

Nambucca Valley Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

Nambucca Valley ~ Living at its best



Nambucca Valley Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

Nambucca Valley ~ Living at its best



Nambucca Valley Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

44 Princess Street
MACKSVILLE NSW 2447

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

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

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

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

Nambucca Valley Council

General Purpose Financial Statements for the year ended 30 June 2023

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 12 October 2023.



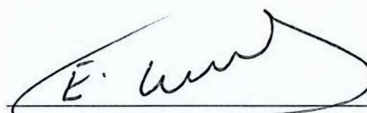
Rhonda Hoban OAM
Mayor
12 October 2023



John Wilson
Councillor
12 October 2023



Bede Spannagle
Acting General Manager
12 October 2023



Evan Webb
Chief Financial Officer
12 October 2023

Nambucca Valley Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Income from continuing operations				
22,236	Rates and annual charges	B2-1	23,009	22,157
7,889	User charges and fees	B2-2	8,861	7,788
757	Other revenues	B2-3	664	1,264
7,015	Grants and contributions provided for operating purposes	B2-4	14,818	10,896
5,332	Grants and contributions provided for capital purposes	B2-4	14,502	19,219
266	Interest and investment income	B2-5	2,117	605
–	Other income	B2-6	238	230
43,495	Total income from continuing operations		64,209	62,159
Expenses from continuing operations				
11,460	Employee benefits and on-costs	B3-1	13,445	12,068
13,718	Materials and services	B3-2	17,630	14,421
2,192	Borrowing costs	B3-3	2,345	2,301
11,118	Depreciation, amortisation and impairment of non-financial assets	B3-4	11,523	10,899
1,733	Other expenses	B3-5	1,880	3,066
–	Net loss from the disposal of assets	B4-1	584	1,063
40,221	Total expenses from continuing operations		47,407	43,818
3,274	Operating result from continuing operations		16,802	18,341
3,274	Net operating result for the year attributable to Council		16,802	18,341
(2,058)	Net operating result for the year before grants and contributions provided for capital purposes		2,300	(878)

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

Nambucca Valley Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		16,802	18,341
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	43,492	45,393
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	293	(436)
Total items which will not be reclassified subsequently to the operating result		43,785	44,957
Total other comprehensive income for the year		43,785	44,957
Total comprehensive income for the year attributable to Council		60,587	63,298

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

Nambucca Valley Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	13,764	7,838
Investments	C1-2	28,745	15,609
Receivables	C1-4	7,710	4,486
Inventories	C1-5	762	1,482
Contract assets and contract cost assets	C1-6	3,097	3,330
Other	C1-9	70	73
Total current assets		54,148	32,818
Non-current assets			
Investments	C1-2	34,809	41,003
Receivables	C1-4	21	28
Inventories	C1-5	3,469	2,929
Infrastructure, property, plant and equipment (IPPE)	C1-7	582,798	536,520
Intangible assets	C1-8	484	465
Total non-current assets		621,581	580,945
Total assets		675,729	613,763
LIABILITIES			
Current liabilities			
Payables	C2-1	4,215	4,922
Contract liabilities	C2-2	9,311	8,375
Borrowings	C2-3	2,191	2,188
Employee benefit provisions	C2-4	3,682	3,611
Total current liabilities		19,399	19,096
Non-current liabilities			
Payables	C2-1	435	1,172
Borrowings	C2-3	37,892	36,341
Employee benefit provisions	C2-4	263	128
Provisions	C2-5	1,377	1,250
Total non-current liabilities		39,967	38,891
Total liabilities		59,366	57,987
Net assets		616,363	555,776
EQUITY			
Accumulated surplus		383,472	366,670
IPPE revaluation reserve	C3-1	232,891	189,106
Council equity interest		616,363	555,776
Total equity		616,363	555,776

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

Nambucca Valley Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		366,670	189,106	555,776	348,329	144,149	492,478
Net operating result for the year		16,802	–	16,802	18,341	–	18,341
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	43,492	43,492	–	45,393	45,393
– Impairment (loss) reversal relating to IPP&E	C1-7	–	293	293	–	(436)	(436)
Other comprehensive income		–	43,785	43,785	–	44,957	44,957
Total comprehensive income		16,802	43,785	60,587	18,341	44,957	63,298
Closing balance at 30 June		383,472	232,891	616,363	366,670	189,106	555,776

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

Nambucca Valley Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
<i>Receipts:</i>				
22,214	Rates and annual charges		23,724	22,400
7,760	User charges and fees		8,442	7,478
323	Investment revenue and interest received		1,292	516
6,685	Grants and contributions		30,187	25,438
–	Bonds, deposits and retentions received		454	542
1,385	Other		2,105	1,298
<i>Payments:</i>				
–	Bonds, deposits and retentions refunded		(805)	(141)
(1,763)	Other		(1,637)	(2,666)
(2,210)	Borrowing costs		(2,222)	(2,303)
(10,988)	Payments to employees		(13,248)	(12,325)
(14,264)	Payments for materials and services		(23,591)	(12,706)
9,142	Net cash flows from operating activities	G1-1	24,701	27,531
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investments		31,727	17,759
7,062	Proceeds from sale of IPPE		150	62
<i>Payments:</i>				
–	Purchase of investments		(13,039)	(7,272)
–	Acquisition of term deposits		(25,624)	(24,898)
(17,012)	Payments for IPPE		(13,495)	(14,686)
–	Purchase of real estate assets		–	(1,631)
–	Purchase of intangible assets		(48)	–
(9,950)	Net cash flows from investing activities		(20,329)	(30,666)
Cash flows from financing activities				
<i>Receipts:</i>				
–	Proceeds from borrowings		3,800	1,800
<i>Payments:</i>				
(2,187)	Repayment of borrowings		(2,246)	(2,102)
(2,187)	Net cash flows from financing activities		1,554	(302)
(2,995)	Net change in cash and cash equivalents		5,926	(3,437)
7,838	Cash and cash equivalents – beginning of year		7,838	11,275
4,843	Cash and cash equivalents at end of year	C1-1	13,764	7,838
46,097	plus: Investments on hand at end of year	C1-2	63,554	56,612
50,940	Total cash, cash equivalents and investments		77,318	64,450

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

Nambucca Valley Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 12 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer C1-7
- (ii) estimated tip remediation provisions – refer C2-5
- (iii) employee benefit provisions – refer C2-4

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer C1-4

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 activities have been included as part of the Consolidated Fund:

- General purpose operations
- Water service
- Sewerage service

A1-1 Basis of preparation (continued)

The Trust Fund

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

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

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 is very much appreciative of the many volunteers who provide services to the community. However, the reality is that due to funding constraints many of these services would not be purchased or provided by Council if the volunteers ceased providing them or alternatively the service level would be greatly reduced. For the services that Council would continue to provide in the absence of volunteers the total cost to Council is not material enough for inclusion in the Annual Financial Statements.

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.

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

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

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

These Standards amend AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

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

Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.

This standard has an effective date for the 30 June 2024 reporting period.

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 -2020 and Other Amendments

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,

A1-1 Basis of preparation (continued)

- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

Council does not expect any material impact from the above amendments.

This standard has an effective date for the 30 June 2024 reporting period.

New accounting standards adopted during the year

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2023. None of these standards had a significant impact on reported position or performance.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
Administration	19,648	17,453	3,502	1,789	16,146	15,664	6,362	5,041	14,585	14,830
Public Order and Safety	498	1,427	2,018	2,340	(1,520)	(913)	443	1,089	6,531	6,600
Health	240	239	209	163	31	76	–	–	29	17
Environment	900	814	1,676	1,393	(776)	(579)	375	149	419	353
Community Services and Education	21	39	91	155	(70)	(116)	21	38	1,943	1,001
Housing and Community amenities	8,586	7,702	8,075	7,924	511	(222)	204	471	18,904	14,099
Water Supplies	7,570	7,200	6,178	6,135	1,392	1,065	1,838	2,265	132,091	123,607
Sewerage Services	6,833	7,275	6,000	6,058	833	1,217	1,014	2,209	106,094	95,163
Recreation and Culture	2,281	3,360	7,334	4,218	(5,053)	(858)	1,957	2,910	68,859	62,920
Mining, Manufacturing and Construction	157	181	674	693	(517)	(512)	–	–	–	–
Transport and Communication	17,459	15,350	11,433	12,344	6,026	3,006	17,040	14,890	321,080	290,020
Economic Affairs	16	1,119	217	606	(201)	513	66	1,053	5,194	5,153
Total functions and activities	64,209	62,159	47,407	43,818	16,802	18,341	29,320	30,115	675,729	613,763

B1-2 Components of functions or activities

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

Administration

Includes corporate and other support services; engineering works; and any Council policy compliance.

Public Order and Safety

Includes Council's fire and emergency services levy; fire protection; emergency services; beach control; enforcements of regulations and animal control.

Health

Includes immunisation; food control; health centres etc.

Environment

Includes environmental and town planning support services.

Community Services and Education

Includes administration and education; social protection (welfare); Aboriginal and other community services and administration (excluding accommodation - covered under "housing and community amenities"); youth services; aged and disabled persons services; and other family and children services.

Housing and Community Services

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management including domestic waste, other waste management, other sanitation and garbage; street cleaning; public cemeteries; public conveniences; town planning; other community amenities.

Water Supply

Operation and maintenance of all water supply infrastructure to supply water to consumers that complies with Australian Drinking Water Guidelines. Infrastructure includes Bowra Dam, bores, pumps, water treatment plant, transfer pipelines, Reservoirs and reticulation pipework.

Sewerage Services

Operation and maintenance of all sewerage infrastructure to collect and treat wastewater in compliance with EPA licence requirements. Infrastructure includes Sewage Treatment Plants, gravity sewer mains, sewage pump stations, sewer rising mains and low pressure sewerage systems.

Recreation and Culture

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

Mining, Manufacturing and Construction

Includes building control; quarries and pits.

Transport and Communciation

Urban local; urban regional; includes sealed and unsealed roads; bridges; footpaths; parking areas; bus shelters and services; drainage; stormwater management; water transport and street lighting.

Economic Affairs

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; real estate development; private works and other business undertakings.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	9,281	9,082
Farmland	1,045	1,042
Business	1,187	1,172
Less: pensioner rebates	(393)	(397)
Rates levied to ratepayers	11,120	10,899
Pensioner rate subsidies received	213	221
Total ordinary rates	11,333	11,120
Special rates		
Environmental	464	454
Rates levied to ratepayers	464	454
Total special rates	464	454
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	4,653	4,435
Water supply services	1,248	1,167
Sewerage services	4,416	4,136
Drainage	151	149
Waste management services (non-domestic)	939	882
Less: pensioner rebates	(458)	(454)
Annual charges levied	10,949	10,315
Pensioner annual charges subsidies received:		
– Water	83	84
– Sewerage	73	75
– Domestic waste management	107	109
Total annual charges	11,212	10,583
Total rates and annual charges	23,009	22,157

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

Accounting policy

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is 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
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	1	3,933	3,646
Sewerage services	1	984	881
Waste management services (non-domestic)	1	2,581	1,812
Other	1	81	21
Library	1	2	2
Total specific user charges		7,581	6,362
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Building regulation	2	154	176
Planning and building regulation	2	244	236
Private works – section 67	2	8	–
Regulatory/ statutory fees	2	483	569
Section 10.7 certificates (EP&A Act)	2	48	51
Section 603 certificates	2	35	49
Septic tank income	2	45	77
Town planning-environmental compliance fees	2	24	32
Total fees and charges – statutory/regulatory		1,041	1,190
(ii) Fees and charges – other (incl. general user charges (per s608))			
Cemeteries	2	140	154
Park rents	2	99	82
Total fees and charges – other		239	236
Total other user charges and fees		1,280	1,426
Total user charges and fees		8,861	7,788
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		7,839	6,362
User charges and fees recognised at a point in time (2)		1,022	1,426
Total user charges and fees		8,861	7,788

Accounting policy

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

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

Where an upfront fee is charged the fee is recognised on a straight-line basis over the expected life of the membership.

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

B2-3 Other revenues

\$ '000	Timing	2023	2022
Community Centre User Charges	1	15	13
Fines – parking	2	23	13
Fines – other	2	34	39
Legal fees recovery – rates and charges (extra charges)	2	2	–
Diesel rebate	2	52	58
Insurance claims recoveries		98	–
Sales – general	2	13	8
Administration	2	16	40
Bank merchant service fees	2	12	12
Environmental services	2	30	91
Insurance – premium rebates	2	35	264
Libraries	2	11	8
Road closure/compulsory acquisition	2	37	58
Special meter reading fees	2	6	9
Staff Car charges	2	99	97
Other – found assets	2	–	493
Other	2	89	61
Other-Fair Value on Acquisition	2	92	–
Total other revenue		664	1,264

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	15	13
Other revenue recognised at a point in time (2)	649	1,251
Total other revenue	664	1,264

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	869	1,618	–	–
Financial assistance – local roads component	2	391	672	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	3,585	2,484	–	–
Financial assistance – local roads component	2	1,527	1,036	–	–
Amount recognised as income during current year		6,372	5,810	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Aquatic Centre	1	–	–	32	96
Bushfire and emergency services	2	279	658	–	–
Water supplies	1	–	–	1,055	894
Sewerage services	1	–	–	–	105
Community care	2	21	26	–	–
Economic development	1,2	36	71	–	982
Employment and training programs	2	24	129	–	–
Environmental programs	1,2	353	104	22	46
Library	1,2	212	132	605	2,262
Museums	2	31	28	36	–
Noxious weeds	2	150	103	–	–
Public halls	1,2	7	20	248	85
Recreation and culture	1	–	49	656	217
Street lighting	2	21	24	–	–
Transport (roads to recovery)	2	130	769	–	–
Transport for NSW (other roads and bridges funding)	1,2	1,039	90	4,228	3,258
Better waste and recycling	1	–	–	–	209
ICT Services	2	660	–	–	–
Other specific grants	1,2	1	77	89	99
Previously contributions:					
Bushfire services	1	–	–	13	4
Kerb and gutter		–	–	53	–
Paving	1	–	–	515	520
Parking-Nambucca Heads Seawall	1	–	–	2,398	567
Recreation and culture	1,2	3	5	–	–
Roads and bridges	1,2	4,623	2,174	209	398
Sewerage (excl. section 64 contributions)	1	–	–	10	14
Transport for NSW contributions (regional roads, block grant)	1,2	641	552	544	267
Water supplies (excl. section 64 contributions)	1	–	–	90	46
Other contributions	2	215	75	–	–
Total special purpose grants and non-developer contributions – cash		8,446	5,086	10,803	10,069

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Non-cash contributions					
Other Contributed Assets	2	–	–	50	285
Subdivisions	2	–	–	919	5,531
RFS Contributed Assets	2	–	–	120	425
Total other contributions – non-cash		–	–	1,089	6,241
Total special purpose grants and non-developer contributions (tied)		8,446	5,086	11,892	16,310
Total grants and non-developer contributions		14,818	10,896	11,892	16,310
Comprising:					
– Commonwealth funding		6,688	6,785	411	1,735
– State funding		8,130	4,206	11,481	7,902
– Other funding		–	(95)	–	6,673
		14,818	10,896	11,892	16,310

Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	39	31
S 7.12 – fixed development consent levies		2	–	–	1,009	906
S 64 – water supply contributions		2	–	–	649	872
S 64 – sewerage service contributions		2	–	–	913	1,100
Total developer contributions			–	–	2,610	2,909
Total contributions			–	–	2,610	2,909
Total grants and contributions			14,818	10,896	14,502	19,219
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	–	4,425	9,860
Grants and contributions recognised at a point in time (2)			14,818	10,896	10,077	9,359
Total grants and contributions			14,818	10,896	14,502	19,219

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants				
Unspent funds at 1 July	4,745	2,801	6,001	4,590
Add: Funds received and not recognised as revenue in the current year	1,775	4,539	4,073	4,200
Less: Funds received in prior year but revenue recognised and funds spent in current year	(663)	(2,595)	(3,606)	(2,789)
Unspent grants at 30 June	5,857	4,745	6,468	6,001
Contributions				
Unspent funds at 1 July	298	264	10,205	8,246
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	79	131	2,841	2,962
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(107)	(97)	(1,215)	(1,003)
Unspent contributions at 30 June	270	298	11,831	10,205

Accounting policy

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue are recognised when control of each performance obligations is satisfied.

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

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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

Grant income

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

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

Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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

Contributions

Nambucca Valley Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of s7.11 and 7.12 of the Environmental Planning and Assessment Act 1979.

B2-4 Grants and contributions (continued)

While Nambucca Valley 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 the council may apply contributions according to the priorities established in work schedules.

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	164	128
– Cash and investments	1,953	477
Total interest and investment income (losses)	2,117	605
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	143	111
General Council cash and investments	771	255
Restricted investments/funds – external:		
Development contributions		
– Section 7.11/7.12	47	7
– Section 64	184	46
Water fund operations	479	100
Sewerage fund operations	383	59
Domestic waste management operations	110	27
Total interest and investment income	2,117	605

Accounting policy

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

B2-6 Other income

\$ '000	2023	2022
Rental income		
Other lease income		
Telecommunication sites	91	77
Crown Leases	102	113
Other	42	40
Total other lease income	235	230
Total rental income	235	230
	C2-2	
Fair value increment on investments		
Fair value increment on investments through profit and loss	3	–
Total Fair value increment on investments	3	–
Total other income	238	230

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	10,142	9,469
Employee termination costs (where material – other than vested leave paid)	208	9
Travel expenses	622	535
Employee leave entitlements (ELE)	2,133	1,491
Superannuation	1,244	1,151
Workers' compensation insurance	310	372
Fringe benefit tax (FBT)	19	16
Training costs (other than salaries and wages)	127	126
Protective clothing	16	16
Other	125	81
Total employee costs	14,946	13,266
Less: capitalised costs	(1,501)	(1,198)
Total employee costs expensed	13,445	12,068

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		1,141	1,259
Contractor and consultancy costs (other)		10,200	6,932
– Beach inspections		92	87
– Cleaning of Council buildings		84	74
– Computer system – Civica – Authority		294	247
– Environmental		43	27
– Financial		98	16
– Labour hire		281	221
– Sewer		23	59
– Waste collection contract		2,406	2,689
- EPA Landfill Post Closure Monitoring Expenses		6	31
– Water		97	50
Audit Fees	F2-1	56	59
Councillor and Mayoral fees and associated expenses	F1-2	179	156
Advertising		95	57
Bank charges		72	69
Election expenses		–	152
Electricity and heating		606	580
Insurance		810	729
Office expenses (including computer expenses)		154	139
Postage		42	49
Printing and stationery		60	44

continued on next page ...

B3-2 Materials and services (continued)

\$ '000	2023	2022
Street lighting	364	186
Subscriptions and publications	65	70
Telephone and communications	75	105
Valuation fees	69	91
Insurance excess (PI/PL)	17	15
Legal expenses:		
– Legal expenses: planning and development	43	58
– Legal expenses: other	158	170
Total materials and services	17,630	14,421
Total materials and services	17,630	14,421

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2023	2022
(i) Interest bearing liability costs			
Interest on loans		2,296	2,262
Total interest bearing liability costs		2,296	2,262
Total interest bearing liability costs expensed		2,296	2,262
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C2-5	49	39
Total other borrowing costs		49	39
Total borrowing costs expensed		2,345	2,301

Accounting policy

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

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

\$ '000	Notes	2023	2022
Depreciation and amortisation			
Plant and equipment	C1-7	837	864
Office equipment	C1-7	116	95
Furniture and fittings	C1-7	10	7
Infrastructure:			
– Buildings – non-specialised		401	357
– Buildings – specialised		251	208
– Other structures		330	539
– Roads		2,931	2,908
– Bridges		1,258	831
– Footpaths		169	165
– Other road assets		200	73
– Stormwater drainage		708	622
– Water supply network		1,734	1,704
– Sewerage network		1,855	1,843
– Swimming pools		66	65
– Other open space/recreational assets		207	207
– Other infrastructure		405	365
Other assets:			
– Heritage collections		1	1
– Library books		84	89
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-7	29	23
Intangible assets	C1-8	29	40
Total gross depreciation and amortisation costs		11,621	11,006
Less: capitalised costs		(98)	(107)
Total depreciation and amortisation costs		11,523	10,899
Impairment / revaluation decrement of IPPE			
Infrastructure:			
Roads -Impairment loss recognised in equity	C1-7	(293)	436
Total gross IPPE impairment / revaluation decrement costs		(293)	436
Amounts taken through revaluation reserve	C1-7	293	(436)
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	–
Total depreciation, amortisation and impairment for non-financial assets		11,523	10,899

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets and Note C1-8 for intangible assets.

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.

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

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

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

B3-5 Other expenses

\$ '000	Notes	2023	2022
Impairment of receivables			
Other		44	14
Total impairment of receivables		44	14
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		–	117
Total Fair value decrement on investments	C1-2	–	117
Other			
– NSW Rural Fire Service & Fire and Rescue NSW		543	417
– Waste levy		916	757
– Other contributions/levies		38	41
Donations, contributions and assistance to other organisations (Section 356)		319	1,240
– SES vehicle expenses		53	30
- Other		–	450
Total other		1,836	2,935
Total other expenses		1,880	3,066

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2023	2022
Infrastructure, property, plant and equipment			
Proceeds from disposal – Infrastructure, property, plant and equipment		150	62
Less: carrying amount of Infrastructure, property, plant and equipment assets sold/written off	C1-7	<u>(1,819)</u>	<u>(1,151)</u>
Gain (or loss) on disposal		<u>(1,669)</u>	<u>(1,089)</u>
Gain (or loss) on disposal of real estate assets held for sale			
Less: carrying amount of real estate assets sold/written off	C1-5	<u>1,082</u>	–
Gain (or loss) on disposal		<u>1,082</u>	–
Gain (or loss) on disposal of investments			
Proceeds from disposal/redemptions/maturities – investments		<u>3</u>	26
Gain (or loss) on disposal		<u>3</u>	26
Net gain (or loss) from disposal of assets		<u>(584)</u>	<u>(1,063)</u>

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 23 May 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
User charges and fees	7,889	8,861	972	12% F
Waste Management Charges increased against budget due to a new contract.				
Other revenues	757	664	(93)	(12)% U
Lower than expected Insurance rebates received.				
Operating grants and contributions	7,015	14,818	7,803	111% F
Council recieved 100% of the Financial Assistance Grant in advance for the 2023/2024 financial year.				
Capital grants and contributions	5,332	14,502	9,170	172% F
Capital grants recieved for road repairs and nautral disaster funding that were not anticipated at budget time.				
Interest and investment revenue	266	2,117	1,851	696% F
The Reserve Bank of Australia increased the cash rate during the year and therefore council has improved its rate of return on its invesments than anticipated.				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Employee benefits and on-costs	11,460	13,445	(1,985)	(17)% U
Employee Leave Provisions accrual movements were not budgeted for in the original budget.				
Materials and services	13,718	17,630	(3,912)	(29)% U
Increase grant funding has impacted the costs in this area.				
Cash flows from operating activities	9,142	24,701	15,559	170% F
Actual income received was higher than expected in relation to grants, FAG, Repair program, Natural disaster funding. Actual operating expenditure against budget was higher than expected for road expenditure, natural disaster works.				
Cash flows from investing activities	(9,950)	(20,329)	(10,379)	104% U
Less than expected sale of IPPE and less capital works completed. Council does not budget for sale and purchase of investments.				
Cash flows from financing activities	(2,187)	1,554	3,741	(171)% F
Unbudgeted loan borrowings.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	11,950	4,361
Cash equivalent assets		
– Deposits at call	1,814	3,477
Total cash and cash equivalents	13,764	7,838

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	13,764	7,838
Balance as per the Statement of Cash Flows	13,764	7,838

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
Financial assets at fair value through the profit and loss				
NCD's, FRN's and Fixed Interest Bonds (with maturities > 3 months)	–	9,309	–	9,279
Tcorp	3,121	–	3,780	–
Total	3,121	9,309	3,780	9,279
Debt securities at amortised cost				
Long term deposits	25,624	25,500	11,829	31,724
Total	25,624	25,500	11,829	31,724
Total financial investments	28,745	34,809	15,609	41,003
Total cash assets, cash equivalents and investments	42,509	34,809	23,447	41,003

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

C1-2 Financial investments (continued)

- fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

Council's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents, and long term deposits in the Statement of Financial Position.

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

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

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in FRNs, Managed Funds and TCorp, in the Statement of Financial Position.

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	77,318	64,450
Less: Externally restricted cash, cash equivalents and investments	<u>(61,869)</u>	<u>(49,885)</u>
Cash, cash equivalents and investments not subject to external restrictions	15,449	14,565

External restrictions

External restrictions included in cash, cash equivalents and investments above comprise:

Specific purpose unexpended grants – water fund	153	170
Specific purpose unexpended grants – sewer fund	214	138
Specific purpose unexpended grants – general fund	11,728	7,233
Security deposits	1,188	1,544
EPA Contribution to Waste Management	500	500
Property Insurance Reimbursements	74	74
Developer contributions – general	2,465	1,632
Developer contributions – water fund	6,881	6,838
Developer contributions – sewer fund	2,485	1,735
Specific purpose unexpended grants (recognised as revenue) – general fund	35	365
Water fund	16,146	15,353
Sewer fund	14,311	9,212
Domestic waste management	5,459	4,818
Stormwater Management	230	273
Total external restrictions	61,869	49,885

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

\$ '000	2023	2022
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(b) Internal allocations

Internal allocations

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

Plant and vehicle replacement	1,825	1,506
Employees leave entitlement	1,134	1,361
Council building reserve	83	85
Election	121	71
Environment rate unallocated	326	269
Land development	894	631
Lawn cemetery	7	7
Other contributions	111	368
Swimming pool	74	74
Waste management	2,735	1,663
Unspent Financial Assistance Grant	5,112	2,840
Unexpended Loans - General Fund	2,193	2,342
Prepaid Development Application Fees	–	74
Office Equipment	75	–
Total internal allocations	14,690	11,291

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

C1-4 Receivables

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Rates and annual charges	212	–	837	–
Interest and extra charges	626	–	61	–
User charges and fees	2,017	–	1,590	–
Accrued revenues				
– Interest on investments	597	–	337	–
General	2,922	–	242	–
Government grants and subsidies	–	–	795	–
Net GST receivable	395	–	546	–
Other	1,041	21	136	28
Total	7,810	21	4,544	28
Less: provision for impairment				
Rates and annual charges	(100)	–	(58)	–
Total provision for impairment – receivables	(100)	–	(58)	–
Total net receivables	7,710	21	4,486	28

C1-4 Receivables (continued)

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 presumption 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.

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Real estate for resale	–	3,466	680	2,926
Stores and materials	762	–	802	–
Total inventories at cost	762	3,466	1,482	2,926
(ii) Inventories at net realisable value (NRV)				
Real estate for resale	–	3	–	3
Total inventories at net realisable value (NRV)	–	3	–	3
Total inventories	762	3,469	1,482	2,929

(i) Other disclosures

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(a) Details for real estate development				
Residential	–	1,031	680	368
Industrial/commercial	–	2,438	–	2,561
Total real estate for resale	–	3,469	680	2,929

(Valued at the lower of cost and net realisable value)

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.

Real Estate held for resale/capitalisation of borrowing costs

Real Estate 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 real estate 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

Contract assets

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Construction of General Fund Infrastructure (excluding Natural Disaster Funding)	1,605	–	2,445	–
Construction of Water Fund Infrastructure	76	–	95	–
Construction of Sewer Fund Infrastructure	51	–	83	–
General Fund - Natural Disaster Funding	1,365	–	707	–
Total contract assets	3,097	–	3,330	–

Significant changes in contract assets

- Department of Planning & Environment - Nambucca Heads Library Extension \$350,000
- Bushfire Local Economic Recovery fund - \$847,828
- Restart NSW - Valla Employment Lands - \$285,046

Accounting policy

Contract assets

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

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment reversal (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	7,970	–	7,970	2,030	3,363	–	–	–	(5,051)	–	–	8,312	–	8,312
Plant and equipment	16,361	(8,890)	7,471	604	195	(209)	(837)	–	–	–	–	16,484	(9,260)	7,224
Office equipment	742	(385)	357	16	34	–	(116)	–	7	–	–	799	(501)	298
Furniture and fittings	438	(387)	51	7	130	–	(10)	–	–	–	–	575	(397)	178
Land:														
– Crown land	10,880	–	10,880	–	–	–	–	–	–	–	2,761	13,641	–	13,641
– Operational land	8,732	–	8,732	–	132	(12)	–	–	–	154	1,002	10,008	–	10,008
– Community land	10,563	–	10,563	–	165	–	–	–	–	(154)	4,281	14,855	–	14,855
– Land under roads (post 30/6/08)	130	–	130	–	4	–	–	–	–	–	–	134	–	134
Land improvements – non-depreciable	992	–	992	–	319	–	–	–	10	–	–	1,321	–	1,321
Infrastructure:														
– Buildings – non-specialised	27,185	(9,607)	17,578	21	134	(226)	(401)	–	34	–	577	30,616	(12,899)	17,717
– Buildings – specialised	19,563	(4,580)	14,983	1,598	177	(434)	(251)	–	2,847	(41)	1,127	25,701	(5,695)	20,006
– Other structures	9,036	(4,215)	4,821	67	209	(42)	(330)	–	28	41	705	10,697	(5,198)	5,499
– Roads	159,662	(58,906)	100,756	994	576	(243)	(2,931)	293	47	–	7,746	173,283	(66,045)	107,238
– Bridges	69,736	(19,597)	50,139	1,035	–	(100)	(1,258)	–	630	–	2,439	73,635	(20,750)	52,885
– Footpaths	14,022	(3,923)	10,099	85	303	(31)	(169)	–	29	–	1,470	16,466	(4,680)	11,786
– Other road assets	6,045	(2,855)	3,190	9	29	(7)	(200)	–	5	–	153	6,372	(3,193)	3,179
– Bulk earthworks (non-depreciable)	44,202	–	44,202	–	375	–	–	–	–	–	1,417	45,994	–	45,994
– Stormwater drainage	68,452	(22,869)	45,583	70	227	(60)	(708)	–	275	–	4,290	75,442	(25,765)	49,677
– Water supply network	136,652	(42,988)	93,664	594	153	(188)	(1,734)	–	246	–	7,118	147,665	(47,812)	99,853
– Sewerage network	120,933	(43,080)	77,853	450	205	(244)	(1,855)	–	139	–	5,876	130,625	(48,201)	82,424
– Swimming pools	2,551	(1,174)	1,377	–	–	–	(66)	–	–	–	210	2,959	(1,438)	1,521
– Other open space/recreational assets	6,333	(1,777)	4,556	24	34	(1)	(207)	–	50	–	681	7,416	(2,279)	5,137
– Other infrastructure	26,479	(6,614)	19,865	251	1,122	(21)	(405)	–	704	–	1,632	30,714	(7,566)	23,148
Other assets:														
– Heritage collections	120	(43)	77	–	–	–	(1)	–	–	–	–	120	(44)	76
– Library books	512	(267)	245	92	–	–	(84)	–	–	–	–	513	(260)	253
– Other	7	(2)	5	–	–	–	–	–	–	–	–	7	(2)	5
Reinstatement, rehabilitation and restoration assets (refer Note 12):														
– Tip assets	617	(236)	381	–	–	–	(29)	–	–	70	7	687	(258)	429
Total infrastructure, property, plant and equipment	768,915	(232,395)	536,520	7,947	7,886	(1,818)	(11,592)	293	–	70	43,492	845,041	(262,243)	582,798

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period										At 30 June 2022			
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Adjustments and transfers	Adjustments through CY P & L	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	2,414	–	2,414	4,614	2,011	–	–	–	–	(1,069)	–	–	–	–	7,970	–	7,970
Plant and equipment	15,679	(9,006)	6,673	673	769	–	(55)	(864)	–	–	–	275	–	16,361	(8,890)	7,471	
Office equipment	827	(560)	267	8	179	–	(2)	(95)	–	–	–	–	–	742	(385)	357	
Furniture and fittings	473	(429)	44	11	3	–	–	(7)	–	–	–	–	–	438	(387)	51	
Land:																	
– Operational land	7,589	–	7,589	–	4	–	–	–	–	–	–	–	1,139	8,732	–	8,732	
– Community land	9,085	–	9,085	–	100	–	–	–	–	–	–	–	1,378	10,563	–	10,563	
– Crown land	9,461	–	9,461	–	–	–	–	–	–	–	–	–	1,419	10,880	–	10,880	
– Land under roads (post 30/6/08)	112	–	112	–	11	–	–	–	–	–	7	–	–	130	–	130	
Land improvements – non-depreciable	977	–	977	–	8	–	–	–	7	–	–	–	–	992	–	992	
Infrastructure:																	
– Buildings – non-specialised	24,268	(8,740)	15,528	610	203	91	(274)	(357)	–	179	–	–	1,598	27,185	(9,607)	17,578	
– Buildings – specialised	17,651	(3,956)	13,695	3	133	–	(2)	(208)	–	–	–	–	1,362	19,563	(4,580)	14,983	
– Other structures	8,846	(3,685)	5,161	24	189	–	(16)	(539)	–	2	–	–	–	9,036	(4,215)	4,821	
– Roads	154,906	(55,578)	99,328	1,710	2,105	–	(502)	(2,908)	(436)	298	–	163	–	159,662	(58,906)	100,756	
– Bridges	41,943	(11,606)	30,337	1,958	–	–	(31)	(831)	–	371	–	–	18,335	69,736	(19,597)	50,139	
– Footpaths	13,631	(3,770)	9,861	39	384	–	(21)	(165)	–	1	–	–	–	14,022	(3,923)	10,099	
– Other road assets (including bulk earthworks)	2,090	(884)	1,206	–	230	–	–	(73)	–	29	–	–	1,798	6,045	(2,855)	3,190	
– Bulk earthworks (non-depreciable)	43,926	–	43,926	–	232	–	(4)	–	–	–	–	48	–	44,202	–	44,202	
– Stormwater drainage	57,945	(19,271)	38,674	39	1,639	–	(24)	(622)	–	–	–	–	5,877	68,452	(22,869)	45,583	
– Water supply network	133,401	(45,717)	87,684	78	519	–	(13)	(1,704)	–	74	–	–	7,026	136,652	(42,988)	93,664	
– Sewerage network	119,217	(43,465)	75,752	238	954	–	(163)	(1,843)	–	4	–	–	2,911	120,933	(43,080)	77,853	
– Swimming pools	2,540	(1,111)	1,429	20	7	–	(14)	(65)	–	–	–	–	–	2,551	(1,174)	1,377	
– Other open space/recreational assets	6,227	(1,583)	4,644	38	33	–	(25)	(207)	–	73	–	–	–	6,333	(1,777)	4,556	
– Other infrastructure	24,212	(6,065)	18,147	261	210	–	(5)	(365)	–	31	–	–	1,586	26,479	(6,614)	19,865	
Other assets:																	
– Heritage collections	120	(42)	78	–	–	–	–	(1)	–	–	–	–	–	120	(43)	77	
– Library books	534	(267)	267	–	67	–	–	(89)	–	–	–	–	–	512	(267)	245	
– Other	7	(2)	5	–	–	–	–	–	–	–	–	–	–	7	(2)	5	
Reinstatement, rehabilitation and restoration assets (refer Note 12):																	
– Tip assets	482	(180)	302	–	–	–	–	(23)	–	–	136	–	(34)	617	(236)	381	
Total infrastructure, property, plant and equipment	698,563	(215,917)	482,646	10,324	9,990	91	(1,151)	(10,966)	(436)	–	136	493	(34)	45,427	768,915	(232,395)	536,520

(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

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

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

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

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

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

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

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

Plant and equipment	Years	Other Structures	Years
Office equipment	2 to 15	Fences	15 to 40
Office furniture	10 to 20	Lighting	10 to 30
Computer Equipment	4	Solar Waste Bins	10
Vehicles	3 to 5	Railing	15 to 30
Heavy plant/road making equipment	5 to 20	Other	8 to 100
Other plant and equipment	3 to 30		
		Stormwater assets	
Water and sewer assets		Drains/Pits	70 to 106
Sewer - Rising Mains	70	Culverts	80 to 106
Sewer -Gravity Mains	71 to 89	Pipes	60 to 106
Sewer Manholes	85		
Sewer Pumps & Telemetry, switchboards, valve pits	10 to 100	Buildings	
Sewer Treatment Plant	14 to 133	Buildings: Specialised	9 to 150
Water Reticulation Mains	25 to 100	Buildings: Non Specialised	14 to 153
Water Trunk Mains	32 to 100		
Water Reservoirs - Dams	20 to 129	Other infrastructure assets	
Water Treatment Plant	15 to 100	Swimming pools	10 to 99
Water Bores	20 to 70	Other open space/recreational assets	5 to 85
Water Pump Station	20 to 100	Other infrastructure	15 to 100
		Other Assets	5 to 100
Transportation assets		Tip - Quarry Assets	8 to 34
Sealed roads: surface	20 to 66		
Sealed roads: structure	60 to 120		
Sealed Roads - Subpavement	60 to 180		
Unsealed roads	20 to 25		
Bridge: concrete	50 to 100		
Bridge: other	50 to 80		
Kerb, gutter and footpaths	10 to 120		
Bulk earthworks	Infinite		
Other Road Assets	20 to 100		

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

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

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 in accordance with AASB 1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

Crown reserves

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

Where the Crown reserves are under a lease arrangement they are accounted for under ASSB 16 Leases.

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
Software		
Opening values at 1 July		
Gross book value	560	616
Accumulated amortisation	(501)	(517)
Net book value – opening balance	59	99
Movements for the year		
Amortisation charges	(29)	(40)
Closing values at 30 June		
Gross book value	560	560
Accumulated amortisation	(530)	(501)
Total software – net book value	30	59
Other		
Land Easements		
Opening values at 1 July		
Gross book value	406	406
Net book value – opening balance	406	406
Purchases	48	–
Closing values at 30 June		
Gross book value	454	406
Total Land Easements	454	406
Total intangible assets – net book value	484	465

Accounting policy

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

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

Land Easement - Water Storage Dam

These are recognised at cost.

The assets are periodically reviewed and are considered to have an indefinite life.

C1-9 Other

Other assets

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Prepayments	70	–	73	–
Total other assets	70	–	73	–

C2 Liabilities of Council

C2-1 Payables

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Prepaid rates	806	–	758	–
Prepaid User Charges	253	–	107	–
Goods and services	1,707	–	3,031	–
Accrued expenses:				
– Borrowings	267	–	271	–
– Salaries and wages	331	–	340	–
– Other expenditure accruals	33	–	31	–
Security bonds, deposits and retentions	758	435	372	1,172
Other	60	–	12	–
Total payables	4,215	435	4,922	1,172

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

Nil

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.

C2-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Unexpended capital grants (to construct Council controlled assets)	(i)	7,289	-	5,751	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	1,181	-	1,791	-
Unexpended capital contributions (to construct Council controlled assets)	(i)	70	-	70	-
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	500	-	500	-
Other-User fees and charges	(iii)	271	-	263	-
Total contract liabilities		9,311	-	8,375	-

Notes

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

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

(iii) Upfront user charges and fees received are recorded as a contract liability on receipt and recognised as revenue over the expected life of the contract.

C2-2 Contract Liabilities (continued)

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

\$ '000	2023	2022
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	2,726	2,774
Operating grants (received prior to performance obligation being satisfied)	175	261
Capital contributions (to construct Council controlled assets)	–	66
User Fees & Charges	74	85
Total revenue recognised that was included in the contract liability balance at the beginning of the period	2,975	3,186

Significant changes in contract liabilities

Grant Funding received in advance:

- Fixing Country Bridges Round 1 Grant \$905,000
- Local Government Recovery Grant \$957,000
- Community Local Infrastructure Recovery Program \$516,000

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.

C2-3 Borrowings

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Loans – secured ¹	2,191	37,892	2,188	36,341
Total borrowings	2,191	37,892	2,188	36,341

(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.

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

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

C2-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Cash inflows	Non-cash fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	38,529	1,554	–	–	–	–	40,083
Total liabilities from financing activities	38,529	1,554	–	–	–	–	40,083

	2021		Non-cash movements				2022
	Opening Balance	Cash outflows	Cash inflows	Non-cash fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	38,831	(2,102)	1,800	–	–	–	38,529
Total liabilities from financing activities	38,831	(2,102)	1,800	–	–	–	38,529

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Credit cards/purchase cards	126	110
Total financing arrangements	126	110
Undrawn facilities		
– Credit cards/purchase cards	126	110
Total undrawn financing arrangements	126	110

Additional financing arrangements information

Breaches and defaults

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

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.

C2-4 Employee benefit provisions

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Annual leave	952	–	896	–
Sick leave	457	–	453	–
Long service leave	2,235	263	2,089	128
Other leave	38	–	173	–
Total employee benefit provisions	3,682	263	3,611	128

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	1,904	1,887
	1,904	1,887

Description of and movements in non-employee benefit provisions

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C2-5 Provisions

\$ '000	2023		2022	
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	1,377	–	1,250
Sub-total – asset remediation/restoration	–	1,377	–	1,250
Total provisions	–	1,377	–	1,250

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2023		
At beginning of year	1,250	1,250
Unwinding of discount	127	127
Total other provisions at end of year	1,377	1,377
2022		
At beginning of year	1,045	1,045
Unwinding of discount	205	205
Total other provisions at end of year	1,250	1,250

Nature and purpose of provisions

Asset remediation

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

Accounting policy

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

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

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

Asset remediation – tips and quarries

Restoration

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

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

Rehabilitation

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

C2-5 Provisions (continued)

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

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

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

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

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

C3 Reserves

C3-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2023	Water 2023	Sewer 2023
Income from continuing operations			
Rates and annual charges	17,475	1,156	4,378
User charges and fees	3,965	3,951	945
Interest and investment income	1,240	482	395
Other revenues	36	289	339
Grants and contributions provided for operating purposes	14,662	83	73
Grants and contributions provided for capital purposes	11,650	1,838	1,014
Other income	238	–	–
Total income from continuing operations	49,266	7,799	7,144
Expenses from continuing operations			
Employee benefits and on-costs	9,677	1,777	1,991
Materials and services	14,534	1,268	1,828
Borrowing costs	752	1,347	246
Depreciation, amortisation and impairment of non-financial assets	7,730	1,814	1,979
Other expenses	1,879	1	–
Net losses from the disposal of assets	148	188	248
Total expenses from continuing operations	34,720	6,395	6,292
Operating result from continuing operations	14,546	1,404	852
Net operating result for the year	14,546	1,404	852
Net operating result attributable to each council fund	14,546	1,404	852
Net operating result for the year before grants and contributions provided for capital purposes	2,896	(434)	(162)

D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
ASSETS			
Current assets			
Cash and cash equivalents	7,391	3,670	2,703
Investments	19,379	6,881	2,485
Receivables	5,669	1,531	510
Inventories	734	28	–
Contract assets and contract cost assets	2,970	76	51
Other	70	–	–
Total current assets	36,213	12,186	5,749
Non-current assets			
Investments	10,358	12,629	11,822
Receivables	(126)	–	147
Inventories	3,469	–	–
Infrastructure, property, plant and equipment	387,410	106,868	88,520
Intangible assets	78	406	–
Total non-current assets	401,189	119,903	100,489
Total assets	437,402	132,089	106,238
LIABILITIES			
Current liabilities			
Payables	3,812	315	88
Contract liabilities	8,944	153	214
Borrowings	1,438	550	203
Employee benefit provision	3,682	–	–
Total current liabilities	17,876	1,018	505
Non-current liabilities			
Payables	435	–	–
Borrowings	11,988	20,089	5,815
Employee benefit provision	263	–	–
Provisions	1,377	–	–
Total non-current liabilities	14,063	20,089	5,815
Total liabilities	31,939	21,107	6,320
Net assets	405,463	110,982	99,918
EQUITY			
Accumulated surplus	254,145	67,440	61,887
Revaluation reserves	151,318	43,542	38,031
Council equity interest	405,463	110,982	99,918
Total equity	405,463	110,982	99,918

D1-3 Details of internal loans

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

Details of individual internal loans	Council ID / Ref
Borrower (by purpose)	Bridges
Lender (by purpose)	Sewer
Date of Minister's approval	30/06/2006
Date raised	30/06/2006
Term years	20
Dates of maturity	30/06/2026
Rate of interest (%)	6.50%
Amount originally raised (\$'000)	615

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
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	13,764	7,838	13,764	7,838
Receivables	7,731	4,514	7,731	4,514
Investments				
– Debt securities at amortised cost	51,124	43,553	51,124	43,553
Fair value through profit and loss				
Investments				
– Held for trading	12,430	13,059	12,430	13,059
Total financial assets	85,049	68,964	85,049	68,964
Financial liabilities				
Payables	4,650	6,094	4,650	6,094
Loans/advances	40,083	38,529	40,083	38,529
Total financial liabilities	44,733	44,623	44,733	44,623

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 held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified '**at fair value through profit and loss**' 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 area 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 Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these 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	724	607
Impact of a 10% movement in price of investments		
– Equity / Income Statement	1,243	1,306

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

(b) Credit risk

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	overdue	< 5 years	≥ 5 years	
2023				
Gross carrying amount	(34)	236	10	212
2022				
Gross carrying amount	–	801	36	837

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	30- 60 days	60 - 90 days	> 90 days	
2023						
Gross carrying amount	9,916	602	41	22	135	10,716
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2022						
Gross carrying amount	6,309	576	38	5	137	7,065
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

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 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	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2023							
Payables	0.00%	1,194	3,456	–	–	4,650	4,650
Borrowings	5.77%	–	4,446	16,479	36,150	57,075	40,083
Total financial liabilities		1,194	7,902	16,479	36,150	61,725	44,733
2022							
Payables	0.00%	1,544	4,550	–	–	6,094	6,094
Borrowings	5.85%	–	4,378	15,746	35,477	55,601	38,529
Total financial liabilities		1,544	8,928	15,746	35,477	61,695	44,623

Loan agreement breaches

There are no breaches to loan agreements during the reporting year.

E2-1 Fair Value Measurement

Nambucca Valley Council measures the following assets and liabilities at fair value on a recurring basis.

- Infrastructure, property, plant and equipment
- Financial assets

Fair value hierarchy

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	Unobservable inputs for the asset or liability

(1) The table below shows the assigned level for each asset and liability held at fair value by the Council.

2023 Recurring fair value measurement	Date of last Comprehensive valuation	Note #	Fair value measurement hierarchy			Total (\$',000)
			Level 1 Quoted Prices in active Markets (\$'000)	Level 2 Significant observable inputs (\$',000)	Level 3 Significant unobservable inputs (\$',000)	
Financial assets						
Investment		C1-2				
Designated at Fair Value on initial recognition or held for trading (AASB9)			12,430	-	-	12,430
Total Financial Assets			12,430	-	-	12,430
Infrastructure, property, plant & equipment						
		C1-7				
Plant, equipment, furniture and fittings	-		-	7,700		7,700
Operational Land	31/12/22		-	10,008	-	10,008
Community Land	31/12/22		-	-	14,855	14,855
Crown Land	31/12/22		-	-	13,641	13,641
Land Under Roads *	31/3/19		-	-	134	134
Land Improvements – Non Depreciable	31/12/20		-	-	1,321	1,321
Buildings	31/12/22		-	-	37,723	37,723
Other Structures	31/12/20		-	-	5,499	5,499
Roads, Bridges						
Footpaths	31/3/20		-	-	171,909	171,909
Bulk Earthworks	31/3/20		-	-	45,994	45,994
Stormwater Drainage	31/3/20		-	-	49,677	49,677
Other Road Assets	31/3/20		-	-	3,179	3,179
Water Supply Network	31/12/21		-	-	99,853	99,853
Sewerage Network	31/12/21		-	-	82,424	82,424
Swimming Pools	31/12/20		-	-	1,521	1,521

2023 Recurring Fair Value Measurement	Date of Last Comprehensive valuation	Note #	Fair value measurement hierarchy			Total (\$'000)
			Level 1 Quoted Prices in Active Markets (\$'000)	Level 2 Significant Observable Inputs (\$'000)	Level 3 Significant Unobservable Inputs (\$'000)	
Other Open Space/Recreational Assets	31/12/20		-	-	5,137	5,137
Other Infrastructure	31/12/20		-	-	23,148	23,148
Heritage Collections	-		-	-	76	76
Other	-		-	258	-	258
Tip Remediation	30/6/20		-	-	429	429
Total Infrastructure, Property, Plant & Equipment				17,966	556,520	574,486

Note that capital WIP is not included above since it is carried at cost

2022						
Financial assets						
Investment		C1-2				
Designated at Fair Value on initial recognition or held for trading (AASB139)						
			13,059	-	-	13,059
Total Financial Assets			13,059	-	-	13,059
Infrastructure, property, plant & equipment						
		C1-7				
Plant, equipment, furniture and fittings	-		-	7,879		7,879
Operational Land	30/6/18		-	8,732	-	8,732
Community Land	31/01/21		-	-	10,563	10,563
Crown Land	31/01/21		-	-	10,880	10,880
Land Under Roads *	31/3/19		-	-	130	130
Land Improvements – Non Depreciable	31/12/20				992	992
Buildings	30/6/18		-	-	32,561	32,561
Other Structures	31/12/20		-	-	4,821	4,821
Roads, Bridges Footpaths	31/3/20		-	-	160,994	160,994
Bulk Earthworks	31/3/20		-	-	44,202	44,202
Stormwater Drainage	31/3/20		-	-	45,583	45,583
Other Road Assets	31/3/20				3,190	3,190
Water Supply Network	31/12/21		-	-	93,664	93,664
Sewerage Network	31/12/21		-	-	77,853	77,853
Swimming Pools	31/12/20		-	-	1,377	1,377
Other Open Space/Recreational Assets	31/12/20		-	-	4,556	4,556

2022 Recurring Fair Value Measurement	Date of Last Comprehensive valuation	Note #	Fair value measurement hierarchy			
			Level 1 Quoted Prices in Active Markets (\$'000)	Level 2 Significant Observable Inputs (\$'000)	Level 3 Significant Unobservable Inputs (\$'000)	Total (\$'000)
Other Infrastructure	31/12/20		-	-	19,865	19,865
Heritage Collections	-		-	-	77	77
Other	-		-	-	250	250
Tip Remediation	30/6/20		-	-	381	381
Total Infrastructure, Property, Plant & Equipment			-	8,732	519,818	528,550

Note that capital WIP is not included above since it is carried at cost

(2) Transfers between level 1 and level 2 fair value hierarchies

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

(3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. 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:

Infrastructure, property, plant and equipment

Plant, Equipment, Furniture, Fittings and Office Equipment

Plant & Equipment, Office Equipment and Furniture & Fittings are recognised at fair value using the cost approach. Examples of assets within these classes are as follows:

Plant and Equipment	Graders, trucks, rollers, tractors and motor vehicles.
Office Equipment	Computers, photocopiers.
Furniture & Fittings	Chairs, desks and display boards.

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

Operational Land

Council's Operational Land was valued at Market Value (highest and best use) by APV in 2022/2023 after identifying all elements that would be taken into account by buyers and sellers in setting the price, including but not limited to zoning, topography, location, size, access, exposure to traffic and business. Condition of asset, future cash flow from the use of the land is also considered when determining the fair value. As such these assets were all classified as having been valued using Level 2 valuation inputs.

Community Land and Crown Land

Community Land and Crown Land are based on either the Land Value provided by the Valuer General's unimproved capital value or an average unit rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value having regard to the highest and best use for the land. As these rates were not considered to be observable market evidence they have been classified a Level 3. There has been no change to the valuation process during the reporting period. Community and Crown Land were valued in 2022/2023.

Buildings – Non Specialised and Specialised

Buildings were revalued by APV with a revaluation date of 31/12/22 using the cost approach. The approach estimated the replacement cost for each building by componentising the building into significant parts with different useful lives and taking into account a range of factors such as asset condition, pattern of consumption and estimated remaining useful lives. While all buildings were physically inspected, inputs such as pattern of consumption, long life, short life components, useful lives and asset condition required extensive professional judgement and are therefore unobservable. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

A further desktop valuation was completed by Council at the 30/6/2023 due to an increase in unit rates for the 6 month period.

Roads (including Bulk Earth Works), Bridges, Footpaths and Other Road Assets

Valuations for these asset classes were undertaken in-house by Council's Engineering Department as at 31 March 2020.

The assets included in this valuation include road carriageway (which has been separated to its component parts being pavement, sub pavement and where appropriate seal), car parks, footpaths, guardrails, kerb and gutter, bridges, bus shelters and other road assets.

Limited based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. The estimated replacement cost was determined using unit rates applied to square metre areas or similar appropriate units. Whilst this cost approach utilised industry standard unit rates it also relied upon inputs such as asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Bulk earthworks, in accordance with the accounting standards, are considered to have an indefinite useful life and are not depreciated.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

A desktop valuation for Roads, Bridges, Footpaths and Other Road Assets was completed by Council in 2022/2023 due to an increase in unit rates.

Stormwater

The Stormwater Drainage asset class consists of Council's pits, pipes, and culverts. This valuation was undertaken in-house by Council's Engineering Department as at 31 March 2020.

Limited market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. The estimated replacement/renewal cost was determined using unit rates applied to lineal metre of pipe or similar appropriate units. Whilst this cost approach utilised industry standard unit rates it also relied upon inputs such as asset age, environmental factors (freshwater/tidal/urban/rural), dimensions, materials and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

A desktop valuation was completed by Council in 2022/2023 due to an increase in unit rates.

Land under Roads (post 30/6/08)

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 1st July 2008 in accordance with AASB 1051. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment. The class was revalued in 2018/2019 using the Englobo methodology. The Englobo methodology is one of 3 methods available to use in accordance with the fair valuation policy as per the Office of Local Government guidance for Infrastructure, property, plant and equipment valuations. This asset class is classified as Level 3 as significant inputs used in the Englobo valuation methodology are unobservable.

Water Supply Network

Assets in this class comprise reservoirs, pumping stations, water treatment works, water bores, rising mains and the reticulation network.

A comprehensive revaluation was carried out by Council and peer reviewed by APV Valuers in 2021/2022.

No market-based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. Valuation took consideration of construction type and materials, age, condition, maintenance and break history. Valuation relies to a varying degree on professional judgement. This is because a substantial part of the network is underground. The available information is also limited by historical records of very long lived assets and there is some uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Department of Planning, Industry and Environment except the years the class is the subject of a full revaluation.

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

Sewerage Network

Assets within this class comprise treatment works, pumping stations and sewerage mains.

A comprehensive revaluation was carried out by Council and peer reviewed by APV Valuers in 2021/2022.

No market-based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. Valuation took consideration of construction type and materials, age, and maintenance and blockage history. Valuation relies to a varying degree on professional judgement. This is because a substantial part of the network is underground. The available information is also limited by historical records of very long lived assets and there is some uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Department of Planning, Industry and Environment except the years when the class is the subject of a full revaluation.

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

Other Structures (including Open Space/Recreational Assets/Other Infrastructure & Swimming Pools)

Assets within this class comprise soft fall surfaces, lighting, playground and sporting equipment, swimming pools, retaining walls, boardwalks, jetties, ramps, landslips plus auxiliary structures. All assets in this class were valued by an external valuer (APV) in 2020/2021.

Specialised assets such as all of the Other Structures were valued using the cost approach using APV who are professionally qualified Registered Valuers. The approach estimated the replacement cost for each asset by componentising the asset into significant parts with useful lives and taking into account a range of factors. While the unit rates based on price per asset could be supported from market evidence (level 2) other inputs (such as estimates of useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

A desktop valuation was completed by in 2022/2023 due to an increase in unit rates.

Heritage Collections

Assets in this class are valued at cost but are disclosed at fair value in the notes. Council holds these assets for their cultural value within the community. These assets do have a market among collectors and market evidence (Level 2 input) is available, however this information is often limited to similar items and often relate to assets that are not directly comparable. This asset class has therefore been categorised as level 3 unobserved inputs.

Library Books/Other Assets

Library Books/Other Assets are recognised at fair value using the cost approach

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

Tip Assets – (Landfill Remediation)

This asset class represents the value of works to remediate the Nambucca Landfill under the terms of the facility's licence. The future service potential of the asset is to enable Nambucca Valley Council to comply with the life-cycle responsibilities of the land fill operation. There is no market for the asset and it is therefore classed as having a level 3 fair value with unobserved inputs, principally cost, legislative requirements, estimated timing of expense, CPI and discount rules. Council engaged consultants to review the costs associated with undertaking rehabilitation works for the future landfill cells at the Nambucca Waste Management Facility in 2021/2022. The remediation includes post closure monitoring. This class was revalued at 30/6/20. The best and highest use for the asset is unique to Nambucca Valley Council as the Licence holder.

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

CLASS	FAIR VALUE 30/6/23 (\$'000)	VALUATION TECHNIQUE/S	UNOBSERVABLE INPUTS
Community Land & Crown Land	28,496	Land Values obtained from NSW Valuer General	Land value, land area
Land Under Roads	134	Englobo Method	Unit rate for Land Value, discount rate of 90% applied.
Land Improvements	1,321	Cost approach	Current replacement cost of modern equivalent asset. Asset condition, Remaining lives
Buildings – Specialised & Non Specialised	37,723	Cost Approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value
Other Structures	5,499	Cost Approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value
Roads	107,238	Cost Approach	Asset condition, remaining lives using componentisation
Bridges	52,885	Cost Approach	Asset condition, remaining lives using componentisation
Footpaths	11,786	Cost Approach	Asset condition, remaining lives using componentisation
Bulk Earthworks	45,994	Cost Approach	Asset condition
Other Road Assets	3,179	Cost Approach	Gross replacement cost, asset condition, remaining useful lives
Stormwater Drainage	49,677	Cost Approach	Gross replacement cost, asset condition, remaining useful lives
Water Supply Network	99,853	Industry Cost Indexes, Council and contractor construction rates	Asset condition, remaining lives using componentisation
Sewerage Network	82,424	Industry Cost Indexes, Council and contractor construction rates	Asset condition, remaining lives using componentisation
Swimming Pools	1,521	Industry Cost Indexes, Council and contractor construction rates	Asset condition, remaining lives
Other Open Space/Recreational Assets	5,137	Cost Approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value
Other Infrastructure	23,148	Council and contractor construction rates	Asset condition and remaining lives using componentisation
Heritage Collections	76	Cost Approach used to approximate fair value	Current replacement cost of modern equivalent asset, asset condition, pattern of consumption effecting the remaining useful life
Tip Remediation	429	Cost Approach	Environmental legislation, timing of expected cash outflows, asset condition

(4) A Reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	2023 \$'000	2022 \$'000
Balance at 1 July	519,818	472,643
Total gains or losses for the year		
Revaluation Increment/Decrement to Equity	42,783	43,818
Tfrs to/from another asset class	4,890	1,069
Purchases (GBV)	9,230	13,685
Disposals (WDV)	(1,597)	(1,151)
Depreciation & Impairment	(10,545)	(10,966)
Adjustments through P&L	0	493
Reinstatement Costs for Impaired Assets		91
Transfers out of Level 3	(8,129)	0
Tip Remediation Adjustment	70	136
Closing Balance	556,520	519,818

(5) Highest and best use

All of Council's non-financial assets are considered to 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).

(a) Description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements.

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 standard employer contribution rates are:

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

**For 180 Point Members, Employers are required to contribute 8.0% of salaries 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 \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

(c) a description of any agreed allocation of a deficit or surplus on:

(i) wind up of the plan

E3-1 Contingencies (continued)

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

(ii) *the Council's withdrawal from the plan*

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

(d) *Given the Council's accounts for that plan as if it were a defined contribution plan in accordance with Paragraph 34, the following information:*

(i) *the fact that the plan is a defined benefit plan,*

We confirm the plan is a defined benefit plan.

(ii) *the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan.*

(iii) *the expected contributions to the plan for the next annual reporting period.*

Council's expected contribution to the fund for the next annual reporting period is \$93,605.04.

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2023 was \$93,116.17. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$74,178.84.

(iv) *information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the Council.*

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

Defined Benefit 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 other accumulation accounts and reserves in both assets and liabilities.

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

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

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

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

(v) *an indication of the level of participation of the entity in the plan compared with other participating entities.*

An employer's past service contribution per annum (see cover letter) as a percentage of the total past service contributions for all Pooled Employers (\$20m for each year from 1 January 2022 to 31 December 2024) provides an indication of the level of participation of that employer compared with other employers in the Pooled Employer sub-group.

(ii) Statewide Limited

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

E3-1 Contingencies (continued)

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

2. Other contingent liabilities

(i) Third party claims

From time to time the Council receives various legal claims incidental to the ordinary course of its business including negligence claims for damages relating to its services. Council believes that it is appropriately covered for all claims through insurance coverage and does not expect any material liabilities to eventuate.

(ii) Grants Programs requiring Council Co-Contributions or Financial Undertakings

The financial year 2022/2023 saw a further continuation of an extraordinary level of Federal and State stimulus grant funding for capital and community infrastructure and events projects. As welcome as this funding is to enhance the Council's financial sustainability, it does carry risk in that the Council is generally required to finance any budget shortfall for the individual projects. In a period, which is seeing equally extraordinary price increases for building materials and contract labour, and extended delivery times due to availability of materials and contractors, as a direct result of the large volume of natural disaster works.

The Council is continuing to experience budget overruns on some of these projects, and the need to apply for extensions of time, and changes to scope (Variations) on many projects. Budget overruns are not generally able to be sourced as a Variation, however it is factored into some programs, with an overall allocation to Councils, such as Fixing Country Bridges Round 1, where overs/unders can be used as a reason for a Variation Request. The Council will try to manage project cost variations by applying for variations (where possible); using future grant programs to shift internal financing; and finally, through borrowing.

(iii) Stormwater Drain, Yarrawonga Street Catchment, Macksville

A stormwater drain was constructed by or on behalf of developers Buildev to service an extension of the Macksville industrial estate. The drain was ineffective and also caused instability in the adjoining railway embankment. The Council refused to accept the drain as a drainage easement and subsequently the developer Buildev went into liquidation. Council engaged the engineering consultancy SMEC Australia to provide a plan and estimated cost for the provision of an operable drain. On 28 May 2020 the Council resolved to lobby the NSW and Federal Governments for \$5.76 million to construct the drain as per the SMEC Australia design. There was a request put to the Deputy Prime Minister and Member for Cowper on 15 July 2020 for this funding.

The Federal Government denied Council's funding request. The Council also made representations to the Australian Rail Track Corporation (ARTC) who have responsibility for the railway line and the embankment. ARTC advised they did not identify any immediate risk or requirement for action in relation to the stability of the railway embankment. The geotechnical advice that Council received indicated that expensive drainage work is required to both minimise flooding in the adjacent industrial area and to maintain the stability of the railway embankment.

E3-1 Contingencies (continued)

(iv) Sewerage discharges

The EPA has imposed a Pollution Reduction Program on Council in response to a significant number of sewage overflows into the Nambucca River over recent years that have impacted oyster growers.

A sewage surcharge prevents the oyster industry from harvesting for 21 days following the event and damages to their turnover, particularly around busy seasons like Easter and Christmas.

The PRP has required Council to carry out the following works whilst liaising closely with relevant stakeholders including the EPA, Department of Planning and Environment – Water, NSW Food Authority and NSW Public Works

- Development of a community engagement strategy aimed at making ratepayers more aware of the causes of sewage overflows
- Dye testing to identify illegal cross connections
- CCTV inspection of sewer pipes
- Repair of identified sources of stormwater ingress including sewer relining works.

Council is also reviewing its IWCM which includes the modelling of the Macksville sewerage system. This will assist Council in quantifying the cost of upgrading the sewerage system to cater for higher intensity rainfall events and the cost benefit of doing so.

This will involve increased cost to Council above the status quo and may be helpful in gaining additional government funding to minimise the risk of overflows.

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

Council's revenue recognition policy for such income is to account for it as revenue on receipt. Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

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

(iii) Hand over of former Pacific Highway (Giinagay Way)

The former NSW Roads and Maritime Services (RMS) now Transport for NSW (TfNSW) announced their intention to transfer the ownership and responsibility for the former Pacific Highway (now Giinagay Way) to Nambucca Valley Council.

Based on asset data provided by the RMS the asset transfer value for Council comprised 24 bridges valued at \$52 million and 32 kilometres of road valued at \$182 million. These assets generate a depreciation expense of approximately \$3 million per annum.

The Council engaged engineering consultants and utilised its own staff over a period of approximately 3 years to assess the condition of the assets proposed to be handed over and reach agreement with the then RMS on a compensation arrangement for the on-going maintenance of the road and bridges.

Agreement was reached that the RMS would retain responsibility for the major bridges; that the road would be a designated regional road providing on-going maintenance funding; and thirdly that the RMS would provide a compensation package equivalent to the scheduled maintenance for the road for the following 10 years. The Council was close to finalising agreement with the RMS when the NSW Government announced it would retain responsibility for the whole road corridor as a State asset.

Then in early 2020 TfNSW advised of their intention to transfer responsibility for the road to Council. At about the same time the NSW Government announced its intention to undertake a Regional Road Transfer and Road Classification Review and that the future of the former Pacific Highway would be considered as part of this review. On 14 August 2020 the Council made a submission to the Review seeking priority for the endorsement of the previously negotiated outcome.

The NSW Government released the Independent Panel's Interim Report (dated February 2021) into road classification and the transfer of regional roads to state ownership, including recommendations for the Priority Round of transfers and reclassifications on Tuesday 21 September 2021.

E3-1 Contingencies (continued)

The Independent Expert Panel's interim report identified the most urgent of roads for priority transfer, and sets an evidence-based roadmap for the main round, which will open on 27 September 2021 with all NSW councils being invited to submit proposals for reclassifications in the main round.

The Old Pacific Highway ownership that traverses through Nambucca Valley Council local government area is not included in NSW Government's Interim Report. In June 2022, Transport for NSW were advised that the Council considers that management of the Old Pacific Highway was transferred to the State, with road infrastructure remaining with the State Government. Future consideration should be given by Council to facilitate maintenance through Road Maintenance Council Contracts ('RMCC') arrangements.

(iv) Declared Natural Disaster Events and Funding Arrangements

Council received approval/funds/grants for repairs and remediation works that have commenced in the 2022/2023 financial year. The 2022/23 financial year included further declared Natural Disaster with corresponding assistance scheme. Further submissions for funding and planned scheduled works have evolved to add to the previous repairs and remediations.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	1,207	1,134
Post-employment benefits	81	97
Total	1,288	1,231

Other transactions with KMP and their related parties

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

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	27
Councillors' fees	116	95
Other Councillors' expenses (including Mayor)	35	34
Total	179	156

F1-3 Other related parties

Council has no other related party transactions

F2 Other relationships

F2-1 Audit fees

\$ '000	2023	2022
During the year, the following fees were incurred for services provided by the auditor of Council and related practices.		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	56	59
Remuneration for audit and other assurance services	56	59
Total Auditor-General remuneration	56	59
Total audit fees	56	59

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
Net operating result from Income Statement	16,802	18,341
Add / (less) non-cash items:		
Depreciation and amortisation	11,523	10,899
(Gain) / loss on disposal of assets	584	1,063
Non-cash capital grants and contributions	(1,089)	(6,241)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	(3)	117
Unwinding of discount rates on reinstatement provisions	127	–
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(3,259)	(1,122)
Increase / (decrease) in provision for impairment of receivables	42	14
(Increase) / decrease of inventories	40	(33)
(Increase) / decrease of other current assets	3	48
(Increase) / decrease of contract asset	233	(346)
Increase / (decrease) in payables	(1,324)	1,748
Increase / (decrease) in accrued interest payable	(4)	(2)
Increase / (decrease) in other accrued expenses payable	(7)	21
Increase / (decrease) in other liabilities	(109)	518
Increase / (decrease) in contract liabilities	936	2,574
Increase / (decrease) in employee benefit provision	206	(273)
Increase / (decrease) in other provisions	–	205
Net cash flows from operating activities	24,701	27,531

(b) Non-cash investing and financing activities

RFS Contributed Assets	120	425
Subdivisions	919	5,531
Other Contributed Assets	50	285
Total non-cash investing and financing activities	1,089	6,241

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	–	1,596
Plant and equipment	910	422
Structures	–	94
Roads	2,556	311
Bridges	518	198
Water Infrastructure	758	1,978
Sewer Infrastructure	58	37
Environmental	–	281
Cycleway	58	373
Footpaths	529	–
Sporting Grounds	150	–
Investment property		
Land Development	94	–
Total commitments	5,631	5,290

Details of capital commitments

As at the 30 June 2023, significant capital projects included in the capital expenditure commitments are upgrade of Macksville CBD roads, delay in supply chain of P&E, upgrade of the Bellinger Street Reservoir, upgrade lime dosing system for the Nambucca Valley Water Supply and replacing bridges through the Fixing Country Bridges Grant funding.

G3-1 Events occurring after the reporting date

There are not any known events occurring after the reporting date that would have a significant effect on the financial report.

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	Transfers	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Section 7.11	543	39	–	–	13	–	–	595	–
S7.11 contributions – under a plan	543	39	–	–	13	–	–	595	–
S7.12 levies – under a plan	1,089	1,009	–	–	34	(262)	–	1,870	–
Total S7.11 and S7.12 revenue under plans	1,632	1,048	–	–	47	(262)	–	2,465	–
S64 contributions	8,573	1,562	–	–	184	(953)	–	9,366	–
Total contributions	10,205	2,610	–	–	231	(1,215)	–	11,831	–

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

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year					Amounts expended	Transfers	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other	Interest and investment income earned					
Section 7.11	543	39	–	–	13	–	–	595	–	
Total	543	39	–	–	13	–	–	595	–	

S7.12 Levies – under a plan

Section 7.12	1,089	1,009	–	–	34	(262)	–	1,870	–
Total	1,089	1,009	–	–	34	(262)	–	1,870	–

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	2,925	5.88%	0.74%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	49,704			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	34,886	54.33%	51.55%	> 60.00%
Total continuing operating revenue ¹	64,206			
3. Unrestricted current ratio				
Current assets less all external restrictions	24,892	5.92x	1.98x	> 1.50x
Current liabilities less specific purpose liabilities	4,203			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	16,793	3.66x	3.07x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	4,591			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	738	3.07%	3.61%	< 10.00%
Rates and annual charges collectable	24,015			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	64,888	17.80 months	19.13 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	3,646			

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	9.36%	5.44%	(7.28)%	(16.41)%	(2.64)%	(10.53)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding all grants and contributions ¹	46.59%	45.59%	75.37%	69.55%	84.78%	70.92%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	5.92x	1.98x	11.97x	12.77x	11.38x	28.54x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	4.00x	3.36x	2.02x	1.67x	8.39x	10.25x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	2.81%	3.66%	3.89%	3.60%	3.97%	3.42%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	23.92 months	24.08 months	5.68 months	2.54 months	4.88 months	6.63 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note D1-1 above.

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

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business

44 Princess Street
MACKSVILLE NSW 2447

Contact details

Mailing Address

PO Box 177
MACKSVILLE NSW 2447

Telephone: 02 6568 2555

Opening hours

Monday to Friday - 8.30 am to 4.00 pm

Internet: www.nambucca.nsw.gov.au

Email: council@nambucca.nsw.gov.au

Officers

Acting General Manager

Bede Spannagle

Chief Financial Officer

Evan Webb

Public Officer

Matthew Sykes

Auditors

Audit Office of New South Wales
Level 15, 1 Margaret Street
SYDNEY NSW 2000

Elected members

Mayor

Rhonda Hoban

Councillor

Trevor Ballangarry
Martin Ballangarry
Susan Jenvey
David Jones
James Angel
John Wilson
Troy Vance
Ricky Buchanan

Other information

ABN: 71 323 535 981



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
Nambucca Valley Council

To the Councillors of Nambucca Valley Council

Opinion

I have audited the accompanying financial statements of Nambucca Valley 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. 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.



Quentin Wong
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY



Cr Rhonda Hoban OAM
Mayor
Nambucca Valley Council
PO Box 177
MACKSVILLE NSW 2447

Contact: Quentin Wong
Phone no: 02 9275 7454
Our ref: R008-16585809-46011

31 October 2023

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2023 Nambucca Valley Council

I have audited the general purpose financial statements (GPFS) of the Nambucca Valley 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	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	23.0	22.2	↑ 3.6
Grants and contributions revenue	29.3	30.1	↓ 2.7
Materials and Services	17.6	14.4	↑ 22.2

Employee Benefits and on-costs	13.4	12.1	10.7
Operating result from continuing operations	16.8	18.3	8.2
Net operating result before capital grants and contributions	2.3	(0.9)	355.6

Rates and annual charges revenue (\$23.0 million) increased by \$0.8 million (3.6%) in 2022–23. The IPART approved rate peg was 0.7%. Council elected to increase annual charges and there was also increased revenue derived from subdivision assessments.

Grants and contributions revenue (\$29.3 million) remained stable, with a decrease of \$0.8 million (2.7%) in 2022–23.

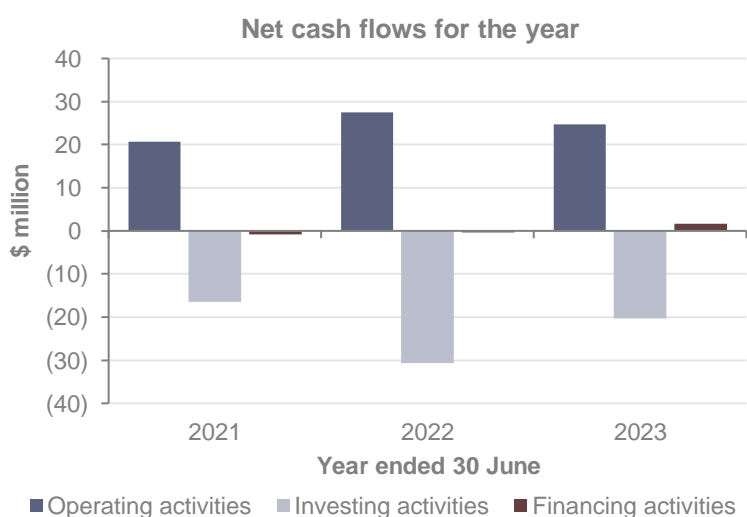
The Council's operating result from continuing operations of \$16.8 million (including depreciation, amortisation and impairment expense of \$11.5 million) was \$1.5 million lower than the 2021–22 result. The decrease in operating result is largely attributable to the following:

- interest and investment income (\$2.1 million) increased by \$1.5 million (250.0%)
- materials and services expense (\$17.6 million) increased by \$3.2 million (22.2%) due to increases in contractor and consultancy costs.

The net operating result before capital grants and contributions of \$2.3 million was \$3.2 million higher than the 2021–22 result (loss of \$0.9 million).

STATEMENT OF CASH FLOWS

- Net cash provided by operating activities decreased by \$2.8 million. This is largely due to an increase in payments for materials and services of \$10.9 million, offset by an increase of \$4.8 million in grants and contributions received and an increase of \$1.3 million in rates and annual charges received.
- Net cash used in investing activities decreased by \$10.4 million. This is largely due to receipts from term deposits maturing during the year, with some funds not reinvested and instead held in cash and cash equivalents.
- Net cash provided by financing activities increased by \$1.9 million. This is due to borrowings taken out during 2022–23.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	77.3	64.4	Externally restricted balances comprise mainly of special purposes unexpended grants, developer contributions, water and sewer funds. The Council's externally restricted cash and investments have increased by \$12.0 million mainly due to \$4.6 million increase in specific purpose unexpended grants and \$5.1 million increase in sewer funds.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	61.9	49.9	
• Internal allocations	14.7	11.3	Internal allocations are determined by council policies or decisions, which are subject to change. Internally allocated balances have increased by \$3.4 million, primarily due to \$2.3 million increase in unexpended grant funds and \$1.1 million increase in cash reserves set aside for waste management.

Debt

At 30 June 2023, Council had

- \$40.1 million in secured loans (\$38.5 million in 2021–22).
- \$126,000 in credit card facility with nil drawn down as at 30 June 2023.

PERFORMANCE

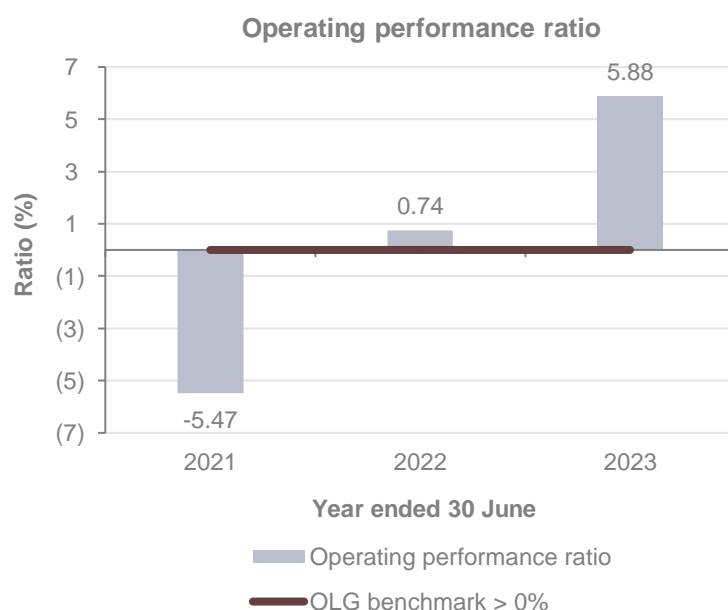
Performance measures

The following section provides an overview of 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.

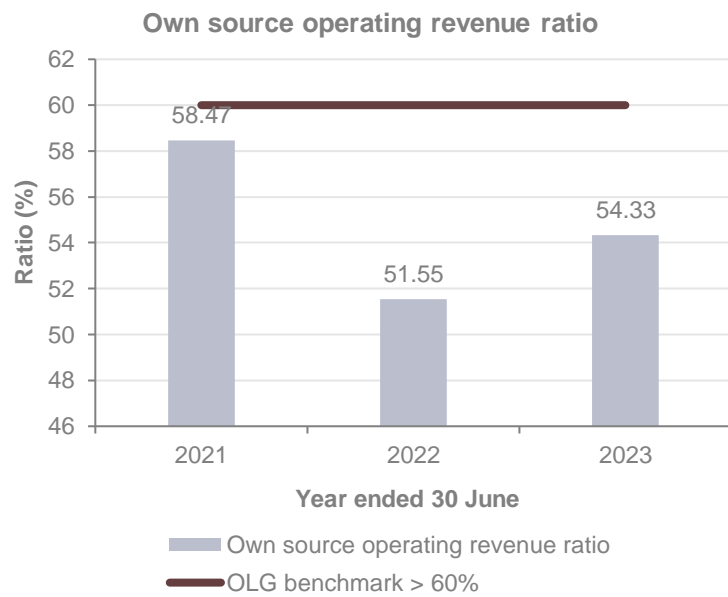
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

The Council did not meet the benchmark for the current or prior reporting periods disclosed.

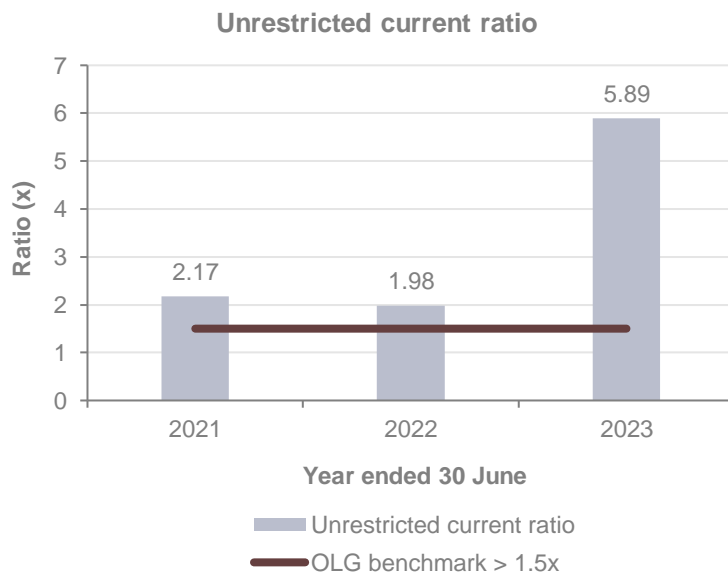
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

The Council exceeded the benchmark for the current reporting period.

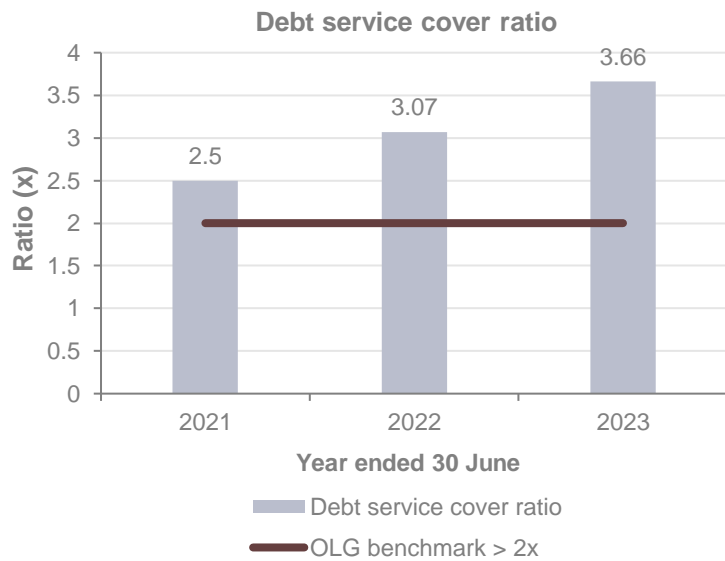
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The Council exceeded the benchmark for the current reporting period.

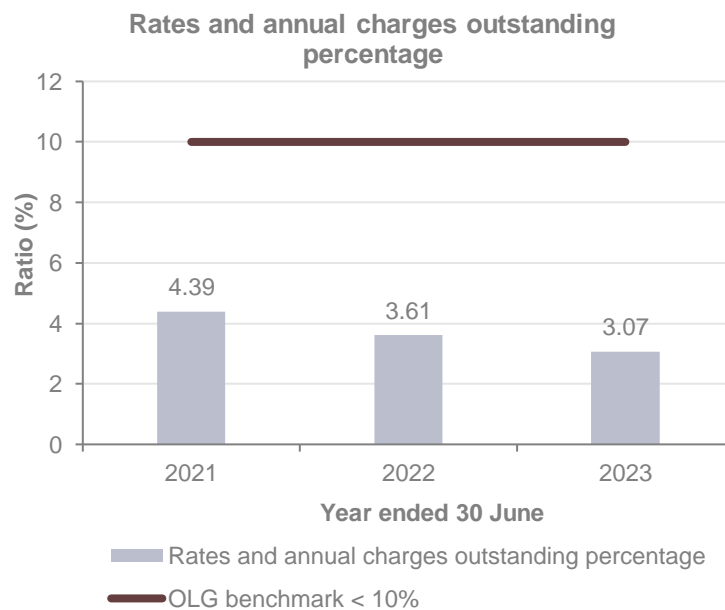
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

The Council met the benchmark for the current reporting period.

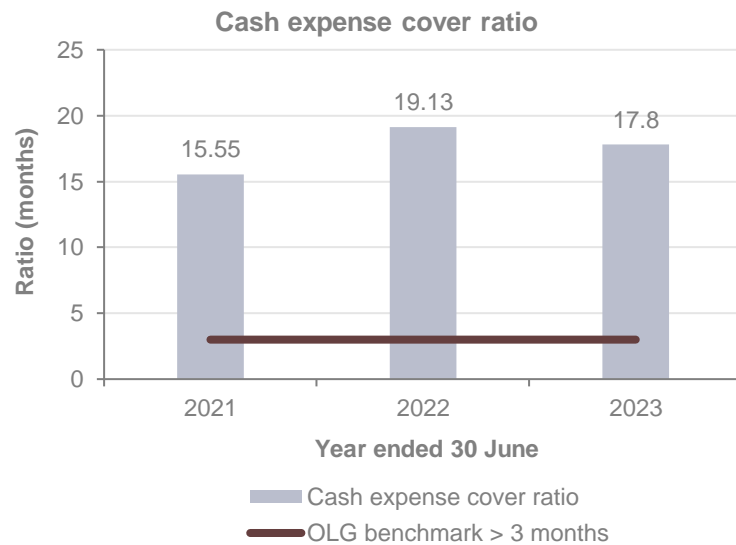
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

The Council exceeded the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$7.9 million of infrastructure, property, plant and equipment during the 2022–23 financial year (2021–22 \$10.3 million). This was mainly spent on repairing assets damaged by natural disasters and replacing Council's bridge network. A further \$7.9 million was spent on new assets additions, mainly including \$3.4 million in capital work in progress.

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
- staff provided all accounting records and information relevant to the audit.

Quentin Wong

Delegate of the Auditor-General for New South Wales

Nambucca Valley Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

Nambucca Valley ~ Living at its best



Nambucca Valley Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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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).

Nambucca Valley 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:

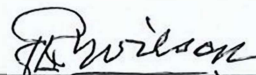
- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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 12 October 2023.



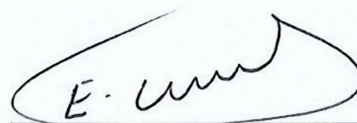
Rhonda Hoban OAM
Mayor
12 October 2023



John Wilson
Councillor
12 October 2023



Bede Spannagle
Acting General Manager
12 October 2023



Evan Webb
Chief Financial Officer
12 October 2023

Nambucca Valley Council

Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	1,156	1,078
User charges	3,951	3,660
Interest and investment income	482	131
Grants and contributions provided for operating purposes	83	84
Other income	289	305
Total income from continuing operations	5,961	5,258
Expenses from continuing operations		
Employee benefits and on-costs	1,777	1,622
Borrowing costs	1,347	1,378
Materials and services	1,268	1,138
Depreciation, amortisation and impairment	1,814	1,790
Net loss from the disposal of assets	188	13
Calculated taxation equivalents	14	15
Debt guarantee fee (if applicable)	826	264
Other expenses	1	180
Total expenses from continuing operations	7,235	6,400
Surplus (deficit) from continuing operations before capital amounts	(1,274)	(1,142)
Grants and contributions provided for capital purposes	1,838	2,181
Surplus (deficit) from continuing operations after capital amounts	564	1,039
Surplus (deficit) from all operations before tax	564	1,039
Surplus (deficit) after tax	564	1,039
Plus accumulated surplus	66,050	64,747
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	14	15
– Debt guarantee fees	826	264
Less:		
– Tax equivalent dividend paid	(14)	(15)
Closing accumulated surplus	67,440	66,050
Return on capital %	0.1%	0.2%
Subsidy from Council	4,223	3,402
Calculation of dividend payable:		
Surplus (deficit) after tax	564	1,039
Less: capital grants and contributions (excluding developer contributions)	(1,189)	(1,309)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Nambucca Valley Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	4,378	4,093
User charges	918	816
Liquid trade waste charges	27	27
Interest and investment income	395	74
Grants and contributions provided for operating purposes	73	75
Other income	339	376
Total income from continuing operations	6,130	5,461
Expenses from continuing operations		
Employee benefits and on-costs	1,991	1,964
Borrowing costs	246	150
Materials and services	1,828	1,801
Depreciation, amortisation and impairment	1,979	1,963
Net loss from the disposal of assets	248	158
Calculated taxation equivalents	20	21
Debt guarantee fee (if applicable)	241	29
Total expenses from continuing operations	6,553	6,086
Surplus (deficit) from continuing operations before capital amounts	(423)	(625)
Grants and contributions provided for capital purposes	1,014	2,134
Surplus (deficit) from continuing operations after capital amounts	591	1,509
Surplus (deficit) from all operations before tax	591	1,509
Surplus (deficit) after tax	591	1,509
Less:		
Plus accumulated surplus	61,055	59,687
Plus adjustments for amounts unpaid:		
– Debt guarantee fees	241	29
– Surplus dividend paid	–	(170)
– Tax equivalent dividend paid	(20)	(21)
– Taxation equivalent payments	20	21
Closing accumulated surplus	61,887	61,055
Return on capital %	(0.2)%	(0.6)%
Subsidy from Council	3,736	3,535
Calculation of dividend payable:		
Surplus (deficit) after tax	591	1,509
Less: capital grants and contributions (excluding developer contributions)	(101)	(1,034)
Surplus for dividend calculation purposes	490	475
Potential dividend calculated from surplus	245	238

Nambucca Valley Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	3,670	1,000
Investments	6,881	8,829
Receivables	1,531	1,284
Inventories	28	28
Contract assets and contract cost assets	76	95
Total current assets	12,186	11,236
Non-current assets		
Investments	12,629	12,532
Infrastructure, property, plant and equipment	106,868	99,390
Intangible assets	406	406
Total non-current assets	119,903	112,328
Total assets	132,089	123,564
LIABILITIES		
Current liabilities		
Payables	315	193
Contract liabilities	153	170
Borrowings	550	517
Total current liabilities	1,018	880
Non-current liabilities		
Borrowings	20,089	20,639
Total non-current liabilities	20,089	20,639
Total liabilities	21,107	21,519
Net assets	110,982	102,045
EQUITY		
Accumulated surplus	67,440	66,050
Revaluation reserves	43,542	35,995
Total equity	110,982	102,045

Nambucca Valley Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	2,703	1,838
Investments	2,485	5,612
Receivables	510	372
Contract assets and contract cost assets	51	83
Total current assets	5,749	7,905
Non-current assets		
Investments	11,822	3,635
Receivables	147	148
Infrastructure, property, plant and equipment	88,520	83,615
Total non-current assets	100,489	87,398
Total assets	106,238	95,303
LIABILITIES		
Current liabilities		
Payables	88	58
Contract liabilities	214	138
Borrowings	203	81
Total current liabilities	505	277
Non-current liabilities		
Borrowings	5,815	2,275
Total non-current liabilities	5,815	2,275
Total liabilities	6,320	2,552
Net assets	99,918	92,751
EQUITY		
Accumulated surplus	61,887	61,055
Revaluation reserves	38,031	31,696
Total equity	99,918	92,751

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Water Supplies

Comprising the whole of the operations and assets of the water supply function.

b. Sewerage Services

Comprising the whole of the operations and assets of the sewerage reticulation and treatment service.

Category 2

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

NIL

Taxation equivalent charges

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

Notional rate applied (%)

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

Note – Significant Accounting Policies (continued)

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%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

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'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Note – Significant Accounting Policies (continued)

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

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

(iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with the Best Practice Management of Water Supply and Sewer guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the DPIW.



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Nambucca Valley Council

To the Councillors of Nambucca Valley Council

Opinion

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

The Declared Business Activities of the Council are:

- Water supply
- Sewerage.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Quentin Wong', with a long horizontal flourish underneath.

Quentin Wong
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY

Nambucca Valley Council

SPECIAL SCHEDULES
for the year ended 30 June 2023

Nambucca Valley ~ Living at its best



Nambucca Valley Council

Special Schedules

for the year ended 30 June 2023

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Nambucca Valley Council

Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
Notional general income calculation ¹			
Last year notional general income yield	a	11,846	12,121
Plus or minus adjustments ²	b	194	41
Notional general income	c = a + b	12,040	12,162
Permissible income calculation			
Or rate peg percentage	e	0.70%	3.70%
Or plus rate peg amount	i = e x (c + g)	84	450
Sub-total	k = (c + g + h + i + j)	12,124	12,612
Plus (or minus) last year's carry forward total	l	3	6
Sub-total	n = (l + m)	3	6
Total permissible income	o = k + n	12,127	12,618
Less notional general income yield	p	12,121	12,600
Catch-up or (excess) result	q = o - p	6	18
Carry forward to next year ⁴	t = q + r + s	6	18

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) 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 Local Government Act 1993. 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

Nambucca Valley Council

To the Councillors of Nambucca Valley Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Quentin Wong
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY

Nambucca Valley Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Council Works Depot	14	14	33	25	1,877	2,460	34.0%	53.0%	10.0%	3.0%	0.0%
	Council Public Halls	360	360	57	47	6,409	13,655	68.0%	27.0%	5.0%	0.0%	0.0%
	Libraries	–	–	16	61	5,551	6,111	86.0%	8.0%	6.0%	0.0%	0.0%
	Museum	35	35	41	4	389	908	0.0%	32.0%	50.0%	18.0%	0.0%
	Other – Buildings	37	37	55	45	3,220	4,177	47.0%	38.0%	11.0%	4.0%	0.0%
	Other – Bush Fire/SES Bldgs.	130	130	71	56	2,924	4,300	28.0%	44.0%	25.0%	3.0%	0.0%
	Other – Swimming Pool Bldgs.	5	5	33	23	2,725	3,684	19.0%	77.0%	4.0%	0.0%	0.0%
	Other – Child Care Centres	–	–	10	4	786	1,097	25.0%	67.0%	8.0%	0.0%	0.0%
	Amenities/Toilets	47	47	74	57	3,338	4,280	38.0%	30.0%	28.0%	4.0%	0.0%
	Other -Sports Grounds	150	150	192	47	7,598	11,022	42.0%	36.0%	16.0%	6.0%	0.0%
	Sub-total	778	778	644	429	37,723	56,318	46.2%	38.5%	12.9%	2.4%	0.0%
Other structures	Other	25	25	465	–	5,499	10,697	25.0%	45.0%	5.0%	25.0%	0.0%
	Sub-total	25	25	465	–	5,499	10,697	25.0%	45.0%	5.0%	25.0%	0.0%
Roads	Sealed roads	423	423	596	191	10,450	19,856	27.0%	27.0%	36.0%	9.0%	1.0%
	Unsealed roads	301	301	1,553	2,077	5,769	9,438	16.0%	12.0%	18.0%	32.0%	22.0%
	Roads – Pavement	1,264	1,264	3,161	2,865	70,537	115,406	21.0%	32.0%	41.0%	5.0%	1.0%
	Sealed Road - Sub Pavement	–	–	–	–	3,855	3,951	100.0%	0.0%	0.0%	0.0%	0.0%
	Kerb & Gutter	–	–	359	45	14,736	22,135	12.0%	51.0%	37.0%	0.0%	0.0%
	Footpaths	–	–	184	78	11,784	16,463	28.0%	55.0%	17.0%	0.0%	0.0%
	Carparks	–	–	28	–	1,888	2,494	22.0%	61.0%	17.0%	0.0%	0.0%
	Other road assets	33	33	109	5	3,181	6,374	41.0%	21.0%	35.0%	3.0%	0.0%
	Bulk earthworks	–	–	–	–	45,994	45,994	100.0%	0.0%	0.0%	0.0%	0.0%
	Bridges – Concrete	–	–	268	7	31,033	37,726	41.0%	53.0%	6.0%	0.0%	0.0%
	Bridges – Timber	1,021	1,021	367	78	1,555	5,580	0.0%	13.0%	55.0%	32.0%	0.0%
	Bridges – Composite	402	402	286	31	19,198	28,514	1.0%	89.0%	5.0%	5.0%	0.0%
	Bridges - Steel	–	–	14	–	473	552	0.0%	20.0%	80.0%	0.0%	0.0%
	Bridge Size Culverts	–	–	33	12	629	1,264	0.0%	18.0%	82.0%	0.0%	0.0%
	Sub-total	3,444	3,444	6,958	5,389	221,082	315,747	34.0%	35.8%	24.7%	4.4%	1.1%

Nambucca Valley Council

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

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Water supply network	Reticulation	108	108	671	531	21,223	38,986	14.0%	49.0%	36.0%	1.0%	0.0%
	Trunk Mains	298	298	646	109	22,436	40,002	22.0%	23.0%	51.0%	4.0%	0.0%
	Mains/Meters	–	–	27	24	177	297	26.0%	13.0%	37.0%	12.0%	12.0%
	Reservoirs	341	341	815	102	9,761	14,843	40.0%	22.0%	24.0%	7.0%	7.0%
	Water Treatment Plant	12	12	122	127	1,306	2,179	43.0%	24.0%	20.0%	5.0%	8.0%
	Bores	11	11	72	71	1,852	2,919	53.0%	30.0%	12.0%	2.0%	3.0%
	Dams	–	–	328	283	41,392	45,547	84.0%	6.0%	7.0%	3.0%	0.0%
	Pump stations	–	–	80	64	1,706	2,892	38.0%	27.0%	23.0%	12.0%	0.0%
	Sub-total	770	770	2,761	1,311	99,853	147,665	42.1%	24.7%	28.9%	3.3%	1.0%
Sewerage network	Gravity/Rising Mains	169	169	1,433	366	40,064	64,069	12.0%	25.0%	60.0%	3.0%	0.0%
	Pump Stations	105	105	783	477	13,507	20,507	26.0%	22.0%	35.0%	17.0%	0.0%
	Treatment Works	80	80	1,462	925	20,690	31,923	22.0%	37.0%	22.0%	17.0%	2.0%
	Other – Manholes	–	–	–	–	8,163	14,126	26.0%	38.0%	27.0%	7.0%	2.0%
		Sub-total	354	354	3,678	1,768	82,424	130,625	18.2%	28.9%	43.2%	9.1%
Stormwater drainage	Aerated Systems - S/W	–	–	–	–	13	73	100.0%	0.0%	0.0%	0.0%	0.0%
	Stormwater Conduits	–	–	1,089	78	32,946	48,599	12.0%	44.0%	40.0%	4.0%	0.0%
	Inlets & Junction Pits	8	8	183	13	5,063	7,271	17.0%	41.0%	35.0%	7.0%	0.0%
	Culverts	515	515	–	–	11,432	19,232	9.0%	36.0%	43.0%	8.0%	4.0%
	Other – Drainage	–	–	–	–	223	265	100.0%	0.0%	0.0%	0.0%	0.0%
		Sub-total	523	523	1,272	91	49,677	75,440	12.1%	41.5%	40.1%	5.3%
Open space / recreational assets	Swimming pools	–	–	–	–	1,520	2,958	10.0%	90.0%	0.0%	0.0%	0.0%
	Other – Open Space	137	137	202	753	5,138	7,415	100.0%	0.0%	0.0%	0.0%	0.0%
		Sub-total	137	137	202	753	6,658	10,373	74.3%	25.7%	0.0%	0.0%

Nambucca Valley Council

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

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Other infrastructure assets	Retaining Walls	–	–	18	–	10,491	12,229	89.0%	9.0%	2.0%	0.0%	0.0%
	Boat Ramps / Jetties, Boardwalks	217	217	527	40	2,620	6,007	22.0%	8.0%	15.0%	55.0%	0.0%
	Landslips	–	–	10	–	5,078	6,092	83.0%	17.0%	0.0%	0.0%	0.0%
	Other	18	18	86	–	4,959	6,386	50.0%	20.0%	28.0%	2.0%	0.0%
	Sub-total	235	235	641	40	23,148	30,714	66.6%	12.7%	9.6%	11.2%	(0.1%)
Total – all assets		6,266	6,266	16,621	9,781	526,064	777,579	33.3%	32.4%	28.1%	5.4%	0.8%

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

Infrastructure asset condition assessment 'key'

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

Nambucca Valley Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	5,198	50.85%	55.31%	> 100.00%
Depreciation, amortisation and impairment	10,222			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	6,266	1.17%	1.22%	< 2.00%
Net carrying amount of infrastructure assets	534,376			
Asset maintenance ratio				
Actual asset maintenance	9,781	58.85%	142.68%	> 100.00%
Required asset maintenance	16,621			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	6,266	0.81%	0.85%	
Gross replacement cost	777,579			

(*) 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.

Nambucca Valley Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	63.31%	79.60%	33.81%	4.58%	23.62%	12.91%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	1.46%	1.55%	0.77%	0.75%	0.43%	0.41%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	65.82%	182.57%	47.48%	90.73%	48.07%	108.28%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	1.03%	0.80%	0.52%	0.79%	0.27%	0.53%	

(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.