

Broken Hill City Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

*A vibrant, prosperous and culturally rich Heritage City
shared with visitors from around the world.*



Broken Hill City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024

*A vibrant, prosperous and culturally rich Heritage City
shared with visitors from around the world.*



Broken Hill City Council

General Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Understanding Council's Financial Statements	3
Statement by Councillors and Management	4
Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Contents for the notes to the Financial Statements	10
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	69
On the Financial Statements (Sect 417 [3])	72

Overview

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

240 Blende Street
Broken Hill NSW 2880

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.brokenhill.nsw.gov.au

Broken Hill City Council

General Purpose Financial Statements

for the year ended 30 June 2024

Understanding Council's Financial Statements

Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2024.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Broken Hill City Council

General Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

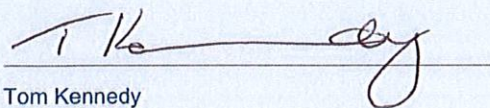
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

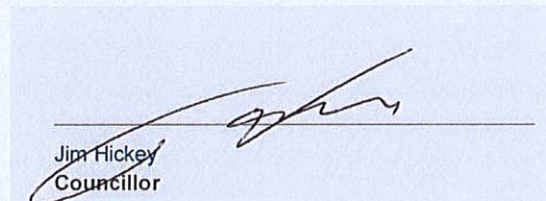
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

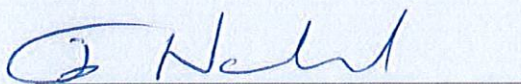
Signed in accordance with a resolution of Council made on 28 August 2024.



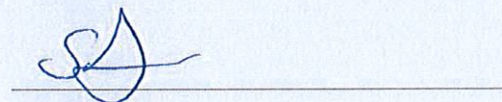
Tom Kennedy
Mayor
28 August 2024



Jim Hickey
Councillor
28 August 2024



Jay Nankivell
General Manager
28 August 2024



Simon Brown
Responsible Accounting Officer
28 August 2024

Broken Hill City Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024 \$ '000		Notes	Actual 2024 \$ '000	Actual 2023 \$ '000
	Income from continuing operations			
20,950	Rates and annual charges	B2-1	21,002	19,678
4,335	User charges and fees	B2-2	5,183	4,454
530	Other revenues	B2-3	1,389	4,873
7,077	Grants and contributions provided for operating purposes	B2-4	8,446	10,617
3,016	Grants and contributions provided for capital purposes	B2-4	5,604	3,134
1,383	Interest and investment income	B2-5	1,388	724
–	Other income	B2-6	570	579
37,291	Total income from continuing operations		43,582	44,059
	Expenses from continuing operations			
15,485	Employee benefits and on-costs	B3-1	15,847	15,492
10,369	Materials and services	B3-2	12,072	12,346
745	Borrowing costs	B3-3	812	842
6,700	Depreciation, amortisation and impairment of non-financial assets	B3-4	6,855	6,675
977	Other expenses	B3-5	1,249	1,032
–	Net loss from the disposal of assets	B4-1	136	395
34,276	Total expenses from continuing operations		36,971	36,782
3,015	Operating result from continuing operations		6,611	7,277
3,015	Net operating result for the year attributable to Council		6,611	7,277
–	Net operating result for the year before grants and contributions provided for capital purposes		1,007	4,143

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

Broken Hill City Council

Statement of Comprehensive Income

for the year ended 30 June 2024

	Notes	2024 \$ '000	2023 \$ '000
Net operating result for the year – from Income Statement		6,611	7,277
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	14,089	41,273
Total items which will not be reclassified subsequently to the operating result		14,089	41,273
Total other comprehensive income for the year		14,089	41,273
Total comprehensive income for the year attributable to Council		20,700	48,550

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

Broken Hill City Council

Statement of Financial Position

as at 30 June 2024

	Notes	2024 \$ '000	2023 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	17,056	15,399
Investments	C1-2	16,093	22,328
Receivables	C1-4	5,540	3,911
Inventories	C1-5	90	134
Other		382	1,068
Total current assets		39,161	42,840
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-6	353,467	332,915
Investments accounted for using the equity method	D1-1	803	866
Total non-current assets		354,270	333,781
Total assets		393,431	376,621
LIABILITIES			
Current liabilities			
Payables	C3-1	4,678	4,683
Contract liabilities	C3-2	7,670	10,264
Borrowings	C3-3	1,859	1,803
Employee benefit provisions	C3-4	5,121	4,768
Total current liabilities		19,328	21,518
Non-current liabilities			
Borrowings	C3-3	16,016	17,875
Employee benefit provisions	C3-4	260	268
Provisions	C3-5	9,879	9,712
Total non-current liabilities		26,155	27,855
Total liabilities		45,483	49,373
Net assets		347,948	327,248
EQUITY			
Accumulated surplus	C4-1	127,598	120,987
IPPE revaluation reserve	C4-1	220,350	206,261
Council equity interest		347,948	327,248
Total equity		347,948	327,248

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

Broken Hill City Council

Statement of Changes in Equity

for the year ended 30 June 2024

	Notes	2024			2023		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		120,987	206,261	327,248	113,710	164,988	278,698
Net operating result for the year		6,611	–	6,611	7,277	–	7,277
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	14,089	14,089	–	41,273	41,273
Other comprehensive income		–	14,089	14,089	–	41,273	41,273
Total comprehensive income		6,611	14,089	20,700	7,277	41,273	48,550
Closing balance at 30 June		127,598	220,350	347,948	120,987	206,261	327,248

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

Broken Hill City Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024 \$ '000		Notes	Actual 2024 \$ '000	Actual 2023 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
20,322	Rates and annual charges		20,641	20,453
4,205	User charges and fees		5,292	4,201
694	Interest received		1,502	874
10,093	Grants and contributions		10,829	21,987
–	Bonds, deposits and retentions received		4	339
514	Other		2,509	7,457
<i>Payments:</i>				
(15,020)	Payments to employees		(15,696)	(15,226)
(10,058)	Payments for materials and services		(11,980)	(14,386)
(745)	Borrowing costs		(650)	(677)
(948)	Other		(2,674)	(890)
9,057	Net cash flows from operating activities	G1-1	9,777	24,132
Cash flows from investing activities				
<i>Receipts:</i>				
5,000	Sale of investments		27,010	6,000
320	Proceeds from sale of IPPE		446	123
<i>Payments:</i>				
–	Acquisition of term deposits		(20,500)	(19,510)
(14,169)	Payments for IPPE		(13,273)	(9,966)
(8,849)	Net cash flows from investing activities		(6,317)	(23,353)
Cash flows from financing activities				
<i>Receipts:</i>				
–	Proceeds from borrowings		–	1,141
<i>Payments:</i>				
(1,264)	Repayment of borrowings		(1,803)	(1,686)
(1,264)	Net cash flows from financing activities		(1,803)	(545)
(1,056)	Net change in cash and cash equivalents		1,657	234
–	Cash and cash equivalents at beginning of year		15,399	15,165
(1,056)	Cash and cash equivalents at end of year	C1-1	17,056	15,399
–	plus: Investments on hand at end of year	C1-2	16,093	22,328
(1,056)	Total cash, cash equivalents and investments		33,149	37,727

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

Broken Hill City Council

Contents for the notes to the Financial Statements for the year ended 30 June 2024

A About Council and these financial statements	12
A1-1 Basis of preparation	12
B Financial Performance	14
B1 Functions or activities	14
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
B2 Sources of income	16
B2-1 Rates and annual charges	16
B2-2 User charges and fees	17
B2-3 Other revenues	18
B2-4 Grants and contributions	19
B2-5 Interest and investment income	22
B2-6 Other income	22
B3 Costs of providing services	23
B3-1 Employee benefits and on-costs	23
B3-2 Materials and services	24
B3-3 Borrowing costs	24
B3-4 Depreciation, amortisation and impairment of non-financial assets	25
B3-5 Other expenses	26
B4 Gains or losses	27
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	27
B5 Performance against budget	28
B5-1 Material budget variations	28
C Financial position	30
C1 Assets we manage	30
C1-1 Cash and cash equivalents	30
C1-2 Financial investments	31
C1-3 Restricted and allocated cash, cash equivalents and investments	32
C1-4 Receivables	33
C1-5 Inventories	34
C1-6 Infrastructure, property, plant and equipment	35
C2 Leasing activities	38
C2-1 Council as a lessor	38
C3 Liabilities of Council	39
C3-1 Payables	39
C3-2 Contract Liabilities	40
C3-3 Borrowings	41
C3-4 Employee benefit provisions	42
C3-5 Provisions	43

Broken Hill City Council

Contents for the notes to the Financial Statements for the year ended 30 June 2024

C4 Reserves	44
C4-1 Nature and purpose of reserves	44
D Council structure	45
D1 Interests in other entities	45
D1-1 Interests in joint arrangements	45
E Risks and accounting uncertainties	47
E1-1 Risks relating to financial instruments held	47
E2-1 Fair value measurement	51
E3-1 Contingencies	58
F People and relationships	61
F1 Related party disclosures	61
F1-1 Key management personnel (KMP)	61
F1-2 Councillor and Mayoral fees and associated expenses	62
F2 Other relationships	62
F2-1 Audit fees	62
G Other matters	63
G1-1 Statement of Cash Flows information	63
G2-1 Commitments	64
G3-1 Events occurring after the reporting date	64
G4 Statement of performance measures	65
G4-1 Statement of performance measures – consolidated results	65
H Additional Council disclosures (unaudited)	66
H1-1 Statement of performance measures – consolidated results (graphs)	66
H1-2 Council information and contact details	68

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 28 August 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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
- (ii) estimated tip remediation provisions
- (iii) employee benefit provisions

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 Note 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 entities have been included as part of the Consolidated Fund:

- General purpose operations
- Waste management operations
- Civic centre operations
- Airport operations

A1-1 Basis of preparation (continued)

Volunteer services

Council is committed to providing work experience and training opportunities to members of the Community. However, Council is equally committed to maintaining the highest possible employment levels.

Volunteers are therefore, not substitutes for paid employees but an acknowledged and valued addition to Council's community infrastructure.

In Accordance with *AASB 1058 Income of Not-For-Profit Entities*, the fair value of volunteer services provided to council cannot reliably measured and therefore cannot be recognised as an expense or an asset.

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 2024 reporting period.

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

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective for the first time at 30 June 2024.

Those newly adopted standards had no material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Functions or activities										
Our Community	2,781	5,950	8,057	7,472	(5,276)	(1,522)	1,954	4,710	307,957	295,312
Our Economy	7,361	2,711	9,241	8,955	(1,880)	(6,244)	4,768	1,149	15,395	14,763
Our Environment	6,772	5,542	5,233	5,148	1,539	394	876	329	9,038	8,667
Our Leadership	26,668	29,856	14,440	15,207	12,228	14,649	6,451	7,563	60,358	57,879
Total functions and activities	43,582	44,059	36,971	36,782	6,611	7,277	14,050	13,751	393,431	376,621

B1-2 Components of functions or activities

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

Our Community

Our Community is our people and how we can work together to ensure we position ourselves to retain our sense of identity, our health, wellbeing, social inclusion and connectedness.

Our Economy

In order to reduce our reliance on the mining industry, the community identified strategies that reflect a commitment and determination to expand our thinking and adapt to remain relevant in the world as it is today. This means building on existing economic platforms, like art, culture and tourism, and building on new opportunities such as technology, renewable energies and education.

Our Environment

Our environment relates to the conservation and preservation of the natural environment and the greater reduction of the human impact on the surrounding environment to ensure a sustainable and healthy community.

Our Leadership

Community leadership is essential to ensure the goal and objectives of the Broken Hill City Council's long term plan are achieved. Our leadership is a coordinated approach to add value and ownership of the Community Strategic Plan.

B2 Sources of income

B2-1 Rates and annual charges

	2024 \$ '000	2023 \$ '000
Ordinary rates		
Residential	11,134	10,394
Farmland	–	12
Mining	2,837	2,707
Business	3,741	3,570
Less: pensioner rebates (mandatory)	(379)	(397)
Less: pensioner rebates (Council policy)	(14)	(15)
Less: rates levied on council properties	(85)	(91)
Rates levied to ratepayers	17,234	16,180
Pensioner rate subsidies received	222	222
Total ordinary rates	17,456	16,402
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	3,620	3,354
Less: pensioner rebates (mandatory)	(139)	(147)
Annual charges levied	3,481	3,207
Pensioner annual charges subsidies received:		
– Domestic waste management	65	69
Total annual charges	3,546	3,276
Total rates and annual charges	21,002	19,678

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

Material accounting policy information

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

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

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

B2-2 User charges and fees

	Timing	2024 \$ '000	2023 \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Waste management services (non-domestic)	2	975	900
Total specific user charges		975	900
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Inspection services	2	17	20
Private works – section 67	2	107	119
Regulatory/ statutory fees	2	146	165
Section 10.7 certificates (EP&A Act)	2	95	127
Section 603 certificates	2	51	59
Animal control	2	49	56
Total fees and charges – statutory/regulatory		465	546
(ii) Fees and charges – other (incl. general user charges (per s608))			
Parking fees	2	83	93
Transport for NSW works (state roads not controlled by Council)	2	643	–
Waste disposal tipping fees	2	978	579
Art gallery	2	83	56
Airport	2	855	824
Burial fees	2	232	230
Rental income	2	90	84
Living desert fees	2	349	318
Museum	2	3	3
Public halls	2	200	213
Royalties	2	40	125
Swimming centre / pool	2	–	294
Other	2	17	25
Tourism and area promotion	2	170	164
Total fees and charges – other		3,743	3,008
Total other user charges and fees		4,208	3,554
Total user charges and fees		5,183	4,454
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		5,183	4,454
Total user charges and fees		5,183	4,454

Material accounting policy information

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, 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.

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

	Timing	2024 \$ '000	2023 \$ '000
Legal fees recovery – rates and charges (extra charges)	2	70	233
Legal fees recovery – other	2	282	1,893
Commissions and agency fees	2	40	19
Diesel rebate	2	64	51
Insurance claims recoveries	2	562	2,132
Sales – general	2	105	153
Bad and Doubtful Debt Provision movement		–	29
Apprentice Wage Subsidy	2	42	225
Sundry income	2	224	138
Total other revenue		1,389	4,873

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		1,389	4,873
Total other revenue		1,389	4,873

Material accounting policy information for other revenue

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

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

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

B2-4 Grants and contributions

		Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	436	1,070	–	–
Financial assistance – local roads component	2	29	601	–	–
Payment in advance - future year allocation					
Financial assistance	2	5,972	6,367	–	–
Amount recognised as income during current year					
		6,437	8,038	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Economic development	2	29	435	–	–
Heritage and cultural	2	40	132	700	57
Library	2	317	452	–	–
Art gallery	2	100	100	–	–
Parks and reserves and horticulture	2	–	21	851	505
Street lighting	2	119	114	–	–
Airport	1	–	–	1,628	305
Transport (roads to recovery)	2	311	311	–	–
Transport (other roads and bridges funding)	2	1,003	885	218	1,589
Other specific grants	1	–	–	1,580	678
Heritage/cultural	2	12	13	–	–
Recreation and culture	2	48	22	–	–
Tourism	2	13	19	–	–
Other	2	1	–	–	–
Total special purpose grants and non-developer contributions – cash					
		1,993	2,504	4,977	3,134
Non-cash contributions					
Acquisition of Police Station					
		–	–	627	–
Total other contributions – non-cash					
		–	–	627	–
Total special purpose grants and non-developer contributions (tied)					
		1,993	2,504	5,604	3,134
Total grants and non-developer contributions					
		8,430	10,542	5,604	3,134
Comprising:					
– Commonwealth funding		6,747	8,348	1,702	634
– State funding		1,604	2,147	3,275	2,500
– Other funding		79	47	627	–
		8,430	10,542	5,604	3,134

B2-4 Grants and contributions (continued)

Developer contributions

		Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
	Timing				
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.12 – fixed development consent levies	2	16	75	–	–
Total developer contributions – cash		16	75	–	–
Total developer contributions		16	75	–	–
Total contributions		16	75	–	–
Total grants and contributions		8,446	10,617	5,604	3,134
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		4,736	1,830	–	–
Grants and contributions recognised at a point in time (2)		3,710	8,787	5,604	3,134
Total grants and contributions		8,446	10,617	5,604	3,134

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:

	Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	2,101	1,364	10,264	2,028
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,219	1,373	2,141	10,066
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(1,088)	(636)	(2,141)	(300)
Less: Funds received in prior year but revenue recognised and funds spent in current year	-	-	(2,594)	(1,530)
Unspent funds at 30 June	2,232	2,101	7,670	10,264

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

B2-4 Grants and contributions (continued)

Other grants and contributions

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

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

B2-5 Interest and investment income

	2024 \$ '000	2023 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	193	48
– Cash and investments	1,195	676
Total interest and investment income (losses)	1,388	724

B2-6 Other income

	2024 \$ '000	2023 \$ '000
	Notes	
Rental income		
Other lease income		
Rental income ¹	295	331
Total rental income	295	331
	C2-1	
Fair value increment on investments		
Fair Value Increment (Managed Funds)	275	248
Total Fair value increment on investments	275	248
Total other income	570	579

(1) Lease Income (excluding variable lease payments not dependent on an index or rate)

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2024 \$ '000	2023 \$ '000
Salaries and wages	11,182	10,991
Employee termination costs (where material – other than vested leave paid)	–	165
Employee leave entitlements (ELE)	3,384	3,135
Superannuation	1,613	1,460
Workers' compensation insurance	647	630
Fringe benefit tax (FBT)	30	26
Total employee costs	16,856	16,407
Less: capitalised costs	(1,009)	(915)
Total employee costs expensed	15,847	15,492

Material accounting policy information

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

	Notes	2024 \$ '000	2023 \$ '000
Raw materials and consumables		2,706	2,543
Contractor costs		4,725	4,062
Audit Fees	F2-1	160	195
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	239	219
Advertising		113	111
Bank charges		95	89
Electricity and heating		668	641
Insurance		557	641
Postage		112	109
Printing and stationery		69	66
Street lighting		346	289
Subscriptions and publications		194	185
Telephone and communications		97	102
Travel expenses		100	143
Investment fees		11	10
Internet access		116	121
Licenses and permits		32	27
Motor vehicles		63	66
Promotion		33	64
Training costs (other than salaries and wages)		130	102
Other expenses		390	483
Water charges and consumption		735	541
Sale of Land For Unpaid Rates		–	96
Legal expenses:			
– Legal expenses: debt recovery		3	102
– Legal expenses: other		378	1,339
Total materials and services		12,072	12,346

B3-3 Borrowing costs

(i) Interest bearing liability costs

Interest on loans		645	677
Total interest bearing liability costs		645	677
Total interest bearing liability costs expensed		645	677

(ii) Other borrowing costs

Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	167	165
Total other borrowing costs		167	165
Total borrowing costs expensed		812	842

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

	Notes	2024 \$ '000	2023 \$ '000
Depreciation and amortisation			
Plant and equipment		911	822
Office equipment		172	132
Furniture and fittings		132	123
Infrastructure:			
	C1-6		
– Buildings		1,713	1,707
– Footpaths		216	169
– Other open space/recreational assets		280	362
– Other structures		862	859
– Roads		2,141	2,079
– Stormwater drainage		198	192
Reinstatement, rehabilitation and restoration assets:			
– Tip assets		230	230
Total depreciation, amortisation and impairment for non-financial assets		6,855	6,675

Material accounting policy information

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE 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 no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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

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

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

B3-5 Other expenses

	Notes	2024 \$ '000	2023 \$ '000
Bad and Doubtful Debts		43	7
Total Other Expenses	C1-4	43	7
Net share of loss in joint ventures and associates using the equity method			
Joint arrangements		63	65
Total net share of loss in joint ventures and associates using the equity method	D1-1	63	65
Other			
Contributions/levies to other levels of government		802	659
Donations, contributions and assistance to other organisations (Section 356)		341	301
Total other		1,143	960
Total other expenses		1,249	1,032

B4 Gains or losses

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

	Notes	2024 \$ '000	2023 \$ '000
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property (excl. investment property)		354	17
Less: carrying amount of property assets sold/written off		(388)	(18)
Gain (or loss) on disposal		(34)	(1)
Gain (or loss) on disposal of plant and equipment			
Proceeds from disposal – plant and equipment	C1-6	92	106
Less: carrying amount of plant and equipment assets sold/written off		(39)	(223)
Gain (or loss) on disposal		53	(117)
Gain (or loss) on disposal of infrastructure			
Proceeds from disposal – infrastructure	C1-6	–	–
Less: carrying amount of infrastructure assets sold/written off		(155)	(277)
Gain (or loss) on disposal		(155)	(277)
Net gain (or loss) from disposal of assets		(136)	(395)

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 26 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----		
Revenues					
Rates and annual charges	20,950	21,002	52	0%	F
User charges and fees	4,335	5,183	848	20%	F
The increase in revenue is due to additional revenue from disposal of waste material from the a major rail crash and road projects contracted by Transport for NSW.					
Other revenues	530	1,389	859	162%	F
Higher than budgeted revenue is due to further insurance and other cost recoveries related to the Civic Centre refurbishment and higher than usual sale of scrap metal.					
Operating grants and contributions	7,077	8,446	1,369	19%	F
The favourable variance is due to an increase in the Commonwealth Financial Assistance Grant and an additional grant revenue under Rural and Regional Road Repair Fund that was not anticipated in the original budget.					
Capital grants and contributions	3,016	5,604	2,588	86%	F
The variance is due to timing differences between when capital grants are budgeted and when grant funding is received.					
Interest and investment revenue	1,383	1,388	5	0%	F
Other income	-	570	570	∞	F
Other Income was classified as Interest and Investment Income in the original budget. The favourable overall variance for Interest and Investment Income and Other Income is due to an increase in interest rates over the year.					

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----		
Expenses					
Employee benefits and on-costs	15,485	15,847	(362)	(2)%	U
Materials and services	10,369	12,072	(1,703)	(16)%	U
Budget variances are due to general increases in prices, expenditure on contracted works offset by revenue not included in the original budget, employment of contracted staff to fill vacancies in technical areas that were included in employee costs budget and additional legal expenses not included in the original budget.					
Borrowing costs	745	812	(67)	(9)%	U
Depreciation, amortisation and impairment of non-financial assets	6,700	6,855	(155)	(2)%	U
Other expenses	977	1,249	(272)	(28)%	U
Higher than budgeted revenue is due to further insurance and other cost recoveries related to the Civic Centre refurbishment and higher than usual sale of scrap metal.					

Statement of cash flows

Cash flows from operating activities	9,057	9,777	720	8%	F
The favourable variance is due to revenue from an increase in the Commonwealth Financial Assistance Grant and additional grant revenue under Rural and Regional Road Repair Fund that was not anticipated in the original budget. Higher than budgeted revenue from disposal of waste material from the a major rail crash, additional revenue from road projects contracted by Transport for NSW, scrap metal sales, and insurance recoveries related to the Civic Centre refurbishment.					
Cash flows from investing activities	(8,849)	(6,317)	2,532	(29)%	F
The variance is due to higher than budgeted expenditure on IPPE which necessitated higher than budgeted redemption of term deposits.					
Cash flows from financing activities	(1,264)	(1,803)	(539)	43%	U
The variance is due to a calculation error in the compilation of the original budget.					

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2024 \$ '000	2023 \$ '000
Cash assets		
Cash on hand and at bank	7,171	4,508
Cash equivalent assets		
– Short-term deposits	9,885	10,891
Total cash and cash equivalents	17,056	15,399
Reconciliation of cash and cash equivalents		
Total cash and cash equivalents per Statement of Financial Position	17,056	15,399
Balance as per the Statement of Cash Flows	17,056	15,399

C1-2 Financial investments

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Financial assets at fair value through the profit and loss				
Managed funds	4,593	–	4,318	–
Total	4,593	–	4,318	–
Debt securities at amortised cost				
Long term deposits	11,500	–	18,010	–
Total	11,500	–	18,010	–
Total financial investments	16,093	–	22,328	–
Total cash assets, cash equivalents and investments	33,149	–	37,727	–

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

Financial assets through profit or loss

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

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

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

	2024 \$ '000	2023 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	33,149	37,727
Less: Externally restricted cash, cash equivalents and investments	<u>(15,593)</u>	<u>(16,948)</u>
Cash, cash equivalents and investments not subject to external restrictions	17,556	20,779
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>7,670</u>	10,264
External restrictions – included in liabilities	7,670	10,264
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants (recognised as revenue) – general fund	2,232	2,101
Domestic waste management	5,077	3,980
Royalties	<u>614</u>	<u>603</u>
External restrictions – other	7,923	6,684
Total external restrictions	15,593	16,948

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.

	2024 \$ '000	2023 \$ '000
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	17,556	20,779
Less: Internally restricted cash, cash equivalents and investments	<u>(16,580)</u>	<u>(16,883)</u>
Unrestricted and unallocated cash, cash equivalents and investments	976	3,896
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Employees leave entitlement	1,076	1,007
Plant purchase reserve	701	951
Other	4,653	3,264
General Projects Reserve	6,000	6,000
TCorp Loan Reserve	<u>4,150</u>	<u>5,661</u>
Total internal allocations	16,580	16,883

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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Rates and annual charges	2,521	-	2,129	-
Interest and extra charges	578	-	562	-
User charges and fees	644	-	718	-
Accrued revenues				
– Interest on investments	61	-	191	-
– Other income accruals	1,444	-	252	-
GST receivable	473	-	202	-
Deferred debtors	10	-	10	-
Total	5,731	-	4,064	-
Less: provision for impairment				
Rates and annual charges	(56)	-	(53)	-
User charges and fees	(135)	-	(100)	-
Total provision for impairment – receivables	(191)	-	(153)	-
Total net receivables	5,540	-	3,911	-
Externally restricted receivables				
Domestic waste management	319	-	457	-
Total external restrictions	319	-	457	-
Unrestricted receivables	5,221	-	3,454	-
Total net receivables	5,540	-	3,911	-

	2024 \$ '000	2023 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year	153	2,271
Less: Reductions to provisions recognised during the year	-	(2,118)
+ new provisions recognised during the year	38	-
Balance at the end of the year	191	153

C1-4 Receivables (continued)

Material accounting policy information

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

Impairment

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

When 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, or when the receivables are over 3 years past due, whichever occurs first.

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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Inventories at cost				
Trading stock	90	-	134	-
Total inventories at cost	90	-	134	-
Total inventories	90	-	134	-

Material accounting policy information

Raw materials and stores, work in progress and finished goods

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

C1-6 Infrastructure, property, plant and equipment

	At 1 July 2023			Asset movements during the reporting period							At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments / (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
By aggregated asset class	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	10,339	–	10,339	7,710	40	–	–	(5,590)	(2)	–	12,497	–	12,497
Plant and equipment	14,643	(7,996)	6,647	1,079	5	(39)	(911)	503	(1)	–	15,927	(8,644)	7,283
Office equipment	2,519	(1,842)	677	29	–	–	(172)	–	–	–	2,548	(2,014)	534
Furniture and fittings	2,701	(1,843)	858	–	–	–	(132)	13	(1)	–	2,713	(1,975)	738
Land:													
– Operational land	5,339	–	5,339	–	–	(388)	–	–	(1)	–	4,950	–	4,950
– Community land	3,488	–	3,488	–	–	–	–	–	–	–	3,488	–	3,488
- Crown Land	1,585	–	1,585	–	219	–	–	–	–	–	1,804	–	1,804
Infrastructure:													
– Buildings	144,534	(56,428)	88,106	773	703	(133)	(1,713)	192	3	3,719	152,228	(60,578)	91,650
– Other structures	27,695	(9,222)	18,473	150	430	(22)	(862)	3,907	(324)	903	33,118	(10,463)	22,655
– Roads	234,121	(81,258)	152,863	1,859	–	–	(2,141)	975	1	8,298	249,888	(88,033)	161,855
– Footpaths	15,632	(6,223)	9,409	243	388	–	(216)	–	(2)	369	16,893	(6,702)	10,191
– Stormwater drainage	17,059	(6,789)	10,270	–	–	–	(198)	–	1	312	17,589	(7,204)	10,385
– Other open space/recreational assets	14,537	(4,920)	9,617	272	–	–	(280)	–	325	488	16,020	(5,598)	10,422
Other assets:													
– Library books	352	(352)	–	–	–	–	–	–	–	–	352	(352)	–
- Other	8,742	–	8,742	–	–	–	–	–	–	–	8,742	–	8,742
– Other	276	(225)	51	–	–	–	–	–	2	–	278	(225)	53
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	12,799	(6,348)	6,451	–	–	–	(230)	–	(1)	–	12,799	(6,579)	6,220
Total infrastructure, property, plant and equipment	516,361	(183,446)	332,915	12,115	1,785	(582)	(6,855)	–	–	14,089	551,834	(198,367)	353,467

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

C1-6 Infrastructure, property, plant and equipment (continued)

	At 1 July 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
By aggregated asset class	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	8,321	–	8,321	4,202	147	(158)	–	(2,173)	–	–	10,339	–	10,339
Plant and equipment	13,773	(7,692)	6,081	1,444	53	(223)	(822)	–	114	–	14,643	(7,996)	6,647
Office equipment	2,415	(1,710)	705	74	24	–	(132)	6	–	–	2,519	(1,842)	677
Furniture and fittings	2,581	(1,719)	862	93	26	–	(123)	–	–	–	2,701	(1,843)	858
Land:													
– Operational land	3,016	–	3,016	–	–	(18)	–	–	–	2,341	5,339	–	5,339
– Community land	1,820	–	1,820	–	35	–	–	–	–	1,633	3,488	–	3,488
- Crown Land	910	–	910	–	–	–	–	–	–	675	1,585	–	1,585
Infrastructure:													
– Buildings – non-specialised	121,003	(63,733)	57,270	184	–	(5)	(1,707)	177	–	32,187	144,534	(56,428)	88,106
– Other structures	29,906	(16,473)	13,433	138	43	–	(859)	32	1,087	4,599	27,695	(9,222)	18,473
– Roads	228,424	(81,065)	147,359	2,006	252	–	(2,079)	1,796	–	3,529	234,121	(81,258)	152,863
– Footpaths	14,785	(5,785)	9,000	1,184	–	(114)	(169)	162	–	(654)	15,632	(6,223)	9,409
– Stormwater drainage	13,033	(5,640)	7,393	–	–	–	(192)	–	–	3,069	17,059	(6,789)	10,270
– Other open space/recreational assets	24,917	(7,692)	17,225	61	–	–	(362)	–	(1,201)	(6,106)	14,537	(4,920)	9,617
Other assets:													
– Library books	352	(352)	–	–	–	–	–	–	–	–	352	(352)	–
- Other	8,742	–	8,742	–	–	–	–	–	–	–	8,742	–	8,742
– Art	276	(225)	51	–	–	–	–	–	–	–	276	(225)	51
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	12,799	(6,118)	6,681	–	–	–	(230)	–	–	–	12,799	(6,348)	6,451
Total infrastructure, property, plant and equipment	487,073	(198,204)	288,869	9,386	580	(518)	(6,675)	–	–	41,273	516,361	(183,446)	332,915

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

C1-6 Infrastructure, property, plant and equipment (continued)

Material accounting policy information

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.

Increases in the carrying amounts arising on revaluation are credited to the revaluation reserve. To the extent that the increase reverses a decrease previously recognised in 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 equipment	Years
Office equipment	5 to 10	Playground equipment	40
Office furniture	10 to 20	Benches, seats etc.	30
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	20 to 265
Other plant and equipment	5 to 15	Buildings: other	20 to 265
Transportation assets		Other infrastructure assets	
Unsealed roads	25	Unsealed roads	25
Bridge: concrete	100	Other open space/recreational assets	15 to 30
Road pavements	25 to 170		
Kerb, gutter and footpaths	70 to 100		
Stormwater assets			
Drains	85 to 100		
Culverts	70 to 100		
Flood control structures	80 to 100		

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. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

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

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.

C2 Leasing activities

C2-1 Council as a lessor

Operating leases

	2024 \$ '000	2023 \$ '000
Operating lease expenses		
Lease maintenance expenses	37	13
Total expenses relating to operating leases	37	13
Lease income (excluding variable lease payments not dependent on an index or rate)	295	331
Total income relating to operating leases for Council assets	295	331

C3 Liabilities of Council

C3-1 Payables

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Goods and services – operating expenditure	1,445	–	1,397	–
Accrued expenses:				
– Borrowings	85	–	90	–
– Salaries and wages	395	–	589	–
– Other expenditure accruals	842	–	728	–
Security bonds, deposits and retentions	392	–	388	–
Prepaid rates	1,519	–	1,491	–
Total payables	4,678	–	4,683	–

Payables

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

C3-2 Contract Liabilities

	Notes	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	7,670	–	10,264	–
Total grants received in advance		7,670	–	10,264	–
Total contract liabilities		7,670	–	10,264	–

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.

Contract liabilities relating to restricted assets

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Externally restricted assets				
Unspent grants held as contract liabilities	7,670	–	10,264	–
Contract liabilities relating to externally restricted assets	7,670	–	10,264	–
Total contract liabilities relating to restricted assets	7,670	–	10,264	–
Total contract liabilities	7,670	–	10,264	–

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

	2024 \$ '000	2023 \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	10,264	2,028
Total revenue recognised that was included in the contract liability balance at the beginning of the period	10,264	2,028

C3-3 Borrowings

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Loans – secured ¹	1,859	16,016	1,803	17,875
Total borrowings	1,859	16,016	1,803	17,875

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

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

(a) Changes in liabilities arising from financing activities

	2023		Non-cash movements				2024
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	19,678	(1,803)	–	–	–	–	17,875
Total liabilities from financing activities	19,678	(1,803)	–	–	–	–	17,875

	2022		Non-cash movements				2023
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	20,223	(1,686)	1,141	–	–	–	19,678
Total liabilities from financing activities	20,223	(1,686)	1,141	–	–	–	19,678

(b) Financing arrangements

	2024 \$ '000	2023 \$ '000
--	-----------------	-----------------

Total facilities

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

Credit cards/purchase cards	90	90
Loans – secured	17,875	19,678
Total financing arrangements	17,965	19,768

Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards	15	34
– Loans – secured	17,875	19,678
Total drawn financing arrangements	17,890	19,712

Undrawn facilities

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

– Credit cards/purchase cards	75	56
Total undrawn financing arrangements	75	56

C3-4 Employee benefit provisions

	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
	\$ '000	\$ '000	\$ '000	\$ '000
Annual leave	1,968	–	1,803	–
Sick leave	142	–	149	–
Long service leave	3,011	260	2,816	268
Total employee benefit provisions	5,121	260	4,768	268

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

	2024	2023
	\$ '000	\$ '000

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

Provisions – employees benefits	3,465	3,209
	3,465	3,209

Material accounting policy information

Long-term employee benefit obligations

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

C3-5 Provisions

	2024 Current \$ '000	2024 Non-Current \$ '000	2023 Current \$ '000	2023 Non-Current \$ '000
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	9,879	–	9,712
Sub-total – asset remediation/restoration	–	9,879	–	9,712
Total provisions	–	9,879	–	9,712

Description of and movements in provisions

	Asset remediation \$ '000	Other provisions Total \$ '000
2024		
At beginning of year	9,712	9,712
Unwinding of discount	167	167
Total other provisions at end of year	9,879	9,879
2023		
At beginning of year	9,547	9,547
Unwinding of discount	165	165
Total other provisions at end of year	9,712	9,712

Nature and purpose of provisions

Asset remediation

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

Material accounting policy information

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

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

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

Asset remediation – tips and quarries

Restoration

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

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

Rehabilitation

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

C3-5 Provisions (continued)

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

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

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 quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Interests in other entities

	Council's share of net assets	
	2024 \$ '000	2023 \$ '000
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint arrangements	803	866
Total net share of interests in joint ventures and associates using the equity method – assets	803	866
Total Council's share of net assets	803	866

D1-1 Interests in joint arrangements

Net carrying amounts – Council's share

	Interest in ownership			
	2024	2023	2024 \$ '000	2023 \$ '000
Far South West Joint Organisation	25.0%	25.0%	803	866
Total carrying amounts – material joint ventures			803	866

Joint arrangements

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

Council is a member of the Far South West Joint Organisation (FSWJO) which includes Balranald Shire Council, Central Darling Shire Council, and Wentworth Shire Council. Details of Council's membership and participation are as follows:

Legal status of Joint Organisation

The Far South West Joint Organisation is a body corporate proclaimed under the Local Government Act 1993 (the Act) with the legal capacity and powers of an individual.

While the principal functions of the joint organisation are provided for in the Act and through this Charter, powers are also conferred on the joint organisation as a statutory corporation under section 50 of the Interpretation Act 1987. Other functions may be conferred on a joint organisation by legislation and may be delegated to a joint organisation by one or more member councils.

The FSWJO has the same year end date as the Council.

What the Joint Organisation does

The principal functions of Far South West Joint Organisation are to:

- Establish strategic regional priorities for the joint organisation area and develop strategies and plans for delivering these priorities
- Provide regional leadership for the joint organisation area and to be an advocate for strategic regional priorities
- Identify and take up opportunities for intergovernmental cooperation on matters relating to the joint organisation area.

Joint Organisation participants

The percentage ownership interest held is equivalent to the percentage voting rights for all associates as follows: FSWJO comprises the Councils of the Shires of Central Darling, Wentworth, Balranald and the City of Broken Hill. The Board of the FSWJO comprises 4 voting members being the Mayors of the four member Councils, and non voting members being the General Managers of four member councils, as well as 2 appointed members from the State Government and Cabinet (non-voting).

D1-1 Interests in joint arrangements (continued)

Council's powers of control or influence over the Joint Organisation

Broken Hill City Council, as a member of the FSWJO, has a one quarter voting right in respect to the decisions of the Board.

Council's financial obligations to the Joint Organisation

In accordance with the Charter of the FSWJO the annual financial contribution required to be made by each Associate Member is to be based on a methodology adopted by the Board. The contribution made by Broken Hill City Council in 2023/2024 was nil.

Council's liability obligations in relation to the Joint Organisation

Members of the FSWJO are indemnified from liability for functions and duties carried out or omitted honestly, in good faith and with due care and diligence.

Liability for operational losses or winding up of the FSWJO

There are no liability issues identified for Council in the short to medium term.

Summarised financial information for joint organisations

	Far Southwest Joint Organisation	
	2024	2023
	\$ '000	\$ '000
Statement of financial position		
Current assets		
Cash and cash equivalents	3,455	3,465
Other current assets	11	11
Current liabilities		
Other current liabilities	244	10
Net assets	3,222	3,466
Share of income – Council (%)	25.0%	25.0%
Profit/(loss) – Council (\$)	(63)	(65)
Total comprehensive income – Council (\$)	(63)	(65)
Summarised Statement of cash flows		
Cash flows from operating activities	(10)	(186)
Net increase (decrease) in cash and cash equivalents	(10)	(186)
Reconciliation of the carrying amount		
Opening net assets (1 July)	3,466	3,726
Profit/(loss) for the period	(244)	(260)
Closing net assets	3,222	3,466
Council's share of net assets (%)	25.0%	25.0%
Council's share of net assets (\$)	803	866

Material accounting policy information

The council has determined that it has only joint operations

Joint operations:

In relation to its joint operations, where the Council has the rights to the individual assets and obligations arising from the arrangement, the Council has recognised:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

E1 Risks relating to financial instruments held

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.

	Carrying value 2024 \$ '000	Carrying value 2023 \$ '000	Fair value 2024 \$ '000	Fair value 2023 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	17,056	15,399	17,056	15,399
Receivables	5,540	3,911	5,540	3,911
Investments				
– Debt securities at amortised cost	11,500	18,010	11,500	18,010
Fair value through profit and loss				
Investments				
T Corp	4,593	4,318	4,593	4,318
Total financial assets	38,689	41,638	38,689	41,638
Financial liabilities				
Payables	4,678	4,683	4,678	4,683
Loans/advances	17,875	19,678	17,875	19,678
Total financial liabilities	22,553	24,361	22,553	24,361

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.
- **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.

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

(a) Market risk – interest rate and price risk

	2024	2023
	\$ '000	\$ '000
<p>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.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	331	377
Impact of a 10% movement in price of investments		
– Equity / Income Statement	459	432

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.

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

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

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

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.

	Not yet overdue \$ '000	overdue rates and annual charges < 5 years \$ '000	≥ 5 years \$ '000	Total \$ '000
2024				
Gross carrying amount	–	430	2,091	2,521
2023				
Gross carrying amount	–	671	1,458	2,129

Receivables - non-rates and annual charges

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 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

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts			Total \$ '000
			31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2024						
Gross carrying amount	2,365	73	34	32	706	3,210
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	19.12%	4.21%
ECL provision	–	–	–	–	135	135
2023						
Gross carrying amount	1,443	84	21	24	363	1,935
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	27.61%	5.18%
ECL provision	–	–	–	–	100	100

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

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2024							
Payables	0.00%	392	4,285	–	–	4,677	4,678
Borrowings	3.44%	–	1,803	7,508	8,564	17,875	17,875
Total financial liabilities		392	6,088	7,508	8,564	22,552	22,553
2023							
Payables	0.00%	388	4,295	–	–	4,683	4,683
Borrowings	3.41%	–	1,686	7,574	10,418	19,678	19,678
Total financial liabilities		388	5,981	7,574	10,418	24,361	24,361

E2-1 Fair value measurement

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

- Financial Assets
- Infrastructure, property, plant and equipment

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

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

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

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

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

E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy									
		Date of latest valuation		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Financial assets	C1-2										
Managed Funds		30/06/24	30/06/23	4,593	4,318	-	-	-	-	4,593	4,318
Total financial assets				4,593	4,318	-	-	-	-	4,593	4,318
Infrastructure, property, plant and equipment	C1-6										
Operational land		01/07/22	01/07/22	-	-	1,245	1,245	3,705	4,094	4,950	5,339
Community land		30/06/23	30/06/23	-	-	-	-	3,488	3,488	3,488	3,488
Crown land		30/06/23	30/06/23	-	-	-	-	1,804	1,585	1,804	1,585
Buildings		01/07/22	01/07/22	-	-	-	-	91,650	88,106	91,650	88,106
Other structures		01/07/22	01/07/22	-	-	-	-	22,655	18,473	22,655	18,473
Roads		01/07/22	01/07/22	-	-	-	-	161,855	152,863	161,855	152,863
Footpaths		01/07/22	01/07/22	-	-	-	-	10,191	9,409	10,191	9,409
Stormwater drainage		01/07/22	01/07/22	-	-	-	-	10,385	10,270	10,385	10,270
Open spaces and other recreation		01/07/22	01/07/22	-	-	-	-	10,422	9,617	10,422	9,617
Art		30/06/21	30/06/21	-	-	8,742	8,742	-	-	8,742	8,742
Other		30/06/20	30/06/20	-	-	-	-	53	51	53	51
Tip remediation		30/06/20	30/06/20	-	-	-	-	6,220	6,451	6,220	6,451
Total infrastructure, property, plant and equipment				-	-	9,987	9,987	322,428	304,407	332,415	314,394

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Financial assets

Council has invested in financial assets including term deposits.

Council values these assets at fair value based on valuations provided at the end of each month and year end that are prepared by external industry experts in the finance field.

Managed Funds have been classified as level 1 as they have unadjusted quoted prices in active markets.

Valuation techniques remained the same for the reporting period.

E2-1 Fair value measurement (continued)

Infrastructure, property, plant and equipment (IPPE)

Community land

Assets within the "Community Land" class are:

- Council owned land and
- "Care Control Management Land" [Crown] of which Council derives current and future economic benefits arising from the use of the land asset.

Council's community land is valued on the Unimproved Capital Value (UCV), provided by the Valuer General.

Currently all Council assets in this asset class are based on UCV, however, should Council have an asset in future for which an UCV is not provided, the replacement cost will be used. Replacement cost will be based on average unit rates for similar properties, land use, dimensions, land size and shape, which are not considered observable based on market evidence, therefore, placing the whole asset class in Level 3. Valuation techniques remained the same for this reporting period.

Operational land

Council's operational land includes all of Council's land classified as operational land under Local Government Act 1993. APV Valuers and Asset Management revalued all Operational Land as at 30 June 2023.

Council's operational land is valued using a modelled market based valuation process.

The majority of land is subject to directly observable comparable local market evidence, hence these assets are considered level 2. However there is land that is not subject to directly observable local market evidence as well as, if Council obtains an asset in the future for which this valuation process is not available, the replacement cost will be used. Replacement cost will be based on average unit rates for similar properties, land use, dimensions, land size and shape, which are not considered observable based on market evidence, therefore, placing these assets in in Level 3. Valuation techniques remained the same for this reporting period.

Stormwater drainage

The stormwater drainage asset class consists of Council's pits and Culverts. APV Valuers & Asset Management completed a comprehensive valuation on all roads and road related assets in 2023.

Replacement costs (unit rates) and useful lives for Stormwater Drainage assets were determined through professional judgement applied by APV, which incorporated standard unit rates to the dimensions of the asset and considered environmental factors based on asset location. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life, and residual 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. Valuation techniques remained the same for this reporting period.

All stormwater assets were indexed 3.10% as at 30 June 2024 to reflect sharp inflation increases caused by economic pressures.

Other structure

Council's other structure assets comprise of fences, flagpoles, monuments and the like.

Council engaged APV Valuers and Asset Management to value all buildings, structures and shelters in 2023.

The valuation methodology adopted was based on current replacement cost of the asset.

Replacement costs (unit rate) and useful lives of Council's other structure assets were determined using technical knowledge from Council staff (engineers and asset management) and external valuers. Other significant inputs considered in the valuation of these assets are condition rating, remaining useful life, pattern of consumption, dimensions, components and residual 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. Valuation techniques remained the same for this reporting period.

All other structure assets were indexed 5.27% as at 30 June 2024 to reflect sharp inflation increases caused by economic pressures.

Buildings

Council engaged APV Asset and Management to value all buildings, structures and shelters in 2023. The valuation methodology adopted was based on current replacement cost of the asset.

The valuation aspects are generally, but not limited to the location, size, condition, style and utility of the asset. Replacement cost, asset condition, remaining useful life and building components are some of the inputs used in fair value determination. Since most of these inputs require judgement and are unobservable, the asset class has been classified as Level 3. Valuation techniques remained the same for this reporting period.

All building assets were indexed 4.75% as at 30 June 2024 to reflect sharp inflation increases caused by economic pressures.

Roads

Council's roads are componentised into pavement, surface and formation and further separated into segments for inspection and valuation.

APV Valuers and Asset Management completed a comprehensive valuation of roads and road related assets in 2023.

The current replacement cost approach was adopted to value Council roads. The replacement costs (based on unit rates), useful lives and conditions were determined by technical information provided by Council's asset planners and professional judgement applied by APV Assets and Management.

E2-1 Fair value measurement (continued)

Some of the other significant inputs considered in the valuation of these assets are remaining useful life, dimensions, components, residual value and type of road.

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. Valuation techniques remained the same for this reporting period.

All road assets were indexed approx 5.38% as at 30 June 2024 to reflect sharp inflation increases caused by economic pressures.

Footpaths

Council's footpath register consists of all pedestrian walkways and cycleways within the Council area.

APV Valuers & Asset Management completed a comprehensive valuation of roads and road related assets in 2023.

Replacement costs (unit rates) and useful lives of Council's footpaths were determined using technical knowledge and professional judgement. Some of the other significant inputs considered in the valuation of these assets are remaining useful life, dimensions, components and residual 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. Valuation techniques remained the same for this reporting period.

All footpath assets were indexed 4.10% as at 30 June 2024 to reflect sharp inflation increases caused by economic pressures.

Open space / recreational assets

Council's recreational facilities includes assets within our sports fields, aquatic centre and park locations. This includes but is not limited to, playing courts, playgrounds, and cricket nets. Replacement costs (unit rates) and useful lives of Council's recreational facilities were determined using technical knowledge from Council staff (engineers and asset management) and professional judgement. Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and residual 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. Valuation techniques remained the same for this reporting period.

All open space assets were indexed 5.27% as at 30 June 2024 to reflect sharp inflation increases caused by economic pressures.

Plant and equipment, office equipment, and furniture and fittings

This asset category includes:

Plant & Equipment – Motor vehicles, trucks, mowers, buses, earthmoving equipment

Office Equipment – Computer equipment

Furniture & Fittings – Chairs, desks, cabinets, display systems

These assets are valued at cost in Council's books and reported at fair value in the notes due to the nature of the items.

The cost of these assets are based on current invoices and contracts, which are based on observable inputs, however the remaining useful life and residual value is based on internal factors which are unobservable in the market therefore placing these assets in Level 3. Valuation techniques remained the same for this reporting period.

Library books and other assets

This asset category comprises of assets such as library books, journals, magazines, CD's and DVD's.

The library books are reported at Fair value in the notes however, due to the nature of these items they are valued at cost.

There are no major variances between the fair value and carrying amount of these assets. The cost of these assets are based on current invoices and contracts, which are based on observable inputs, however the remaining useful life and residual value is based on internal factors which are unobservable in the market making it a Level 3 asset. Valuation techniques remain the same for this reporting period.

Artwork

Council engaged APV Valuers and Asset Management to value all artwork in 2021.

This information was updated into Council's asset register.

The valuation was completed using the replacement cost approach and market value in accordance with AASB 116.

The replacement value for artworks was determined by the price at which the items could be purchased from a reputable dealer, gallery or retail outlet.

Where the fair value of an asset could not be determined by sale on the open market, a depreciable replacement cost has been adopted. Other significant inputs considered in the valuation are the condition of the asset, pattern of consumption and remaining useful life. This asset class is categorised as Level 2 & 3 as some of the above mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

Tip remediation

Council operates a landfilling operation as well as a range of waste services, including recycled and reclaimed products. It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill site. Closure of the landfill will involve a wide range of activities including preparation of a Landfill Closure and Management Plan, final capping of the landfill waste and site re-vegetation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure.

E2-1 Fair value measurement (continued)

The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. Geolyse Pty Ltd. were engaged in the 2018 financial year to perform a valuation of the estimated cost for the tip remediation based on current data and tip consumption as at 30 June 2018.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

A reconciliation of the movements in recurring fair value measurements of infrastructure, property, plant and equipment allocated to Level 3 of the hierarchy is provided below:

	Crown Land		Operational Land		Community Land		Buildings non-specialised	
	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000
Opening balance	1,585	910	4,094	2,324	3,488	1,820	88,106	57,270
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	–	675	–	1,788	–	1,633	3,719	32,187
Other movements								
Purchases (GBV)	219	–	–	–	–	35	1,668	361
Disposals (WDV)	–	–	(389)	(18)	–	–	(133)	(5)
Depreciation and impairment	–	–	–	–	–	–	(1,710)	(1,707)
Closing balance	1,804	1,585	3,705	4,094	3,488	3,488	91,650	88,106

	Other structures		Roads		Footpaths		Stormwater drainage	
	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000
Opening balance	18,473	13,433	152,863	147,359	9,409	9,000	10,270	7,393
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	903	4,599	8,297	3,529	369	(654)	312	3,069
Other movements								
Transfers from/(to) another asset class	(325)	1,087	–	–	–	–	–	–
Purchases (GBV)	4,487	213	2,834	4,054	629	1,346	–	–
Disposals (WDV)	(22)	–	–	–	–	(114)	–	–
Depreciation and impairment	(861)	(859)	(2,139)	(2,079)	(216)	(169)	(197)	(192)
Closing balance	22,655	18,473	161,855	152,863	10,191	9,409	10,385	10,270

E2-1 Fair value measurement (continued)

	Open space/other recreational assets		Other		Tip remediation		Total	
	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000
Opening balance	9,617	17,225	51	51	6,451	6,681	304,407	263,466
Recognised in other comprehensive income – revaluation surplus	488	(6,106)	–	–	–	–	14,088	40,720
Transfers from/(to) another asset class	325	(1,201)	2	–	–	–	2	(114)
Purchases (GBV)	272	61	–	–	–	–	10,109	6,070
Disposals (WDV)	–	–	–	–	–	–	(544)	(137)
Depreciation and impairment	(280)	(362)	–	–	(231)	(230)	(5,634)	(5,598)
Closing balance	10,422	9,617	53	51	6,220	6,451	322,428	304,407

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

E3-1 Contingencies (continued)

* For 180 Point Members, Employers are required to contribute 8% of salaries for the year ending 30 June 2024 (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 2023. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$ 83,626.71. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA on 30 June 2023.

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

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

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

The share of any funding surplus/ deficit that is broadly attributed to Council is estimated to be 0.34% at 30 June 2023.

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	3.5% for FY 23/24 2.5% per annum thereafter

* Plus promotional increases

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

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 will be completed by December 2024.

E3-1 Contingencies (continued)

(ii) 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.

(iii) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) 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.

(ii) Refurbishment Project litigation

Litigation is ongoing for a compensation claim against the party (parties) involved with a refurbishment project. While the claim has been settled proceedings are still ongoing in relation to costs.

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:

	2024	2023
	\$ '000	\$ '000
Compensation:		
Short-term benefits	1,586	1,450
Post-employment benefits	119	118
Other long-term benefits	32	30
Total	1,737	1,598

F1-2 Councillor and Mayoral fees and associated expenses

	2024 \$ '000	2023 \$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	39	39
Councillors' fees	180	180
Other Councillors' expenses (including Mayor)	20	–
Total	239	219

F2 Other relationships

F2-1 Audit fees

	2024 \$ '000	2023 \$ '000
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council		
(i) Audit and other assurance services		
Audit and review of financial statements	85	74
Total Auditor-General remuneration	85	74
(i) Audit and other assurance services		
Internal Audit	75	121
Total audit fees	160	195

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of Operating Result

	2024 \$ '000	2023 \$ '000
Net operating result from Income Statement	6,611	7,277
Add / (less) non-cash items:		
Depreciation and amortisation	6,855	6,675
(Gain) / loss on disposal of assets	136	395
Non-cash capital grants and contributions	(627)	–
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’	(275)	(248)
Unwinding of discount rates on reinstatement provisions	334	330
Share of net (profits)/losses of associates/joint ventures using the equity method	63	65
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(1,667)	2,879
Increase / (decrease) in provision for impairment of receivables	38	(2,118)
(Increase) / decrease of inventories	44	13
(Increase) / decrease of other current assets	686	1
Increase / (decrease) in payables	48	(23)
Increase / (decrease) in accrued interest payable	(5)	–
Increase / (decrease) in other accrued expenses payable	(80)	77
Increase / (decrease) in other liabilities	32	480
Increase / (decrease) in contract liabilities	(2,594)	8,236
Increase / (decrease) in employee benefit provision	345	258
Increase / (decrease) in other provisions	(167)	(165)
Net cash flows from operating activities	9,777	24,132

G2-1 Commitments

Capital commitments (exclusive of GST)

	2024 \$ '000	2023 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	12,902	17,656
Infrastructure	28,760	22,049
Plant and equipment	2,426	2,204
Total commitments	44,088	41,909
These expenditures are payable as follows:		
Within the next year	17,535	7,661
Later than one year and not later than 5 years	26,553	34,248
Total payable	44,088	41,909
Sources for funding of capital commitments:		
Unrestricted general funds	5,334	4,002
Future grants and contributions	16,925	21,919
Unexpended grants	10,978	9,376
Internally restricted reserves	6,701	951
Unexpended loans	4,150	5,661
Total sources of funding	44,088	41,909

G3-1 Events occurring after the reporting date

There are no other known events after the reporting period which would give rise to a material impact on the reported results or financial position.

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023 2022		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	931	2.47%	10.71%	1.50%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	37,703				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	29,257	67.56%	68.61%	64.64%	> 60.00%
Total continuing operating revenue ¹	43,307				
3. Unrestricted current ratio					
Current assets less all external restrictions	23,249	2.84x	3.16x	3.13x	> 1.50x
Current liabilities less specific purpose liabilities	8,193				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	8,598	3.29x	4.70x	3.87x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	2,615				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	3,043	12.73%	11.20%	15.24%	< 10.00%
Rates and annual charges collectable	23,903				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	28,556	10.45 months	12.20 months	7.44 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	2,734				

(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

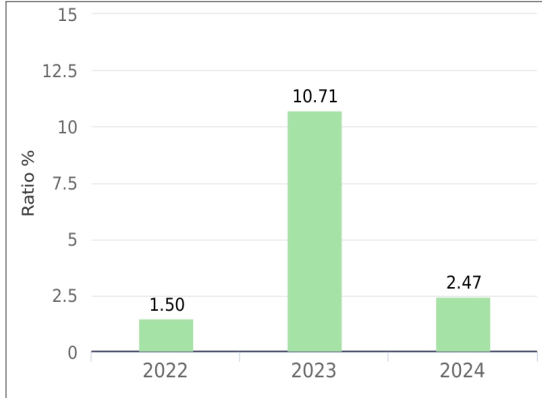
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2023/24 result

2023/24 ratio 2.47%

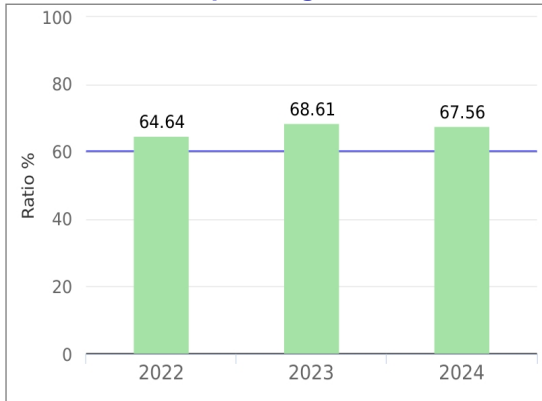
The reduction in the operating performance ratio is due to the large insurance recoveries received in 2022-23 financial year. This ratio will become more stable moving forward.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2023/24 result

2023/24 ratio 67.56%

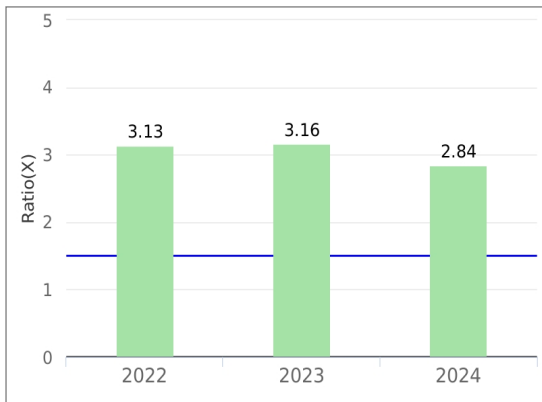
Council's own source revenue has remained consistently above the industry benchmark. A focus to increase user fees and charges in future years will be required to maintain this benchmark over the long term.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2023/24 result

2023/24 ratio 2.84x

The unrestricted current ratio is above the industry benchmark and indicates Council's ability to repay its current obligations. A balanced approach to cash flows in future years will be required to ensure the ratio is maintained whilst increasing the quantity of capital expenditure.

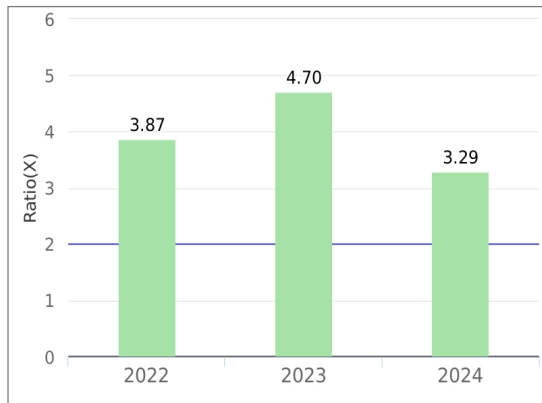
Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2023/24 result

2023/24 ratio 3.29x

Whilst the debt service ratio remained above the industry benchmark, Council experienced a slight decrease in the ratio due to the receipt of insurance recoveries in previous years.

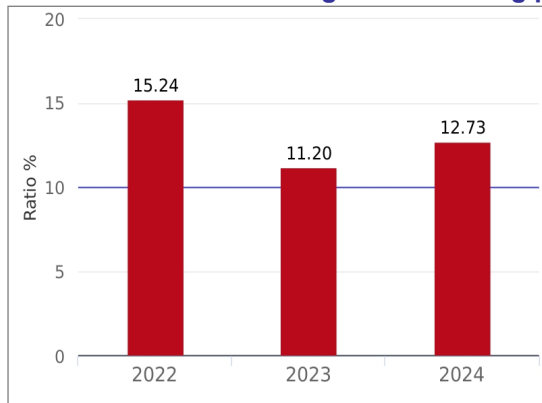
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2023/24 result

2023/24 ratio 12.73%

The Rates outstanding percentage increased slightly as compared to the previous financial year due to the finalisation of sale of land for unpaid rates. Council will conduct a SOLFUR process in FY 2024-25 and concentrate on improved recovery strategies which will see this ratio reduce and become more in line with the industry benchmark.

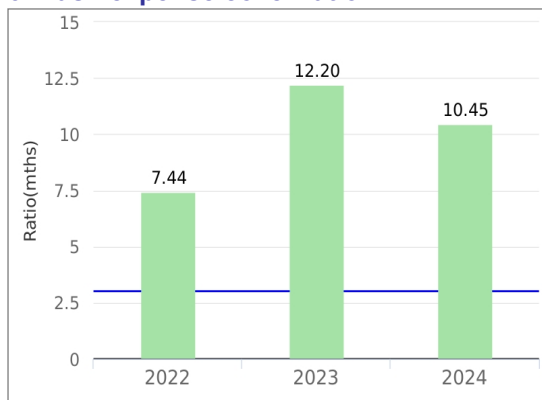
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2023/24 result

2023/24 ratio 10.45 months

The cash ratio is above the industry benchmark and indicates Council's ability to repay immediate expenses.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

240 Blende st
Broken Hill
NSW 2880

Mailing Address:

PO Box 448
Broken Hill
NSW 2880

Telephone: 08 8080 3300

Facsimile: 08 8080 3424

Opening hours:

8:30am - 5:00pm
Monday to Friday

Internet: www.brokenhill.nsw.gov.au

Email: council@brokenhill.nsw.gov.au

Officers

General Manager

Jay Nankivell

Responsible Accounting Officer

Simon Brown

Public Officer

Razija Nu'Man

Auditors

Auditor General of NSW

Elected members

Mayor

Tom Kennedy

Councillors

Jim Hickey

Bob Algate

Michael Boland

Marion Browne

Alan Chandler

Dave Gallagher

Hayley Jewitt

Ron Page

Darriea Turley AM

Other information

ABN: 84 873 116 132



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Broken Hill City Council

To the Councillors of Broken Hill City Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Hong Wee Soh
Delegate of the Auditor-General for New South Wales

25 October 2024
SYDNEY



Cr Tom Kennedy
 Mayor
 Broken Hill City Council
 PO BOX 448
 Broken Hill NSW 2880

Contact: Hong Wee Soh
 Phone no: 02 9275 7397
 Our ref: R008-2124742775-8008

25 October 2024

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2024
 Broken Hill City Council**

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

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 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

	2024 \$m	2023 \$m	Variance %
Rates and annual charges revenue	21.0	19.7	↑ 6.6
Grants and contributions revenue	14.1	13.8	↑ 2.2
Operating result from continuing operations	6.6	7.3	↓ 9.6
Net operating result before capital grants and contributions	1.0	4.1	↓ 75.6

Rates and annual charges revenue (\$21.0 million) increased by \$1.3 million (6.6 per cent) in 2023–2024 due to a rate peg increase of 3.7 percent and increased annual charges.

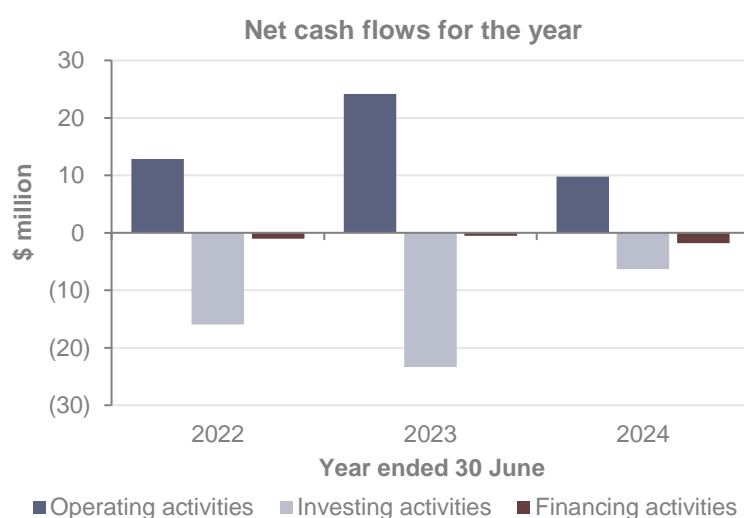
Grants and contributions revenue (\$14.1 million) increased by \$0.3 million (2.2 per cent) in 2024–2025 due to:

- an increase of \$1.2 million in the recognition of income for grant funded capital projects
- the recognition of a non-cash contribution of property assets of \$627,000
- receiving 85.0 per cent of the financial assistance grants for 2024-25 in advance (100 per cent in 2022-23).

Council’s operating result from continuing operations (\$6.6 million including the effect of depreciation and amortisation expense of \$6.9 million) was \$0.7 million lower than the 2022–23 result. The net operating result before capital grants and contributions (\$1 million) was \$3.1 million lower than the 2022–23 result. This was mainly due to the receipt of legal fee and insurance recoveries in the prior year.

STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash increased by \$1.7 million to \$17.1 million at the end of the financial year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	33.1	37.7	Externally restricted balances comprise mainly of specific purpose unexpended grants– general fund, domestic waste management charges and royalties.
Restricted cash and investments:			Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	15.6	16.9	
• Internal allocations	16.6	16.9	

Debt

After repaying principal and interest during the financial year, total debt as at 30 June 2024 was \$17.9 million (2023: \$19.7 million).

PERFORMANCE

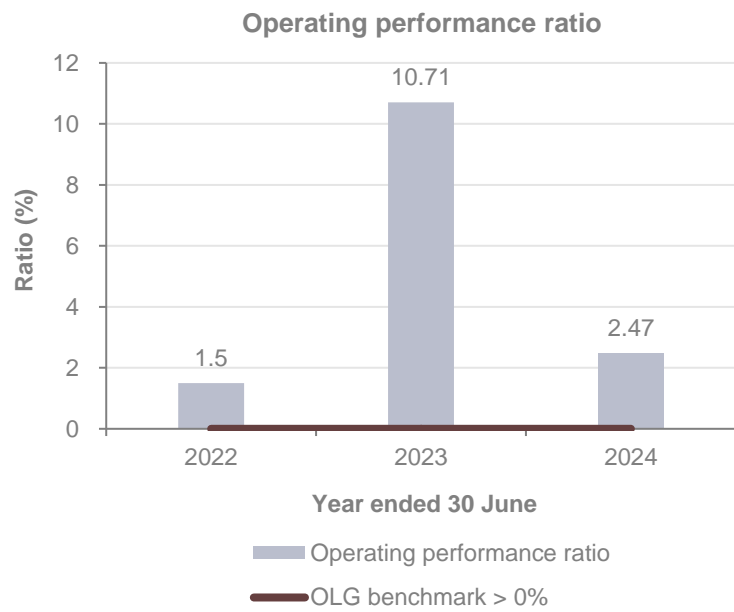
Performance measures

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

Operating performance ratio

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

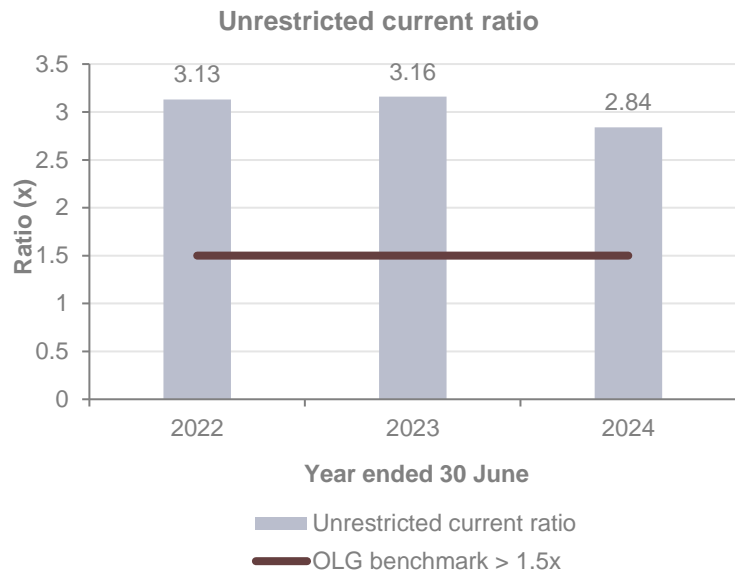
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

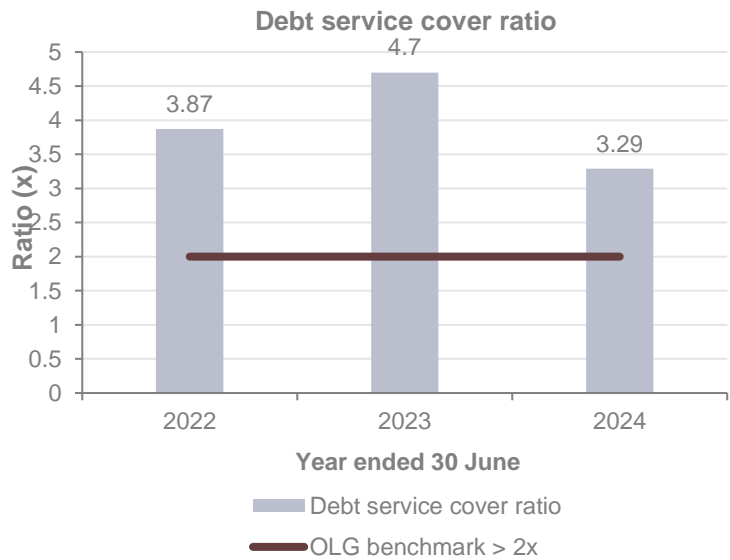
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

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

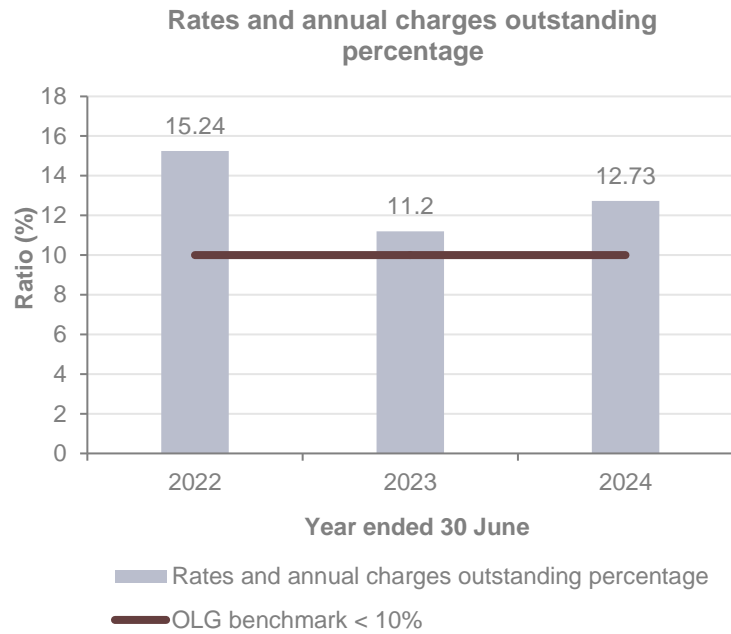
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

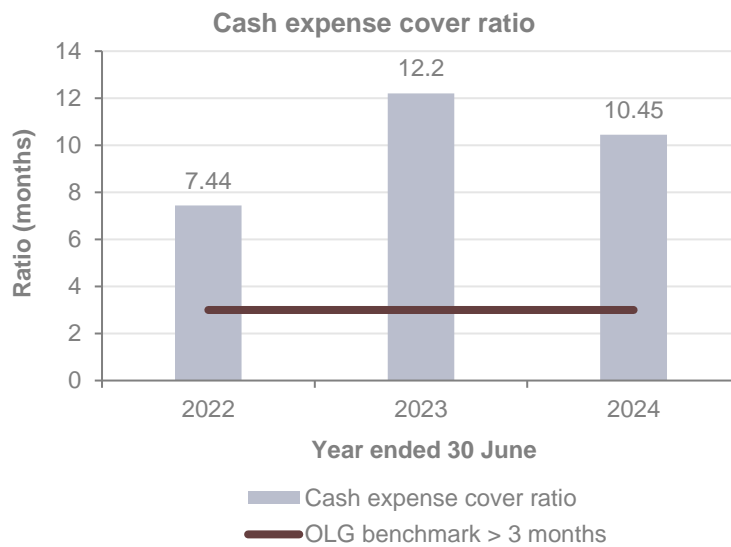
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional councils.



Cash expense cover ratio

The Council met the OLG 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's asset renewal additions for the year were \$12.1 million compared \$9.4 million for the prior year
- The level of asset renewals during the year represented 177.0 percent of the total depreciation expense (\$6.9 million) for the year.

Legislative compliance

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

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



Hong Wee Soh
Associate Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Broken Hill City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

*A vibrant, prosperous and culturally rich Heritage City
shared with visitors from around the world.*



Broken Hill City Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of Airport	4
Income Statement of Civic Centre (Entertainment centre)	5
Income Statement of Commercial waste	6
Statement of Financial Position of Airport	7
Statement of Financial Position of Civic Centre (Entertainment centre)	8
Statement of Financial Position of Commercial waste	9
Note – Material accounting policy information	10
Auditor's Report on Special Purpose Financial Statements	13

Background

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

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

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

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

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

Broken Hill City Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

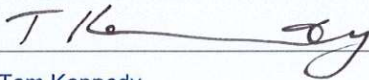
- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting

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

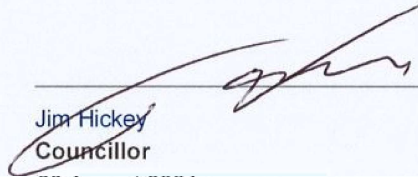
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records; and

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 28 August 2024.



Tom Kennedy
Mayor
28 August 2024



Jim Hickey
Councillor
28 August 2024



Jay Nankivell
General Manager
28 August 2024



Simon Brown
Responsible Accounting Officer
28 August 2024

Broken Hill City Council

Income Statement of Airport

for the year ended 30 June 2024

	2024 Category 2 \$ '000	2023 Category 2 \$ '000
Income from continuing operations		
User charges	929	911
Total income from continuing operations	929	911
Expenses from continuing operations		
Employee benefits and on-costs	344	342
Materials and services	296	320
Depreciation, amortisation and impairment	463	463
Total expenses from continuing operations	1,103	1,125
Surplus (deficit) from continuing operations before capital amounts	(174)	(214)
Surplus (deficit) from continuing operations after capital amounts	(174)	(214)
Surplus (deficit) from all operations before tax	(174)	(214)
Surplus (deficit) after tax	(174)	(214)
Plus accumulated surplus	(537)	(5,441)
Add:		
– Subsidy paid/contribution to operations	2,297	5,118
Closing accumulated surplus	1,586	(537)
Return on capital %	(0.7)%	(1.0)%
Subsidy from Council	1,240	1,064

Broken Hill City Council

Income Statement of Civic Centre (Entertainment centre)

for the year ended 30 June 2024

	2024 Category 2 \$ '000	2023 Category 2 \$ '000
Income from continuing operations		
User charges	274	313
Total income from continuing operations	274	313
Expenses from continuing operations		
Employee benefits and on-costs	454	318
Materials and services	132	190
Depreciation, amortisation and impairment	416	405
Total expenses from continuing operations	1,002	913
Surplus (deficit) from continuing operations before capital amounts	(728)	(600)
Surplus (deficit) from continuing operations after capital amounts	(728)	(600)
Surplus (deficit) from all operations before tax	(728)	(600)
Surplus (deficit) after tax	(728)	(600)
Plus accumulated surplus	9,355	13,954
– Subsidy paid/contribution to operations	290	(3,999)
Closing accumulated surplus	8,917	9,355
Return on capital %	(4.4)%	(3.7)%
Subsidy from Council	1,446	1,253

Broken Hill City Council

Income Statement of Commercial waste

for the year ended 30 June 2024

	2024 Category 2 \$ '000	2023 Category 2 \$ '000
Income from continuing operations		
User charges	2,185	1,625
Total income from continuing operations	2,185	1,625
Expenses from continuing operations		
Employee benefits and on-costs	369	373
Materials and services	336	340
Depreciation, amortisation and impairment	161	150
Other expenses	109	75
Total expenses from continuing operations	975	938
Surplus (deficit) from continuing operations before capital amounts	1,210	687
Surplus (deficit) from continuing operations after capital amounts	1,210	687
Surplus (deficit) from all operations before tax	1,210	687
Less: corporate taxation equivalent (25%) [based on result before capital]	(303)	(172)
Surplus (deficit) after tax	907	515
Plus accumulated surplus	1,449	1,243
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	303	172
– Subsidy paid/contribution to operations	(980)	(481)
Closing accumulated surplus	1,679	1,449
Return on capital %	38.6%	22.9%

Broken Hill City Council

Statement of Financial Position of Airport

as at 30 June 2024

	2024 Category 2 \$ '000	2023 Category 2 \$ '000
ASSETS		
Non-current assets		
Infrastructure, property, plant and equipment	24,784	21,136
Total non-current assets	24,784	21,136
Total assets	24,784	21,136
Net assets	24,784	21,136
EQUITY		
Accumulated surplus	1,586	(537)
Revaluation reserves	23,198	21,673
Total equity	24,784	21,136

Broken Hill City Council

Statement of Financial Position of Civic Centre (Entertainment centre)

as at 30 June 2024

	2024 Category 2 \$ '000	2023 Category 2 \$ '000
ASSETS		
Non-current assets		
Infrastructure, property, plant and equipment	16,691	16,253
Total non-current assets	16,691	16,253
Total assets	16,691	16,253
Net assets	16,691	16,253
EQUITY		
Accumulated surplus	8,917	9,355
Revaluation reserves	7,774	6,898
Total equity	16,691	16,253

Broken Hill City Council

Statement of Financial Position of Commercial waste

as at 30 June 2024

	2024 Category 2 \$ '000	2023 Category 2 \$ '000
ASSETS		
Current assets		
Receivables	101	58
Total current assets	101	58
Non-current assets		
Infrastructure, property, plant and equipment	3,133	3,003
Total non-current assets	3,133	3,003
Total assets	3,234	3,061
LIABILITIES		
Current liabilities		
Provisions	1,555	1,612
Total current liabilities	1,555	1,612
Total liabilities	1,555	1,612
Net assets	1,679	1,449
EQUITY		
Accumulated surplus	1,679	1,449
Total equity	1,679	1,449

Note – Material accounting policy information

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2021*, 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, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

Nil

Category 2

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

a. Civic Centre (Entertainment Centre)

Venue for the conduct of shows, festivals, civic activities & significant events

b. Broken Hill Airport

Facility for aircraft arrivals & departures, aircraft accommodation, workshop & associated activities.

c. Commercial Garbage Service

Garbage collection & disposal service provided to the business & commercial sector.

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.

Note – Material accounting policy information (continued)

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

Notional rate applied (%)

Corporate income tax rate – 25%

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

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

Income tax

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

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

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

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'.

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

Note – Material accounting policy information (continued)

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

(iii) Dividends

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Broken Hill City Council

To the Councillors of Broken Hill City Council

Opinion

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

The Declared Business Activities of the Council are:

- Airport
- Civic Centre (Entertainment Centre)
- Commercial Waste.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Hong Wee Soh
Delegate of the Auditor-General for New South Wales

25 October 2024
SYDNEY

Broken Hill City Council

SPECIAL SCHEDULES
for the year ended 30 June 2024

*A vibrant, prosperous and culturally rich Heritage City
shared with visitors from around the world.*



Broken Hill City Council

Special Schedules

for the year ended 30 June 2024

Contents

Page

Special Schedules:

Permissible income for general rates 3

Report on infrastructure assets as at 30 June 2024 7

Broken Hill City Council

Permissible income for general rates

	Notes	Calculation 2023/24 \$ '000	Calculation 2024/25 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	16,917	17,728
Plus or minus adjustments ²	b	(6)	(9)
Notional general income	c = a + b	16,911	17,719
Permissible income calculation			
Percentage increase	d	3.70%	4.90%
Plus percentage increase amount ³	f = d x (c + e)	626	868
Sub-total	g = (c + e + f)	17,537	18,587
Plus (or minus) last year's carry forward total	h	93	(100)
Less valuation objections claimed in the previous year	i	(2)	–
Sub-total	j = (h + i)	91	(100)
Total permissible income	k = g + j	17,628	18,487
Less notional general income yield	l	17,728	18,425
Catch-up or (excess) result	m = k – l	(100)	62
Carry forward to next year ⁴	p = m + n + o	(100)	62

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Broken Hill City Council

To the Councillors of Broken Hill City Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Hong Wee Soh
Delegate of the Auditor-General for New South Wales

25 October 2024
SYDNEY

Broken Hill City Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Other	4,180	4,180	2,892	1,985	91,650	152,228	15.0%	33.0%	36.0%	15.0%	1.0%
	Sub-total	4,180	4,180	2,892	1,985	91,650	152,228	15.0%	33.0%	36.0%	15.0%	1.0%
Other structures	Other structures	396	396	871	175	22,655	33,118	17.6%	50.4%	25.5%	6.4%	0.1%
	Sub-total	396	396	871	175	22,655	33,118	17.6%	50.4%	25.5%	6.4%	0.1%
Roads	Roads	1,269	1,269	2,674	2,461	–	249,888	32.0%	24.0%	41.0%	3.0%	0.0%
	Footpaths	148	148	127	138	–	16,893	15.0%	40.0%	40.0%	5.0%	0.0%
	Sub-total	1,417	1,417	2,801	2,599	172,046	266,781	30.9%	25.0%	40.9%	3.1%	0.0%
Stormwater drainage	Other	86	86	106	59	10,385	17,589	15.0%	57.0%	25.0%	3.0%	0.0%
	Sub-total	86	86	106	59	10,385	17,589	15.0%	57.0%	25.0%	3.0%	0.0%
Open space / recreational assets	Swimming pool and other recreational assets	349	349	1,017	1,307	10,422	16,020	19.0%	56.9%	11.6%	12.0%	0.5%
	Sub-total	349	349	1,017	1,307	10,422	16,020	19.0%	56.9%	11.6%	12.0%	0.5%
Total – all assets		6,428	6,428	7,687	6,125	307,158	485,736	24.1%	31.5%	36.8%	7.4%	0.2%

(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

Broken Hill City Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicators		Benchmark
			2023	2022	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	10,740	198.52%	144.84%	195.66%	> 100.00%
Depreciation, amortisation and impairment	5,410				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	6,428	2.01%	2.00%	4.42%	< 2.00%
Net carrying amount of infrastructure assets	319,655				
Asset maintenance ratio					
Actual asset maintenance	6,125	79.68%	71.34%	140.99%	> 100.00%
Required asset maintenance	7,687				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	6,428	1.32%	1.32%	2.66%	
Gross replacement cost	485,736				

(*) 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.