

# Blayney Shire Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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# Blayney Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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## General Purpose Financial Statements

for the year ended 30 June 2023

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### Overview

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

91 Adelaide Street  
Blayney NSW 2799

Council's guiding principles are detailed in Chapter 3 of the Local Government Act and includes:

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

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

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

# Blayney Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2023

### Statement by Councillors and Management

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 29 August 2023.**



Cr. S.J. Ferguson  
**Mayor**  
29 August 2023



Cr. D. Somerville  
**Deputy Mayor**  
29 August 2023



M. Dicker  
**General Manager**  
29 August 2023



T. Irlam  
**Responsible Accounting Officer**  
29 August 2023

## Blayney Shire Council

### Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Restated Actual 2022
<b>Income from continuing operations</b>				
12,382	Rates and annual charges	B2-1	12,222	11,777
1,667	User charges and fees	B2-2	2,049	1,579
371	Other revenues	B2-3	316	480
4,255	Grants and contributions provided for operating purposes	B2-4	6,457	5,525
5,857	Grants and contributions provided for capital purposes	B2-4	10,443	9,788
189	Interest and investment income	B2-5	730	110
25	Other income	B2-6	544	196
78	Net gain from the disposal of assets	B4-1	–	54
24,824	<b>Total income from continuing operations</b>		<b>32,761</b>	<b>29,509</b>
<b>Expenses from continuing operations</b>				
7,209	Employee benefits and on-costs	B3-1	6,970	7,167
4,657	Materials and services	B3-2	5,329	5,135
223	Borrowing costs	B3-3	273	147
6,774	Depreciation, amortisation and impairment of non-financial assets	B3-4	7,514	6,738
944	Other expenses	B3-5	847	685
–	Net loss from the disposal of assets	B4-1	229	–
19,807	<b>Total expenses from continuing operations</b>		<b>21,162</b>	<b>19,872</b>
5,017	<b>Operating result from continuing operations</b>		<b>11,599</b>	<b>9,637</b>
5,017	<b>Net operating result for the year attributable to Council</b>		<b>11,599</b>	<b>9,637</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>				
(840)			1,156	(151)

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

## Blayney Shire Council

### Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	Restated 2022
<b>Net operating result for the year – from Income Statement</b>		<b>11,599</b>	<b>9,637</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<b>34,023</b>	33,221
Other comprehensive income – joint ventures and associates	D2-2	<b>4,545</b>	210
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>38,568</b>	<b>33,431</b>
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements		<b>55</b>	–
<b>Total items which will be reclassified subsequently to the operating result when specific conditions are met</b>		<b>55</b>	–
<b>Total other comprehensive income for the year</b>		<b>38,623</b>	<b>33,431</b>
<b>Total comprehensive income for the year attributable to Council</b>		<b>50,222</b>	<b>43,068</b>

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

## Blayney Shire Council

### Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	Restated 2022	Restated 1 July 2021
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	5,771	2,298	3,665
Investments	C1-2	23,500	17,500	16,500
Receivables	C1-4	1,026	1,267	587
Inventories	C1-5	1,350	1,377	1,528
Contract assets and contract cost assets	C1-6	3,755	2,345	550
Other	C1-11	73	128	63
<b>Total current assets</b>		<b>35,475</b>	<b>24,915</b>	<b>22,893</b>
<b>Non-current assets</b>				
Investments	C1-2	–	500	500
Receivables	C1-4	–	20	–
Infrastructure, property, plant and equipment (IPPE)	C1-7	379,271	338,320	297,964
Intangible assets	C1-8	62	54	83
Right of use assets	C2-1	42	21	40
Investments accounted for using the equity method	D2-2,D2-3	35,050	30,108	29,835
<b>Total non-current assets</b>		<b>414,425</b>	<b>369,023</b>	<b>328,422</b>
<b>Total assets</b>		<b>449,900</b>	<b>393,938</b>	<b>351,315</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	2,051	1,522	1,533
Contract liabilities	C3-2	5,212	3,198	3,369
Lease liabilities	C2-1	10	19	20
Borrowings	C3-3	597	629	602
Employee benefit provisions	C3-4	2,165	2,330	2,356
Provisions	C3-5	70	–	–
<b>Total current liabilities</b>		<b>10,105</b>	<b>7,698</b>	<b>7,880</b>
<b>Non-current liabilities</b>				
Payables	C3-1	1	2	2
Contract liabilities	C3-2	3,924	–	–
Lease liabilities	C2-1	33	2	21
Borrowings	C3-3	5,376	5,972	6,601
Employee benefit provisions	C3-4	53	75	76
Provisions	C3-5	1,335	1,338	952
<b>Total non-current liabilities</b>		<b>10,722</b>	<b>7,389</b>	<b>7,652</b>
<b>Total liabilities</b>		<b>20,827</b>	<b>15,087</b>	<b>15,532</b>
<b>Net assets</b>		<b>429,073</b>	<b>378,851</b>	<b>335,783</b>
<b>EQUITY</b>				
Accumulated surplus	C4-1	184,666	168,522	158,675
IPPE revaluation reserve	C4-1	244,352	210,329	177,108
Other reserves	C4-1	55	–	–
<b>Council equity interest</b>		<b>429,073</b>	<b>378,851</b>	<b>335,783</b>
<b>Total equity</b>		<b>429,073</b>	<b>378,851</b>	<b>335,783</b>

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

## Blayney Shire Council

## Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023				2022			
		Accumulated surplus	IPPE revaluation reserve	Other reserves	Total equity	Accumulated surplus	IPPE revaluation reserve	Other reserves	Total equity
Opening balance at 1 July		168,522	210,329	–	378,851	157,485	177,108	–	334,593
Correction of prior period errors	G3-1	–	–	–	–	1,190	–	–	1,190
<b>Restated opening balance</b>		<b>168,522</b>	<b>210,329</b>	<b>–</b>	<b>378,851</b>	<b>158,675</b>	<b>177,108</b>	<b>–</b>	<b>335,783</b>
Net operating result for the year		11,599	–	–	11,599	9,853	–	–	9,853
Correction of prior period errors	G3-1	–	–	–	–	(216)	–	–	(216)
<b>Restated net operating result for the period</b>		<b>11,599</b>	<b>–</b>	<b>–</b>	<b>11,599</b>	<b>9,637</b>	<b>–</b>	<b>–</b>	<b>9,637</b>
<b>Other comprehensive income</b>									
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	34,023	–	34,023	–	33,221	–	33,221
Joint ventures and associates	D2-2	4,545	–	–	4,545	210	–	–	210
Other reserves movements		–	–	55	55	–	–	–	–
<b>Other comprehensive income</b>		<b>4,545</b>	<b>34,023</b>	<b>55</b>	<b>38,623</b>	<b>210</b>	<b>33,221</b>	<b>–</b>	<b>33,431</b>
<b>Total comprehensive income</b>		<b>16,144</b>	<b>34,023</b>	<b>55</b>	<b>50,222</b>	<b>9,847</b>	<b>33,221</b>	<b>–</b>	<b>43,068</b>
<b>Closing balance at 30 June</b>		<b>184,666</b>	<b>244,352</b>	<b>55</b>	<b>429,073</b>	<b>168,522</b>	<b>210,329</b>	<b>–</b>	<b>378,851</b>

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



## Blayney Shire Council

## Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
12,387	Rates and annual charges		12,273	11,801
1,652	User charges and fees		2,801	1,080
208	Interest received		385	96
10,063	Grants and contributions		21,070	12,489
–	Bonds, deposits and retentions received		93	–
477	Other		2,084	2,332
<b>Payments:</b>				
(7,209)	Payments to employees		(7,190)	(7,214)
(4,632)	Payments for materials and services		(6,787)	(6,708)
(226)	Borrowing costs		(224)	(251)
–	Bonds, deposits and retentions refunded		–	(74)
(944)	Other		(719)	(380)
11,776	<b>Net cash flows from operating activities</b>	G1-1	<b>23,786</b>	<b>13,171</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
1,716	Sale of investments		–	–
–	Sale of real estate assets		45	–
776	Proceeds from sale of IPPE		467	904
–	Deferred debtors receipts		20	–
<b>Payments:</b>				
–	Acquisition of term deposits		(5,500)	(1,000)
(11,513)	Payments for IPPE		(14,713)	(13,763)
–	Purchase of intangible assets		(41)	(16)
–	Deferred debtors and advances made		–	(40)
(9,021)	<b>Net cash flows from investing activities</b>		<b>(19,722)</b>	<b>(13,915)</b>
<b>Cash flows from financing activities</b>				
<b>Payments:</b>				
(629)	Repayment of borrowings		(628)	(602)
–	Principal component of lease payments		(18)	(21)
–	Other		55	–
(629)	<b>Net cash flows from financing activities</b>		<b>(591)</b>	<b>(623)</b>
2,126	<b>Net change in cash and cash equivalents</b>		<b>3,473</b>	<b>(1,367)</b>
1,871	Cash and cash equivalents at beginning of year		2,298	3,665
3,997	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>5,771</b>	<b>2,298</b>
13,545	plus: Investments on hand at end of year	C1-2	23,500	18,000
17,542	<b>Total cash, cash equivalents and investments</b>		<b>29,271</b>	<b>20,298</b>

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

# Blayney Shire Council

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# Blayney Shire Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 29 August 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

#### **Historical cost convention**

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

#### **Significant accounting estimates and judgements**

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

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

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

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

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

- i. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- ii. estimated 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.

Council has made provision for some receivables but based on the effectiveness of Council's debt recovery actions to date and deemed it highly likely that these receivables will not be recoverable.

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

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

#### **The Consolidated Fund**

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

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

- General purpose operations

## A1-1 Basis of preparation (continued)

- Sewerage service

### The Trust Fund

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

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

Trust monies and property held by Council but not subject to the control of Council have been excluded.

### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Council engages the use of volunteers through the Blayney Shire Arts & Craft Inc. in its Visitor Information Centre which is manned during business hours of the adjoining coffee shop. It is located next door to Council which provides much of the same information available as well as at various other locations throughout the Blayney Shire. Information about Council's services and upcoming events are available on both Facebook and Council's website and therefore Council would be unlikely to employ the services if they were not provided by volunteers.

Council also participates in tree planting with schools and community groups on an ad hoc basis.

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

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

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

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

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

### New accounting standards adopted during the year

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

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

Further information on the newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures can be found at G4-1.

## 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.

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022 Restated	2023	2022 Restated	2023	2022	2023	2022 Restated
<b>\$ '000</b>										
<b>Functions or activities</b>										
1. Public Infrastructure and Services	14,312	12,073	10,350	10,575	3,962	1,498	11,844	9,877	374,714	329,475
2. Local Governance and Finance	13,652	12,482	3,153	3,075	10,499	9,407	2,983	2,735	48,435	34,715
3. The Local and Visitor Economy	818	172	848	424	(30)	(252)	229	15	862	607
4. Community, Sport, Heritage and Culture	1,870	2,739	3,889	3,347	(2,019)	(608)	1,784	2,678	23,894	26,265
5. The Natural Environment	2,109	2,043	2,922	2,451	(813)	(408)	60	8	1,995	2,876
<b>Total functions and activities</b>	<b>32,761</b>	<b>29,509</b>	<b>21,162</b>	<b>19,872</b>	<b>11,599</b>	<b>9,637</b>	<b>16,900</b>	<b>15,313</b>	<b>449,900</b>	<b>393,938</b>

## B1-2 Components of functions or activities

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

### 1. Maintain and Improve Public Infrastructure and Services

Public infrastructure and services are the bones that support a community. Council Functions included are Engineering Services, Plant Operations, Local, Regional and State Roads, Bridges, Footpaths, Sewerage Operations, Stormwater Drainage, Public Cemeteries and Public Conveniences.

### 2. Build the Capacity and Capability of Local Governance and Finance

To achieve our preferred future we will all need to work together. Council functions included are Governance, Corporate Services, Public Order & Safety, Health and Food Control, Public Halls and Community Centres, Real Estate and General Purpose Revenues.

### 3. Promote Blayney Shire to grow the Local and Visitor Economy

Ensuring that industry, agriculture and mining exist in harmony working together and collaborating for regional economic growth of the region. Council functions included are Tourism, Industrial and Economic Development and Private Works.

### 4. Enhance facilities and networks that supports Community Sport, Heritage and Culture

Preserving our history while being productive and innovative we will enhance and develop our sporting and recreational assets so that the facilities are modern and have regional standing. Council functions included are Public Libraries, Swimming Pool and Leisure Centre, Sporting Grounds, Parks and Showgrounds, Rural Fire Services, Youth, Family and Aged and Disabled Services.

### 5. Protect our Natural Environment

Encourage sustainable land use practices and protect the biodiversity and health of our waterways. Council Functions include Environmental Services, Noxious Plant Management, Domestic and Other Waste Management, Street Cleaning, Town Planning and Building Control.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2023	2022
<b>Ordinary rates</b>		
Residential	2,134	2,048
Farmland	2,310	2,267
Mining	2,991	2,902
Business	400	373
Less: pensioner rebates (mandatory)	(82)	(86)
<b>Rates levied to ratepayers</b>	<b>7,753</b>	<b>7,504</b>
Pensioner rate subsidies received	45	48
<b>Total ordinary rates</b>	<b>7,798</b>	<b>7,552</b>
<b>Special rates</b>		
Mining special rate	1,728	1,687
<b>Rates levied to ratepayers</b>	<b>1,728</b>	<b>1,687</b>
<b>Total special rates</b>	<b>1,728</b>	<b>1,687</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	977	939
Sewerage services	1,425	1,340
Waste management services (non-domestic)	322	288
Less: pensioner rebates (mandatory)	(62)	(65)
<b>Annual charges levied</b>	<b>2,662</b>	<b>2,502</b>
Pensioner annual charges subsidies received:		
– Sewerage	13	14
– Domestic waste management	21	22
<b>Total annual charges</b>	<b>2,696</b>	<b>2,538</b>
<b>Total rates and annual charges</b>	<b>12,222</b>	<b>11,777</b>

Council has used 2020 year valuations provided by the NSW Valuer General in calculating its rates.

#### Accounting policy

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

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

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



## B2-2 User charges and fees

\$ '000	Timing	2023	2022
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>			
Sewerage services	2	198	217
<b>Total specific user charges</b>		<b>198</b>	<b>217</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Building regulation	2	358	481
Private works – section 67	2	573	114
Section 10.7 certificates (EP&A Act)	2	19	21
Section 603 certificates	2	19	20
Other	2	12	13
<b>Total fees and charges – statutory/regulatory</b>		<b>981</b>	<b>649</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Cemeteries	2	108	91
Room/facility hire	2	75	56
Leaseback fees – Council vehicles	2	89	87
Quarry revenues	2	308	313
Waste disposal tipping fees	2	268	153
Other	2	22	13
<b>Total fees and charges – other</b>		<b>870</b>	<b>713</b>
<b>Total other user charges and fees</b>		<b>1,851</b>	<b>1,362</b>
<b>Total user charges and fees</b>		<b>2,049</b>	<b>1,579</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		2,049	1,579
<b>Total user charges and fees</b>		<b>2,049</b>	<b>1,579</b>

### Accounting policy

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service.

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

## B2-3 Other revenues

\$ '000	Timing	2023	2022
Legal fees recovery – other	2	26	24
Diesel rebate	2	65	75
Insurance claims recoveries	2	20	90
Recycling income (non-domestic)	2	103	143
Sale of land for overdue rates	2	–	8
Energy Savings Certificates	2	–	79
Insurance rebates	2	22	22
Other	2	80	39
<b>Total other revenue</b>		<b>316</b>	<b>480</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	316	480
<b>Total other revenue</b>	<b>316</b>	<b>480</b>

### Accounting policy for other revenue

Where the revenue is earned 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	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>Current year allocation</b>					
Financial assistance	2	872	1,537	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance	2	3,461	2,364	–	–
<b>Amount recognised as income during current year</b>		<b>4,333</b>	<b>3,901</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Bushfire and emergency services	2	170	68	356	188
Environmental programs	1	–	58	–	–
Local Roads & Community Infrastructure	2	235	321	–	–
Library	2	80	78	–	36
Recreation and culture	1	–	–	346	2,441
Transport (other roads and bridges funding)	1	452	47	7,733	5,424
Transport (roads to recovery)	2	537	537	–	–
Transport for NSW contributions (regional roads, block grant)	2	346	340	–	–
Tourism	1	192	–	–	–
Stronger Country Communities	1	–	–	687	443
Other specific grants	2	112	175	55	45
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>2,124</b>	<b>1,624</b>	<b>9,177</b>	<b>8,577</b>
<b>Non-cash contributions</b>					
Bushfire services	2	–	–	344	–
Drainage	2	–	–	–	158
Recreation and culture	2	–	–	29	1
Roads and bridges	2	–	–	–	464
Sewerage (excl. section 64 contributions)	2	–	–	–	242
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>373</b>	<b>865</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>2,124</b>	<b>1,624</b>	<b>9,550</b>	<b>9,442</b>
<b>Total grants and non-developer contributions</b>		<b>6,457</b>	<b>5,525</b>	<b>9,550</b>	<b>9,442</b>
<b>Comprising:</b>					
– Commonwealth funding		5,106	4,760	520	837
– State funding		1,178	732	8,935	7,647
– Other funding		173	33	95	958
		<b>6,457</b>	<b>5,525</b>	<b>9,550</b>	<b>9,442</b>

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Developer contributions:</b>						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
<b>Cash contributions</b>						
s7.11 – contributions towards amenities/services		2	–	–	521	154
s64 – sewerage service contributions		2	–	–	266	92
Sewerage Services - Future Infrastructure Subsidy		2	–	–	106	100
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>893</b>	<b>346</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>893</b>	<b>346</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>893</b>	<b>346</b>
<b>Total grants and contributions</b>			<b>6,457</b>	<b>5,525</b>	<b>10,443</b>	<b>9,788</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Recognised over time (1)			1,112	936	9,111	8,484
Recognised at a point in time (2)			5,345	4,589	1,332	1,304
<b>Total grants and contributions</b>			<b>6,457</b>	<b>5,525</b>	<b>10,443</b>	<b>9,788</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	729	266	2,469	3,103
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	—	—	—	—
<b>Add:</b> Funds received and not recognised as revenue in the current year	593	729	7,645	2,118
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	—	—	—	—
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(269)	(266)	(2,031)	(2,752)
<b>Unspent grants at 30 June</b>	<b>1,053</b>	<b>729</b>	<b>8,083</b>	<b>2,469</b>

Unexpended grants as at 30 June 2023 include funding received to construct roads and community infrastructure under the Federal Government's Local Roads and Community Infrastructure Program Phase 3 and the State Government's Resources for Regions Rounds 8 and 9, Stronger Country Communities Round 5, Fixing Local Roads 4, Fixing Country Bridges, Regional & Local Roads Repair Program and Local Government Flood Recovery Program.

### Contributions

Unspent funds at 1 July	—	—	2,228	1,863
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	—	—	1,005	365
<b>Add:</b> contributions received and not recognised as revenue in the current year	—	—	—	—
<b>Add:</b> contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	—	—	—	—
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	—	—	(73)	—
<b>Unspent contributions at 30 June</b>	<b>—</b>	<b>—</b>	<b>3,160</b>	<b>2,228</b>

Unexpended contributions as at 30 June 2023 include contributions levied under s7.11 Developer Contributions, s64 Contributions, and Sewerage Services Future Infrastructure Subsidy.

## B2-4 Grants and contributions (continued)

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### Accounting policy

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grants 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.

As at 30 June 2023 Council did not have any grant funding within the scope of AASB 15.

#### Capital grants

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

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

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

#### Developer contributions

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

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

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

#### Other grants and contributions

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

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

## B2-5 Interest and investment income

\$ '000	2023	2022
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	9	8
– Cash and investments	721	102
<b>Total interest and investment income (losses)</b>	<b>730</b>	<b>110</b>

### Accounting policy

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

## B2-6 Other income

\$ '000	Notes	2023	2022
<b>Rental income</b>			
Rental income		147	133
<b>Total rental income</b>	C2-2	<b>147</b>	<b>133</b>
<b>Net share of interests in joint ventures and associates using the equity method</b>			
Associates		397	63
<b>Total net share of interests in joint ventures and associates using the equity method</b>	D2	<b>397</b>	<b>63</b>
<b>Total other income</b>		<b>544</b>	<b>196</b>

## B3 Costs of providing services

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

\$ '000	2023	2022
Salaries and wages	5,552	5,717
Employee leave entitlements (ELE)	967	1,031
ELE on-costs	2	(2)
Superannuation	694	699
Workers' compensation insurance	174	143
Fringe benefit tax (FBT)	93	84
Training costs (other than salaries and wages)	80	120
Protective clothing	30	25
Other	47	43
<b>Total employee costs</b>	<b>7,639</b>	<b>7,860</b>
Less: capitalised costs	(669)	(693)
<b>Total employee costs expensed</b>	<b>6,970</b>	<b>7,167</b>

#### Accounting policy

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

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

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

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



## B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		2,640	2,656
Contractor costs		190	167
Audit Fees	F2-1	89	83
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	163	128
Advertising		58	57
Bank charges		26	24
Cleaning		4	4
Electricity and heating		395	321
Insurance		508	454
Postage		14	13
Printing and stationery		33	31
Street lighting		82	457
Subscriptions and publications		482	343
Telephone and communications		64	54
Valuation fees		34	32
Water charges		124	94
Other expenses		281	177
<b>Legal expenses:</b>			
– Legal expenses: planning and development		93	8
– Legal expenses: debt recovery		23	22
– Legal expenses: other		26	10
<b>Total materials and services</b>		<b>5,329</b>	<b>5,135</b>
<b>Total materials and services</b>		<b>5,329</b>	<b>5,135</b>

### Accounting policy

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

### B3-3 Borrowing costs

\$ '000	Notes	2023	2022
<b>(i) Interest bearing liability costs</b>			
Interest on leases		2	–
Interest on loans		220	247
<b>Total interest bearing liability costs</b>		<b>222</b>	<b>247</b>
<b>Total interest bearing liability costs expensed</b>		<b>222</b>	<b>247</b>
<b>(ii) Other borrowing costs</b>			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	51	(100)
<b>Total other borrowing costs</b>		<b>51</b>	<b>(100)</b>
<b>Total borrowing costs expensed</b>		<b>273</b>	<b>147</b>

#### Accounting policy

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

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

\$ '000	Notes	2023	2022 Restated
<b>Depreciation and amortisation</b>			
Plant and equipment		1,272	1,297
Office equipment		116	103
Furniture and fittings		20	16
Land improvements (depreciable)		151	133
<b>Infrastructure:</b>	C1-7		
– Buildings – non-specialised		47	49
– Buildings – specialised		592	545
– Roads		3,531	3,113
– Bridges		354	313
– Footpaths		144	121
– Stormwater drainage		200	174
– Sewerage network		669	511
– Swimming pools		95	94
– Other open space/recreational assets		168	147
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C3-5,C1-7	14	14
– Quarry assets	C3-5,C1-7	86	39
– Other remediation assets	C3-5,C1-7	3	4
Intangible assets	C1-8	33	45
Right of use assets	C2-1	19	20
<b>Total gross depreciation and amortisation costs</b>		<b>7,514</b>	<b>6,738</b>
<b>Total depreciation and amortisation costs</b>		<b>7,514</b>	<b>6,738</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>7,514</b>	<b>6,738</b>

### Accounting policy

#### Depreciation and amortisation

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

#### Impairment of non-financial assets

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**

<b>\$ '000</b>	Notes	<b>2023</b>	<b>2022</b>
<b>Impairment of receivables</b>			
Other		–	(116)
<b>Total impairment of receivables</b>	C1-4	<b>–</b>	<b>(116)</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW & SES)		<b>45</b>	33
– NSW RFS Levy		<b>311</b>	303
Donations, contributions and assistance to other organisations (Section 356)		<b>208</b>	207
– Contributions to Central West Libraries		<b>185</b>	162
– Contribution to Upper Macquarie County Council		<b>98</b>	96
<b>Total other</b>		<b>847</b>	<b>801</b>
<b>Total other expenses</b>		<b>847</b>	<b>685</b>

**Accounting policy**

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

Impairment expenses are recognised when identified.

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

<b>\$ '000</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Infrastructure, property, plant and equipment</b>	C1-7		
Proceeds from disposal		<b>467</b>	904
Less: carrying amount of assets sold/written off		<b>(696)</b>	(850)
<b>Gain (or loss) on disposal</b>		<b>(229)</b>	<b>54</b>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>	C1-5		
Proceeds from disposal		<b>45</b>	—
Less: carrying amount of assets sold/written off		<b>(45)</b>	—
<b>Gain (or loss) on disposal</b>		<b>—</b>	<b>—</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(229)</b>	<b>54</b>

**Accounting policy**

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

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 27 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Revenues</b>				
<b>User charges and fees</b>	<b>1,667</b>	<b>2,049</b>	<b>382</b>	<b>23% F</b>
Additional private works income associated with works undertaken around Cadia and the Flyers Creek wind farm.				
<b>Other revenues</b>	<b>371</b>	<b>316</b>	<b>(55)</b>	<b>(15)% U</b>
Additional revenues associated with compensation resulting from storm damage and vandalism.				
<b>Operating grants and contributions</b>	<b>4,255</b>	<b>6,457</b>	<b>2,202</b>	<b>52% F</b>
Council received advanced payment of 100% of the 2023/24 financial assistance grant resulting in an additional \$1.27m of operating grants received in 2022/23. In addition Council received \$192k to fund community events to help stimulate local communities post Covid lockdowns.				
<b>Capital grants and contributions</b>	<b>5,857</b>	<b>10,443</b>	<b>4,586</b>	<b>78% F</b>
Council received an additional round of funding from Resources for Regions and Stronger Country Communities. Whilst the majority of works are programmed for 2023-24 and 2024-25 Council completed preliminary works on some programs. Additionally due to extensive storm damage across the state, Council received an allocation for works under the Regional and Local Roads Repair program, NSW Local Government Flood Recovery Grant and NSW Government Recovery Grants for declared natural disasters.				
<b>Interest and investment revenue</b>	<b>189</b>	<b>730</b>	<b>541</b>	<b>286% F</b>
Interest and investment returns were significantly higher than forecast. Interest rates rapidly increased from the start of 2022/23 following repeated increases to the RBA cash rate compounded by higher than anticipated cash levels following advance payment of a number of grant funded programs scheduled for completion in 2023/24.				
<b>Net gains from disposal of assets</b>	<b>78</b>	<b>-</b>	<b>(78)</b>	<b>(100)% U</b>
Budgeted write off on disposal of infrastructure related assets, mainly bridges from 2021/22 were deferred until 2022/23 after delays in commencement of scheduled renewal works. Additionally, Council sustained a write off on disposal of the Blayney RFS shed with anticipated sale proceeds credited to the RFS. Total losses on disposal of infrastructure outweighed anticipated profit on sale of plant and equipment (mainly fleet).				
<b>Other income</b>	<b>25</b>	<b>544</b>	<b>519</b>	<b>2,076% F</b>
Share on interest in Council's Joint Ventures - Central Tablelands Water and Upper Macquarie County Council was significantly higher than forecast.				

## B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Expenses</b>				
<b>Borrowing costs</b>	<b>223</b>	<b>273</b>	<b>(50)</b>	<b>(22)% U</b>
Remeasurement adjustment due to a change in the discount rate used in the measurement of long term provision for remediation and restoration liabilities.				
<b>Other expenses</b>	<b>944</b>	<b>847</b>	<b>97</b>	<b>10% F</b>
Budgeted donations, contributions and assistance to other organisations (Section 356) were less than forecast.				
<b>Net losses from disposal of assets</b>	<b>–</b>	<b>229</b>	<b>(229)</b>	<b>∞ U</b>
Budgeted write off on disposal of infrastructure related assets, mainly bridges from 2021/22 deferred until 2022/23, after delays in commencement of scheduled renewal works. Additionally, Council sustained a write off on disposal of the Blayney RFS shed with anticipated sale proceeds credited to the RFS.				
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	<b>11,776</b>	<b>23,786</b>	<b>12,010</b>	<b>102% F</b>
Significant increase in grants and contributions recognised.				
<b>Cash flows from investing activities</b>	<b>(9,021)</b>	<b>(19,722)</b>	<b>(10,701)</b>	<b>119% U</b>
Council received a significant amount of capital grants in advance with up to 80% of funding paid upon execution of the funding deeds. Due to Council's extensive capital works program over the past couple of years, projects are not scheduled for completion until 2023/24 - 2024/25 which has contributed to significantly higher cash holdings than forecast.				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2023	2022
<b>Cash assets</b>		
Cash on hand and at bank	5,771	1,798
Cash equivalent assets		
– Short-term deposits	–	500
<b>Total cash and cash equivalents</b>	<b>5,771</b>	<b>2,298</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	5,771	2,298
<b>Balance as per the Statement of Cash Flows</b>	<b>5,771</b>	<b>2,298</b>

#### Accounting policy

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

#### C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	23,500	–	17,500	500
<b>Total</b>	<b>23,500</b>	<b>–</b>	<b>17,500</b>	<b>500</b>
<b>Total financial investments</b>	<b>23,500</b>	<b>–</b>	<b>17,500</b>	<b>500</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>29,271</b>	<b>–</b>	<b>19,798</b>	<b>500</b>

#### Accounting policy

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

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

#### Financial assets

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

#### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.



## C1-2 Financial investments (continued)

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### **Amortised cost**

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

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

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

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

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

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

Other net gains and losses excluding dividends are recognised in the Other Comprehensive Income Statement.

### **Financial assets through profit or loss**

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

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

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

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>29,271</b>	<b>20,298</b>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>8,942</b>	<b>7,201</b>
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<b>9,136</b>	3,198
<b>External restrictions – included in liabilities</b>	<b>9,136</b>	<b>3,198</b>
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – General Fund	<b>1,532</b>	1,033
Developer contributions – sewer fund	<b>1,628</b>	1,196
Sewer fund	<b>6,439</b>	5,802
Voluntary planning agreements	<b>524</b>	284
Special variation rates - mining	<b>403</b>	753
Domestic waste management	<b>667</b>	831
<b>External restrictions – other</b>	<b>11,193</b>	<b>9,899</b>
<b>Total external restrictions</b>	<b>20,329</b>	<b>13,097</b>

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

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

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>(b) Internal allocations</b>		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>8,942</b>	<b>7,201</b>
<b>Internal allocations</b>		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	<b>1,731</b>	1,137
Employees leave entitlement	<b>1,068</b>	1,086
Centrepoint	<b>61</b>	–
Election reserve	<b>71</b>	51
Environmental projects – Belubula River	<b>27</b>	27
Financial Assistance Grant	<b>1,869</b>	1,364
I.T reserve	<b>359</b>	324
Property account	<b>1,525</b>	1,462
Property account - borrowings	<b>880</b>	1,026
Quarry remediation	<b>219</b>	219
Village enhancement program	<b>153</b>	106
Security bonds, deposits & retentions	<b>558</b>	–
Carryover works	<b>230</b>	318
<b>Total internal allocations</b>	<b>8,751</b>	<b>7,120</b>

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

Council's unrestricted cash and balance of internal allocations is lower than anticipated, impacted by a substantial increase in contract assets as disclosed in Note C1-6. Council has unrestricted funds from the following internal allocations until the relevant payment milestones for grant funded projects is received in 2023/24:

- Financial Assistance Grant

## C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates and annual charges	131	–	160	–
Interest and extra charges	23	–	29	–
User charges and fees	111	–	765	–
Private works	40	–	20	–
Accrued revenues				
– Interest on investments	411	–	60	–
Deferred debtors	20	–	20	20
Government grants and subsidies	4	–	1	–
Net GST receivable	286	–	212	–
<b>Total</b>	<b>1,026</b>	<b>–</b>	<b>1,267</b>	<b>20</b>
<b>Total net receivables</b>	<b>1,026</b>	<b>–</b>	<b>1,267</b>	<b>20</b>

\$ '000	2023	2022
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	–	116
– previous impairment losses reversed	–	(116)
<b>Balance at the end of the year</b>	<b>–</b>	<b>–</b>

### Accounting policy

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

### Impairment

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

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

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

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

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

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

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

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

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

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

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

## C1-4 Receivables (continued)

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	434	—	479	—
Stores and materials	149	—	103	—
Trading stock	767	—	795	—
<b>Total inventories at cost</b>	<b>1,350</b>	<b>—</b>	<b>1,377</b>	<b>—</b>
<b>Total inventories</b>	<b>1,350</b>	<b>—</b>	<b>1,377</b>	<b>—</b>

### Accounting policy

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

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

#### Land held for resale

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

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

## C1-6 Contract assets and Contract cost assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	3,755	—	2,345	—
<b>Total contract assets and contract cost assets</b>	<b>3,755</b>	<b>—</b>	<b>2,345</b>	<b>—</b>

### Contract assets

Other	3,755	—	2,345	—
<b>Total contract assets</b>	<b>3,755</b>	<b>—</b>	<b>2,345</b>	<b>—</b>

### Accounting policy

#### Contract assets

Contract assets represent work completed by Council in advance of grant funding being provided.

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

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

## C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	11,208	–	11,208	–	–	–	–	(1,031)	–	–	–	10,177	–	10,177
Plant and equipment	20,830	(14,491)	6,339	–	1,316	(351)	(1,272)	–	–	–	–	21,392	(15,360)	6,032
Office equipment	1,002	(700)	302	–	47	–	(116)	–	–	–	–	1,049	(816)	233
Furniture and fittings	531	(368)	163	–	–	–	(20)	–	–	–	–	531	(388)	143
<b>Land:</b>														
– Operational land	1,226	–	1,226	–	–	–	–	–	–	–	571	1,797	–	1,797
– Community land	8,230	–	8,230	–	–	–	–	–	–	–	2,701	10,931	–	10,931
– Land under roads (post 30/6/08)	31	–	31	–	16	–	–	–	–	–	–	47	–	47
Land improvements – non-depreciable	3,403	–	3,403	–	–	–	–	–	–	–	290	3,693	–	3,693
Land improvements – depreciable	5,938	(1,454)	4,484	35	–	–	(151)	218	–	–	369	6,697	(1,742)	4,955
<b>Infrastructure:</b>														
– Buildings – non-specialised	2,546	(937)	1,609	–	44	–	(47)	–	(8)	–	906	4,773	(2,269)	2,504
– Buildings – specialised	32,443	(13,404)	19,039	185	171	(161)	(592)	1,401	12	–	7,290	39,734	(12,389)	27,345
– Roads	229,135	(40,882)	188,253	3,637	543	(27)	(3,531)	4,685	–	–	15,719	257,458	(48,179)	209,279
– Bridges	33,028	(9,994)	23,034	1,674	9	(125)	(354)	864	–	(107)	1,920	37,624	(10,709)	26,915
– Footpaths	10,487	(3,066)	7,421	11	97	–	(144)	8	–	–	620	11,496	(3,483)	8,013
– Major earthworks (non-depreciable)	13,974	–	13,974	–	–	–	–	–	–	–	1,189	15,163	–	15,163
– Stormwater drainage	19,689	(4,478)	15,211	80	–	(2)	(200)	479	–	–	1,157	21,763	(5,038)	16,725
– Sewerage network	32,847	(7,930)	24,917	23	13	(15)	(669)	146	–	–	1,868	35,479	(9,196)	26,283
– Swimming pools	4,466	(355)	4,111	12	–	–	(95)	–	–	(855)	–	3,361	(188)	3,173
– Other open space/recreational assets	6,403	(1,808)	4,595	141	242	(15)	(168)	20	(4)	–	385	7,330	(2,134)	5,196
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>														
– Tip assets	281	(210)	71	–	–	–	(14)	–	–	–	–	281	(224)	57
– Quarry assets	763	(140)	623	–	–	–	(86)	–	–	–	–	762	(225)	537
– Other remediation assets	80	(4)	76	–	–	–	(3)	–	–	–	–	80	(7)	73
<b>Total infrastructure, property, plant and equipment</b>	<b>438,541</b>	<b>(100,221)</b>	<b>338,320</b>	<b>5,798</b>	<b>2,498</b>	<b>(696)</b>	<b>(7,462)</b>	<b>6,790</b>	<b>–</b>	<b>(962)</b>	<b>34,985</b>	<b>491,618</b>	<b>(112,347)</b>	<b>379,271</b>

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



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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period								At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) real estate assets (Note C1-5)	Revaluation increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated
<b>\$ '000</b>														
Capital work in progress	5,366	–	5,366	8,319	1,322	–	–	(3,772)	(27)	–	–	11,208	–	11,208
Plant and equipment	21,110	(13,634)	7,476	–	699	(539)	(1,297)	–	–	–	–	20,830	(14,491)	6,339
Office equipment	962	(621)	341	–	101	(37)	(103)	–	–	–	–	1,002	(700)	302
Furniture and fittings	480	(352)	128	–	51	–	(16)	–	–	–	–	531	(368)	163
<b>Land:</b>														
– Operational land	1,051	–	1,051	–	–	(62)	–	–	–	30	207	1,226	–	1,226
– Community land	6,919	–	6,919	–	–	–	–	–	–	–	1,311	8,230	–	8,230
– Land under roads (post 30/6/08)	26	–	26	–	–	–	–	–	–	–	5	31	–	31
Land improvements – non-depreciable	2,500	–	2,500	–	96	–	–	284	–	–	523	3,403	–	3,403
Land improvements – depreciable	5,223	(1,179)	4,044	–	110	(7)	(133)	28	20	–	422	5,938	(1,454)	4,484
<b>Infrastructure:</b>														
– Buildings – non-specialised	2,207	(756)	1,451	2	–	–	(49)	–	–	–	205	2,546	(937)	1,609
– Buildings – specialised	29,045	(11,124)	17,921	22	–	(161)	(545)	516	–	–	1,286	32,443	(13,404)	19,039
– Roads	202,968	(33,439)	169,529	1,507	464	(37)	(3,113)	2,432	–	–	17,471	229,135	(40,882)	188,253
– Bridges	29,806	(8,706)	21,100	–	–	–	(313)	–	–	–	2,247	33,028	(9,994)	23,034
– Footpaths	8,666	(2,606)	6,060	486	113	(2)	(121)	271	–	–	614	10,487	(3,066)	7,421
– Major earthworks (non-depreciable)	12,610	–	12,610	–	–	–	–	–	–	–	1,364	13,974	–	13,974
– Stormwater drainage	17,279	(3,862)	13,417	371	158	–	(174)	9	–	–	1,430	19,689	(4,478)	15,211
– Sewerage network	32,488	(13,133)	19,355	56	255	(1)	(511)	16	–	–	5,747	32,847	(7,930)	24,917
– Swimming pools	4,432	(230)	4,202	–	–	–	(94)	–	–	–	3	4,466	(355)	4,111
– Other open space/recreational assets	5,631	(1,502)	4,129	21	14	(4)	(147)	216	(20)	–	386	6,403	(1,808)	4,595
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>														
– Tip assets	281	(196)	85	–	–	–	(14)	–	–	–	–	281	(210)	71
– Quarry assets	258	(101)	157	–	505	–	(39)	–	–	–	–	763	(140)	623
– Other remediation assets	97	–	97	–	–	–	(4)	–	(17)	–	–	80	(4)	76
<b>Total infrastructure, property, plant and equipment</b>	<b>389,405</b>	<b>(91,441)</b>	<b>297,964</b>	<b>10,784</b>	<b>3,888</b>	<b>(850)</b>	<b>(6,673)</b>	<b>–</b>	<b>(44)</b>	<b>30</b>	<b>33,221</b>	<b>438,541</b>	<b>(100,221)</b>	<b>338,320</b>

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

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

### Accounting policy

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

Sewerage network assets are indexed at each reporting period in accordance with the NSW Rates Reference Manual issued by Crown Lands and Water.

Other asset classes are indexed in accordance with the appropriate Australian Bureau of Statistics indices.

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

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

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

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	30
Office furniture	10 to 20	Benches, seats etc.	25 to 50
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	35 to 150
Other plant and equipment	5 to 15	Buildings: other	30 to 200
<b>Sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	20 to 80	Pits	100
Bores	20 to 40	Pipes	70 to 100
Reticulation pipes: PVC	70	Culverts	100
Reticulation pipes: other	45 to 170	Flood control structures	80 to 100
Pumps and telemetry	10 to 60		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	15 to 25	Other infrastructure	14 to 100
Sealed roads: structure	45 to 200	Swimming pools	30 to 80
Unsealed roads	15 to 200	Other open space/recreational assets	15 to 100
Bridge: concrete/steel	100	Land improvements depreciable	10 to 100
Bridge: other	50	Land improvements non depreciable	infinite
Bulk earthworks	infinite		
Kerb, gutter and footpaths	25 to 200		

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

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

### Land under roads

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

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

### Crown reserves

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

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

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

### **Rural Fire Service assets**

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

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

## C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	620	604
Accumulated amortisation	(566)	(521)
<b>Net book value – opening balance</b>	<b>54</b>	<b>83</b>
<b>Movements for the year</b>		
Purchases	41	16
Amortisation charges	(33)	(45)
<b>Closing values at 30 June</b>		
Gross book value	661	620
Accumulated amortisation	(599)	(566)
<b>Total software – net book value</b>	<b>62</b>	<b>54</b>
<b>Total intangible assets – net book value</b>	<b>62</b>	<b>54</b>

### Accounting policy

#### IT development and software

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 the 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.

## C2 Leasing activities

### C2-1 Council as a lessee

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

#### Terms and conditions of leases

##### Buildings

Council does not lease any land and buildings.

##### Vehicles

Council leases equipment with lease terms of 5 years; the lease payments are fixed during the lease term and there is generally no renewal option.

##### Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 1 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage. Usage charges have been expensed to the income statement.

##### Extension options

Council does not include any options in any current leases.

#### (a) Right of use assets

\$ '000	Plant & Equipment	Total
<b>2023</b>		
Opening balance at 1 July	21	21
Additions to right-of-use assets	40	40
Depreciation charge	(19)	(19)
<b>Balance at 30 June</b>	<b>42</b>	<b>42</b>
<b>2022</b>		
Opening balance at 1 July	40	40
Depreciation charge	(20)	(20)
<b>Balance at 30 June</b>	<b>21</b>	<b>21</b>

#### (b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	10	33	19	2
<b>Total lease liabilities</b>	<b>10</b>	<b>33</b>	<b>19</b>	<b>2</b>

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

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

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2023</b>					
Cash flows	12	36	–	48	43
<b>2022</b>					
Cash flows	19	2	–	21	21

### (d) Income Statement

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

\$ '000	2023	2022
Interest on lease liabilities	2	1
Depreciation of right of use assets	19	20
	<b>21</b>	<b>21</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	20	20
	<b>20</b>	<b>20</b>

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

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

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

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

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

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

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

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

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

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

### Exceptions to lease accounting

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

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

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

## C2-2 Council as a lessor

### Operating leases

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

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

- Pipeline rental
- Coffee shop - Visitor Information Centre
- Telecommunications towers
- Public halls & Sporting Facilities (Casual)
- Blayney Multi Services Outlet
- Blayney Men's Shed - Carpark
- Blayney Golf Club

\$ '000	2023	2022
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### (ii) Assets held as property, plant and equipment

Council provides operating leases on Council buildings and land for the purpose of tourism and economic affairs, the table below relates to operating leases on assets disclosed in C1-7.

Lease income (excluding variable lease payments not dependent on an index or rate)	147	133
<b>Total income relating to operating leases for Council assets</b>	<b>147</b>	<b>133</b>

### (ii) Maturity analysis of contractual lease income

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

< 1 year	142	135
1–2 years	143	147
2–3 years	134	130
3–4 years	131	124
4–5 years	117	128
> 5 years	1,641	1,715
<b>Total undiscounted lease payments to be received</b>	<b>2,308</b>	<b>2,379</b>

### Accounting policy

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

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

## C2-2 Council as a lessor (continued)

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

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



## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Goods and services – operating expenditure	1,053	–	644	–
Accrued expenses:				
– Borrowings	24	–	27	–
– Other expenditure accruals	59	1	51	2
Security bonds, deposits and retentions	597	–	504	–
Prepaid rates	318	–	296	–
<b>Total payables</b>	<b>2,051</b>	<b>1</b>	<b>1,522</b>	<b>2</b>

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	453	380
<b>Total payables</b>	<b>453</b>	<b>380</b>

#### Accounting policy

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

#### Payables

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

### C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Unexpended capital grants (to construct Council controlled assets)	(i)	5,212	3,924	3,198	–
<b>Total contract liabilities</b>		<b>5,212</b>	<b>3,924</b>	<b>3,198</b>	<b>–</b>

#### Notes

(i) Council has received funding to construct assets including sporting facilities, roads, bridges 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. Not all revenue is expected to be recognised in the next 12 months.

## C3-2 Contract Liabilities (continued)

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

\$ '000	2023	2022
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	2,098	3,369
Other	—	—
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>2,098</b>	<b>3,369</b>

### Significant changes in contract liabilities

Council received significant grant funding in advance to construct Council controlled assets from Resources for Regions Round 9, Stronger Country Communities Round 5 and Regional & Local Roads Repair program. Projects funded by these programs are not scheduled to substantially commence until 2023/24 and 2024/25.

### Accounting policy

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

## C3-3 Borrowings

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Loans – secured <sup>1</sup>	597	5,376	629	5,972
<b>Total borrowings</b>	<b>597</b>	<b>5,376</b>	<b>629</b>	<b>5,972</b>

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

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

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

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	6,601	(628)	—	—	—	—	5,973
Lease liability (Note C2-1b)	21	(19)	41	—	—	—	43
<b>Total liabilities from financing activities</b>	<b>6,622</b>	<b>(647)</b>	<b>41</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,016</b>

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	7,203	(602)	—	—	—	—	6,601
Lease liability (Note C2-1b)	41	(20)	—	—	—	—	21
<b>Total liabilities from financing activities</b>	<b>7,244</b>	<b>(622)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,622</b>

## C3-3 Borrowings (continued)

**(b) Financing arrangements**

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	<b>50</b>	50
Credit cards/purchase cards	<b>40</b>	40
<b>Total financing arrangements</b>	<b>90</b>	<b>90</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	<b>5</b>	9
<b>Total drawn financing arrangements</b>	<b>5</b>	<b>9</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	<b>50</b>	50
– Credit cards/purchase cards	<b>35</b>	31
<b>Total undrawn financing arrangements</b>	<b>85</b>	<b>81</b>

**Additional financing arrangements information****Breaches and defaults**

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

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

**Accounting policy**

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

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

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

## C3-4 Employee benefit provisions

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Annual leave	433	–	500	–
Long service leave	1,637	51	1,728	72
ELE on-costs	95	2	102	3
<b>Total employee benefit provisions</b>	<b>2,165</b>	<b>53</b>	<b>2,330</b>	<b>75</b>

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,617	1,631
	<b>1,617</b>	<b>1,631</b>

## Accounting policy

### Short-term obligations

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

### Other long-term employee benefit obligations

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

### On-costs

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

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

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

## C3-5 Provisions

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
<b>Other provisions</b>				
Other	70	–	–	–
<b>Sub-total – other provisions</b>	<b>70</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	1,335	–	1,338
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>1,335</b>	<b>–</b>	<b>1,338</b>
<b>Total provisions</b>	<b>70</b>	<b>1,335</b>	<b>–</b>	<b>1,338</b>

## Description of and movements in provisions

\$ '000	Other provisions		
	Asset remediation	Legal claims	Total
<b>2023</b>			
At beginning of year	1,338	–	1,338
<b>Changes to provision:</b>			
– Revised discount rate	(6)	–	(6)
Unwinding of discount	58	–	58
Additional provisions	–	70	70
Unused amounts reversed	(55)	–	(55)
<b>Total other provisions at end of year</b>	<b>1,335</b>	<b>70</b>	<b>1,405</b>
<b>2022</b>			
At beginning of year	952	–	952
<b>Changes to provision:</b>			
– Revised discount rate	(136)	–	(136)
Unwinding of discount	35	–	35
Additional provisions	504	–	504
Amounts used (payments)	(1)	–	(1)
Unused amounts reversed	(16)	–	(16)
<b>Total other provisions at end of year</b>	<b>1,338</b>	<b>–</b>	<b>1,338</b>

## Nature and purpose of provisions

### Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate Council's tips and quarries.

### Legal claims

Council had an ongoing legal case which was determined on 27 June 2023 resulting in Council being liable for 50% of the applicant's costs as the second respondent to be shared with the first respondent. A settlement which determined the amount of compensation was not reached until 4 September 2023. Provision has also been made for Council's own legal fees less any fees paid to date.

### Accounting policy

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

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

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

## C3-5 Provisions (continued)

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### **Asset remediation – tips and quarries and other remediation assets**

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

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

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

#### **Other reserves**

The remediation reserve is used to record increments and decrements in the revaluation of the rehabilitation provision for restoration assets including Council's quarries and waste facility.

## 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 sewer column is restricted for use for these activities.

#### D1-1 Income Statement by fund

\$ '000	General 2023	Sewer 2023
<b>Income from continuing operations</b>		
Rates and annual charges	10,776	1,446
User charges and fees	1,848	201
Interest and investment revenue	482	248
Other revenues	316	–
Grants and contributions provided for operating purposes	6,443	14
Grants and contributions provided for capital purposes	10,071	372
Net gains from disposal of assets	15	(15)
Other income	544	–
<b>Total income from continuing operations</b>	<b>30,495</b>	<b>2,266</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	6,730	240
Materials and services	4,534	795
Borrowing costs	242	31
Depreciation, amortisation and impairment of non-financial assets	6,812	702
Other expenses	842	5
Net losses from the disposal of assets	229	–
<b>Total expenses from continuing operations</b>	<b>19,389</b>	<b>1,773</b>
<b>Operating result from continuing operations</b>	<b>11,106</b>	<b>493</b>
<b>Net operating result for the year</b>	<b>11,106</b>	<b>493</b>
<b>Net operating result attributable to each council fund</b>	<b>11,106</b>	<b>493</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>1,035</b>	<b>121</b>



## D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Sewer 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,112	1,659
Investments	17,092	6,408
Receivables	1,000	26
Inventories	1,350	—
Contract assets and contract cost assets	3,755	—
Other	73	—
<b>Total current assets</b>	<b>27,382</b>	<b>8,093</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	351,417	27,854
Investments accounted for using the equity method	35,050	—
Intangible assets	62	—
Right of use assets	42	—
<b>Total non-current assets</b>	<b>386,571</b>	<b>27,854</b>
<b>Total assets</b>	<b>413,953</b>	<b>35,947</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	1,880	171
Contract liabilities	5,212	—
Lease liabilities	10	—
Borrowings	533	64
Employee benefit provision	2,165	—
Provisions	70	—
<b>Total current liabilities</b>	<b>9,870</b>	<b>235</b>
<b>Non-current liabilities</b>		
Payables	1	—
Contract liabilities	3,924	—
Lease liabilities	33	—
Borrowings	5,084	292
Employee benefit provision	53	—
Provisions	1,335	—
<b>Total non-current liabilities</b>	<b>10,430</b>	<b>292</b>
<b>Total liabilities</b>	<b>20,300</b>	<b>527</b>
<b>Net assets</b>	<b>393,653</b>	<b>35,420</b>
<b>EQUITY</b>		
Accumulated surplus	174,045	10,621
Revaluation reserves	219,553	24,799
Other reserves	55	—
<b>Council equity interest</b>	<b>393,653</b>	<b>35,420</b>
<b>Total equity</b>	<b>393,653</b>	<b>35,420</b>

## D2 Interests in other entities

\$ '000	Council's share of net assets	
	2023	2022
<b>Council's share of net assets</b>		
<b>Net share of interests in joint ventures and associates using the equity method – assets</b>		
Associates	<b>35,050</b>	30,108
<b>Total net share of interests in joint ventures and associates using the equity method – assets</b>	<b>35,050</b>	30,108
<b>Total Council's share of net assets</b>	<b>35,050</b>	30,108

### Interests in associates

#### Net carrying amounts – Council's share

\$ '000	Place of business	Nature of relationship	2023	2022
Central Tablelands Water	Blayney	Associate	<b>34,722</b>	29,812
Upper Macquarie County Council	Bathurst	Associate	<b>328</b>	296
<b>Total carrying amounts – material associates</b>			<b>35,050</b>	30,108

#### Central Tablelands Water

Council is a member of Central Tablelands Water County Council, a water supply authority constituted under NSW Local Government Legislation. The county area embraces the Shires of Blayney, Cabonne and Weddin.

#### Upper Macquarie County Council

Council is a member of Upper Macquarie County Council which is a single purpose local government authority, established by the Governor under Section 387 of the Local Government Act 1993, as the control authority for biosecurity weed threats in the areas of Bathurst Regional Council, Blayney Shire Council, Lithgow City Council and Oberon Council.

The following information is provided for associates that are individually material to the Council. Included are the amounts as per the individual associates' financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

#### Details

	Principal activity	Measurement method
Central Tablelands Water	Water supply	Equity
Upper Macquarie County Council	Weeds Council	Equity

#### Relevant interests and fair values

	Proportion of voting power	
	2023	2022
Central Tablelands Water	<b>33%</b>	33%
Upper Macquarie County Council	<b>25%</b>	25%

## D2-1 Interests in associates (continued)

## Summarised financial information for associates

\$ '000	Central Tablelands Water		Upper Macquarie County Council	
	2023	2022	2023	2022
<b>Statement of financial position</b>				
<b>Current assets</b>				
Cash and cash equivalents	933	1,292	1,393	1,450
Other current assets	8,802	7,212	93	171
<b>Non-current assets</b>	<b>95,882</b>	<b>82,927</b>	<b>220</b>	<b>44</b>
<b>Current liabilities</b>				
Current financial liabilities (excluding trade and other payables and provisions)	478	512	–	–
Other current liabilities	953	1,450	386	467
<b>Non-current liabilities</b>				
Non-current financial liabilities (excluding trade and other payables and provisions)	11	23	7	14
<b>Net assets</b>	<b>104,175</b>	<b>89,446</b>	<b>1,313</b>	<b>1,184</b>
<b>Statement of comprehensive income</b>				
Income	7,785	7,445	1,666	1,653
Interest income	67	59	50	3
Depreciation and amortisation	(2,340)	(2,622)	(38)	(38)
Interest expense	(11)	(49)	–	–
Other expenses	(4,406)	(4,659)	(1,549)	(1,600)
<b>Profit/(loss) from continuing operations</b>	<b>1,095</b>	<b>174</b>	<b>129</b>	<b>18</b>
<b>Profit/(loss) for period</b>	<b>1,095</b>	<b>174</b>	<b>129</b>	<b>18</b>
Other comprehensive income	13,634	631	–	–
<b>Total comprehensive income</b>	<b>14,729</b>	<b>805</b>	<b>129</b>	<b>18</b>
<b>Share of income – Council (%)</b>	<b>33%</b>	<b>33%</b>	<b>25%</b>	<b>25%</b>
<b>Profit/(loss) – Council (\$)</b>	<b>365</b>	<b>58</b>	<b>32</b>	<b>5</b>
<b>Total comprehensive income – Council (\$)</b>	<b>4,909</b>	<b>268</b>	<b>32</b>	<b>5</b>
<b>Summarised Statement of cash flows</b>				
Cash flows from operating activities	3,148	3,095	106	133
Cash flows from investing activities	(3,094)	(2,886)	(163)	(10)
Cash flows from financing activities	(413)	(532)	–	–
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(359)</b>	<b>(323)</b>	<b>(57)</b>	<b>123</b>
<b>Reconciliation of the carrying amount</b>				
Opening net assets (1 July)	89,446	88,641	1,184	1,166
Profit/(loss) for the period	1,095	174	129	18
Other adjustments to equity	13,634	631	–	–
<b>Closing net assets</b>	<b>104,175</b>	<b>89,446</b>	<b>1,313</b>	<b>1,184</b>
<b>Council's share of net assets (%)</b>	<b>33%</b>	<b>33%</b>	<b>25%</b>	<b>25%</b>
<b>Council's share of net assets (\$)</b>	<b>34,722</b>	<b>29,812</b>	<b>328</b>	<b>296</b>

## D2-1 Interests in associates (continued)

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In addition to the joint ventures and associates disclosed individually above, Council has interests in a number of individually immaterial joint ventures and associates that have still been accounted for using the equity method.

### **Accounting policy**

Interests in associates are accounted for using the equity method where the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If Council's share of losses of an associate equals or exceeds its interest in the associate, Council discontinues recognising its share of further losses.

Council's share in the associates gains or losses arising from transactions between itself and its associate are eliminated.

Adjustments are made to the associates accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.

## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

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

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

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

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

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

\$ '000	Carrying value 2023	Carrying value 2022	Fair value 2023	Fair value 2022
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	5,771	2,298	5,771	2,298
Receivables	1,026	1,287	1,026	1,287
Investments				
– Debt securities at amortised cost	23,500	18,000	23,500	18,000
<b>Total financial assets</b>	<b>30,297</b>	<b>21,585</b>	<b>30,297</b>	<b>21,585</b>
<b>Financial liabilities</b>				
Payables	2,052	1,524	2,033	1,515
Loans/advances	5,973	6,601	5,581	5,040
<b>Total financial liabilities</b>	<b>8,025</b>	<b>8,125</b>	<b>7,614</b>	<b>6,555</b>

Fair value is determined as follows:

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

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

Council's finance team manages the cash and investments portfolio with the assistance of independent advisors.

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

The risks associated with the instruments held are:

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

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

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

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

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

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

\$ '000	2023	2022
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	58	23
Impact of a 10% movement in price of investments		
– Equity / Income Statement	577	230

### (b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

## 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 overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
<b>2023</b>				
Gross carrying amount	–	131	–	131
<b>2022</b>				
Gross carrying amount	–	160	–	160

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

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

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

\$ '000	Not yet overdue	0 - 30 days	Overdue debts			Total
			31 - 60 days	61 - 90 days	> 91 days	
<b>2023</b>						
Gross carrying amount	3,377	140	46	13	1,074	4,650
<b>2022</b>						
Gross carrying amount	2,618	343	203	244	64	3,472

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

### (c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2023</b>							
Payables	0.00%	597	—	—	—	597	2,052
Borrowings	4.18%	—	785	2,454	4,120	7,359	5,973
<b>Total financial liabilities</b>		<b>597</b>	<b>785</b>	<b>2,454</b>	<b>4,120</b>	<b>7,956</b>	<b>8,025</b>
<b>2022</b>							
Payables	0.00%	504	—	—	—	504	1,524
Borrowings	3.78%	—	851	2,649	4,710	8,210	6,601
<b>Total financial liabilities</b>		<b>504</b>	<b>851</b>	<b>2,649</b>	<b>4,710</b>	<b>8,714</b>	<b>8,125</b>

### Loan agreement breaches

There have been no breaches to loan agreements throughout the financial year.



## 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

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

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

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

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

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

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022 Restated	2023	2022 Restated
Infrastructure, property, plant and equipment	C1-7						
Plant and equipment		–	–	6,032	6,339	6,032	6,339
Office equipment		–	–	233	302	233	302
Furniture and fittings		–	–	143	163	143	163
Operational land		–	–	1,797	1,226	1,797	1,226
Community land		–	–	10,931	8,230	10,931	8,230
Land under roads (post 30/06/08)		–	–	47	31	47	31
Land improvements - non depreciable		–	–	3,693	3,403	3,693	3,403
Land improvements - depreciable		–	–	4,955	4,484	4,955	4,484
Buildings – non-specialised		–	–	2,504	1,609	2,504	1,609
Buildings – specialised		217	383	27,128	18,656	27,345	19,039
Roads		–	–	209,279	188,253	209,279	188,253
Bridges		–	–	26,915	23,034	26,915	23,034
Footpaths		–	–	8,013	7,421	8,013	7,421
Major earthworks		–	–	15,163	13,974	15,163	13,974
Stormwater		–	–	16,725	15,211	16,725	15,211
Sewerage network		–	–	26,283	24,917	26,283	24,917
Swimming Pools		–	–	3,173	4,111	3,173	4,111
Open space/recreation assets		–	–	5,196	4,595	5,196	4,595
Tip assets		–	–	57	71	57	71
Quarry assets		–	–	537	623	537	623
Other remediation assets		–	–	73	76	73	76
Total infrastructure, property, plant and equipment		217	383	368,877	326,729	369,094	327,112

### Valuation techniques

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

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

## E2-1 Fair value measurement (continued)

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

**Plant and Equipment** – Major plant (graders, loaders trucks etc.), fleet vehicles (cars, utes etc.) and minor plant (chainsaws, mowers etc.)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Plant and Equipment are valued at cost but are disclosed at fair value.

**Office Equipment** – Computers, servers

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Office Equipment is valued at cost but is disclosed at fair value.

**Furniture and Fittings** – Desks, chairs, air conditioners, cupboards

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Furniture and Fittings are valued at cost but are disclosed at fair value.

**Operational Land** – Industrial land, quarries and rural fire service land

Valuation Techniques: 'Market approach'

Inputs Used (Level 3): Land area, rate per square metre, zoning restrictions, geographical location - sales of comparable land

Council's Operational Land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price, including but not limited to:

- The land's description and/or dimensions,
- Planning and other constraints on development, and
- The potential for alternative use.

**Community Land** – Parkland, sporting grounds, reserves, land under public buildings (halls & community centres)

Valuation Techniques: 'Market approach adjusted for restrictions'

Inputs Used (Level 3): The NSW Valuer General's valuations (as at 30 June 2023)

Council's community land is land intended for public access and use, or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, or dedication under section 94 of the Environmental Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community Land:

- Cannot be sold
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years
- Must have a plan of management

In relation to the valuing of Community Land the Office of Local Government has authorised the use of the NSW Valuer General's valuations as a sufficient basis to represent fair value for the revaluation of community land under clause 31 of AASB 116.

**Depreciable Land Improvements** – Gardens/softfall areas, cricket pitches, other depreciable assets.

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Dimensions and specifications, unit rates, useful lives and asset condition.

Depreciable Land Improvements were valued as at 30 June 2021.

## E2-1 Fair value measurement (continued)

Valuations are based on dimensions, specifications and unit rates derived from indexed historical costs and from industry rates such as the 'Rawlinson's Australian Construction handbook'. A spatial information system and 7.5cm aerial imagery were used to accurately calculate asset dimensions.

Council officers undertook onsite inspections to verify asset location, type and to establish condition ratings for each asset to calculate the remaining life/fair value of each asset.

Council has indexed Depreciable Land Improvements by the annual ABS Producer Price

Index of 8.71% during the 2023 financial year to account for material increases in costs due to the high inflation experienced in 2022/23 financial year.

**Non Depreciable Land Improvements** – Bores, wetlands and earthworks.

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Dimensions units rates and useful lives.

Non Depreciable Land Improvements were valued as at 30 June 2021.

Valuations are based on dimensions and unit rates derived from indexed historical costs and from industry rates such as the 'Rawlinson's Australian Construction handbook'. A spatial information system and 7.5cm aerial imagery were used to accurately calculate asset dimensions.

Council has indexed Non Depreciable Land Improvements by the annual ABS Producer Price Index of 8.71% during the 2023 financial year to account for material increases in costs due to the high inflation experienced in 2022/23 financial year.

**Buildings (Specialised/Non Specialised)** – Community halls, toilet blocks, council offices, library, multipurpose centre, works depot

Valuation Techniques: 'Cost approach & Market approach'

Inputs Used (Level 2 and Level 3): Market approach, Unit rates, useful life, asset condition

Council's buildings were valued at fair value on 30th June 2023 in accordance with Australian Accounting Standards (Fair Value Methodology) and international valuation standards. 'Fair value' is the best estimate of the price reasonably obtainable in the market at the date of valuation.

Council's Specialised Buildings were valued by Assetval a businee of Marsh Pty Ltd (Assetval) as at 30 June 2023. The methodology adopted by Australis Assetval is on an individually assessed (asset-by-asset) basis to determine which method is most appropriate.

**Open Space/Recreational Assets** – Fencing, shadesails, other recreational furniture

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Dimensions, specifications, unit rates, useful life and asset condition.

Open space/recreational assets were valued as at 30 June 2021.

Valuations are based on dimensions, specifications and unit rates derived from indexed historical costs and from industry rates such as the 'Rawlinson's Australian Construction handbook'. A spatial information system and 7.5cm aerial imagery were used to accurately calculate asset dimensions.

Council officers undertook onsite inspections to verify asset location, type and to establish condition ratings for each asset to calculate the remaining life/fair value of each asset.

Council has indexed Open Space / Recreational Assets by the annual ABS Producer Price Index of 8.71% during the 2023 financial year to account for material increases in costs due to the high inflation experienced in 2022/23 financial year.

**Roads** – Road surface, pavement, formation, major earthworks

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition

## E2-1 Fair value measurement (continued)

Council's road infrastructure assets were last valued in-house on 30 June 2020. As per Paragraph 43 of AASB116, Council's roads infrastructure assets were segmented and componentised into the following categories (each representing a significant part of the overall asset):

- Road Surface
- Pavement Base Layer
- Pavement Sub Base Layer
- Formation including Minor Culverts
- Roadside Furniture (crash barriers & signs)

GPS logged to establish the length and extent of the network. Road terminuses (extent of Council maintenance activities) were taken as the measure of asset length. Recent works have been included from Works as Executed plans.

Seal widths (sealed roads) and running surface width (unsealed roads) were verified using aerial imagery and random field testing. Pavement widths are assumed to be equal to the seal width / running surface width, which was confirmed by random sampling of a range of road classifications across the Shire.

Formation widths for sealed and unsealed roads were established by random sampling in the field and from aerial imagery analysis of a range of road classifications and were demonstrated to be double the width of the pavement for sealed roads and 1.4 times the width of the surface for unsealed roads. Formation depth varies according to the Class of road, with urban areas assumed to be a greater depth, as urban roads tend to be on flood plains. Formation costs allow for the installation of drainage blankets over 20% of the road length and for 1.2 minor culverts per kilometre (based on the average number per kilometre across the Shire).

Unit rates for formation, pavement and sealing were based on recent Council works and validated against Rawlinson's Australian Construction handbook. Unit rates are assumed to be for an undulating topography, as this represents the majority of road corridors in the Shire. The slightly steeper grades are assumed to be countered by the substantially longer corridors of flat to slightly undulating topography.

Condition Assessment data was obtained from laser survey undertaken by the Australian Road Research Board (ARRB) in 2019/20 (sealed roads) and assessment by Council officers utilising the UnsealedRoads.com assessment methodology (unsealed roads). Condition data was used as a substitute for date of construction data to establish remaining lives. This was due to Council not having complete road construction / rehabilitation / initial sealing data.

Roadside furniture including crash barriers and signs were collated from the ARRB survey for sealed roads and by Council staff for unsealed roads. An average unit rate by length categories was applied to crash barriers (including guard rail and wire rope) to account for variations in the value of the various 'end treatments' used on guard rail. Condition ratings are per item, collated by Council staff using a standard Condition Rating Guide. Unit rates for signs are based on an assumed Type B size sign with one post, to provide an average cost, to account for multiple posts and multiple sign faces on a single post. The unit rate reflects the cost of recent council works. Condition ratings were supplied by ARRB for sealed road signs and by Council staff for unsealed roads.

Council has indexed all Road asset sub classes by the annual ABS Producer Price Index of 8.51% during the 2023 financial year to account for material increases in costs due to the high inflation experienced in 2022/23 financial year.

### **Bridges** – Concrete bridges, Timber Bridges, Bridge sized culverts

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimension and specifications (concrete/timber).

Council defines a bridge as a structure with a road centreline length of 6m or more and has inspected all Bridges and Major Culverts utilising a standardised Bridge Measurement Guide to determine the split between Bridges and Major Culverts, resulting in transfers into and out of the Bridge Asset Class.

Condition assessment for bridges was undertaken by professional bridge engineering companies for Timber bridges (Level 3 inspections) and by an experienced bridge 'ganger' for concrete bridges and other Council staff using Culvert Condition Assessment Guide for Culvert style bridges (Level 1 inspections, based on observed defects), but does not include core sampling or tensile testing of any components. Bridges constructed in the last 5 years have been assumed to be in Condition 1.

Bridge values were determined on the basis of a square metre (of deck) rate, based on a number of bridges Council has had built in the last five years.

Council has indexed Bridges by the annual ABS Producer Price Index of 8.51% during the 2023 financial year to account for material increases in costs due to the high inflation experienced in 2022/23 financial year.

### **Footpaths** – Footways including cycleways

## E2-1 Fair value measurement (continued)

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Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications (concrete/bitumen/pavers).

Footpaths assets lengths, widths and extents were verified using 7.5cm aerial imagery and field inspection. Condition Assessments were undertaken of the entire network by Council staff utilising a standardised Condition Assessment Guide. These inspections are undertaken 6 monthly in the Blayney and Millthorpe CBDs and annual across the full network.

Unit Rates for footpaths are derived from recent Council works, as Council has constructed significant lengths of footpath in recent years.

Council has indexed Footpaths by the annual ABS Producer Price Index of 8.51% during the 2023 financial year to account for material increases in costs due to the high inflation experienced in 2022/23 financial year.

**Stormwater Drainage** - includes pits and pipes

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

Council's register was developed using a combination of field observation and aerial imagery. The level of capture is estimated to be around 85% to 95%, as by its nature Urban Stormwater drainage is difficult to locate and Council does not have complete records of drainage installed. Pipe sizes have been estimated in some instances, as it is not possible to access all pipes.

Condition assessment was undertaken by Council staff using a standardised Condition Assessment Guide, with the condition of most pipes assumed from the condition of associated pits, due to a lack of accessibility.

Unit Rates for stormwater pits, pipes were derived from the Office of Water; NSW reference Rates Manual; Valuation of Water Supply, Sewerage and Stormwater Assets, Reinforced Concrete Box Culverts from recent council works and concrete lined drains from Rawlinsons Australian Construction Handbook. As with Kerb and Gutter, these rates do not take into account any allowance for the removal of existing (failed) stormwater assets.

Council has indexed Stormwater Drainage by the annual NSW Water and Sewer Reference Rate of 7.71% during the 2023 financial year to account for material increases in costs due to the high inflation experienced in 2022/23 financial year.

**Major Earthworks** – (transport asset class only)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, dimensions and specifications

Major Earthworks have been captured through field surveys and Works as Executed plans for more recent works. Bulk earthworks do not include earthworks for buildings and within Parks and Gardens, as these are accounted for within those asset classes, where applicable.

Council has verified the extent of some of its major earthworks through the use of Drone Survey, resulting in changes in some existing estimates. The condition of major earthworks is assumed to be 1, as these are a very long life assets, which are not depreciated.

The Unit Rates for Major Earthworks are derived from recent Council works and have been compared with rates from the Rawlinsons Australian Construction Handbook.

Council has indexed Major Earthworks by the annual ABS Producer Price Index of 8.51% during the 2023 financial year to account for material increases in costs due to the high inflation experienced in 2022/23 financial year.

**Major Culverts** – Pipe Culverts, Reinforced Concrete Box Culverts

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset dimensions, asset condition

The location and condition of all Major Culverts has been verified by an extensive review by Council Officers, utilising standardised Condition Inspection Guides. Culverts of 450mm or less have not been valued separately due to their cost (purchase price and installation cost) and have been allowed for in the cubic metre rate for road formation.

Major Culverts have been normalised to align with Modern Engineering Equivalent Replacement Asset (MEERA) to standardise culvert sizes and interpolation was used to account for nonstandard sizes. They are valued as single, double, triple or quad

## E2-1 Fair value measurement (continued)

pipes / box culverts. Major Culverts do not include Bridge size (6m+ along road centre line) culverts, as these were valued in the Bridge Register.

Unit rates for culverts are derived from recent Council works and include materials (contract rates), excavation and nonlinear variation for multi cell culverts.

Council has indexed Major Culverts by the annual ABS Producer Price Index of 8.51% during the 2023 financial year to account for material increases in costs due to the high inflation experienced in 2022/23 financial year.

**Kerb and Gutter** – highback concrete, rollback concrete, median and 'splitter islands', bluestone and riverstone

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset dimensions, asset condition

The Kerb and Gutter asset register was developed using 7.5cm Aerial imagery for Blayney and the Villages. This data was verified with an inspection program to determine the accuracy and materials used. The bulk of Council's kerb and gutter network is concrete ('high back' or 'roll back'), however some kerb and gutter is constructed from bluestone or river stone. Median and 'splitter islands' are included in this asset sub class.

Condition assessment for Kerb and Gutter was collated by Council staff using a standardised Condition Assessment Guide.

Unit Rates were established on 'First Principles' and verified against a tender that Council had recently submitted for kerb and gutter works. Unit rates for the bluestone and river stone kerbs and gutters was also established on 'First Principles' and verified against recent 'reconstruction' works in Carcoar.

Unit rates for kerb and gutter are all based on 'Greenfields' costs and do not include any allowance of the removal of existing failed sections.

Council has indexed Kerb and Gutter assets by the annual ABS Producer Price Index of 8.51% during the 2023 financial year to account for material increases in costs due to the high inflation experienced in 2022/23 financial year.

**Sewerage Network** – Sewer pipes, pump stations, treatment plant, telemetry system, manholes

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

Council's Sewer Assets were valued by AUSTRALIS Asset Advisory Group as at 30 June 2022, based on current unit rates. T

Australis conducted a physical inspection of the ground-level facility assets in the system such as treatment plants, pumping stations and effluent reuse reservoir. Condition assessments of the Gravity Main Network were supplied by Council to Australis, being a combination of in-house and contractor inspections from 2017 to 2022, utilising the WSAA Conduit Inspection and Reporting Code for the differing age groupings of the pipe network.

The asset register was built using Council GIS data with modifications made to achieve the correct level of componentisation and to collect additional details regarding material and capacities of the assets. Council has further componentised the Sewer pipe network into a pipe and a conduit component to account for the contemporary practice of relining of pipes. It is anticipated that pipes can be relined at least twice generating an extension of the useful life of the conduit component.

Council has indexed Sewer assets by the annual NSW Water and Sewer Reference Rate of 7.71% during the 2023 financial year to account for material increases in costs due to the high inflation experienced in 2022/23 financial year.

### Swimming Pools

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

Council's swimming pools were valued at fair value on 30th June 2023 in accordance with Australian Accounting Standards (Fair Value Methodology) and international valuation standards. 'Fair value' is the best estimate of the price reasonably obtainable in the market at the date of valuation.

Council's swimming pools were valued by Assetval a business of Marsh Pty Ltd (Assetval) The methodology adopted by Assetval is on an individually assessed (asset-by-asset) basis to determine which method is most appropriate.

**Tip, Quarry & other remediation Assets** – Reinstatement, rehabilitation and restoration

## E2-1 Fair value measurement (continued)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, dimensions and specifications

It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill, quarry and other remediation sites. Closure of the landfill and quarry sites will involve a wide range of activities including final capping of the landfill waste and site re-vegetation, monitoring of landfill gas, revision of the surface water management system and leachate management infrastructure to suit post-closure operation.

Valuations are based on actual timing of costs and future environmental management requirements.

### Fair value measurements using significant unobservable inputs (level 3)

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

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

\$ '000	Fair value (30/6/23) 2023	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>			
Plant & Equipment	6,032	Cost Approach	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Remaining Useful Life</li> </ul>
Office Equipment	233	Cost Approach	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Remaining Useful Life</li> </ul>
Furniture & Fittings	143	Cost Approach	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Remaining Useful Life</li> </ul>
Operational Land	1,797	Market Approach	<ul style="list-style-type: none"> <li>• Price per square metre</li> </ul>
Community Land	10,931	Market Approach - adjusted for restrictions	<ul style="list-style-type: none"> <li>• NSW Valuer Generals Valuation (Unimproved Capital Value)</li> </ul>
Land under roads - (post 30/06/2008)	47	Market Approach	<ul style="list-style-type: none"> <li>• Price per square metre</li> </ul>
Land Improvements - non depreciable	3,693	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> </ul>
Depreciable Land Improvements	4,955	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful life</li> </ul>
Buildings – Specialised	27,128	Cost Approach & Market Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful life</li> </ul>
Buildings – Non Specialised	2,504	Cost Approach & Market Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful life</li> </ul>
Open Space/Recreation Assets	5,196	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful life</li> </ul>
Roads	209,279	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Conditions</li> <li>• Useful Life</li> </ul>
Bridges	26,915	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Conditions</li> <li>• Useful Life</li> </ul>
Footpaths	8,013	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Conditions</li> <li>• Useful Life</li> </ul>
Major Earthworks	15,163	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> </ul>
Stormwater Drainage	16,725	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Conditions</li> <li>• Useful Life</li> </ul>



## E2-1 Fair value measurement (continued)

<b>\$ '000</b>	<b>Fair value (30/6/23) 2023</b>	<b>Valuation technique/s</b>	<b>Unobservable inputs</b>
Sewerage Network	26,283	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Useful Life</li> <li>• Asset Conditions</li> </ul>
Swimming Pools	3,173	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Conditions</li> <li>• Useful Life</li> </ul>
Waste facility, quarries & other remediation assets	667	Cost Approach	<ul style="list-style-type: none"> <li>• Discounted Future Cash Flow</li> </ul>



## E2-1 Fair value measurement (continued)

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

\$ '000	Operational Land		Community Land		Depreciable land improvements		Building specialised	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>1,226</b>	<b>1,051</b>	<b>8,230</b>	<b>6,919</b>	<b>4,484</b>	<b>4,044</b>	<b>18,656</b>	<b>17,572</b>
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	571	207	2,701	1,311	369	422	7,456	1,252
<b>Other movements</b>								
Transfers from/(to) another asset class	–	–	–	–	–	20	12	–
Purchases (GBV)	–	–	–	–	253	138	1,757	538
Other adjustments and transfers	–	30	–	–	–	–	–	–
Disposals (WDV)	–	(62)	–	–	–	(7)	(161)	(161)
Depreciation and impairment	–	–	–	–	(151)	(133)	(592)	(545)
<b>Closing balance</b>	<b>1,797</b>	<b>1,226</b>	<b>10,931</b>	<b>8,230</b>	<b>4,955</b>	<b>4,484</b>	<b>27,128</b>	<b>18,656</b>

\$ '000	Buildings non-specialised		Open space/recreation assets		Roads		Bridges	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>1,609</b>	<b>1,451</b>	<b>4,595</b>	<b>4,129</b>	<b>188,253</b>	<b>169,529</b>	<b>23,034</b>	<b>21,100</b>
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	906	205	385	386	15,719	17,471	1,813	2,247
<b>Other movements</b>								
Transfers from/(to) another asset class	(8)	–	(4)	(20)	–	–	–	–
Purchases (GBV)	44	2	403	251	8,865	4,403	2,547	–
Other adjustments and transfers	–	–	–	–	–	–	–	–
Disposals (WDV)	–	–	(15)	(4)	(27)	(37)	(125)	–
Depreciation and impairment	(47)	(49)	(168)	(147)	(3,531)	(3,113)	(354)	(313)
<b>Closing balance</b>	<b>2,504</b>	<b>1,609</b>	<b>5,196</b>	<b>4,595</b>	<b>209,279</b>	<b>188,253</b>	<b>26,915</b>	<b>23,034</b>

\$ '000	Footpaths		Major earthworks		Stormwater		Sewerage network	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>7,421</b>	<b>6,060</b>	<b>13,974</b>	<b>12,610</b>	<b>15,211</b>	<b>13,417</b>	<b>24,917</b>	<b>19,355</b>
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	620	614	1,189	1,364	1,157	1,430	1,868	5,747
<b>Other movements</b>								
Purchases (GBV)	116	870	–	–	559	538	182	327
Other adjustments and transfers	–	–	–	–	–	–	–	–
Disposals (WDV)	–	(2)	–	–	(2)	–	(15)	(1)
Depreciation and impairment	(144)	(121)	–	–	(200)	(174)	(669)	(511)
<b>Closing balance</b>	<b>8,013</b>	<b>7,421</b>	<b>15,163</b>	<b>13,974</b>	<b>16,725</b>	<b>15,211</b>	<b>26,283</b>	<b>24,917</b>

## E2-1 Fair value measurement (continued)

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Swimming pools	
	2023	2022 Restated	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>6,339</b>	7,476	<b>302</b>	341	<b>163</b>	128	<b>4,111</b>	4,202
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	–	–	(855)	3
<b>Other movements</b>								
Purchases (GBV)	<b>1,316</b>	699	<b>47</b>	101	–	51	<b>12</b>	–
Other adjustments and transfers	–	–	–	–	–	–	–	–
Disposals (WDV)	<b>(351)</b>	(539)	–	(37)	–	–	–	–
Depreciation and impairment	<b>(1,272)</b>	(1,297)	<b>(116)</b>	(103)	<b>(20)</b>	(16)	<b>(95)</b>	(94)
<b>Closing balance</b>	<b>6,032</b>	6,339	<b>233</b>	302	<b>143</b>	163	<b>3,173</b>	4,111

\$ '000	Land improvements - non depreciable		Land under roads - (post 30/06/2008)		Remediation, rehabilitation & restoration		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>3,403</b>	2,500	<b>31</b>	26	<b>770</b>	339	<b>326,729</b>	292,249
Recognised in other comprehensive income – revaluation surplus	<b>290</b>	523	–	5	–	–	<b>34,189</b>	<b>33,187</b>
Purchases (GBV)	–	380	<b>16</b>	–	–	505	<b>16,117</b>	<b>8,803</b>
Other adjustments and transfers	–	–	–	–	–	(17)	–	<b>13</b>
Disposals (WDV)	–	–	–	–	–	–	<b>(696)</b>	<b>(850)</b>
Depreciation and impairment	–	–	–	–	<b>(103)</b>	(57)	<b>(7,462)</b>	<b>(6,673)</b>
<b>Closing balance</b>	<b>3,693</b>	3,403	<b>47</b>	31	<b>667</b>	770	<b>368,877</b>	<b>326,729</b>

### Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

For each FV hierarchy transfer into or out of level 3, please reference and list the details and reasons for the change here.

### Highest and best use

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

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

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

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

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

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

##### *Description of the funding arrangements.*

Pooled Employers are required to pay 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% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

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

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

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

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

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

## E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$ 80,081.81. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$32,975.04. Council's expected contribution to the plan for the next annual reporting period is \$81,597.00.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 0.18%

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	6.00% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% for FY22/23 2.5% per annum thereafter

\* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2023

### (ii) Statewide Limited

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

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

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

### (iii) StateCover Limited

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

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

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

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

## E3-1 Contingencies (continued)

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### (iv) Other guarantees

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

## 2. Other liabilities

### (i) Third party claims

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

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

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

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

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

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

## ASSETS NOT RECOGNISED

### (i) Land under roads

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

### (ii) Infringement notices/fines

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

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

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

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

## F People and relationships

### F1 Related party disclosures

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

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

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

\$ '000	2023	2022
<b>Compensation:</b>		
Short-term benefits	1,013	953
Post-employment benefits	81	78
Other long-term benefits	117	67
<b>Total</b>	<b>1,211</b>	<b>1,098</b>

#### Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
<b>2023</b>						
Catering	1	6	–	Paid on invoice	–	–
Donations & Financial Assistance Grants	2	4	–	Paid on completion of works	–	–
Supply of water	3	165	–	Payable by instalment date	–	–
Supply of materials and consumables	4	8	–	Paid on invoice	–	–
<b>2022</b>						
Catering	1	6	–	Paid on invoice	–	–
Donations & Financial Assistance Grants	2	7	–	Paid on completion of works	–	–
Supply of water	3	104	–	Payable by instalment date	–	–
Supply of materials and consumables	4	25	–	Paid on invoice	–	–

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

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- 1 Catering for training and meetings of Council were supplied by related parties of a number of KMP's
- 2 Council have donated funds to local not for profit organisations for community projects where a number of KMP's are members
- 3 A KMP is the Chair of a joint organisation (County Council) who supplies water to Council Facilities
- 4 Council has procured materials and consumables from a supplier who is a related party of a KMP of Council.

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

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	28	26
Councillors' fees	88	83
Other Councillors' expenses (including Mayor)	35	19
Superannuation	12	—
<b>Total</b>	<b>163</b>	<b>128</b>

## F2 Other relationships

### F2-1 Audit fees

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

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

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

Audit and review of financial statements

	50	46
<b>Remuneration for audit and other assurance services</b>	<b>50</b>	<b>46</b>

##### (ii) Non-assurance services

Remuneration advice

	—	3
<b>Remuneration for non-assurance services</b>	<b>—</b>	<b>3</b>

#### Total Auditor-General remuneration

	50	49
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#### Non NSW Auditor-General audit firms

##### (ii) Non-assurance services

Internal Audit

	39	34
<b>Remuneration for non-assurance services</b>	<b>39</b>	<b>34</b>

#### Total remuneration of non NSW Auditor-General audit firms

	39	34
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#### Total audit fees

	89	83
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## G Other matters

### G1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

	2023	2022 Restated
\$ '000		
<b>Net operating result from Income Statement</b>	<b>11,599</b>	9,637
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	7,514	6,738
(Gain) / loss on disposal of assets	229	(54)
Non-cash capital grants and contributions	(373)	(865)
Unwinding of discount rates on reinstatement provisions	52	(101)
Share of net (profits)/losses of associates/joint ventures using the equity method	(397)	(63)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	241	(544)
Increase / (decrease) in provision for impairment of receivables	–	(116)
(Increase) / decrease of inventories	(18)	121
(Increase) / decrease of other current assets	55	(65)
(Increase) / decrease of contract asset	(1,410)	(1,795)
Increase / (decrease) in payables	409	23
Increase / (decrease) in accrued interest payable	(3)	(3)
Increase / (decrease) in other accrued expenses payable	7	–
Increase / (decrease) in other liabilities	115	(31)
Increase / (decrease) in contract liabilities	5,938	(171)
Increase / (decrease) in employee benefit provision	(187)	(27)
Increase / (decrease) in other provisions	15	487
<b>Net cash flows from operating activities</b>	<b>23,786</b>	13,171

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2023	2022
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

#### Property, plant and equipment

Road infrastructure	1,342	1,341
<b>Total commitments</b>	<b>1,342</b>	<b>1,341</b>

#### These expenditures are payable as follows:

Within the next year	1,342	1,341
<b>Total payable</b>	<b>1,342</b>	<b>1,341</b>

#### Sources for funding of capital commitments:

Future grants and contributions	202	1,132
Unexpended grants	1,140	128
Internally restricted reserves	–	81
<b>Total sources of funding</b>	<b>1,342</b>	<b>1,341</b>

#### Details of capital commitments

Council entered into a contract for the design and construction of the Belubula Way Bridge over Icely Creek in November 2022 scheduled for completion in 2023/24. A contract was also entered into for design and construction of 3 x carparks at King George Oval also now scheduled for completion in 2023/24.

## G3 Changes from prior year statements

### G3-1 Correction of errors

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

Consistent with Council's policy 05G Recognition of Rural Fire Service Assets Policy, Council did not previously recognise any RFS Red Fleet assets.

Council rescinded the above Policy on 15 August 2023 and subsequently determined to recognise RFS Red Fleet Assets resulting in a correction to the 2021/22 financial statements. These errors have been restated as at 1 July 2021 against the balances of IPPE and accumulated surplus.

	30 June 2022 \$'000	1 July 2021 \$'000
Net carrying amount	974	1,190
Depreciation expense	216	216

#### Changes to the opening Statement of Financial Position at 1 July 2021

##### Statement of Financial Position

\$ '000	Original Balance 1 July 2021	Impact Increase/ (decrease)	Restated Balance 1 July 2021
Infrastructure, property, plant and equipment	296,774	1,190	297,964
<b>Total non-current assets</b>	<b>327,232</b>	<b>1,190</b>	<b>328,422</b>
<b>Total assets</b>	<b>350,125</b>	<b>1,190</b>	<b>351,315</b>
<b>Net assets</b>	<b>334,593</b>	<b>1,190</b>	<b>335,783</b>
Accumulated surplus	157,485	1,190	158,675
<b>Total equity</b>	<b>334,593</b>	<b>1,190</b>	<b>335,783</b>

#### Adjustments to the comparative figures for the year ended 30 June 2022

##### Statement of Financial Position

\$ '000	Original Balance 30 June 2022	Impact Increase/ (decrease)	Restated Balance 30 June 2022
Infrastructure, property, plant and equipment	337,346	974	338,320
<b>Total non-current assets</b>	<b>368,049</b>	<b>974</b>	<b>369,023</b>
<b>Total assets</b>	<b>392,964</b>	<b>974</b>	<b>393,938</b>
<b>Net assets</b>	<b>377,877</b>	<b>974</b>	<b>378,851</b>
Accumulated surplus	167,548	974	168,522
<b>Total equity</b>	<b>377,877</b>	<b>974</b>	<b>378,851</b>

## G3-1 Correction of errors (continued)

## Income Statement

	Original Balance 30 June 2022	Impact Increase/ (decrease)	Restated Balance 30 June 2022
\$ '000			
Depreciation	6,522	216	6,738
<b>Total expenses from continuing operations</b>	<b>19,656</b>	<b>216</b>	<b>19,872</b>
<b>Net operating result for the year</b>	<b>9,853</b>	<b>(216)</b>	<b>9,637</b>

## Statement of Comprehensive Income

	Original Balance 30 June 2022	Impact Increase/ (decrease)	Restated Balance 30 June 2022
\$ '000			
<b>Net operating result for the year</b>	<b>9,853</b>	<b>(216)</b>	<b>9,637</b>
<b>Total comprehensive income for the year</b>	<b>43,284</b>	<b>(216)</b>	<b>43,068</b>

## G4 Statement of developer contributions as at 30 June 2023

### G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Local infrastructure fund	1,032	521	–	–	52	(73)	–	1,532	–
<b>S7.11 contributions – under a plan</b>	1,032	521	–	–	52	(73)	–	1,532	–
Future Sewerage Infrastructure Contributions	200	106	–	–	13	–	–	319	–
S64 contributions	997	266	–	–	46	–	–	1,309	–
<b>Total contributions</b>	<b>2,229</b>	<b>893</b>	<b>–</b>	<b>–</b>	<b>111</b>	<b>(73)</b>	<b>–</b>	<b>3,160</b>	<b>–</b>

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

## G4-2 Developer contributions by plan

	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
\$ '000		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN NUMBER – Local infrastructure fund									
Local infrastructure fund	1,032	521	–	–	52	(73)	–	1,532	–
Total	1,032	521	–	–	52	(73)	–	1,532	–

## G4-3 Contributions not under plans

### Future Infrastructure Subsidy

Sewerage services	200	106	–	–	13	–	–	319	–
<b>Total</b>	<b>200</b>	<b>106</b>	<b>–</b>	<b>–</b>	<b>13</b>	<b>–</b>	<b>–</b>	<b>319</b>	<b>–</b>

## G4-4 S64 contributions

### S64 contributions

Sewerage services	997	266	–	–	46	–	–	1,309	–
<b>Total</b>	<b>997</b>	<b>266</b>	<b>–</b>	<b>–</b>	<b>46</b>	<b>–</b>	<b>–</b>	<b>1,309</b>	<b>–</b>

## G5 Statement of performance measures

### G5-1 Statement of performance measures – consolidated results

	Amounts	Indicator	Indicators		Benchmark
\$ '000	2023	2023	Restated 2022	2021	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>988</b>	<b>4.51%</b>	(1.96)%	(3.74)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>21,921</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>15,464</b>	<b>47.78%</b>	47.90%	57.54%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>32,364</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>14,687</b>	<b>5.68x</b>	4.67x	3.86x	> 1.50x
Current liabilities less specific purpose liabilities	<b>2,588</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>8,775</b>	<b>9.55x</b>	8.44x	7.26x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>919</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>154</b>	<b>1.24%</b>	1.58%	1.46%	< 10.00%
Rates and annual charges collectable	<b>12,420</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>29,271</b>	<b>22.65</b>	15.97	17.23	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>1,293</b>	<b>months</b>	months	months	months

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

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

## G5-2 Statement of performance measures by fund

	General Indicators <sup>3</sup>		Sewer Indicators		Benchmark
\$ '000	2023	Restated 2022	2023	2022	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>4.33%</b>	(2.11)%	<b>6.39%</b>	(0.30)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>					
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>45.13%</b>	45.54%	<b>82.97%</b>	78.64%	> 60.00%
Total continuing operating revenue <sup>1</sup>					
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>5.68x</b>	4.67x	<b>34.44x</b>	99.07x	> 1.50x
Current liabilities less specific purpose liabilities					
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>9.54x</b>	8.04x	<b>9.66x</b>	16.64x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)					
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>1.08%</b>	1.44%	<b>2.49%</b>	2.66%	< 10.00%
Rates and annual charges collectable					
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>17.69</b>	11.05	<b>85.74</b>	103.80	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>months</b>	months	<b>months</b>	months	months

(1) - (2) Refer to Notes at Note G6-1 above.

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



## H Additional Council disclosures (unaudited)

### H1-1 Council information and contact details

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**Principal place of business:**

91 Adelaide Street  
Blayney NSW 2799

#### Contact details

**Mailing Address:**

PO Box 62  
Blayney NSW 2799

**Opening hours:**

9:30am to 4:00pm  
Monday to Friday

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

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

#### Officers

**General Manager**

M.Dicker

**Responsible Accounting Officer**

T.Irlam

**Public Officer**

A. Franze

**Auditors**

Auditor General New South Wales  
Level 19 Tower 2 Darling Park  
201 Sussex Street  
SYDNEY NSW 2000

#### Elected members

**Mayor**

Cr. S.J. Ferguson

**Deputy Mayor**

Cr. D Somervaille

**Councillors**

Cr. A Ewin  
Cr. C Gosewisch  
Cr. J Newstead  
Cr. M Pryse Jones  
Cr. B Reynolds



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Blayney Shire Council

To the Councillors of Blayney Shire Council

### Opinion

I have audited the accompanying financial statements of Blayney Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

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 2023, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

### Basis for Opinion

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://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.



Farisha Ali  
Delegate of the Auditor-General for New South Wales

31 October 2023  
SYDNEY



Cr Scott Ferguson  
Mayor  
Blayney Shire Council  
PO Box 62  
Blayney NSW 2799

Contact: Farisha Ali  
Phone no: 02 9275 7373  
Our ref: R008-16585809-46262

31 October 2023

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2023  
Blayney Shire Council**





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

I expressed 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 2023 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

## INCOME STATEMENT

### Operating result

	2023 \$m	2022* \$m	Variance %
Rates and annual charges revenue	12.2	11.8	 3.4
Grants and contributions revenue	16.9	15.3	 10.4
Operating result from continuing operations	11.6	9.6	 20.8
Net operating result before capital grants and contributions	1.2	(0.2)	 700.0

\* The 2022 comparatives have been restated to correct a prior period error. Note G3-1 of the financial statements provides details of the prior period error

Rates and annual charges revenue (\$12.2 million) increased by \$0.4 million (3.4 percent) in 2022–23 due to the approved rate peg increase of 2.5 percent. Additionally, council received an increase in sewerage charges, and waste management services revenue as well as a small uplift to the council's special mining rate.

Grants and contributions revenue (\$16.9 million) increased by \$1.6 million (10.4 percent) in 2022–23 due to:

- increase of \$0.5 million of developer contributions recognised during the year
- increase of \$1.1 million of grants recognised received for bushfire and emergency services, transport - other roads and bridges funding, stronger country communities, and tourism
- receiving 95 percent of the financial assistance grants for 2023-24 in advance (75 percent in 2021-22)

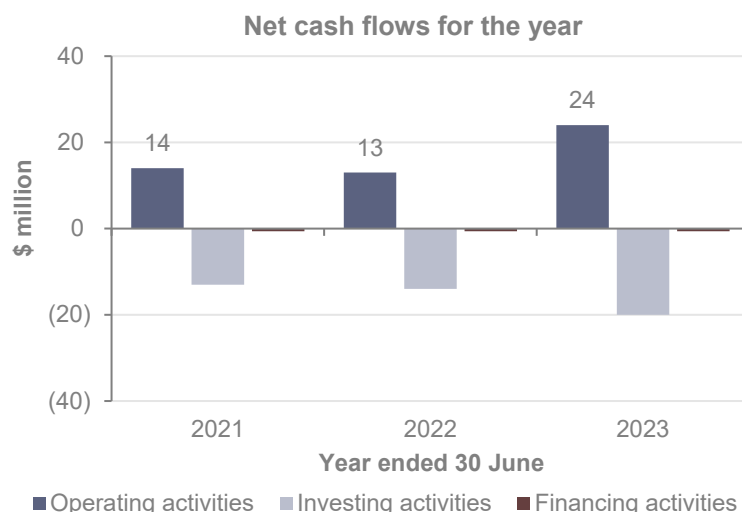
The Council's operating result from continuing operations (\$11.6 million including depreciation, amortisation, and impairment expense of \$7.5 million) was \$2.0 million higher than the 2021–22 result.

The net operating result before capital grants and contributions (\$1.2 million) was \$1.4 million higher than the 2021–22 result. This was primarily the result of an increase in interest earned from investments, rates and annual charges as well as User fees and charges. There was also a small decrease in Employee benefits and oncosts.

## STATEMENT OF CASH FLOWS

Cash balances increased due to the following factors:

- receiving 95 percent of the 2023-24 financial assistance grant in advance
- a significant increase in Grants and Contributions predominantly for roads and bridges
- a slight reduction in payments to employees compared to the prior year
- a small increase in developer contributions
- a small increase in the distribution from Upper Macquarie County Council and Central Tablelands Water



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>29.3</b>	<b>20.3</b>	Externally restricted balances comprise mainly of unexpended grants, developer contributions and sewer funds.
Restricted and allocated cash, cash equivalents, and investments:			Internal allocations are determined by council policies or decisions for forward plans, which are subject to change.
• External restrictions	20.3	13.1	
• Internal allocations	8.8	7.1	

### Debt

At 30 June 2023, Council had:

- \$5.9 million in secured loans (\$6.6 million in 2021-22), secured against Council's general rating income
- access to a \$50,000 approved overdraft facility, unused as at 30 June 2023, and
- a \$40,000 credit card facility, with (\$5,000 drawn down and \$35,000 unused as at 30 June 2023).

## PERFORMANCE

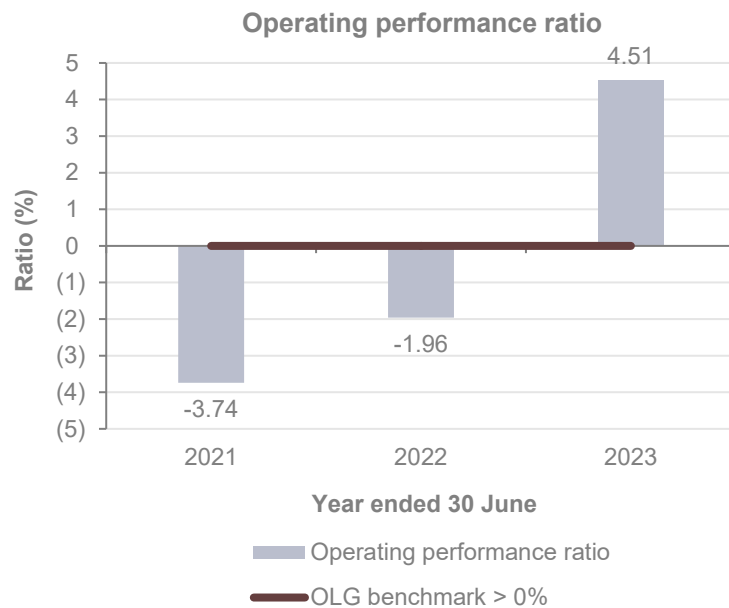
### Performance measures

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

## Operating performance ratio

The 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

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

The high level of grants and contributions received by Council during the year has seen this ratio continue to remain below the benchmark set by the OLG. Council's own source operating revenue has remained consistent in terms of dollar value.

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

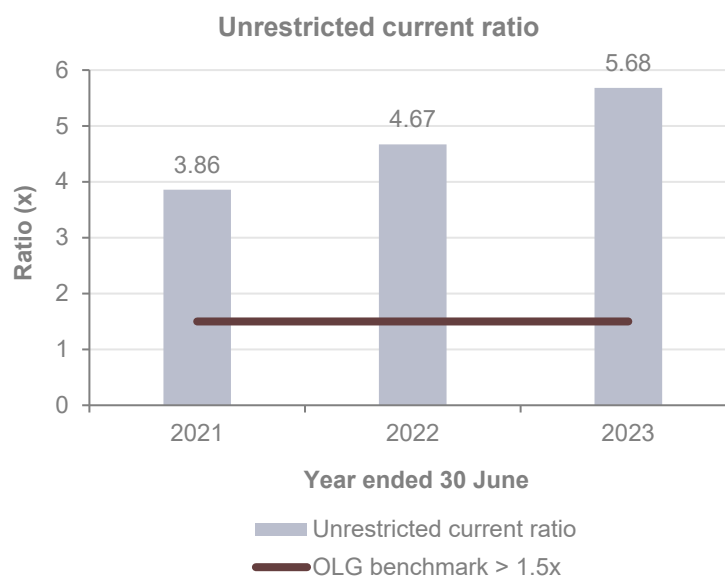




## Unrestricted current ratio

The Council continues to exceed the benchmark for the current reporting period.

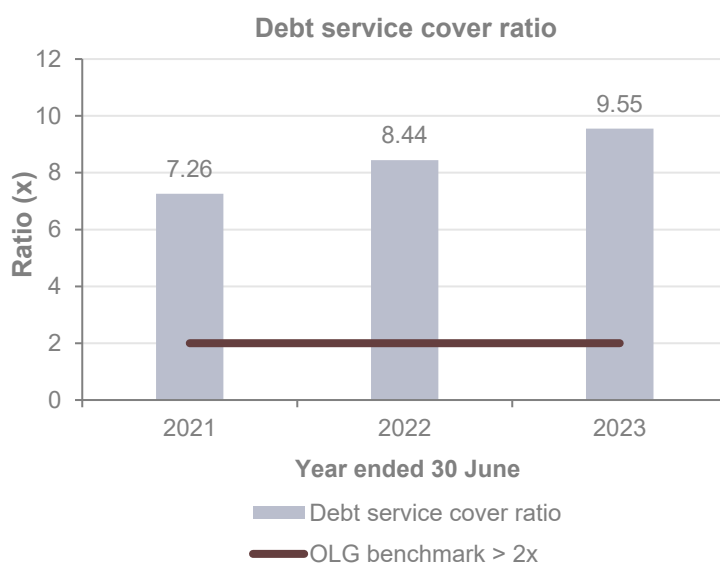
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



## Debt service cover ratio

The Council continues to exceed the benchmark for the current reporting period.

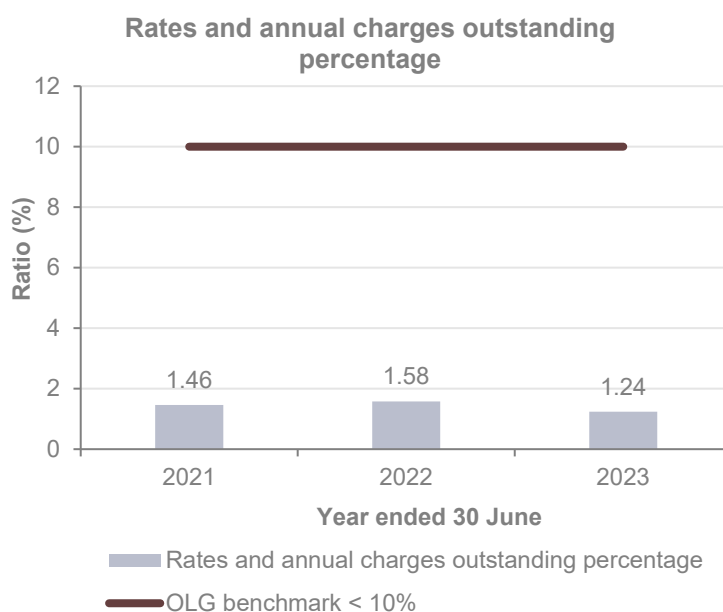
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal, and lease payments. The benchmark set by OLG is greater than two times.



## Rates and annual charges outstanding percentage

The Council continues to effectively manage its recovery, maintaining a ratio that (has exceeded the OLG benchmark for the current reporting period) and is well below the benchmark for rural councils.

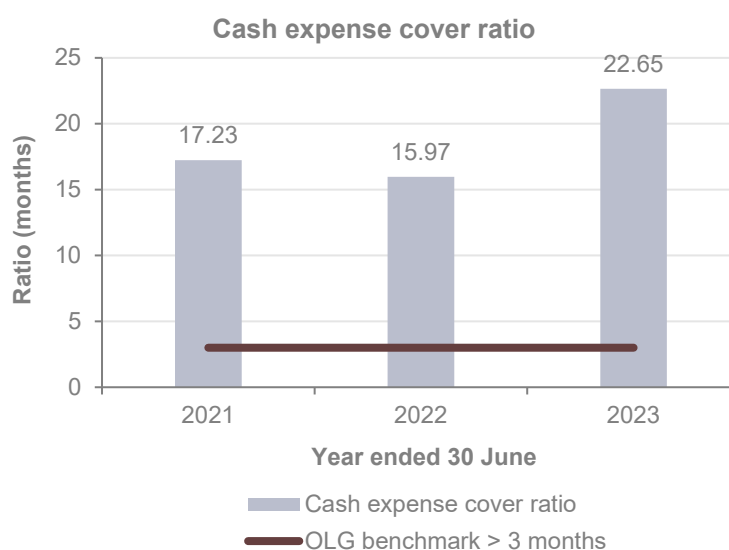
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



## Cash expense cover ratio

The Council continues to exceed 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 \$5.8 million of infrastructure, property, plant, and equipment during the 2022-23 financial year. This was mainly spent on roads, and bridges during the financial year. A further \$2.5 million was spent on new assets including roads, open or recreational spaces and specialised buildings.

## OTHER MATTERS

### Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements 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, and
- staff provided all accounting records and information relevant to the audit.



Farisha Ali  
Audit Leader, Financial Audit

Delegate of the Auditor-General for New South Wales

# Blayney Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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## Special Purpose Financial Statements

for the year ended 30 June 2023

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<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>9</b>

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### Background

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

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

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

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

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

## Blayney Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2023

### 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 Planning and Environment, *Water's Regulatory and assurance framework for local water utilities*.

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

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

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

Signed in accordance with a resolution of Council made on 29 August 2023.



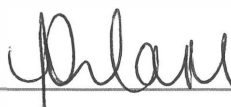
Cr. S.J. Ferguson  
**Mayor**  
29 August 2023



Cr. D. Somerville  
**Deputy Mayor**  
29 August 2023



M. Dicker  
**General Manager**  
29 August 2023



T. Irlam  
**Responsible Accounting Officer**  
29 August 2023

## Blayney Shire Council

### Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	1,446	1,354
User charges	149	145
Liquid trade waste charges	52	78
Interest and investment income	248	34
Grants and contributions provided for operating purposes	14	14
Net gain from the disposal of assets	(15)	16
Other income	–	19
<b>Total income from continuing operations</b>	<b>1,894</b>	<b>1,660</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	240	258
Borrowing costs	31	36
Materials and services	795	801
Depreciation, amortisation and impairment	702	568
Other expenses	5	2
<b>Total expenses from continuing operations</b>	<b>1,773</b>	<b>1,665</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>121</b>	<b>(5)</b>
Grants and contributions provided for capital purposes	372	433
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>493</b>	<b>428</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>493</b>	<b>428</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(30)	–
<b>Surplus (deficit) after tax</b>	<b>463</b>	<b>428</b>
<b>Plus accumulated surplus</b>	<b>10,128</b>	<b>9,699</b>
– Corporate taxation equivalent	30	–
<b>Closing accumulated surplus</b>	<b>10,621</b>	<b>10,127</b>
<b>Return on capital %</b>	<b>0.5%</b>	<b>0.1%</b>
<b>Subsidy from Council</b>	<b>968</b>	<b>938</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	463	428
Less: capital grants and contributions (excluding developer contributions)	(372)	(433)
<b>Surplus for dividend calculation purposes</b>	<b>91</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>45</b>	<b>–</b>

## Blayney Shire Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,659	649
Investments	6,408	6,349
Receivables	26	36
<b>Total current assets</b>	<b>8,093</b>	<b>7,034</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	27,854	26,468
<b>Total non-current assets</b>	<b>27,854</b>	<b>26,468</b>
<b>Total assets</b>	<b>35,947</b>	<b>33,502</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	171	12
Borrowings	64	59
<b>Total current liabilities</b>	<b>235</b>	<b>71</b>
<b>Non-current liabilities</b>		
Borrowings	292	356
<b>Total non-current liabilities</b>	<b>292</b>	<b>356</b>
<b>Total liabilities</b>	<b>527</b>	<b>427</b>
<b>Net assets</b>	<b>35,420</b>	<b>33,075</b>
<b>EQUITY</b>		
Accumulated surplus	10,621	10,127
Revaluation reserves	24,799	22,948
<b>Total equity</b>	<b>35,420</b>	<b>33,075</b>



## Note – Significant Accounting Policies

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

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

Nil

#### Category 2

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

##### a. Blayney Sewerage Service

Sewerage reticulation and treatment system servicing the town of Blayney, which has been established as a Special Rate Fund

##### b. Millthorpe Sewerage Service

Sewerage reticulation and treatment system servicing the town of Millthorpe, which has been established as a Special Rate Fund

### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

#### Notional rate applied (%)

## Note – Significant Accounting Policies (continued)

Corporate income tax rate – **25%** (21/22 25%)

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,925,000 a premium marginal rate of **2.0%** applies.

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

In accordance with section 4 of Department of Planning and Environment (DPE) – Water's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

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

Achievement of substantial compliance to sections 3 and 4 of DPE – Water's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

### Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25% (21/22 25%).

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

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

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

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

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

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**

## Note – Significant Accounting Policies (continued)

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

### **(iii) Dividends**

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

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 section 4 of DPE – Water'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 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with section 4 of DPE – Water'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 DPE – Water.



## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the special purpose financial statements**

#### **Blayney Shire Council**

To the Councillors of Blayney Shire Council

### **Opinion**

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

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

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

### **Basis for Opinion**

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

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

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

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

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

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

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

## **Emphasis of Matter - Basis of Accounting**

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Farisha Ali'.

Farisha Ali  
Delegate of the Auditor-General for New South Wales

31 October 2023  
SYDNEY

# Blayney Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2023

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Blayney Shire Council

Special Schedules

for the year ended 30 June 2023

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<b>Special Schedules:</b>	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2023	6



# Blayney Shire Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	9,302	9,566
Plus or minus adjustments <sup>2</sup>	b	37	77
<b>Notional general income</b>	$c = a + b$	<b>9,339</b>	<b>9,643</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.50%	3.70%
Or plus rate peg amount	$i = e \times (c + g)$	233	357
<b>Sub-total</b>	$k = (c + g + h + i + j)$	<b>9,572</b>	<b>10,000</b>
Plus (or minus) last year's carry forward total	l	(5)	–
Less valuation objections claimed in the previous year	m	(1)	(1)
<b>Sub-total</b>	$n = (l + m)$	<b>(6)</b>	<b>(1)</b>
<b>Total permissible income</b>	$o = k + n$	<b>9,566</b>	<b>9,999</b>
Less notional general income yield	p	9,566	10,028
<b>Catch-up or (excess) result</b>	$q = o - p$	<b>1</b>	<b>(29)</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	1	–
Less unused catch-up <sup>5</sup>	s	(1)	–
<b>Carry forward to next year <sup>6</sup></b>	$t = q + r + s$	<b>1</b>	<b>(29)</b>

### 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)*.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts or the rate peg balance amounts will be deducted if they are not caught up within ten years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for when setting the rates in a future year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Blayney Shire Council

To the Councillors of Blayney Shire Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

### Other Information

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

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

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

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

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Schedule**

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

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

### **Auditor's Responsibilities for the Audit of the Schedule**

My objectives are to:

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

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

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

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

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



Farisha Ali  
Delegate of the Auditor-General for New South Wales

31 October 2023  
SYDNEY

## Blayney Shire Council

## Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring assets to agreed level of service set by Council	2022/23 Required maintenance <sup>a</sup>	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Other	6,800	2,056	508	585	29,849	44,507	14.0%	54.0%	18.0%	10.0%	4.0%
	<b>Sub-total</b>	<b>6,800</b>	<b>2,056</b>	<b>508</b>	<b>585</b>	<b>29,849</b>	<b>44,507</b>	<b>14.0%</b>	<b>54.0%</b>	<b>18.0%</b>	<b>10.0%</b>	<b>4.0%</b>
Roads	Sealed roads	1,300	322	1,737	504	150,168	184,738	79.6%	17.3%	2.4%	0.6%	0.1%
	Unsealed roads	5,991	1,545	394	1,724	34,057	41,897	54.3%	14.5%	16.9%	11.3%	3.0%
	Bridges	2,123	408	113	—	26,914	37,624	50.6%	31.7%	12.0%	5.4%	0.2%
	Footpaths	799	150	129	1	8,013	11,496	37.9%	28.6%	26.6%	6.7%	0.2%
	Major earthworks (non depreciable)	—	—	—	—	15,163	15,163	100.0%	0.0%	0.0%	0.0%	0.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Kerb & Gutter	931	239	169	—	14,602	17,963	30.1%	46.5%	18.2%	4.1%	1.1%
	Roadside Furniture	319	173	31	—	2,704	3,326	44.9%	42.8%	2.7%	0.8%	8.8%
	Culverts	475	127	90	—	7,749	9,533	70.8%	17.1%	7.2%	3.8%	1.2%
	<b>Sub-total</b>	<b>11,938</b>	<b>2,964</b>	<b>2,663</b>	<b>2,229</b>	<b>259,370</b>	<b>321,740</b>	<b>69.0%</b>	<b>20.1%</b>	<b>7.2%</b>	<b>3.0%</b>	<b>0.7%</b>
Sewerage network	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Gravity Reticulations	57	18	195	11	12,903	17,418	99.0%	0.5%	0.2%	0.2%	0.1%
	Rising mains	—	—	70	402	4,630	6,250	100.0%	0.0%	0.0%	0.0%	0.0%
	Sewerage Treatment Plant	45	8	89	347	5,896	7,959	55.0%	28.0%	16.5%	0.6%	0.0%
	Pump Stations	193	34	43	104	2,854	3,852	19.0%	38.2%	37.8%	5.0%	0.0%
	<b>Sub-total</b>	<b>295</b>	<b>60</b>	<b>397</b>	<b>864</b>	<b>26,283</b>	<b>35,479</b>	<b>80.6%</b>	<b>10.7%</b>	<b>7.9%</b>	<b>0.8%</b>	<b>0.0%</b>
Stormwater drainage	Stormwater drainage	281	104	109	16	16,725	21,763	65.5%	28.7%	4.6%	0.7%	0.6%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>281</b>	<b>104</b>	<b>109</b>	<b>16</b>	<b>16,725</b>	<b>21,763</b>	<b>65.5%</b>	<b>28.7%</b>	<b>4.6%</b>	<b>0.7%</b>	<b>0.5%</b>
Open space / recreational assets	Swimming pools	—	—	88	169	3,173	3,361	100.0%	0.0%	0.0%	0.0%	0.0%
	Other	33	7	355	458	5,196	7,330	51.9%	23.2%	24.4%	0.4%	0.1%
	<b>Sub-total</b>	<b>33</b>	<b>7</b>	<b>443</b>	<b>627</b>	<b>8,369</b>	<b>10,691</b>	<b>67.0%</b>	<b>15.9%</b>	<b>16.7%</b>	<b>0.3%</b>	<b>0.1%</b>
<b>Total – all assets</b>		<b>19,347</b>	<b>5,191</b>	<b>4,120</b>	<b>4,321</b>	<b>340,596</b>	<b>434,180</b>	<b>64.1%</b>	<b>23.1%</b>	<b>8.5%</b>	<b>3.4%</b>	<b>0.9%</b>

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

## Infrastructure asset condition assessment 'key'

1 **Excellent/very good** No work required (normal maintenance)

## Blayney Shire Council

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

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2	<b>Good</b>	Only minor maintenance work required
3	<b>Satisfactory</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required

## Blayney Shire Council

### Report on infrastructure assets as at 30 June 2023

#### Infrastructure asset performance indicators (consolidated) \*

	Amounts	Indicator	Indicators		Benchmark
\$ '000	2023	2023	Restated 2022	2021	
Buildings and infrastructure renewals ratio					
Asset renewals <sup>1</sup>	11,898	205.14%	212.83%	113.41%	> 100.00%
Depreciation, amortisation and impairment	5,800				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	19,347	5.52%	3.28%	4.02%	< 2.00%
Net carrying amount of infrastructure assets	350,773				
Asset maintenance ratio					
Actual asset maintenance	4,321	104.88%	116.96%	113.82%	> 100.00%
Required asset maintenance	4,120				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	5,191	1.20%	0.75%	0.84%	
Gross replacement cost	434,180				

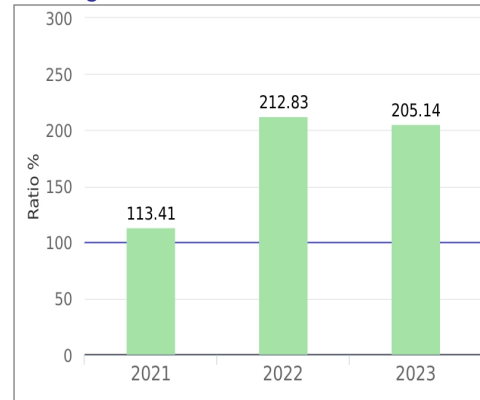
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

## Blayney Shire Council

### Report on infrastructure assets as at 30 June 2023

#### Buildings and infrastructure renewals ratio



##### Buildings and infrastructure renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

##### Commentary on result

22/23 ratio 205.14%

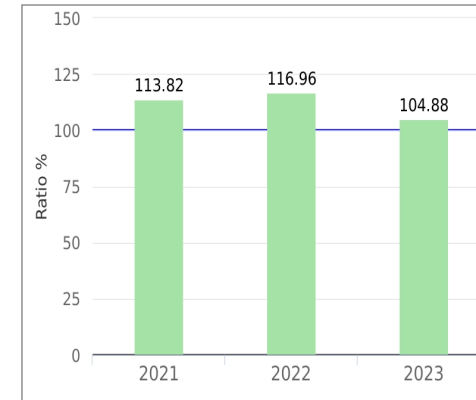
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

#### Asset maintenance ratio



##### Asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

##### Commentary on result

22/23 ratio 104.88%

Council's performance on this ratio has declined in the 2022/23 financial year, however, remains above the benchmark. This ratio indicates that the current funds Council are investing should be enough to prevent the current infrastructure backlog from increasing.

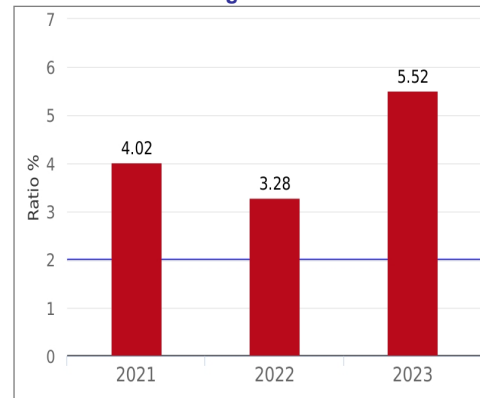
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

#### Infrastructure backlog ratio



##### Infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

##### Commentary on result

22/23 ratio 5.52%

Council's infrastructure backlog ratio rapidly increased due to the 2023 Buildings Revaluation. This lowered the condition for a majority of buildings assets. Indexation has also impacted the backlog, increasing the replacement cost of across all asset classes. Despite the asset maintenance ratio being above the benchmark, the increase in backlog ratio indicates indexation must be more heavily considered when forecasting required maintenance in future years.

Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

#### Cost to bring assets to agreed service level



##### Cost to bring assets to agreed service level

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

##### Commentary on result

22/23 ratio 1.20%

This ratio refers to the cost for Council to bring assets to condition 3 or better, against the value of all infrastructure assets. This ratio has increased to 1.19% from 0.75% in 21/22 however is still substantially below the 2.14% in 2019. This reflects a slight increase in Council's backlog of assets in condition 4 and 5 which could be attributed to the increased cost to replace assets.