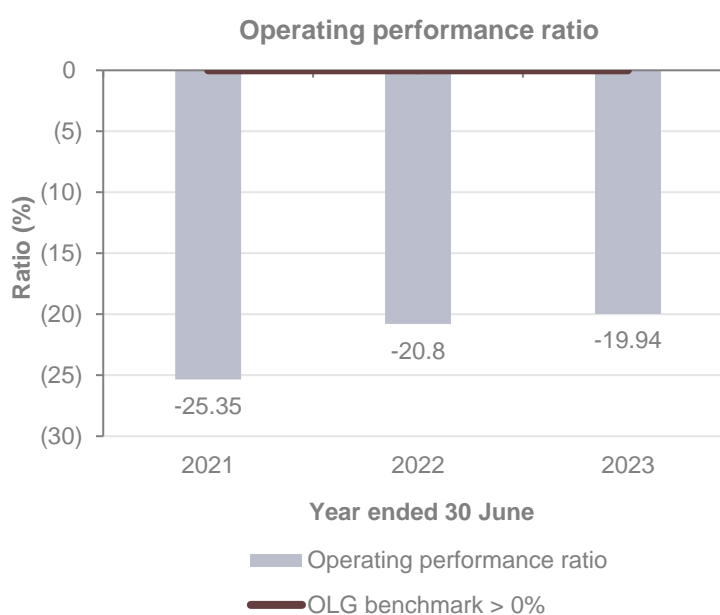
Performance measures

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

Operating performance ratio

Council's result is consistently below the benchmark due to reliance on land sales as source of general fund revenue. Gains on asset sales are excluded from the numerator of this measure.

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



Own source operating revenue ratio

The Council continues to exceed the benchmark.

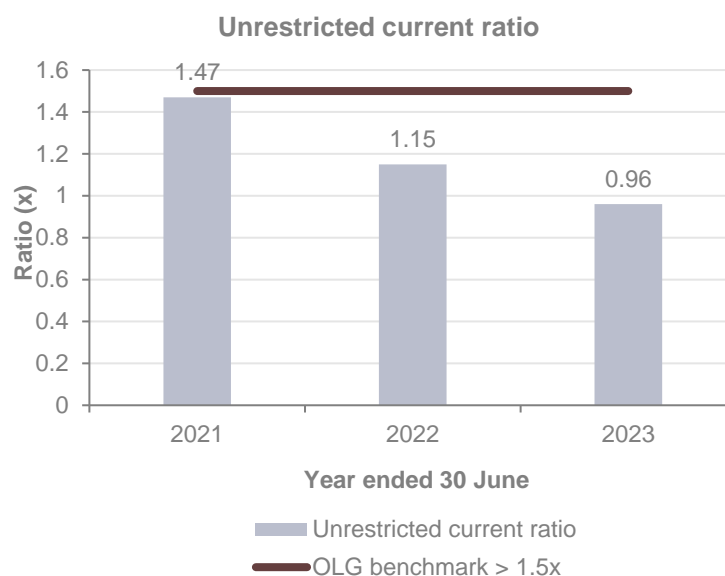
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

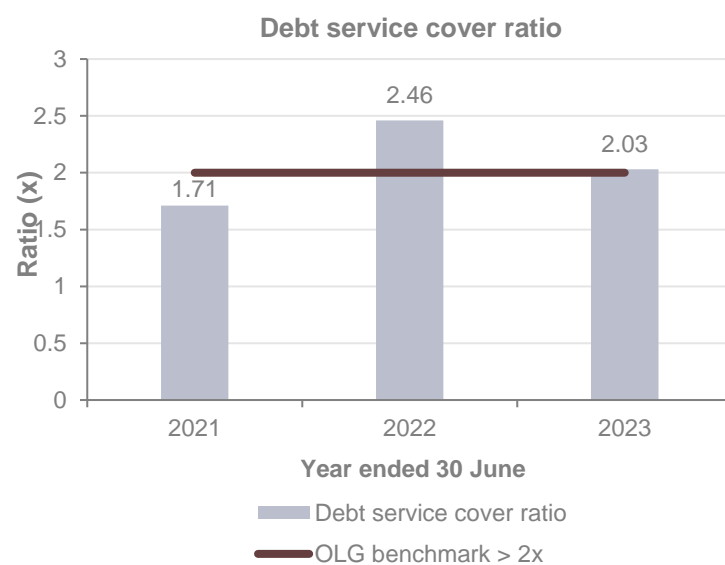
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The Council has met the benchmark for the current reporting period.

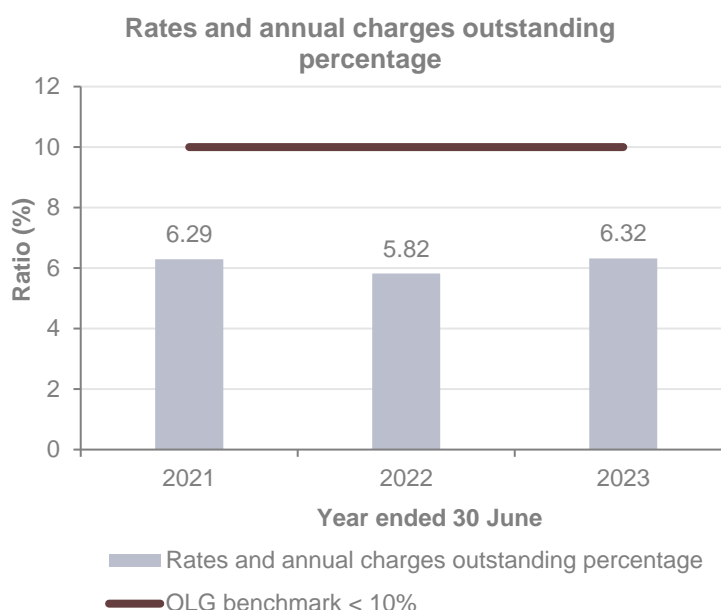
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council has continued to effectively manage its debt recovery, maintaining a ratio which is well below the benchmark for regional councils.

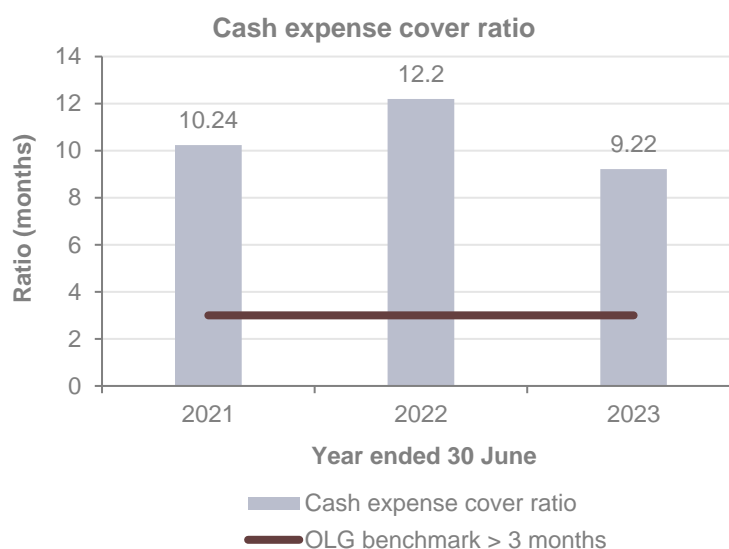
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

The Council continued to exceed the benchmark.

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 \$9.4 million of infrastructure, property, plant and equipment during the 2022-23 financial year. This was mainly spent on plant and equipment at \$3.7 million, bulk earthworks at \$1.9 million, and roads at \$1.7 million. A further \$32.8 million was spent on new assets.

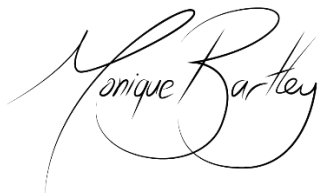
OTHER MATTERS

Legislative compliance

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

Except for the matter outlined above, the Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.

A handwritten signature in black ink, reading 'Monique Bartley'. The signature is fluid and cursive, with the first name 'Monique' and last name 'Bartley' clearly legible.

Monique Bartley
Audit Leader, Financial Audit

Delegate of the Auditor-General for New South Wales

Bathurst Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

*A vibrant regional centre that enjoys a rural lifestyle A
Region full of community spirit and shared prosperity.*



Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Income Statement of Waste	6
Statement of Financial Position of water supply business activity	7
Statement of Financial Position of sewerage business activity	8
Statement of Financial Position of Waste	9
Note – Significant Accounting Policies	10
Auditor's Report on Special Purpose Financial Statements	13

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).

Bathurst Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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

The attached Special Purpose Financial Statements have been prepared in accordance with:

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the 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,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

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

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

Signed in accordance with a resolution of Council made on 20 September 2023.



Jess Jennings

Mayor

20 September 2023



Benjamin Fry

Deputy Mayor


20 September 2023



David Sherley

General Manager

20 September 2023



Aaron Jones

Responsible Accounting Officer

20 September 2023

Bathurst Regional Council

Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	3,281	3,184
User charges	12,158	10,751
Fees	241	220
Interest and investment income	311	137
Grants and contributions provided for operating purposes	114	114
Other income	59	51
Total income from continuing operations	16,164	14,457
Expenses from continuing operations		
Employee benefits and on-costs	4,230	4,361
Borrowing costs	428	208
Materials and services	9,738	8,734
Depreciation, amortisation and impairment	3,812	4,821
Calculated taxation equivalents	305	103
Debt guarantee fee (if applicable)	141	—
Other expenses	1,012	973
Total expenses from continuing operations	19,666	19,200
Surplus (deficit) from continuing operations before capital amounts	(3,502)	(4,743)
Grants and contributions provided for capital purposes	8,973	1,876
Surplus (deficit) from continuing operations after capital amounts	5,471	(2,867)
Surplus (deficit) from all operations before tax	5,471	(2,867)
Surplus (deficit) after tax	5,471	(2,867)
Plus accumulated surplus	137,902	140,666
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	305	103
– Debt guarantee fees	141	—
Closing accumulated surplus	143,819	137,902
Return on capital %	(0.9)%	(1.7)%
Subsidy from Council	16,453	14,556
Calculation of dividend payable:		
Surplus (deficit) after tax	5,471	(2,867)
Less: capital grants and contributions (excluding developer contributions)	(8,973)	(1,876)
Surplus for dividend calculation purposes	—	—
Potential dividend calculated from surplus	—	—

Bathurst Regional Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	11,889	11,321
User charges	2,014	1,684
Liquid trade waste charges	831	715
Fees	144	168
Interest and investment income	714	287
Grants and contributions provided for operating purposes	112	111
Other income	31	143
Total income from continuing operations	15,735	14,429
Expenses from continuing operations		
Employee benefits and on-costs	4,065	4,026
Materials and services	8,015	6,511
Depreciation, amortisation and impairment	5,456	4,515
Calculated taxation equivalents	9	18
Other expenses	859	817
Total expenses from continuing operations	18,404	15,887
Surplus (deficit) from continuing operations before capital amounts	(2,669)	(1,458)
Grants and contributions provided for capital purposes	1,713	2,012
Surplus (deficit) from continuing operations after capital amounts	(956)	554
Surplus (deficit) from all operations before tax	(956)	554
Surplus (deficit) after tax	(956)	554
Plus accumulated surplus	95,458	94,886
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	9	18
Closing accumulated surplus	94,511	95,458
Return on capital %	(1.7)%	(1.0)%
Subsidy from Council	8,825	6,756
Calculation of dividend payable:		
Surplus (deficit) after tax	(956)	554
Less: capital grants and contributions (excluding developer contributions)	(1,713)	(2,012)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Bathurst Regional Council

Income Statement of Waste

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
Income from continuing operations		
Annual charges	8,227	7,808
Fees	8,147	8,174
Interest and investment income	133	134
Grants and contributions provided for operating purposes	11	26
Net gain from the disposal of assets	–	44
Other income	1	–
Total income from continuing operations	16,519	16,186
Expenses from continuing operations		
Employee benefits and on-costs	3,575	3,396
Borrowing costs	77	–
Materials and services	8,811	7,570
Depreciation, amortisation and impairment	546	575
Net loss from the disposal of assets	336	–
Calculated taxation equivalents	55	83
Other expenses	34	29
Total expenses from continuing operations	13,434	11,653
Surplus (deficit) from continuing operations before capital amounts	3,085	4,533
Surplus (deficit) from continuing operations after capital amounts	3,085	4,533
Surplus (deficit) from all operations before tax	3,085	4,533
Less: corporate taxation equivalent (25%) [based on result before capital]	(771)	(1,133)
Surplus (deficit) after tax	2,314	3,400
Plus accumulated surplus	45,942	41,326
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	55	83
– Corporate taxation equivalent	771	1,133
Closing accumulated surplus	49,082	45,942
Return on capital %	27.6%	33.8%

Bathurst Regional Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Contract assets and contract cost assets	447	—
Cash and cash equivalents	12,231	9,633
Receivables	3,789	3,244
Other	16	53
Total current assets	16,483	12,930
Non-current assets		
Investments	10,002	9,922
Receivables	51	42
Infrastructure, property, plant and equipment	332,805	273,788
Total non-current assets	342,858	283,752
Total assets	359,341	296,682
LIABILITIES		
Current liabilities		
Contract liabilities	5,797	5,000
Payables	168	490
Borrowings	445	274
Employee benefit provisions	786	948
Total current liabilities	7,196	6,712
Non-current liabilities		
Borrowings	10,784	5,309
Employee benefit provisions	—	7
Total non-current liabilities	10,784	5,316
Total liabilities	17,980	12,028
Net assets	341,361	284,654
EQUITY		
Accumulated surplus	143,819	137,902
Revaluation reserves	197,542	146,752
Total equity	341,361	284,654

Bathurst Regional Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	23,927	22,806
Receivables	1,331	1,121
Other	40	—
Total current assets	25,298	23,927
Non-current assets		
Right of use assets	1	1
Investments	22,456	21,220
Receivables	41	38
Infrastructure, property, plant and equipment	153,144	144,755
Total non-current assets	175,642	166,014
Total assets	200,940	189,941
LIABILITIES		
Current liabilities		
Payables	70	124
Employee benefit provisions	533	643
Total current liabilities	603	767
Non-current liabilities		
Lease liabilities	1	1
Employee benefit provisions	—	2
Total non-current liabilities	1	3
Total liabilities	604	770
Net assets	200,336	189,171
EQUITY		
Accumulated surplus	94,511	95,458
Revaluation reserves	105,825	93,713
Total equity	200,336	189,171

Bathurst Regional Council

Statement of Financial Position of Waste

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	45,923	42,319
Receivables	1,048	1,065
Other	5	8
Total current assets	46,976	43,392
Non-current assets		
Receivables	69	106
Infrastructure, property, plant and equipment	11,458	13,416
Total non-current assets	11,527	13,522
Total assets	58,503	56,914
LIABILITIES		
Current liabilities		
Contract liabilities	76	—
Payables	312	25
Employee benefit provisions	511	584
Total current liabilities	899	609
Non-current liabilities		
Remediation Provision	3,180	3,131
Total non-current liabilities	3,180	3,131
Total liabilities	4,079	3,740
Net assets	54,424	53,174
EQUITY		
Accumulated surplus	49,082	45,942
Revaluation reserves	5,342	7,232
Total equity	54,424	53,174

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Bathurst Regional Council Water Supplies

Council's water supply activities (established as separate Special Rate Funds) servicing the region of Bathurst.

b. Bathurst Regional Council Sewerage Service

Council's sewerage reticulation & treatment activities (established as a Special Rate Fund) servicing the region of Bathurst.

c. Bathurst Regional Council Waste Services

Council's domestic waste service & solid waste depot activities servicing the region of Bathurst.

Note – Significant Accounting Policies (continued)

Category 2

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

Council has no Category 2 businesses.

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%**

Land tax – the first \$692,000 of combined land values attracts **0%**. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **4.85%** on the value of taxable salaries and wages in excess of \$850,000.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25%. (2021/2022 25%).

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

Note – Significant Accounting Policies (continued)

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 4.02% at 30/6/23.

(iii) Dividends

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Bathurst Regional Council

To the Councillors of Bathurst Regional Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Bathurst Regional Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2023, the Statement of Financial Position of each Declared Business Activity as at 30 June 2023 and Significant accounting policies note.

The Declared Business Activities of the Council are:

- water supply
- sewerage
- waste.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2023, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:


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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. 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, reading 'Monique Bartley'. The signature is fluid and cursive, with the first name 'Monique' and last name 'Bartley' clearly legible.

Monique Bartley
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY

Bathurst Regional Council

SPECIAL SCHEDULES
for the year ended 30 June 2023

*A vibrant regional centre that enjoys a rural lifestyle A
Region full of community spirit and shared prosperity.*



Bathurst Regional Council

Special Schedules

for the year ended 30 June 2023

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2023	6

Bathurst Regional Council

Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
Notional general income calculation ¹			
Last year notional general income yield	a	29,316	30,281
Plus or minus adjustments ²	b	208	109
Notional general income	c = a + b	29,524	30,390
Permissible income calculation			
Or rate peg percentage	e	2.50%	3.80%
Or plus rate peg amount	i = e x (c + g)	738	1,155
Sub-total	k = (c + g + h + i + j)	30,262	31,545
Plus (or minus) last year's carry forward total	l	19	1
Sub-total	n = (l + m)	19	1
Total permissible income	o = k + n	30,281	31,546
Less notional general income yield	p	30,281	31,448
Catch-up or (excess) result	q = o - p	1	98
Carry forward to next year ⁶	t = q + r + s	1	98

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Bathurst Regional Council

To the Councillors of Bathurst Regional Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Bathurst Regional Council (the Council) for the year ending 30 June 2024.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.pdf. 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.
-



Monique Bartley
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY

Bathurst Regional Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	4,627	4,048	1,037	1,151	233,662	383,478	11.0%	66.0%	18.0%	2.0%	3.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	4,627	4,048	1,037	1,151	233,662	383,478	11.0%	66.0%	18.0%	2.0%	3.0%
Other structures	Other structures	3,930	3,545	331	198	30,786	49,070	2.0%	43.0%	21.0%	9.0%	25.0%
	Sub-total	3,930	3,545	331	198	30,786	49,070	2.0%	43.0%	21.0%	9.0%	25.0%
Roads	Sealed roads	35,206	3,764	3,753	6,024	338,691	563,527	31.0%	42.0%	22.0%	5.0%	0.0%
	Unsealed roads	24,058	3,615	1,030	2,142	9,550	21,314	0.0%	20.0%	63.0%	14.0%	3.0%
	Bridges	9,307	2,466	159	130	64,547	118,863	9.0%	32.0%	42.0%	17.0%	0.0%
	Footpaths	453	—	290	259	16,623	25,037	71.0%	17.0%	12.0%	0.0%	0.0%
	Bulk earthworks	3,293	1,244	636	255	174,406	174,406	0.0%	0.0%	0.0%	0.0%	100.0%
	Sub-total	72,317	11,089	5,868	8,810	603,817	903,147	22.5%	31.4%	21.1%	5.7%	19.3%
Water supply network	Water supply network	19,975	9,749	4,498	4,218	280,279	430,761	10.0%	37.0%	39.0%	11.0%	3.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	19,975	9,749	4,498	4,218	280,279	430,761	10.0%	37.0%	39.0%	11.0%	3.0%
Sewerage network	Sewerage network	29,741	19,059	4,327	5,294	143,082	279,273	16.0%	15.0%	38.0%	24.0%	7.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	29,741	19,059	4,327	5,294	143,082	279,273	16.0%	15.0%	38.0%	24.0%	7.0%

Bathurst Regional Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Stormwater drainage	Stormwater drainage	3,391	433	1,708	1,310	162,639	224,753	28.0%	36.0%	32.0%	4.0%	0.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	3,391	433	1,708	1,310	162,639	224,753	28.0%	36.0%	32.0%	4.0%	0.0%
Open space / recreational assets	Swimming pools	1,707	396	368	—	17,282	33,660	0.0%	100.0%	0.0%	0.0%	0.0%
	Other	—	—	—	—	—	—	0.0%	100.0%	0.0%	0.0%	0.0%
	Sub-total	1,707	396	368	—	17,282	33,660	0.0%	100.0%	0.0%	0.0%	0.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Total – all assets	135,688	48,319	18,137	20,981	1,471,547	2,304,142	17.2%	37.9%	26.7%	8.1%	10.1%

(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

Bathurst Regional Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	5,581	18.31%	45.60%	46.85%	> 100.00%
Depreciation, amortisation and impairment	30,482				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	135,688	9.22%	10.32%	10.54%	< 2.00%
Net carrying amount of infrastructure assets	1,471,547				
Asset maintenance ratio					
Actual asset maintenance	20,981	115.68%	65.85%	54.79%	> 100.00%
Required asset maintenance	18,137				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	48,319	2.10%	3.30%	3.16%	
Gross replacement cost	2,304,142				

(*) 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.

Bathurst Regional Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	20.41%	47.67%	25.33%	78.34%	4.99%	1.20%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	8.20%	9.16%	7.13%	8.11%	20.79%	22.17%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	123.16%	59.61%	93.78%	71.77%	122.35%	78.73%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	1.22%	2.92%	2.26%	1.93%	6.82%	7.32%	
Gross replacement cost							

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