



Ordinary Meeting of Council

13 November 2024

**UNDER SEPARATE COVER
ATTACHMENTS**

ITEM 9.1

**QUEANBEYAN-PALERANG REGIONAL COUNCIL
ORDINARY MEETING OF COUNCIL**

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QUEANBEYAN-PALERANG REGIONAL COUNCIL

Council Meeting Attachment

13 NOVEMBER 2024

ITEM 9.1 2023-24 AUDITED FINANCIAL STATEMENTS

ATTACHMENT 1 2023-24 ANNUAL FINANCIAL STATEMENTS

Queanbeyan-Palerang Regional Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2024



Queanbeyan-Palerang Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



Queanbeyan-Palerang Regional Council
General Purpose Financial Statements
for the year ended 30 June 2024

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Overview

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

256 Crawford Street
Queanbeyan NSW 2620

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.qprc.nsw.gov.au.

Queanbeyan-Palerang Regional Council

General Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 11 September 2024.



Kenrick Winchester

Mayor

31 October 2024



Esma Livermore

Deputy Mayor

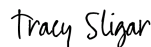
31 October 2024



Rebecca Ryan

General Manager

31 October 2024



Tracy Sligar

Responsible Accounting Officer

31 October 2024

Queanbeyan-Palerang Regional Council | Income Statement | for the year ended 30 June 2024

Queanbeyan-Palerang Regional Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Income from continuing operations				
95,142	Rates and annual charges	B2-1	96,559	84,445
40,511	User charges and fees	B2-2	40,208	38,373
1,429	Other revenues	B2-3	2,454	2,417
17,616	Grants and contributions provided for operating purposes	B2-4	19,756	29,714
41,358	Grants and contributions provided for capital purposes	B2-4	113,332	68,285
4,358	Interest and investment income	B2-5	10,864	6,503
720	Other income	B2-6	3,540	6,664
4,429	Net gain from the disposal of assets	B4-1	—	—
205,563	Total income from continuing operations		286,713	236,401
Expenses from continuing operations				
46,272	Employee benefits and on-costs	B3-1	44,650	41,268
73,598	Materials and services	B3-2	71,824	72,542
7,568	Borrowing costs	B3-3	4,999	3,318
38,081	Depreciation, amortisation and impairment of non-financial assets	B3-4	40,076	37,232
2,087	Other expenses	B3-5	3,208	2,124
—	Net loss from the disposal of assets	B4-1	1,853	476
167,606	Total expenses from continuing operations		166,610	156,960
37,957	Operating result from continuing operations		120,103	79,441
37,957	Net operating result for the year attributable to Council		120,103	79,441
Net operating result for the year before grants and contributions provided for capital purposes				
(3,401)			6,771	11,156

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

Queanbeyan-Palerang Regional Council
Statement of Comprehensive Income
for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Net operating result for the year – from Income Statement		120,103	79,441
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	148,307	135,295
Total other comprehensive income for the year		148,307	135,295
Total comprehensive income for the year attributable to Council		268,410	214,736

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

Queanbeyan-Palerang Regional Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	34,831	25,808
Investments	C1-2	116,630	124,945
Receivables	C1-4	37,758	40,682
Inventories	C1-5	204	325
Contract assets and contract cost assets	C1-6	7,721	2,034
Other	C1-10	5,889	1,769
Non-current assets classified as 'held for sale'	C1-7	8,257	2,506
Total current assets		211,290	198,069
Non-current assets			
Investments	C1-2	120,840	82,500
Receivables	C1-4	64	75
Infrastructure, property, plant and equipment (IPPE)	C1-8	2,453,501	2,230,221
Intangible assets	C1-9	5,081	5,544
Right of use assets	C2-1	220	71
Total non-current assets		2,579,706	2,318,411
Total assets		2,790,996	2,516,480
LIABILITIES			
Current liabilities			
Payables	C3-1	23,063	22,453
Contract liabilities	C3-2	30,026	21,538
Lease liabilities	C2-1	67	38
Borrowings	C3-3	10,667	10,201
Employee benefit provisions	C3-4	9,286	9,527
Provisions	C3-5	14	—
Total current liabilities		73,123	63,757
Non-current liabilities			
Lease liabilities	C2-1	150	35
Borrowings	C3-3	138,106	142,712
Employee benefit provisions	C3-4	973	634
Provisions	C3-5	4,692	3,800
Total non-current liabilities		143,921	147,181
Total liabilities		217,044	210,938
Net assets		2,573,952	2,305,542
EQUITY			
Accumulated surplus	C4-1	1,952,428	1,832,325
IPPE revaluation reserve	C4-1	621,524	473,217
Council equity interest		2,573,952	2,305,542
Total equity		2,573,952	2,305,542

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

Queanbeyan-Palerang Regional Council
Statement of Changes in Equity
for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		1,832,325	473,217	2,305,542	1,752,884	337,922	2,090,806
Net operating result for the year		120,103	–	120,103	79,441	–	79,441
Net operating result for the period		120,103	–	120,103	79,441	–	79,441
Gain on revaluation of infrastructure, property, plant and equipment	C1-8	–	148,307	148,307	–	135,295	135,295
Other comprehensive income		–	148,307	148,307	–	135,295	135,295
Total comprehensive income		120,103	148,307	268,410	79,441	135,295	214,736
Closing balance		1,952,428	621,524	2,573,952	1,832,325	473,217	2,305,542

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

Queanbeyan-Palerang Regional Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Cash flows from operating activities				
Receipts:				
87,492	Rates and annual charges		94,884	84,604
36,299	User charges and fees		40,524	37,858
1,552	Interest received		10,553	6,327
38,733	Grants and contributions		59,056	73,780
–	Bonds, deposits and retentions received		1,370	432
2,085	Other		10,483	20,048
Payments:				
(48,916)	Payments to employees		(44,515)	(41,767)
(57,982)	Payments for materials and services		(80,895)	(87,688)
(8,245)	Borrowing costs		(4,874)	(3,196)
–	Bonds, deposits and retentions refunded		(1,457)	(188)
(1,550)	Other		(6,304)	(7,680)
49,468	Net cash flows from operating activities	G1-1	78,825	82,530
Cash flows from investing activities				
Receipts:				
8,400	Sale of investments		11,518	29,926
–	Redemption of term deposits		193,000	114,000
–	Sale of real estate assets		–	9,727
–	Proceeds from sale of IPPE		4,151	690
–	Deferred debtors receipts		12	9
Payments:				
–	Purchase of investments		(62,483)	(39,519)
–	Acquisition of term deposits		(169,510)	(125,000)
(96,075)	Payments for IPPE		(42,300)	(111,317)
(87,675)	Net cash flows from investing activities		(65,612)	(121,484)
Cash flows from financing activities				
Receipts:				
16,000	Proceeds from borrowings		6,108	45,556
Payments:				
(9,352)	Repayment of borrowings		(10,248)	(9,483)
–	Principal component of lease payments		(50)	(62)
6,648	Net cash flows from financing activities		(4,190)	36,011
(31,559)	Net change in cash and cash equivalents		9,023	(2,943)
155,115	Cash and cash equivalents at beginning of year		25,808	28,751
123,556	Cash and cash equivalents at end of year	C1-1	34,831	25,808

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

Queanbeyan-Palerang Regional Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 11 September 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policy information related to these financial statements is set out below.

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

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

Historical cost convention

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

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- i. fair values of infrastructure, property, plant and equipment – refer Note C1-8
- ii. tip remediation provisions – refer Note C3-5
- iii. employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

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

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993*, 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.

The Consolidated Fund has been included in the financial statements of the Council.

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

- general purpose operations
- water service
- sewerage service

continued on next page ...

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A1-1 Basis of preparation (continued)

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)*, 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 not been included in these reports.

The following Trust monies and properties are held by Council but not considered to be under the control of Council and therefore are excluded from these financial statements:

- South East Weights and Loads
- Unclaimed money, funds held for sale of land, RFS donations and other money held in trust

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

Volunteer services

Council does not recognise volunteer services in the income statement. Council does not rely on volunteers in the provision of services, and would not purchase those services if they were not provided for free.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2024 reporting period.

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

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

Although Council is yet to fully determine the impact of this standard, it is expected that there will be little impact as an assessment of the appropriate classification of liabilities as current or non-current is undertaken.

This standard applies from the annual reporting period beginning on or after 1 January 2024; i.e., councils' financial statements for the year ended 30 June 2025.

AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback

This Standard amends AASB 16 to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 Revenue from Contracts with Customers to be accounted for as a sale.

AASB 16 already requires a seller-lessee to recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The amendments made by this Standard ensure that a similar approach is applied by also requiring a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains.

Although Council is yet to fully determine the impact of this standard, it is expected that there will be little impact, however requirements will be reviewed if council is entering into sale and lease back arrangements.

This standard applies from annual reporting periods beginning on or after 1 January 2024, i.e., councils' financial statements for the year ended 30 June 2025.

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A1-1 Basis of preparation (continued)

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

This Standard amends AASB 13, including adding authoritative implementation guidance and providing related illustrative examples, for application by not-for-profit public sector entities.

In particular, this standard provides guidance on:

- (a) highest and best use
- (b) financially feasible uses
- (c) use of assumptions
- (d) nature of costs to include in the replacement cost of a reference asset and on the identification of economic obsolescence when using the cost approach.

Although Council is yet to fully determine the impact of this standard, the changes will be evaluated in the future assessment of all property and infrastructure assets measured at fair value.

The standard applies prospectively to annual periods beginning on or after 1 January 2024; i.e. Council's financial statements for the year ended 30 June 2025, with earlier application not permitted.

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 results		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
Community	12,281	19,036	22,171	19,680	(9,890)	(644)	5,348	11,795	5,288	7,706
Choice	(1,487)	9,591	4,841	3,772	(6,328)	5,819	(4,083)	6,233	–	–
Character	12,612	12,874	21,240	14,712	(8,628)	(1,838)	9,971	9,426	209,391	160,098
Connection	201,717	139,706	114,060	98,951	87,657	40,755	114,687	61,483	2,562,866	2,337,706
Capability	61,590	55,194	4,298	19,845	57,292	35,349	7,165	9,062	13,452	10,970
Total functions and activities	286,713	236,401	166,610	156,960	120,103	79,441	133,088	97,999	2,790,997	2,516,480

B1-2 Components of functions or activities

Community

- We are a friendly and caring community
- We feel safe in the places we visit in our built and natural environment
- We respect the indigenous relationships with the land we live on
- Our community and our identity are made vibrant by the expression of arts and culture around us

Choice

- We have a diverse, resilient and smart economy fostering businesses that create jobs and wealth for all in our community

Character

- We enjoy the natural beauty and opportunity of our natural environment, and act to protect it through our management of waste and energy

Connection

- We are well connected to accessible services and facilities that provide our needs for living, work and leisure

Capability

- We are served by a Council that listens to us and responds in our best interest in all their actions, and provides the leadership we need to achieve our common aspirations

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	39,966	33,177
Farmland	3,202	2,757
Business	8,106	6,918
Mining	29	24
Less: Pensioner rebates	(578)	(530)
Rates levied to ratepayers	50,725	42,346
Pensioner rate subsidies received	272	287
Total ordinary rates	50,997	42,633
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	7,513	7,007
Water supply	8,725	8,126
Sewerage services	21,251	19,548
Stormwater management services charge	526	517
Waste management services (not domestic)	6,808	6,087
Recycled water supply	941	753
Less: Pensioner rebates	(429)	(432)
Annual charges levied	45,335	41,606
Pensioner annual charges subsidies received	227	206
Total annual charges	45,562	41,812
Total rates and annual charges	96,559	84,445

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

Material accounting policy information

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

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

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

B2-2 User charges and fees

\$ '000	2024	2023
User charges		
Water supply services	19,186	17,031
Sewerage services	1,879	1,505
Waste management services (not domestic)	76	38
Total user charges	21,141	18,574
Fees		
Private works - s67	665	1,347
Transport for NSW works (state roads not controlled by Council)	7,930	6,945
Building services - other	231	266
Planning and building - regulatory	2,178	3,070
Inspection fees	1,412	1,437
s10.7 certificates (EP&A Act)	209	201
s603 certificates	275	255
Registration fees	79	71
Cemeteries	875	1,272
Sports and aquatic centres	1,137	1,283
Community centres	2,627	2,407
Childcare	46	43
Saleyards	202	147
Regional waste	705	673
Other	496	382
Total fees	19,067	19,799
Total other user charges and fees	19,067	19,799
Total user charges and fees	40,208	38,373
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	3,527	3,349
User charges and fees recognised at a point in time	36,681	35,024
Total user charges and fees	40,208	38,373

Material accounting policy information

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided. However, Development Application fees are recognised as income prior to the development application being determined.

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. Where an upfront fee is charged such as membership fees for the aquatic centre the fee is recognised on a straight-line basis over the expected life of the membership. For the prepayment of theatre tickets at The Q then income is recognised at a point in time when the show is performed.

B2-3 Other revenues

\$ '000	2024	2023
Parking fines	491	1,164
Other fines	420	189
Recycling income	209	167
Insurance claims recoveries	515	12
Commissions and agency fees	10	11
Diesel rebate	156	9
Legal fees recovery	129	575
Risk management rebate	128	124
Other reimbursements	298	80
Other	98	86
Total other revenue	2,454	2,417
Timing of revenue recognition for other revenue		
Other revenue recognised at a point in time	2,454	2,417
Total other revenue	2,454	2,417

Material accounting policy information for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant ¹				
– Relating to current year	371	1,832	–	–
– Prepayment received in advance for subsequent year	6,671	7,452	–	–
Amount recognised as income during current year	7,042	9,284	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Water supplies	82	17	198	–
Sewerage services	–	738	1,239	1,366
Community care	1,781	1,557	35	–
Economic development	40	296	38	210
Environmental programs	129	14	156	–
Recreation and culture	242	288	3,579	12,113
Storm/flood/fire damage	2,558	11,435	–	–
Transport for NSW contributions (regional roads, block grant)	2,167	1,942	–	–
Roads to recovery	1,045	1,817	–	–
Other roads and bridges	2,348	646	7,909	21,584
Local Infrastructure Renewal Scheme	1,230	404	–	–
NSW Rural Fire Services	457	591	452	87
Other	294	339	–	669
Total special purpose grants and non-developer contributions (tied)	12,373	20,084	13,606	36,029
Total grants and non-developer contributions	19,415	29,368	13,606	36,029
Comprising:				
– Commonwealth funding	9,613	12,461	5,457	3,950
– State funding	7,826	15,776	8,149	31,499
– Other funding	1,976	1,131	–	580
	19,415	29,368	13,606	36,029

(1) \$6.671m of the 2024/25 Financial Assistance Grant from the Commonwealth Government was received by QPRC in June 2024 and hence it is reported as 2023/24 income although it relates to the 2024/25 financial year.

Developer contributions

\$ '000	Notes	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
	G4					
Cash contributions						
Cash contributions		2	341	346	14,200	5,661
S 7.11 – contributions towards amenities/services			–	–	19	–
S 64 – water supply contributions		2	–	–	1,165	2,018
S 64 – sewerage service contributions		2	–	–	346	1,996
Total developer contributions – cash			341	346	15,730	9,675
Non-cash contributions						
S 64 – water supply contributions		2	–	–	10,224	2,895
S 64 – sewerage service contributions		2	–	–	5,433	5,433
S 64 – stormwater contributions		2	–	–	19,974	9,026

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B2-4 Grants and contributions (continued)

\$ '000	Notes	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Non-cash contributions		2	–	–	48,365	5,227
Total developer contributions non-cash			–	–	83,996	22,581
Total developer contributions			341	346	99,726	32,256
Total contributions			341	346	99,726	32,256
Total grants and contributions			19,756	29,714	113,332	68,285
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			341	386	13,397	29,135
Grants and contributions recognised at a point in time (2)			19,415	29,328	99,935	39,150
Total grants and contributions			19,756	29,714	113,332	68,285

Unspent grants and contributions

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

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent funds at 1 July	5,620	8,031	17,487	22,841
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,059	15	176	–
Add: Funds received and not recognised as revenue in the current year	530	1,069	16,330	19,896
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(292)	(1,137)	(774)	(5,454)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(133)	(2,277)	(14,954)	(17,843)
Less: Funds not yet received for expenses incurred in the current year	(33)	(81)	5,721	(1,953)
Unspent funds at 30 June	6,751	5,620	23,986	17,487

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include events, provision of services and acquittal of funds. 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).

B2-4 Grants and contributions (continued)

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	750	422
– Cash and investments	1,523	639
Interest on financial assets measured at fair value through the profit and loss		
– Cash and investments	8,591	5,442
Total interest and investment income	10,864	6,503

B2-6 Other income

\$ '000	2024	2023
Other lease income		
Room/Facility Hire	458	457
Leaseback fees - council vehicles	532	488
Total other lease income	990	945
Fair value increment on investments		
Fair value increment on investments through profit and loss	2,550	2,350
Total Fair value increment on investments	2,550	2,350
Other		
Reversal of Remediation (tip) Provision	–	3,369
Total other	–	3,369
Total other income	3,540	6,664

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	35,815	33,890
Employee leave entitlements	4,231	4,140
Superannuation	4,231	3,882
Workers' compensation insurance	1,729	1,360
FBT	61	57
Payroll tax	146	158
Less: capitalised costs	(1,563)	(2,219)
Total employee costs expensed	44,650	41,268

Material accounting policy information

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

B3-2 Materials and services

\$ '000	Notes	2024	2023
Consultancy costs		1,715	1,301
Raw materials and consumables		10,975	8,136
Contractor costs		30,042	35,179
IT expenses		2,950	2,804
Insurance		2,686	2,375
Street lighting		829	807
Electricity		2,459	2,447
Subscriptions and publications		582	693
Telephone		598	791
Repairs and maintenance		1,624	1,449
Postage, printing and stationery		601	568
Audit Fees	F2-1	111	343
Councillor and Mayoral fees and associated expenses	F1-2	396	422
Election expenses		–	8
Bank charges		309	276
Travel expenses		59	40
Training costs (other than salaries and wages)		551	421
Asset valuation fees		220	200
Child care – parent payments		1,262	1,021
Waterwise subsidy		41	21
Legal expenses		765	1,202
Water charges		12,922	11,830
Other		127	208
Total materials and services		71,824	72,542

B3-3 Borrowing costs

\$ '000	2024	2023
Interest on loans and advances	7,045	6,275
Interest on leases	2	3
Less: capitalised costs	(2,184)	(3,111)
Amortisation of discounts and premiums:		
– Remediation (tip) - Note C3-5	136	151
Total borrowing costs expensed	4,999	3,318

Material accounting policy information

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

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Infrastructure, property, plant and equipment	C1-8,1	39,568	36,707
Right of use assets	C2-1	45	62
Intangible assets	C1-9	463	463
Total depreciation and amortisation costs		40,076	37,232
Total depreciation, amortisation and impairment for non-financial assets		40,076	37,232

Material accounting policy information

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2024	2023
Impairment of receivables	C1-4	86	6
Other assurance services		188	107
Donations, contributions and assistance to other organisations (s356)		291	372
Emergency services levy (includes FRNSW, SES, and RFS levies)		1,857	1,639
Remediation (tip) provision		786	—
Total other expenses		3,208	2,124

B4 Gains or losses

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

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of infrastructure, property, plant and equipment	C1-8		
Proceeds from disposal		4,151	690
Less: carrying amount of assets sold		(6,004)	(1,192)
Gain (or loss) on disposal		(1,853)	(502)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal		11,518	29,926
Less: carrying value of investments		(11,518)	(29,900)
Gain (or loss) on disposal		—	26
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		101,500	114,000
Less: carrying amount of term deposits sold/redeemed/matured		(101,500)	(114,000)
Gain (or loss) on disposal		—	—
Net gain (or loss) from disposal of assets		(1,853)	(476)

B5 Performance against budget

B5-1 Material budget variations

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

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
Rates and annual charges	95,142	96,559	1,417	1% F
User charges and fees	40,511	40,208	(303)	(1)% U
Other revenues	1,429	2,454	1,025	72% F
Other revenue was higher than originally forecast primarily due to environmental compliance actions linked to the level of development. Council also received one off settlement amounts from insurance claims. This was offset by lower than expected income from compliance activities. Council did not have the Aero Ranger in use during the 2023/24 year which monitors parking compliance.				
Operating grants and contributions	17,616	19,756	2,140	12% F
Through the year Council was successful in gaining additional grant funding for: <ul style="list-style-type: none"> Regional Roads program Regional Drought Resilience Planning program Council took up an opportunity to finalise the funding agreement under the Low Cost Loan Initiative which resulted in the final claims under this program being paid out in this financial year.				
Capital grants and contributions	41,358	113,332	71,974	174% F
Capital grants are linked to the capital works program. There were a number of projects that were delayed and are ongoing into 2024/25 which has impacted the ability to recognise the revenue for these works. This has been offset by the receipt of approximately \$84m of contributed assets consisting of roads, stormwater, sewer and water network assets.				
Interest and investment income	4,358	10,864	6,506	149% F
Interest revenue is favourable to the original budget early on in the financial year due to a conservative approach to setting the original budget. As there has been higher than expected levels of cash on hand, this has improved the interest income earned.				
Net gains from disposal of assets	4,429	-	(4,429)	(100)% U
Council had earmarked a number of properties to be sold during the 2023/24 financial year. The sale of these properties was reliant upon the completion of the Nellie Hamilton Centre construction. With some delays experience with finalisation of the construction, the sale of the properties was delayed. This is now expected to occur in the 2024/25 financial year.				
Other income	720	3,540	2,820	392% F
This variance is due to the recognition of a Fair Value increment in investments which is not budgeted for.				
Expenses				
Employee benefits and on-costs	46,272	44,650	1,622	4% F
Materials and services	73,598	71,824	1,774	2% F

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B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Borrowing costs	7,568	4,999	2,569	34% F
Council has loan funding in place that has been used to fund capital projects. While these projects are still under construction, the interest payable on these loans is able to be capitalised. When setting the original budget it was expected that these construction projects would be finalised and the costs would be operational. As these projects were delayed, the interest costs were able to be capitalised. These projects were the construction of the Nellie Hamilton Centre and the Regionals Sports Centre.				
Depreciation, amortisation and impairment of non-financial assets	38,081	40,076	(1,995)	(5)% U
Following the finalisation of the 2022/23 audit, an updated forecast of depreciation costs was run. This updated forecast included gifted assets received in the 22/23 and an increase in asset values due to indexation and revaluation. These increases to the asset base required a re forecast of the depreciation costs, which had not been included in the original depreciation budget projections.				
Other expenses	2,087	3,208	(1,121)	(54)% U
This expense item includes the costs associated with the impairment of receivables. This expense is not budgeted for. Councils donations and contributions program is allocated to this expense line item. These expenses were slightly higher than that originally budgeted for.				
Net losses from disposal of assets	—	1,853	(1,853)	∞ U
As part of the asset renewal program, it was identified that a number of transport assets were required to be written off as they were replaced. These costs were not originally budgeted for.				

Statement of cash flows

Cash flows from operating activities	49,468	78,825	29,357	59% F
The favourable variance is primarily due to the excess of grants and user charges over what was originally budgeted for.				
Cash flows from investing activities	(87,675)	(65,612)	22,063	(25)% F
The favourable variance is due to a combination of: <ul style="list-style-type: none"> lower than budgeted cash payments for the purchase of Infrastructure, property, plant and equipment the net movement of investments throughout the year is not budgeted for 				
Cash flows from financing activities	6,648	(4,190)	(10,838)	(163)% U
This unfavourable variance is primarily due to the timing of new borrowings compared to the original budget. This impacted the receipt of cash from borrowings in the current year. The timing of the repayment of borrowings is affected by the timing of the drawdown of loans.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash at bank and on hand	20,470	8,547
Deposits at call	14,361	17,261
Total cash and cash equivalents	34,831	25,808

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	34,831	25,808
Balance as per the Statement of Cash Flows	34,831	25,808

C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Financial assets at fair value through the profit and loss				
Managed funds	31,134	–	28,584	–
Non-convertible debentures or floating rate notes	20,986	115,840	11,361	74,500
Debt securities at amortised cost				
Term deposits	64,510	5,000	85,000	8,000
Total	116,630	120,840	124,945	82,500

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

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C1-2 Financial investments (continued)

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 FVTPL comprise investments in floating rate notes and managed funds.

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	272,301	233,253
Less: Externally restricted cash, cash equivalents and investments	(244,019)	(203,713)
Cash, cash equivalents and investments not subject to external restrictions	28,282	29,540
External restrictions – included in liabilities		
Specific purpose unexpended grants – general fund	26,881	21,439
Specific purpose unexpended grants – sewer fund	–	50
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Water fund	46,888	32,387
Sewer fund	81,687	74,912
Developer contributions:		
– General fund	45,503	34,305
– Water fund	13,456	9,834
– Sewer fund	13,970	11,891
Specific purpose unexpended grants:		
– General fund	1,519	1,620
Specific purpose unexpended loans:		
– General fund	1,319	6,334
Domestic waste management	10,849	9,990
Stormwater management	1,165	639
Other	782	312
External restrictions	217,138	182,224
Total external restrictions	244,019	203,713

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.

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

\$ '000	2024	2023
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	28,282	29,540
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Infrastructure replacement	3,243	2,159
Employees leave entitlement	820	820
Business waste management	7,170	6,145
WH&S	272	287
Heritage grant program	244	244
Deposits, retentions and bonds	196	196
Plant and vehicle replacement	2,975	3,162
Property reserve	609	649
Elections	402	252
Revolving energy	121	121
Strategic	–	111
Financial assistance grant	2,658	7,452
Department of Education Compensation	6,571	7,719
Total internal allocations	25,281	29,317

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.

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

C1-4 Receivables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Rates and annual charges	7,903	135	6,223	157
Interest and extra charges	1,248	20	937	18
User charges and fees	18,499	–	13,772	–
Private works	3,953	–	6,298	–
– Sale of land ¹	1,081	–	1,081	–
Government grants and subsidies	1,375	–	9,298	–
Deferred debtors	11	64	12	75
Net GST receivable	1,481	–	1,984	–
Accrued Interest on Investments	2,387	–	1,171	–
Total	37,938	219	40,776	250
Less: provision for impairment:				
– Rates and annual charges	–	(135)	–	(157)
– Interest and extra charges	–	(20)	–	(18)
– User charges and fees	(180)	–	(94)	–
Total	(180)	(155)	(94)	(175)
NET RECEIVABLES	37,758	64	40,682	75

Material accounting policy information

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

Impairment

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

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

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

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

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

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

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

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

C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
At cost:				
Stores and materials	204	—	325	—
Total inventories	204	—	325	—

Material accounting policy information

Raw materials and stores, work in progress and finished goods

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

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	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Contract assets	7,721	—	2,034	—
Total contract assets and contract cost assets	7,721	—	2,034	—

Contract assets

Work relating to infrastructure grants	7,721	—	2,034	—
Total contract assets	7,721	—	2,034	—

Significant changes in contract assets

There is a significant change in contract assets during the 2023/24 year due to the commencement of the following projects South Jerrabomberra Northern Entry Road, Williamsdale Road Extension Seal and Tarago Road Rehabilitation. While costs have been outlaid during the 2023/24 year for these projects the specific milestones have not yet been met and council recognises a receivable.

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
Non-current assets classified as held for sale

\$ '000	2024	2023
Land	3,749	2,506
Buildings	3,803	–
Other structures	705	–
	8,257	2,506

This value reflects the properties on Rutledge Street and Ellerton Drive, Queanbeyan. Rutledge Street has been identified as being sold in the 2024/25 financial year. The sale of Ellerton Drive is dependant on the purchaser gaining subdivision approval.

C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period							At 30 June 2024		
	Gross carrying amount	Accumulated depreciation & impairment	Net carrying amount	Renewals	New assets	Carrying value of disposals	Depreciation	WIP transfers	Tfrs from/(to) 'held for sale' category	Revaluation increments / (decrements)	Gross carrying amount	Accumulated depreciation & impairment	Net carrying amount
\$ '000													
Capital work in progress	148,271	–	148,271	6,518	5,708	–	–	(123,607)	–	–	36,890	–	36,890
Plant, equipment, furniture and fittings	29,691	(19,969)	9,722	5,246	–	(371)	(2,772)	–	–	–	33,247	(21,423)	11,824
Land	207,678	–	207,678	4	7,589	–	–	32	(1,243)	19,065	233,124	–	233,124
Land improvements	1,363	–	1,363	–	–	–	–	–	–	–	1,363	–	1,363
Infrastructure:													
– Buildings and other structures	166,544	(58,403)	108,141	3,219	8,293	(2,194)	(3,416)	81,878	(4,508)	31,488	295,336	(72,436)	222,900
– Roads, bridges and footpaths	657,141	(159,158)	497,983	3,790	31,221	(1,754)	(16,045)	12,521	–	24,737	736,988	(184,534)	552,454
– Other road assets (including bulk earthworks)	714,245	(34,768)	679,477	1,178	4,588	(22)	(1,697)	6,363	–	37,446	765,752	(38,419)	727,333
– Stormwater drainage	253,575	(88,096)	165,479	13	20,398	–	(2,566)	2,383	–	8,742	289,978	(95,529)	194,449
– Water supply network	291,446	(120,833)	170,613	251	2,462	–	(4,439)	311	–	8,421	309,244	(131,625)	177,619
– Sewerage network	338,279	(132,459)	205,820	246	13,821	(6)	(7,129)	1,468	–	10,067	370,873	(146,586)	224,287
– Open space / recreational assets	49,152	(13,790)	35,362	170	9,930	(4)	(1,390)	18,651	–	8,341	96,873	(25,813)	71,060
Other assets	827	(515)	312	–	–	–	(114)	–	–	–	827	(629)	198
Tip assets	8,827	(8,827)	–	–	–	–	–	–	–	–	8,827	(8,827)	–
Totals	2,867,039	(636,818)	2,230,221	20,635	104,010	(4,351)	(39,568)	–	(5,751)	148,307	3,179,322	(725,821)	2,453,501

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C1-8 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount	Accumulated depreciation & impairment	Net carrying amount	Renewals	New assets	Carrying value of disposals	Depreciation ¹	WIP transfers Restated	Transfers	Revaluation increments / (decrements)	Gross carrying amount	Accumulated depreciation & impairment	Net carrying amount
\$ '000													
Capital work in progress ¹	108,776	–	108,776	20,272	68,283	–	–	(49,060)	–	–	148,271	–	148,271
Plant, equipment, furniture and fittings	29,141	(17,851)	11,290	1,893	–	(339)	(3,122)	–	–	–	29,691	(19,969)	9,722
Land	177,517	–	177,517	–	1,344	–	–	126	–	28,691	207,678	–	207,678
Land:													
Land improvements	1,264	–	1,264	–	–	–	–	–	–	99	1,363	–	1,363
Infrastructure:													
– Buildings and other structures ²	152,526	(51,587)	100,939	1,224	1,359	(363)	(3,083)	412	–	7,653	166,544	(58,403)	108,141
– Roads, bridges and footpaths	597,462	(136,643)	460,819	7,522	2,507	(289)	(14,518)	15,581	–	26,361	657,141	(159,158)	497,983
– Other road assets (including bulk earthworks)	655,686	(31,292)	624,394	1,834	2,423	(15)	(1,538)	15,088	–	37,291	714,245	(34,768)	679,477
– Stormwater drainage	225,081	(80,890)	144,191	286	9,838	–	(2,292)	5,068	–	8,388	253,575	(88,096)	165,479
– Water supply network	254,927	(108,327)	146,600	774	7,498	–	(3,861)	8,593	–	11,009	291,446	(120,833)	170,613
– Sewerage network	304,644	(116,592)	188,052	607	5,754	(186)	(6,503)	4,111	–	13,985	338,279	(132,459)	205,820
– Open space / recreational assets	45,918	(11,721)	34,197	383	16	–	(1,289)	81	–	1,975	49,152	(13,790)	35,362
Other assets	745	(377)	368	81	–	–	(138)	–	–	–	827	(515)	312
Tip assets	8,983	(8,463)	520	–	–	–	(363)	–	–	(157)	8,827	(8,827)	–
Totals	2,562,670	(563,743)	1,998,927	34,876	99,022	(1,192)	(36,707)	–	–	135,295	2,867,039	(636,818)	2,230,221

(1) 2022 Restated, reclassified from Work in progress to Land, see Note G4-2 for details

(2) 2022 Restated for Bungendore Compulsory Acquisition, see Note G4-2 for details

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C1-8 Infrastructure, property, plant and equipment (continued)

Material accounting policy information

Initial recognition of infrastructure, property, plant and equipment (IPPE)

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

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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.

Useful lives of IPPE

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

	Useful lives
Plant, equipment, furniture and fittings	3-30
Land	n/a
Land improvements	n/a
Infrastructure:	
– Buildings and other structures	2-200
– Roads, bridges and footpaths	10-100
– Bulk earthworks	n/a
– Stormwater drainage	10-100
– Water supply network	2-100
– Sewerage network	1-112
– Open space / recreational assets	5-100
Other assets	5
Tip assets	20

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

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

Increases in the carrying amounts arising on revaluation are credited to the IPPE 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 IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Land under roads

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

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

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Where the Crown reserves are under a lease agreement they are accounted for under AASB 16 Leases, refer to Note C2-1.

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C1-8 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".

The NSW Government has confirmed its view that these assets are not controlled by the NSW Rural Fire Services or the State.

Council has made an assessment under AASB116 and concluded that Council does not control the rural firefighting equipment referred to as 'red fleet' and as such this equipment is not recognised in these financial statements, however Council continues to recognise the RFS lands and buildings in these statements.

C1-9 Intangible assets

\$ '000	2024	2023
Software		
Opening values at 1 July		
Gross book value	4,642	4,642
Accumulated amortisation	(2,157)	(1,694)
Net book value – opening balance	2,485	2,948
Movements for the year		
Amortisation charges	(463)	(463)
Closing values at 30 June		
Gross book value	4,642	4,642
Accumulated amortisation	(2,620)	(2,157)
Total software – net book value	2,022	2,485
Bio-banking credit		
Opening values at 1 July		
Gross book value	3,059	3,059
Net book value - opening balance	3,059	3,059
Closing values at 30 June		
Gross book value	3,059	3,059
Total Bio-banking credit – net book value	3,059	3,059
Total intangible assets – net book value	5,081	5,544

Material accounting policy information

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

Biobanking credits are held by Council as part of the Bio Banking Scheme to offset environmental damage caused by Ellerton Drive Extension. Council is required to hold these assets for perpetuity and as such are held as intangible assets with no amortisation.

The Bio Banking Scheme under which the Bio Banking Credits were purchased has been superseded by the NSW Government, although existing agreements remain in place. No active market for the credits currently exist, therefore, the credits are recorded in Councils financial statements at cost in accordance with paragraph 72 of AASB 138, which states that intangible assets cannot be carried at fair value unless there is an active market.

C1-10 Other

Other assets

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Prepayments	5,889	–	1,769	–
Total other assets	5,889	–	1,769	–

Accounting Policy

Prepayments are recognised when Council pays for goods or services which it does not consume during the reporting period.

Prepayments are subsequently recognised as expenses in the pattern by which the goods and services are consumed. This can be at a point in time, or over time.

Council has recognised all prepayments with a monetary value of \$20,000 or greater.

Common prepayments recognised by Council include licenses and subscriptions which are prospective and cover future periods beyond the reporting year

C2 Leasing activities

C2-1 Council as lessee

Council has leases over office equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 3 and 5 years with no renewal option, and the payments are fixed.

(a) Right of use assets

\$ '000	Office Equipment	Total
2024		
Opening balance at 1 July	71	71
Additions	195	195
Depreciation charge	(45)	(45)
Balance at 30 June	220	220
2023		
Opening balance at 1 July	132	132
Additions	—	—
Depreciation charge	(62)	(62)
Balance at 30 June	71	71

(b) Lease liabilities

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2024					
Cash flows	67	150	—	217	217
2023					
Cash flows	38	35	—	73	73

(c) Income Statement

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

\$ '000	2024	2023
Interest on lease liabilities	2	3
Depreciation of right of use assets	45	62
Expenses relating to leases of low-value assets	128	121
	175	186

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C2-1 Council as lessee (continued)

(d) Statement of Cash Flows

\$ '000	2024	2023
Total cash outflow for leases	(193)	(186)
	(193)	(186)

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

Council has a lease at significantly below market value for land and buildings which is used for the sewerage treatment works.

The lease is for 99 years and requires payments of a maximum amount of \$80 per year. The use of the right-to-use asset is restricted by the lessor to specified community services which Council must provide, these services are detailed in the lease.

Council does not believe that the lease in place is material from a statement of financial position or performance perspective.

Material accounting policy information

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

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use 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.

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

(a) Operating leases

Council leases out a number of properties; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the statement of financial position as:

- investment property - where the asset is held predominantly for rental or capital growth purposes. (Refer note C1-9).
- property, plant and equipment - where the rental is incidental, or the asset is held to meet Councils service delivery objectives. (Refer note C1-8).

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

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)	—	—
Total income relating to operating leases for investment property assets	—	—

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council vehicles and Council land and buildings for the purpose of telecommunication towers, sporting fields and community centres. The table below relates to operating leases on assets disclosed in C1-8.

Lease income (excluding variable lease payments not dependent on an index or rate)	990	945
Total income relating to operating leases for Council assets	990	945

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C2-2 Council as a lessor (continued)

\$ '000	2024	2023
(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	237	187
1–2 years	196	237
2–3 years	169	196
3–4 years	59	169
4–5 years	16	59
> 5 years	202	219
Total undiscounted lease payments to be received	879	1,067

C3 Liabilities of Council

C3-1 Payables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Goods and services	14,529	–	14,051	–
Accrued wages and salaries	1,227	–	1,002	–
Accrued Interest	652	–	663	–
Deposits and retentions	3,310	–	3,397	–
Prepaid rates	3,345	–	3,340	–
Total payables	23,063	–	22,453	–

\$ '000	2024	2023
Current payables not expected to be settled within the next 12 months	705	772

Material accounting policy information

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.

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

C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Funds to construct Council controlled assets	(i)	29,217	–	21,489	–
Upfront fees - sports, aquatic, and community centres		87	–	49	–
Upfront fees- Development Applications		571	–	–	–
Upfront fees - Ticket sales		151	–	–	–
Total contract liabilities		30,026	–	21,538	–

Notes

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

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

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

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

\$ '000	2024	2023
Funds to construct Council controlled assets	11,542	8,251
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	3,546	90
	15,088	8,341

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C3-2 Contract Liabilities (continued)

Significant changes in contract liabilities

There has been a significant change to contract liabilities due to the receipt of significant grant funding in advance for the following projects Local Roads Repair Program, Oallen Road Rehabilitation, Dunns Creek Road Studies and Nerriga Road Construct and Seal.

C3-3 Borrowings

	2024	2024	2023	2023
\$ '000	Current	Non-current	Current	Non-current
Loans – unsecured	10,667	138,106	10,201	142,712
Total borrowings	10,667	138,106	10,201	142,712

(a) Changes in liabilities arising from financing activities

	2023	Non-cash movements			2024
\$ '000	Opening Balance	Cash flows	Acquisition	Other	
Loans – unsecured	152,913	(4,140)	–	–	148,773
Lease liability (Note C2-1b)	73	144	–	–	217
Total liabilities from financing activities	152,986	(3,996)	–	–	148,990

	2022	Non-cash movements			2023
\$ '000	Opening Balance	Cash flows	Acquisition	Other	Closing balance
Loans – unsecured	116,840	36,073	–	–	152,913
Lease liability (Note C2-1b)	134	(61)	–	–	73
Total liabilities from financing activities	116,974	36,012	–	–	152,986

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C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2024	2023
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(i) Total facilities:

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

Bank overdraft facility ¹	2,000	2,000
Corporate credit cards	210	210
	2,210	2,210

Drawn facilities

Financing facilities drawn down at the reporting date are:

Corporate credit cards	116	78
	116	78

Undrawn facilities

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

– Bank overdraft facilities	2,000	2,000
– Corporate credit cards	94	132
	2,094	2,132

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

C3-4 Employee benefit provisions

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Annual leave	2,895	–	2,974	–
Long service leave	6,391	973	6,553	634
Total employee benefit provisions	9,286	973	9,527	634

Current provisions not expected to be settled within the next twelve months

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	5,363	5,710
Current provisions not expected to be settled within the next twelve months	5,363	5,710

Material accounting policy information

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

Short-term obligations

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

Other long-term employee benefit obligations

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

C3-5 Provisions

\$ '000	2024 Current	2024 Non-Current	2023 Current	2023 Non-Current
Asset remediation	14	4,692	–	3,800
Total provisions	14	4,692	–	3,800

Movements in provisions

\$ '000	Asset remediation	Total
At beginning of year	3,800	3,800
Amounts used (payments)	(16)	(16)
Remeasurement effects	786	786
Unwinding of discount	136	136
Total	4,706	4,706

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 2024	Water 2024	Sewer 2024
Income from continuing operations			
Rates and annual charges	65,843	8,649	22,067
User charges and fees	18,238	19,774	2,196
Other revenues	2,449	5	—
Grants and contributions provided for operating purposes	19,674	82	—
Grants and contributions provided for capital purposes	90,007	14,810	8,515
Interest and investment income	1,958	2,855	6,051
Other income	3,540	—	—
Total income from continuing operations	201,709	46,175	38,829
Expenses from continuing operations			
Employee benefits and on-costs	40,594	1,514	2,542
Materials and services	41,420	21,039	9,365
Borrowing costs	4,359	241	399
Depreciation, amortisation and impairment of non-financial assets	28,507	4,439	7,130
Other expenses	3,208	—	—
Net loss from the disposal of assets	1,847	—	6
Total expenses from continuing operations	119,935	27,233	19,442
Operating result from continuing operations	81,774	18,942	19,387
Net operating result for the year attributable to Council	81,774	18,942	19,387
Net operating result for the year before grants and contributions provided for capital purposes	(8,233)	4,132	10,872

D1-2 Statement of Financial Position by fund

\$ '000	General 2024	Water 2024	Sewer 2024
ASSETS			
Current assets			
Cash and cash equivalents	23,081	4,559	7,191
Investments	41,597	29,017	46,016
Receivables	31,084	4,491	2,183
Inventories	204	—	—
Contract assets and contract cost assets	7,721	—	—
Other	5,889	—	—
Non-current assets classified as held for sale	8,257	—	—
Total current assets	117,833	38,067	55,390
Non-current assets			
Investments	51,622	26,768	42,450
Receivables	64	—	—
Infrastructure, property, plant and equipment	2,024,374	183,796	245,331
Intangible assets	5,081	—	—
Right of use assets	220	—	—
Total non-current assets	2,081,361	210,564	287,781
Total assets	2,199,194	248,631	343,171
LIABILITIES			
Current liabilities			
Payables	22,406	606	51
Contract liabilities	30,026	—	—
Lease liabilities	67	—	—
Borrowings	9,916	278	473
Employee benefit provisions	8,555	319	412
Provisions	14	—	—
Total current liabilities	70,984	1,203	936
Non-current liabilities			
Lease liabilities	150	—	—
Borrowings	128,332	3,833	5,941
Employee benefit provisions	973	—	—
Provisions	4,692	—	—
Total non-current liabilities	134,147	3,833	5,941
Total liabilities	205,131	5,036	6,877
Net assets	1,994,063	243,595	336,294
EQUITY			
Accumulated surplus	1,473,850	176,981	301,597
IPPE revaluation reserve	520,213	66,614	34,697
Total equity	1,994,063	243,595	336,294

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The Finance team manages the cash and investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with s.625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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

Financial risk management is carried out by the finance team under policies approved by the Councillors.

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

The risks associated with the financial instruments held are:

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers before placing any cash and investments.

(a) Market risk – interest rate and price risk

\$ '000	2024	2023
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	2,725	2,335
Impact of a 10% movement in price of investments		
– Equity / Income Statement	3,113	2,858

(b) Credit risk

Council's major receivables comprise rates, annual charges, user charges and fees.

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

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

There are no significant concentrations of credit risk other than Council has significant credit risk exposures in its local area given the nature of Council activities.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet due	overdue rates and annual charges < 5 years	≥ 5 years	Total
2024				
Gross carrying amount	1,231	6,153	654	8,038
2023				
Gross carrying amount	–	4,852	1,522	6,374

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 due	< 30 days overdue	30 - 60 days overdue	61 - 90 days overdue	> 90 days overdue	Total
2024						
Gross carrying amount	30,671	659	404	2,396	3,710	37,840
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	4.85%	0.48%
ECL provision	–	–	–	–	180	180
2023						
Gross carrying amount	31,577	579	293	29	4,197	36,675
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	2.25%	0.26%
ECL provision	–	–	–	–	94	94

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractu al cash outflows	Carrying values
2024						
Payables	0.00%	19,720	–	–	19,720	23,063
Borrowings	4.71%	17,508	78,805	110,736	207,049	148,773
Total financial liabilities		37,295	78,955	110,736	226,986	172,053
2023						
Payables	0.00%	19,113	–	–	19,113	22,453
Borrowings	4.69%	17,181	81,189	115,505	213,875	152,913
Total financial liabilities		36,332	81,224	115,505	233,061	175,439

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

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

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

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023
Recurring fair value measurements							
Financial investments	C1-2						
At fair value through profit or loss		167,974	114,445	–	–	167,974	114,445
Infrastructure, property, plant and equipment							
Plant, Equipment, furniture and fittings	C1-8	–	–	11,824	9,722	11,824	9,722
Land		72,650	53,984	160,474	153,694	233,124	207,678
Land improvements		–	–	1,363	1,363	1,363	1,363
Buildings and other structures		–	–	222,901	108,141	222,901	108,141
Roads, bridges and footpaths		–	–	552,454	497,983	552,454	497,983
Other road assets (including bulk earthworks)		–	–	727,334	679,477	727,334	679,477
Stormwater drainage		–	–	194,449	165,479	194,449	165,479
Water supply network		–	–	177,619	170,613	177,619	170,613
Sewerage network		–	–	224,287	205,820	224,287	205,820
Open space/recreation assets		–	–	71,060	35,362	71,060	35,362
Other assets		–	–	198	312	198	312
Total infrastructure, property, plant and equipment		72,650	53,984	2,343,963	2,027,966	2,416,613	2,081,950
Non-recurring fair value measurements							
Non-current assets classified as held for sale							
Land	C1-7	3,749	2,506	–	–	3,749	2,506
Buildings		3,804	–	–	–	3,804	–
Other Structures		705	–	–	–	705	–
Total non-recurring fair value measurements		8,258	2,506	–	–	8,258	2,506

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).

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E2-1 Fair value measurement (continued)

Level 2 measurements

Where investments are valued at fair value through profit or loss, Council obtains valuations from its investment adviser (Laminar Capital) at the end of each reporting period ensuring financial statements reflect the most up to date valuation.

Council employed the services of Cardno to assess the fair value of Council's Operational Land assets as at 30 June, using sales transactions of similar assets.

Level 3 measurements

Council undertook an independent valuation through Stantec to assess the fair value of operational land, building, waste, swimming pools and open space assets as at 30 June 2024, using unobservable inputs.

Prior to the 2024 valuation, an independent fair value assessment and valuation was performed during the 2022 financial year by Morrison Low on the following asset classes:

- Roads, bridges, footpaths
- Other road assets
- Water supply network
- Sewerage network

The process involved comparing costs with the most recent public cost indices available accounting for increases in inflation.

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

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

\$ '000	Fair value (30/6/24) 2024	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Plant, equipment, furniture, fittings and office equipment	11,824	Cost approach	Current replacement cost and residual value of modern equivalent asset, asset condition and useful life.
Land	160,474	Community and Crown Land: Values obtained from the NSW Valuer-General. Land under roads: Market-based direct comparison.	Community and Crown Land: Land value, land area, level of restriction. Land under roads: Extent and Impact of use, market cost of land per square metre. The market value of land varies significantly depending on location and current market conditions.
Buildings and others structures (including swimming pools and other recreational buildings)	222,901	Cost approach	Buildings: Current replacement cost and residual value of modern equivalent asset using componentisation, asset condition, and remaining lives. Other structures: Current replacement cost of modern equivalent asset, asset condition, and remaining lives.
Roads (including bridges, footpaths, bulk earthworks) and other similar assets	1,279,787	Cost approach	Asset condition, remaining lives using componentisation.
Stormwater drainage	194,449	Unit rates per square metre or length	Asset condition, remaining lives
Water supply and sewerage network infrastructure	401,906	Cost approach	Asset condition, remaining lives using componentisation.
Tips assets	—	Cost approach	Environmental legislation, timing of expected cash outflows, asset condition.

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E2-1 Fair value measurement (continued)

\$ '000	Fair value (30/6/24) 2024	Valuation technique/s	Unobservable inputs
Library books	198	Cost approach	Current replacement cost and residual value of modern equivalent asset, asset condition, remaining lives.

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

\$ '000	2024	2023
Balance at 1 July	2,027,967	1,843,320
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	129,278	130,425
Other movements		
Purchases	112,783	44,398
Sales	(4,351)	(1,192)
Transfers from/(to) level 2 FV hierarchy	–	(1,338)
Transfers from/(to) another asset class	123,607	49,060
Depreciation and impairment	(39,570)	(36,707)
Other asset transfers	(5,752)	–
Balance at 30 June	2,343,962	2,027,966

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

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

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

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

The adequacy of contributions is assessed at each triennial actuarial investigation, the next of which is due effective 30 June 2024, and monitored annually between triennials.

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 2024 was \$214,891.45. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2023.

Council's expected contribution to the plan for the next annual reporting period is \$129,107.94.

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

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E3-1 Contingencies (continued)

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

* excluding 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 0.72% as at 30 June 2024.

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	3.5% for FY 23/24 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, a mutual pool scheme providing liability insurance to local government.

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

2. Other contingent liabilities

(i) Third party claims

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.

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E3-1 Contingencies (continued)

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.

The Council is involved from time to time in land acquisitions for the purpose of building community infrastructure. Where land is compulsorily acquired and compensation is disputed, the Council may be required to cover other costs including severance and disturbance costs.

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

(iii) Contingent Asset - Outstanding Legal Matters

Council has no legal matters requiring recognition of a contingent asset.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

\$ '000	2024	2023
Compensation:		
Short-term benefits	1,616	1,514
Post-employment benefits	170	145
Other Long Term Benefits	62	–
Total	1,848	1,659

Other transactions with KMP and their related parties

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

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	71	63
Councillors' fees	287	312
Councillors' (including Mayor) expenses	38	47
Total	396	422

F2 Other relationships

F2-1 Audit fees

\$ '000	2024	2023
Auditors of the Council - NSW Auditor-General:		
Audit and review of financial statements	111	343
Remuneration for audit and other assurance services	111	343
Total fees paid or payable to the Auditor-General	111	343

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

\$ '000	2024	2023
Operating result	120,103	79,441
Add/(less) non-cash items:		
(Gain)/loss on disposal of assets	1,853	476
Depreciation and amortisation	40,076	37,232
Non-cash capital grants and contributions	(83,996)	(22,581)
Fair value decrements on investments through P&L	(2,550)	(2,350)
Unwinding of discount rates on reinstatement provisions	136	150
Changes in assets and liabilities:		
Movements in operating assets and liabilities		
(Increase)/decrease in receivables	2,857	(7,804)
(Increase)/decrease in other assets	(4,120)	(1,227)
(Increase)/decrease in inventories	121	63
(Increase) / decrease of contract asset	(5,687)	(2,034)
Increase/(decrease) in trade payables	478	675
Increase / (decrease) in contract liabilities	8,488	5,031
Increase/(decrease) in employee benefit provision	98	(669)
Increase / (decrease) in provision for impairment of receivables	66	(24)
Increase / (decrease) in accrued interest payable	(11)	(28)
Increase / (decrease) in other accrued expenses payable	225	170
Increase / (decrease) in other provisions	770	(4,442)
Increase/(decrease) in other liabilities and accruals	(82)	451
Net cash flows from operating activities	78,825	82,530

(b) Non-cash investing and financing activities

Developer contributions 'in kind'	83,995	22,582
	83,995	22,582

G2-1
Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Sewerage & water infrastructure	9,152	9,931
Buildings	1,495	12,054
Road infrastructure	4,920	3,224
Other	3,618	–
Cemetery	337	–
Recreation	1,376	–
Total commitments	20,898	25,209

Details of capital commitments

Council hold commitments for major projects as listed. The projects are due to be completed within the next 5 years and are funded by a combination of grants, contributions, loans and Council reserves.

G3-1
Events occurring after reporting date

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

G4 Statement of developer contributions

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024 Purpose	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Roads	12,771	3,537	-	-	832	-	-	17,140	-
Parking	3	-	-	-	-	-	-	3	-
Open space	212	28	-	-	2	(195)	-	47	-
Community facilities	5,495	2,340	-	-	354	-	-	8,189	-
Other	10,792	1,922	-	-	612	-	-	13,326	-
Bushfire	204	18	-	-	12	1	-	237	-
Waste management	310	-	-	-	17	-	-	329	-
Rural addressing	19	-	-	-	1	-	-	21	-
Recreation facilities	1,869	928	-	-	118	(126)	-	2,789	-
Pathway	431	181	-	-	32	-	-	644	-
Purpose	-	-	-	-	-	-	-	-	-
Street upgrade	1,138	499	-	-	86	-	-	1,720	-
S7.11 contributions – under a plan	33,244	9,453	-	-	2,066	(320)	-	44,445	-
Total S7.11 and S7.12 revenue under plans	33,244	9,453	-	-	2,066	(320)	-	44,445	-
S7.11 not under plans	273	254	-	-	14	(323)	-	218	-
S7.4 planning agreements	788	131	-	83,996	41	(121)	-	839	-
S64 contributions	21,725	6,233	-	-	1,326	(1,857)	-	27,427	-
Total contributions	56,030	16,071	-	83,996	3,447	(2,621)	-	72,929	-

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

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024 Purpose	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN (former Palerang)									
Roads	5,909	1,352	-	-	363	-	-	7,624	-
Community facilities	1,531	20	-	-	89	-	-	1,640	-
Bushfire	204	18	-	-	12	1	-	237	-
Waste management	310	-	-	-	17	-	-	329	-
Rural addressing	19	-	-	-	1	-	-	21	-

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G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024 Purpose	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Recreation facilities	1,869	928	-	-	118	(126)	-	2,789	-
Pathway	431	181	-	-	32	-	-	644	-
Street upgrade	1,138	499	-	-	86	-	-	1,720	-
Purpose	-	-	-	-	-	-	-	-	-
Total	11,411	2,998	-	-	718	(125)	-	15,004	-
CONTRIBUTION PLAN (former QCC)									
Roads	6,862	2,185	-	-	469	-	-	9,516	-
Parking	3	-	-	-	-	-	-	3	-
Open space	212	28	-	-	2	(195)	-	47	-
Community facilities	3,964	2,320	-	-	265	-	-	6,549	-
Other (Googong Development, Extractive Industries - C.S.R)	10,792	1,922	-	-	612	-	-	13,326	-
Purpose	-	-	-	-	-	-	-	-	-
Total	21,833	6,455	-	-	1,348	(195)	-	29,441	-

G4-3 Contributions not under plans

(former Palerang)									
Roads	172	150	-	-	4	(323)	-	3	-
Parking	101	104	-	-	10	-	-	215	-
Total	273	254	-	-	14	(323)	-	218	-

G4-4 S7.4 planning agreements

Roads	788	131	-	-	41	(121)	-	839	-
Community Facilities	-	-	-	-	-	-	-	-	-
Stormwater	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Sewer	-	-	-	-	-	-	-	-	-
Total	788	131	-	-	41	(121)	-	839	-

G4-5 S64 contributions

Section 64 Water	9,845	4,389	-	-	626	(1,404)	-	13,456	-
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G4-5 S64 contributions (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year		Non-cash Other	Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024 Purpose	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land						
Section 64 Sewer	11,881	1,843	-	-	700	(453)	-	13,971	-
Total	21,726	6,232	-	-	1,326	(1,857)	-	27,427	-

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	2023	Indicators 2022	2021	Benchmark
1. Operating performance						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	6,160	3.61%	5.60%	(1.72)%	(0.29)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	170,831					
2. Own source operating revenue						
Total continuing operating revenue excluding all grants and contributions ¹	151,075	53.16%	58.13%	46.97%	49.15%	> 60.00%
Total continuing operating revenue inclusive all grants and contributions ¹	284,163					
3. Unrestricted current ratio						
Current assets less all external restrictions	81,437	2.14x	2.14x	1.42x	1.78x	> 1.50x
Current liabilities less specific purpose liabilities	38,035					
4. Debt service cover ratio						
Operating result before capital excluding interest, depreciation, impairment and amortisation ¹	51,235	3.35x	3.87x	3.78x	2.98x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	15,297					
5. Rates and annual charges outstanding percentage						
Rates and annual charges outstanding	9,151	8.75%	7.75%	8.02%	9.25%	< 10.00%
Rates and annual charges collectable	104,598					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus term deposits	104,341	8.44 months	9.50 months	9.31 months	8.10 months	> 3.00 months
Payments from cash flow of operating and financing activities	12,362					

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
1. Operating performance							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(8.11)%	(3.72)%	13.17%	19.04%	35.88%	30.32%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue							
Total continuing operating revenue excluding capital grants and contributions ¹	44.93%	49.53%	67.75%	84.94%	78.07%	75.14%	> 60.00%
Total continuing operating revenue inclusive capital grants and contributions ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.14x	2.14x	∞	∞	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest, depreciation, impairment and amortisation ¹	1.72x	2.14x	17.42x	22.29x	21.47x	26.98x	> 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	8.66%	6.78%	11.11%	7.73%	8.05%	10.61%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	5.84 months	5.70 months	10.38 months	12.18 months	22.66 months	30.96 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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

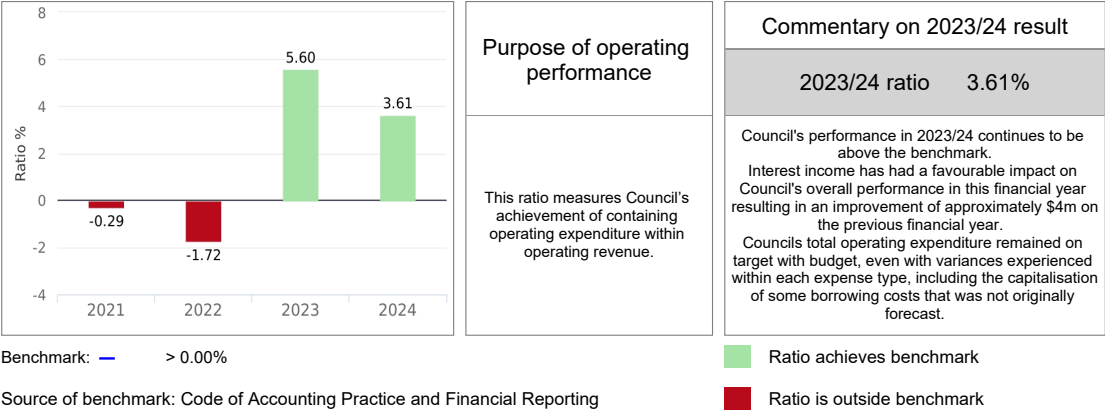
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

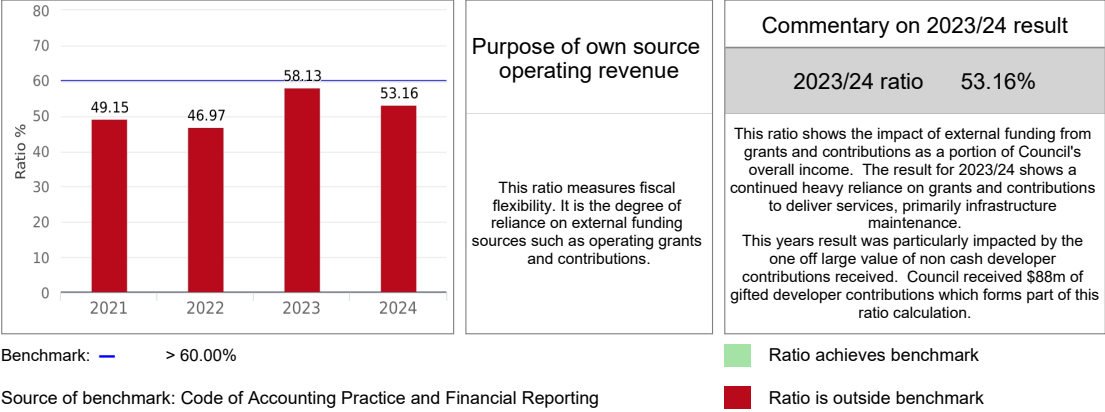
H
Additional Council disclosures (unaudited)

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

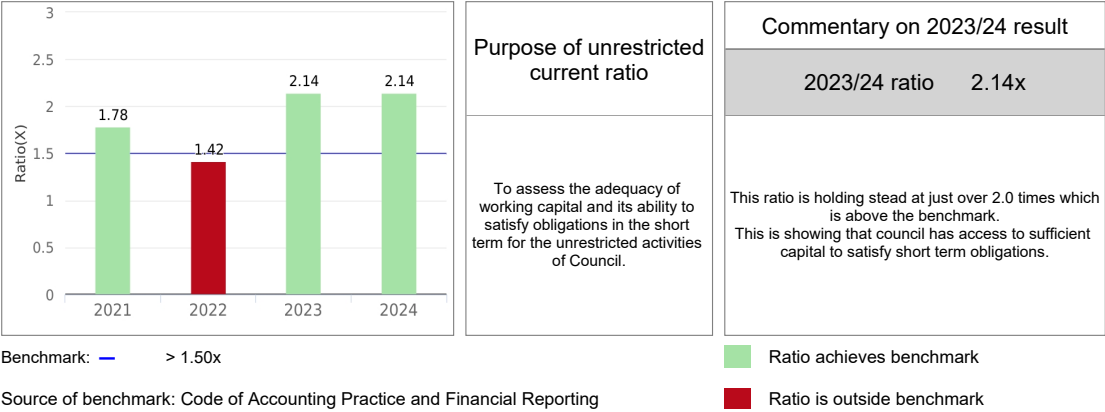
1. Operating performance



2. Own source operating revenue

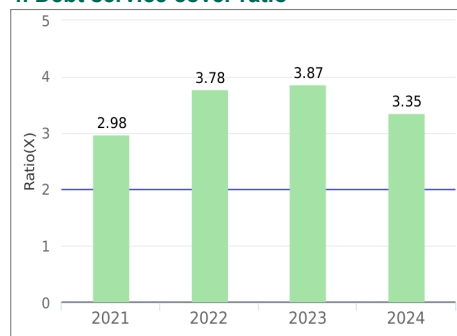


3. Unrestricted current ratio



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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2023/24 result

2023/24 ratio 3.35x

This result indicates that Council can adequately services its outstanding debts. This result reflects additional borrowings during 2023/24 of \$6.1m as the final drawdown on loan borrowings for the Nellie Hamilton Centre construction.

This ratio is also impacted by the one off large value of non cash developer contributions received. Council received \$88m of gifted developer contributions which forms part of this ratio calculation.

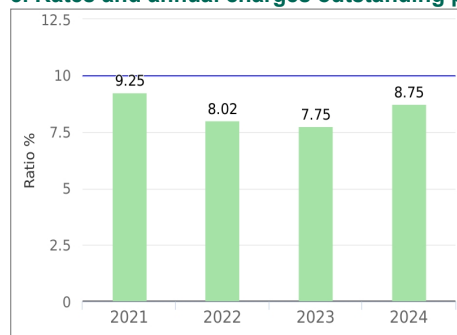
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2023/24 result

2023/24 ratio 8.75%

This ratio remains below the benchmark of 10%. This is a result of Councils Hardship policy working to support all ratepayers during the challenging economic environment experienced in 2023/24.

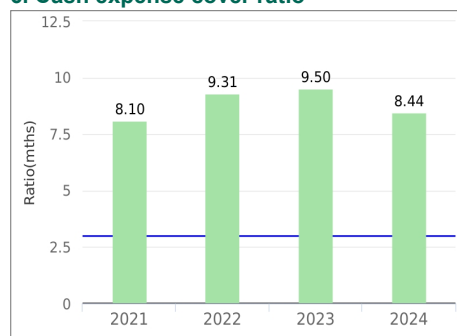
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2023/24 result

2023/24 ratio 8.44 months

Council continues to maintain a cash expense cover ratio above the benchmark of 3 months. The result of this measure continues to reflect a high level of liquidity in Council's investments portfolio at the end of 2023/24.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

256 Crawford Street
Queanbeyan NSW 2620

13 Gibraltar Street
Bungendore NSW 2621

144 Wallace Street
Braidwood NSW 2622

Contact details

Mailing Address:

PO Box 90
Queanbeyan NSW 2620

Opening hours:

8:30am - 4:30pm - Weekdays

Telephone: 02 6285 6000

Internet: www.qprc.nsw.gov.au

Email: council@qprc.nsw.gov.au

Officers

General Manager

Rebecca Ryan

Responsible Accounting Officer

Tracy Sligar

Auditors

Audit Office of New South Wales
Level 19, Tower 2 Darling Park, 201 Sussex Street
Sydney NSW 2000

Elected members

Mayor

Kenrick Winchester

Deputy Mayor

Esma Livermore

Councillors

Katrina Willis
Louise Burton
Bryce Wilson
Mareeta Grundy
Steve Taskovski
Edwina Webster
Michele Biscotti
John Preston
Ross Macdonald

Other information

ABN: 95 933 070 982



Cr Kenrick Winchester
Mayor
Queanbeyan-Palerang Regional Council
PO Box 90
QUEANBEYAN NSW 2620

Contact: Furqan Yousuf
Phone no: 02 9275 7470
Our ref: R008-2124742775-7556

31 October 2024

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2024
Queanbeyan-Palerang Regional Council**

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

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

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

INCOME STATEMENT

Operating result

	2024	2023*	Variance
	\$m	\$m	%
Rates and annual charges revenue	96.6	84.4	↑ 14.3
Grants and contributions revenue	133.1	98.0	↑ 35.8
Operating result from continuing operations	120.1	79.4	↑ 51.2
Net operating result before capital grants and contributions	6.8	11.2	↓ 39.3

Rates and annual charges revenue (\$96.6 million) increased by \$12.1 million (14.3 per cent) in 2023–24 primarily due to the 18.0 per cent approved special rate variation.

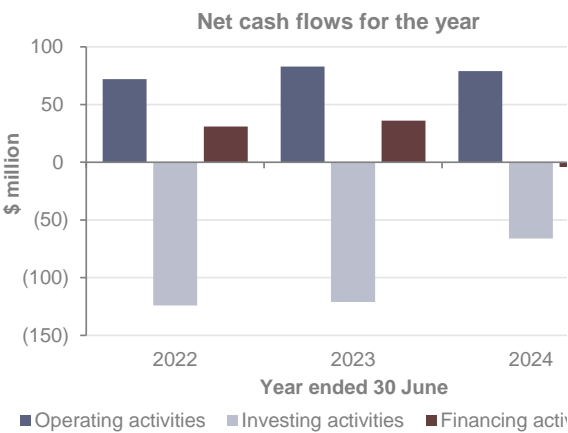
Grants and contributions revenue (\$133.1 million) increased by \$35.1 million (35.8 per cent) in 2023–24 mainly due to a \$67.5 million increase in capital developer contributions, partially offset by an overall decrease of \$32.4 million in operating grants and non-developer contributions.

Council’s operating result from continuing operations (surplus of \$120.1 million) was \$40.7 million higher than the 2022–23 result. The increase was mainly driven by increase in grants and contributions and rates and annual charges revenue as explained above. This increase was partially offset by \$9.6 million increase in total operating expenses.

The net operating result before capital grants and contributions (\$6.8 million) was \$4.4 million lower than the 2022–23 result.

STATEMENT OF CASH FLOWS

- The Council’s cash and cash equivalents balance at 30 June 2024 was \$34.8 million (\$25.8 million as at 30 June 2023). There was a net increase in cash and cash equivalents of \$9.0 million.
- Net cash inflows from operating activities decreased by \$3.7 million, mainly due to a decrease in receipts from cash grants and contributions
- Net cash outflows from investing activities decreased by \$55.9 million. This was mainly due to decrease in acquisition of infrastructure, property, plant & equipment (IPPE) assets
- Net cash provided by financing activities decreased by \$40.2 million, mainly due to a decrease in proceeds from borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	272.3	233.3	Externally restricted cash and cash equivalents are restricted in their use by externally imposed requirements. This balance comprises mainly of specific purpose unexpended grants for general fund, water fund, sewer fund and general fund developer contributions.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	244.0	203.7	Internally restricted cash and equivalents have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by the Council. The Council's internally restricted cash and cash equivalents have decreased by \$2.2 million mainly due to a decrease in allocations to the financial assistance grant.
• Internal allocations	25.3	29.3	

Debt

At 30 June 2024, Council had:

- \$148.8 million in unsecured loans (\$152.9 million in 2022-23)
- \$2.0 million in approved overdraft facility with nil drawn down
- \$210,000 in credit card facility with \$116,000 used.

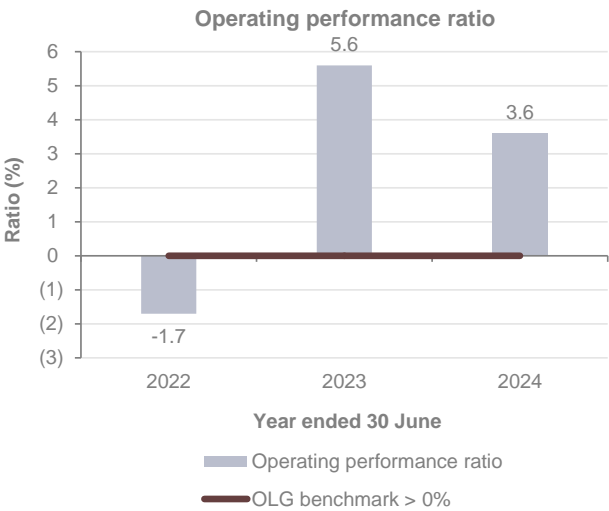
PERFORMANCE

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, Housing and Infrastructure.

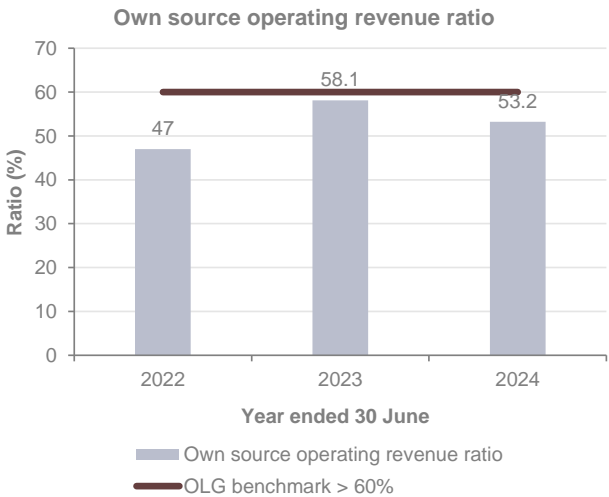
Operating performance ratio

Council exceeded the benchmark for the current reporting period.
The ‘operating performance ratio’ measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



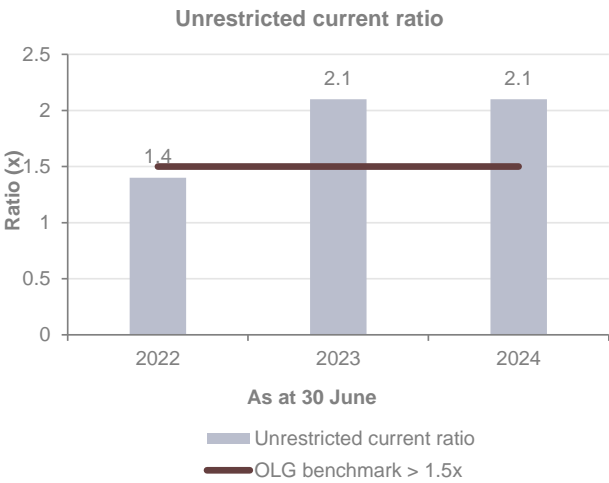
Own source operating revenue ratio

Council did not meet the benchmark for the current reporting period.
The ‘own source operating revenue ratio’ measures council’s fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



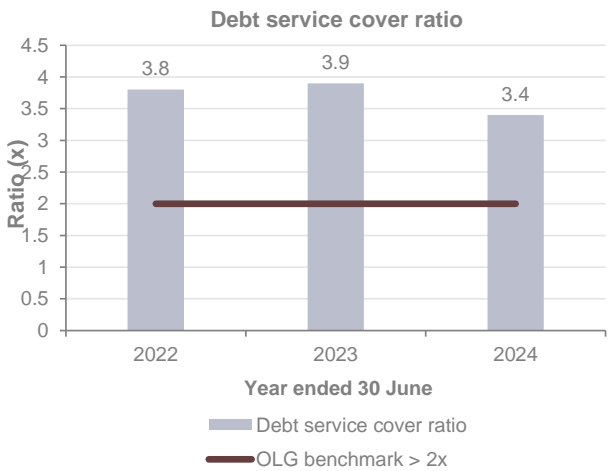
Unrestricted current ratio

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



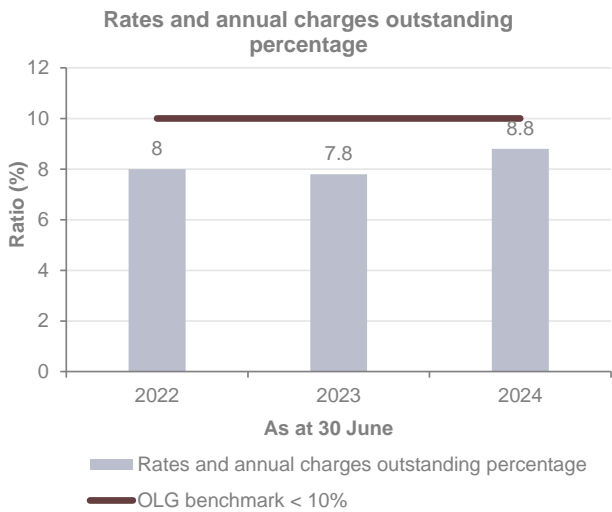
Debt service cover ratio

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



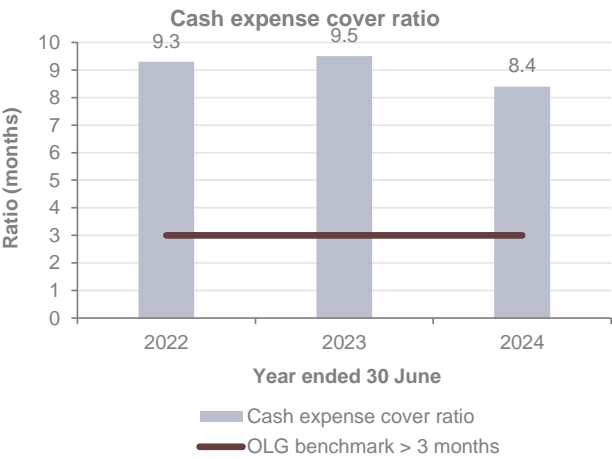
Rates and annual charges outstanding percentage

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



Cash expense cover ratio

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



Infrastructure, property, plant and equipment renewals

Council renewed \$20.6 million of infrastructure, property, plant and equipment during the 2023-24 financial year (2022-23: \$34.9 million). This was mainly spent on capital work-in-progress, plant and equipment, transport assets, buildings and other structures. A further \$104.0 million of new assets (including \$84.0 million of developer contributed assets) were added during the year, comprising of roads, bridges and footpaths, stormwater drainage, sewerage network and plant and equipment.

OTHER MATTERS

Legislative compliance

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

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



Furqan Yousuf
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Ms Rebecca Ryan, General Manager
Ms Rhonda Wheatley, Chair of the Audit, Risk and Improvement Committee

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INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Queanbeyan-Palerang Regional Council

To the Councillors of Queanbeyan-Palerang Regional Council

Opinion

I have audited the accompanying financial statements of Queanbeyan-Palerang 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 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Furqan Yousuf
Delegate of the Auditor-General for New South Wales

31 October 2024
SYDNEY

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Queanbeyan-Palerang Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



Queanbeyan-Palerang Regional Council
Special Purpose Financial Statements
for the year ended 30 June 2024

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
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
Note – Material accounting policy information	8
Auditor's Report on Special Purpose Financial Statements	11

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).

Queanbeyan-Palerang Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 11 September 2024.



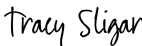
Kenrick Winchester
Mayor
31 October 2024



Esma Livermore
Deputy Mayor
31 October 2024



Rebecca Ryan
General Manager
31 October 2024



Tracy Sligar
Responsible Accounting Officer
31 October 2024

Queanbeyan-Palerang Regional Council | Income Statement of water supply business activity | for the year ended 30 June 2024

Queanbeyan-Palerang Regional Council

Income Statement of water supply business activity for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	8,649	8,797
User charges	19,774	17,989
Interest and investment income	2,855	1,591
Grants and contributions provided for operating purposes	82	17
Other income	5	3
Total income from continuing operations	31,365	28,397
Expenses from continuing operations		
Employee benefits and on-costs	1,514	1,755
Borrowing costs	241	250
Materials and services	8,166	5,221
Depreciation, amortisation and impairment	4,439	3,861
Water purchase charges	12,873	11,904
Total expenses from continuing operations	27,233	22,991
Surplus (deficit) from continuing operations before capital amounts	4,132	5,406
Grants and contributions provided for capital purposes	14,810	5,013
Surplus (deficit) from continuing operations after capital amounts	18,942	10,419
Surplus (deficit) from all operations before tax	18,942	10,419
Less: corporate taxation equivalent 25% [based on result before capital]	(1,033)	(1,352)
Surplus (deficit) after tax	17,909	9,067
opening accumulated surplus	158,039	147,620
Adjustments for amounts unpaid:		
– Corporate taxation equivalent	1,033	1,352
Closing accumulated surplus	176,981	158,039
Return on capital %	2.4%	3.2%
Subsidy from Council	3,530	1,403
Calculation of dividend payable:		
Surplus (deficit) after tax	17,909	9,067
Less: capital grants and contributions (excluding developer contributions)	(14,810)	(2,895)
Surplus for dividend calculation purposes	3,099	6,172
Potential dividend calculated from surplus	1,550	3,086

Queanbeyan-Palerang Regional Council | Income Statement of sewerage business activity | for the year ended 30 June 2024

Queanbeyan-Palerang Regional Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	22,067	19,435
User charges	1,879	1,505
Liquid trade waste charges	50	26
Fees	267	191
Interest and investment income	6,051	3,164
Grants and contributions provided for operating purposes	–	2,104
Total income from continuing operations	30,314	26,425
Expenses from continuing operations		
Employee benefits and on-costs	2,542	2,232
Borrowing costs	399	404
Materials and services	9,365	9,274
Depreciation, amortisation, impairment and revaluation decrement	7,130	6,503
Net loss from the disposal of assets	6	186
Total expenses from continuing operations	19,442	18,599
Surplus (deficit) from continuing operations before capital amounts	10,872	7,826
Grants and contributions provided for capital purposes	8,515	5,942
Surplus (deficit) from continuing operations after capital amounts	19,387	13,768
Surplus (deficit) from all operations before tax	19,387	13,768
Less: corporate taxation equivalent 25% [based on result before capital]	(2,718)	(1,957)
Surplus (deficit) after tax	16,669	11,811
Opening accumulated surplus	282,210	268,442
Adjustments for amounts unpaid:		
– Corporate taxation equivalent	2,718	1,957
Closing accumulated surplus	301,597	282,210
Return on capital %	4.6%	3.7%
Subsidy from Council	–	768
Calculation of dividend payable:		
Surplus (deficit) after tax	16,669	11,811
Less: capital grants and contributions (excluding developer contributions)	(8,515)	(5,533)
Surplus for dividend calculation purposes	8,154	6,278
Potential dividend calculated from surplus	4,077	3,139

Queanbeyan-Palerang Regional Council | Statement of Financial Position of water supply business activity | as at 30 June 2024

Queanbeyan-Palerang Regional Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	4,559	4,671
Investments	29,017	22,617
Receivables	4,491	3,403
Total current assets	38,067	30,691
Non-current assets		
Investments	26,768	14,933
Infrastructure, property, plant and equipment	183,796	175,603
Total non-current assets	210,564	190,536
Total assets	248,631	221,227
LIABILITIES		
Current liabilities		
Payables	606	691
Borrowings	278	256
Employee benefit provisions	319	379
Total current liabilities	1,203	1,326
Non-current liabilities		
Borrowings	3,833	4,120
Total non-current liabilities	3,833	4,120
Total liabilities	5,036	5,446
Net assets	243,595	215,781
EQUITY		
Accumulated surplus	176,981	158,039
IPPE Revaluation reserves	66,614	57,742
Total equity	243,595	215,781

Queanbeyan-Palerang Regional Council | Statement of Financial Position of sewerage business activity | as at 30 June 2024

Queanbeyan-Palerang Regional Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	7,191	9,609
Investments	46,016	46,524
Receivables	2,183	1,693
Total current assets	55,390	57,826
Non-current assets		
Investments	42,450	30,720
Infrastructure, property, plant and equipment	245,331	223,824
Total non-current assets	287,781	254,544
Total assets	343,171	312,370
LIABILITIES		
Current liabilities		
Payables	51	37
Borrowings	473	434
Employee benefit provisions	412	433
Total current liabilities	936	904
Non-current liabilities		
Borrowings	5,941	6,438
Total non-current liabilities	5,941	6,438
Total liabilities	6,877	7,342
Net assets	336,294	305,028
EQUITY		
Accumulated surplus	301,597	282,210
IPPE Revaluation reserves	34,697	22,818
Total equity	336,294	305,028

Note – Material accounting policy information

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Water Supplies

Provision of water services to the Local Government Area.

b. Sewerage Services

Provision of waste water services to the Local Government Area.

Category 2

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

Nil

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

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

continued on next page ...

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Note – Material accounting policy information (continued)

Notional rate applied (%)

Corporate income tax rate – 25% (2022/23 - 25%)

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

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

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

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

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

Income tax

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

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

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

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.

Note – Material accounting policy information (continued)

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.30% at 30/6/24.

(iii) Dividends

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

 A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with DCCEEW's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Queanbeyan-Palerang Regional Council

To the Councillors of Queanbeyan-Palerang Regional Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Queanbeyan-Palerang 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 2024, the Statement of Financial Position of each Declared Business Activity as at 30 June 2024 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- Water supply
- Sewerage

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Furqan Yousuf
Delegate of the Auditor-General for New South Wales

31 October 2024
SYDNEY

Queanbeyan-Palerang Regional Council

SPECIAL SCHEDULES
for the year ended 30 June 2024



Queanbeyan-Palerang Regional Council

Special Schedules

for the year ended 30 June 2024

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Permissible income for general rates	3
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Queanbeyan-Palerang Regional Council | Permissible income for general rates | for the year ended 30 June 2024

Queanbeyan-Palerang Regional Council

Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
Notional general income calculation ¹			
Last year notional general income yield	a	42,509	51,125
Plus or minus adjustments ²	b	1,154	1,382
Notional general income	c = a + b	43,663	52,507
Permissible income calculation			
Percentage increase	d	18.00%	18.00%
Plus percentage increase amount ³	f = d x (c + e)	7,859	9,451
Sub-total	g = (c + e + f)	51,522	61,958
Plus last year's carry forward total	h	—	397
Sub-total	j = (h + i)	—	397
Total permissible income	k = g + j	51,522	62,355
Less notional general income yield	l	51,125	61,787
Catch-up or (excess) result	m = k - l	397	569
Carry forward to next year ⁶	p = m + n + o	397	569

Notes

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

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Queanbeyan-Palerang Regional Council | Permissible income for general rates | for the year ended 30 June 2024



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates Queanbeyan-Palerang Regional Council

To the Councillors of Queanbeyan-Palerang Regional Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

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Queanbeyan-Palerang Regional Council | Permissible income for general rates | for the year ended 30 June 2024

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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Queanbeyan-Palerang Regional Council | Permissible income for general rates | for the year ended 30 June 2024

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.



Furqan Yousuf
Delegate of the Auditor-General for New South Wales

31 October 2024
SYDNEY

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Queanbeyan-Palerang Regional Council

Report on infrastructure assets as at 30 June 2024

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	2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	3,580	16,036	5,008	1,573	222,901	295,336	22.9%	44.2%	27.2%	5.1%	0.6%
	Sub-total	3,580	16,036	5,008	1,573	222,901	295,336	22.9%	44.2%	27.2%	5.1%	0.6%
Roads	Roads	1,039	3,974	3,835	8,903	397,987	518,668	76.9%	13.1%	9.3%	0.1%	0.6%
	Bridges	1,285	7,343	656	1,074	100,980	152,100	45.9%	18.2%	31.1%	4.8%	0.0%
	Footpaths	142	803	566	609	53,486	66,219	57.2%	25.0%	16.5%	1.2%	0.1%
	Other road assets (includes bulk earthworks)	162	770	2,074	–	727,334	765,752	92.8%	3.5%	3.6%	0.1%	0.0%
	Sub-total	2,628	12,890	7,131	10,586	1,279,787	1,502,739	81.0%	9.2%	8.9%	0.6%	0.3%
Water supply network	Water supply network	2,322	12,368	4,392	3,793	177,619	309,244	21.0%	35.8%	39.2%	3.9%	0.1%
	Sub-total	2,322	12,368	4,392	3,793	177,619	309,244	21.0%	35.8%	39.2%	3.9%	0.1%
Sewerage network	Sewerage network	8,035	16,961	4,839	5,636	199,128	343,543	26.7%	37.2%	31.1%	1.2%	3.8%
	Sub-total	8,674	18,310	5,224	5,636	224,287	370,874	26.7%	37.2%	31.1%	1.2%	3.8%
Stormwater drainage	Stormwater drainage	9,846	17,124	2,086	177	194,449	289,978	61.4%	23.6%	9.1%	0.0%	5.9%
	Sub-total	9,846	17,124	2,086	177	194,449	289,978	61.4%	23.6%	9.1%	0.0%	5.9%
Open space / recreational assets	Swimming pools	227	1,296	272	–	4,451	8,707	26.2%	0.2%	58.7%	14.9%	0.0%
	Park Structures	397	2,040	2,993	3,213	66,609	88,166	53.5%	20.6%	23.6%	2.2%	0.1%
	Sub-total	624	3,336	3,265	3,213	71,060	96,873	51.0%	18.8%	26.8%	3.3%	0.1%
Total – all assets		27,674	80,064	27,106	24,978	2,170,103	2,865,044	58.5%	21.1%	17.6%	1.5%	1.3%

(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

Queanbeyan-Palerang Regional Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

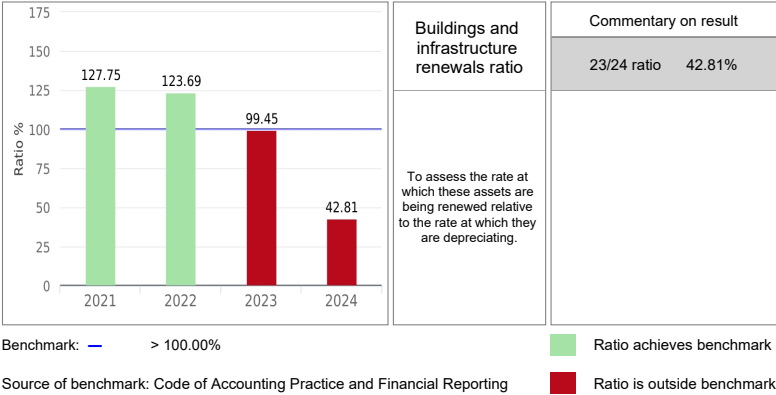
\$ '000	Amounts 2024	Indicator 2024	2023	Indicators 2022	2021	Benchmark
Buildings and infrastructure renewals ratio						
Asset renewals ¹	15,705					
Depreciation, amortisation and impairment	36,684	42.81%	99.45%	123.69%	127.75%	> 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	27,674					
Net carrying amount of infrastructure assets	2,206,992	1.25%	1.17%	0.84%	1.24%	< 2.00%
Asset maintenance ratio						
Actual asset maintenance	24,978					
Required asset maintenance	27,106	92.15%	118.24%	123.74%	122.39%	> 100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	80,064	2.79%	2.69%	2.33%	3.06%	
Gross replacement cost	2,865,044					

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

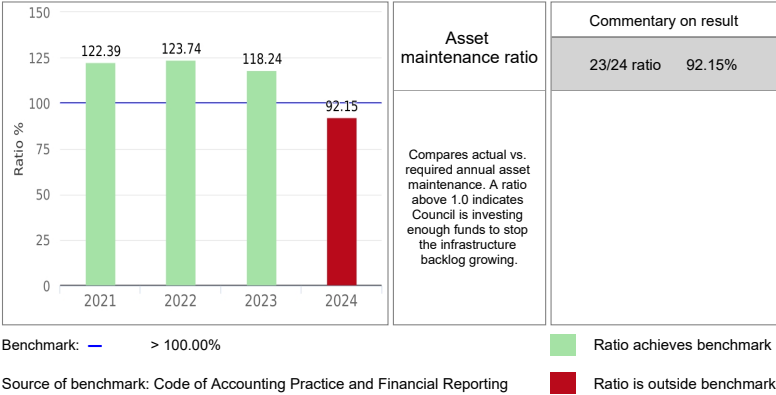
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Queanbeyan-Palerang Regional Council
Report on infrastructure assets as at 30 June 2024

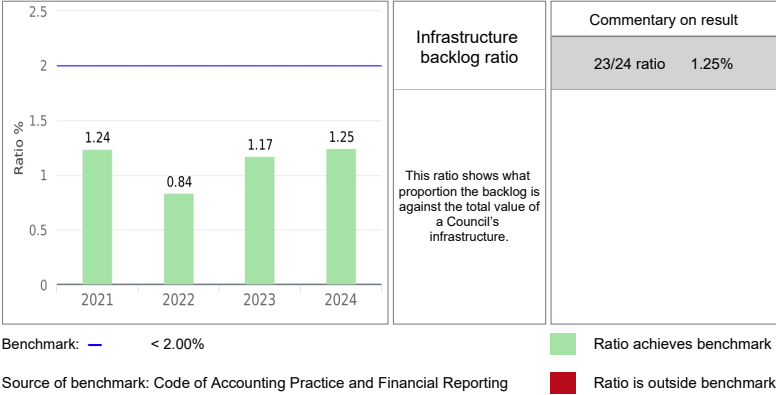
Buildings and infrastructure renewals ratio



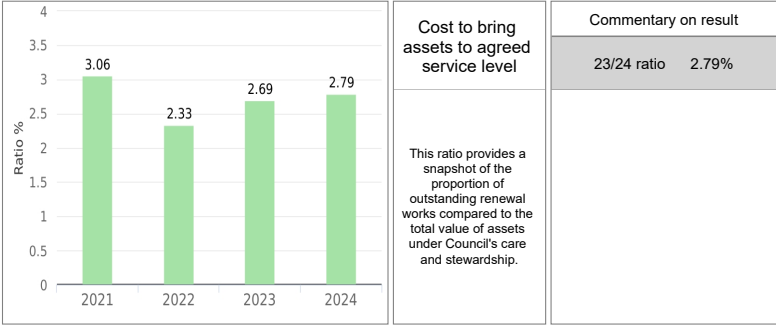
Asset maintenance ratio



Infrastructure backlog ratio



Cost to bring assets to agreed service level



Queanbeyan-Palerang Regional Council
Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	60.55%	138.72%	5.65%	20.05%	3.45%	9.32%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	1.40%	0.82%	1.31%	1.28%	3.87%	3.84%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	88.90%	131.96%	86.36%	124.16%	107.89%	72.10%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	2.26%	2.07%	4.00%	4.00%	4.94%	4.94%	

(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.