



Gunnedah Shire Council

Annual Report

2022/23



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INTRODUCTION

Vision and Values

Our vision and values underpin the outcomes reported in this Annual Report.

◆ Vision

Gunnedah Shire Council's vision is to be a prosperous, caring and proud community reflected in the achievements of the people.

◆ Values

◆ Community Spirit

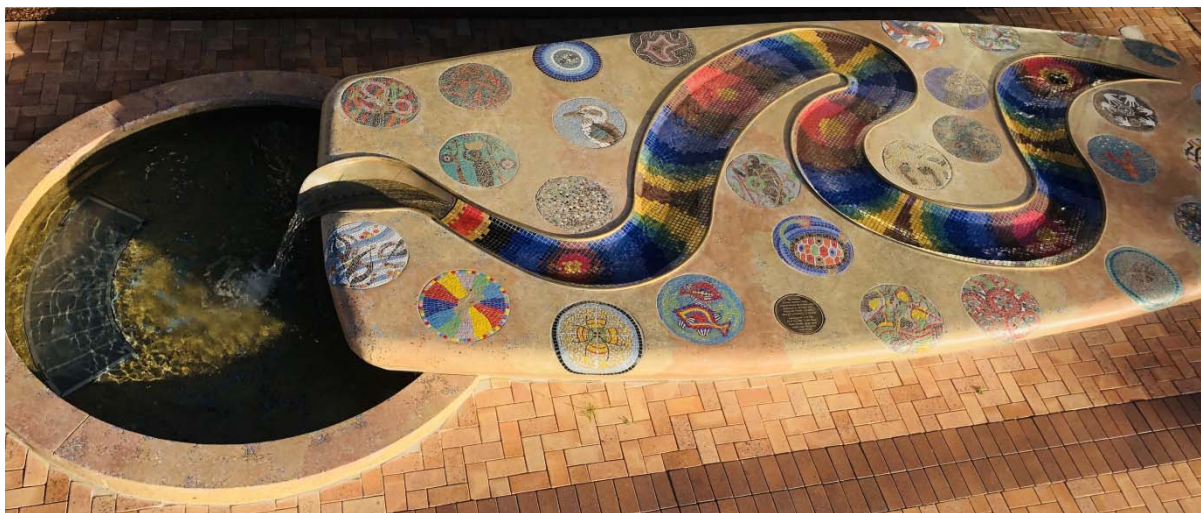
We have welcoming towns, villages and rural areas working in partnership to share the good times and bad, looking out for and supporting one another. We genuinely care.

◆ Environmental Care

We embrace preservation of our heritage, our natural resources and our social fabric to achieve sustainability.

◆ Lifestyle Access

We enjoy access to services and facilities in Gunnedah yet benefit from the peace, tranquillity, safety, security, beauty and friendliness of our rural community.



Acknowledgement of Country

In presenting this document to the community, Gunnedah Shire Council acknowledges the Kamilaroi people as the Traditional Custodians of the Land on which we live and work. In doing so, Council pays its respect to all Elders both past and present as well as to the young Indigenous leaders of tomorrow.



Annual Report 2022/23

Section 428(1) of the *Local Government Act 1993* requires that, within five months after the end of the financial year, Council prepares a report for that year reporting the achievements in implementing the Delivery Program and the effectiveness of the principal activities undertaken in achieving the objectives at which those principal activities are directed.

The Annual Report 2022/23 provides a comprehensive account of Council's performance from 1 July 2022 to 30 June 2023. This document is one of the key components of the Integrated Planning and Reporting framework, legislated by the NSW Government. It is an integral part of Council being open and accountable in reporting to our community.

In line with the broad range of services provided by Council, a wide range of information is required to be included in the Annual Report. There is a comprehensive checklist provided by the Office of Local Government (OLG) that Council has used to ensure this Annual Report contains all the required information and this has guided the way this document is structured.

The Annual Report 2022/23 covers three key areas:

1. An overview of the key achievements in the 2022/23 financial year;
2. Statutory information about Council's operations and expenses in the 2022/23 financial year; and
3. The audited financial statements for the year ended 30 June 2023.

The Annual Report provides the community with a comprehensive and transparent statement of our performance in relation to the Community Strategic Plan. Through our reporting, we aim to demonstrate how we are working towards the goals of the Plan, and achieving objectives and strategies of our Delivery Program and the actions set out in our Operational Plan.





MAYOR AND GENERAL MANAGER'S MESSAGE

On behalf of Gunnedah Shire Council, we are pleased to present the Annual Report 2022/23.

The past year has seen our Shire continue to grow to a population of more than 13,000, with a number of significant projects to underpin our economic future. This strong focus on capital expenditure is part of a larger vision that includes an estimated \$100 million over a 10-year period.

In the 2022/23 year, we saw close to \$34 million invested in capital works. This included the Gunnedah Regional Saleyards Redevelopment, an innovative project that takes one of Gunnedah Shire's most historic facilities and returns it to a state-of-the-art precinct that capitalises on our strengths in agriculture. The new Gunnedah Regional Saleyards will create opportunities to grow an already successful beef base and access new online markets.

Another exciting development to progress during 2022/23 was the new Gunnedah Koala Sanctuary. Early works on Stage 2 of the sanctuary are underway, and we look forward to completion of this important project that will not only be a great tourism addition to our Shire, but will advance the cause of conservation and education about this much-loved marsupial.

A new water treatment plant is now substantially complete, for the first time centralising much of the Shire's water infrastructure, ensuring a consistent, quality water supply. The new facility includes concrete reservoirs, and fluoride and chlorine dosing stations.



Jamie Chaffey
Mayor



Eric Groth
General Manager



Construction commenced on the Gunnedah Koala Sanctuary – artist impression shown above

Council also began work on the critical upgrade to the Gunnedah Airport Tarmac that will not only refurbish the ageing tarmac, but make it fit-for-purpose for commercial passenger aircraft.

Gunnedah Shire, along with a long list of other New South Wales local government areas, was hit hard by the repeated floods of 2021 and 2022. The impact of these natural disasters lingers in our community, both among the lasting repercussions for residents, and in the damage to our infrastructure. The floods have taken a heavy toll on most New South Wales local government budgets as we deal with the many

millions of dollars worth of damage to roads, bridges and other infrastructure while still trying to manage the cost impact on our ratepayers.

In 2022/23, Council sought to remediate as much of this damage as possible. Among the larger road infrastructure projects was the replacement of the Orange Grove Road Bridge, a project where construction was significantly impacted by floods. Other road works have included the Kelvin Road project to upgrade and seal the remaining 11.6km between Gunnedah and Rangari Road.



Partnerships with the state and federal governments have remained critical to not only our major projects, but also to returning our road network to a safe condition. We continue to work with all levels of government to address this issue and secure adequate funding to create greater resilience within the Shire.

Gunnedah Regional Saleyards Redevelopment



In 2022/23, Council supported the initiatives of new and existing businesses through the Business Partner Program, a huge range of community organisations through the Section 356 grants, helped young people start their tertiary education journey through the Gunnedah Community Scholarship Fund and supported older people through GoCo Community Care.

Our Community Strategic Plan, “Together We Achieve Great Things”, lists the themes our community has told us are important to them – engaging and supporting the community, building our Shire’s economy, retaining our quality of life, and protecting and enjoying our beautiful surrounds. Despite the not-inconsiderable challenges of past years – escalating costs, labour shortages, droughts, the pandemic and floods – we are proud to continue to deliver sound financial budgets that deliver on these priorities.

Council employs a full-time equivalent of approximately 200 staff to deliver all the services local government provides – from sporting fields to waste management, and animal control to road maintenance. As a major employer and a leader in our community, we look forward to the days to come.



Airport Tarmac Upgrade underway

We are looking towards another busy year in 2023/24, with a budget of nearly \$66 million that includes \$28.8 million of capital works, and we are confident we are working towards an even brighter future for Gunnedah Shire.

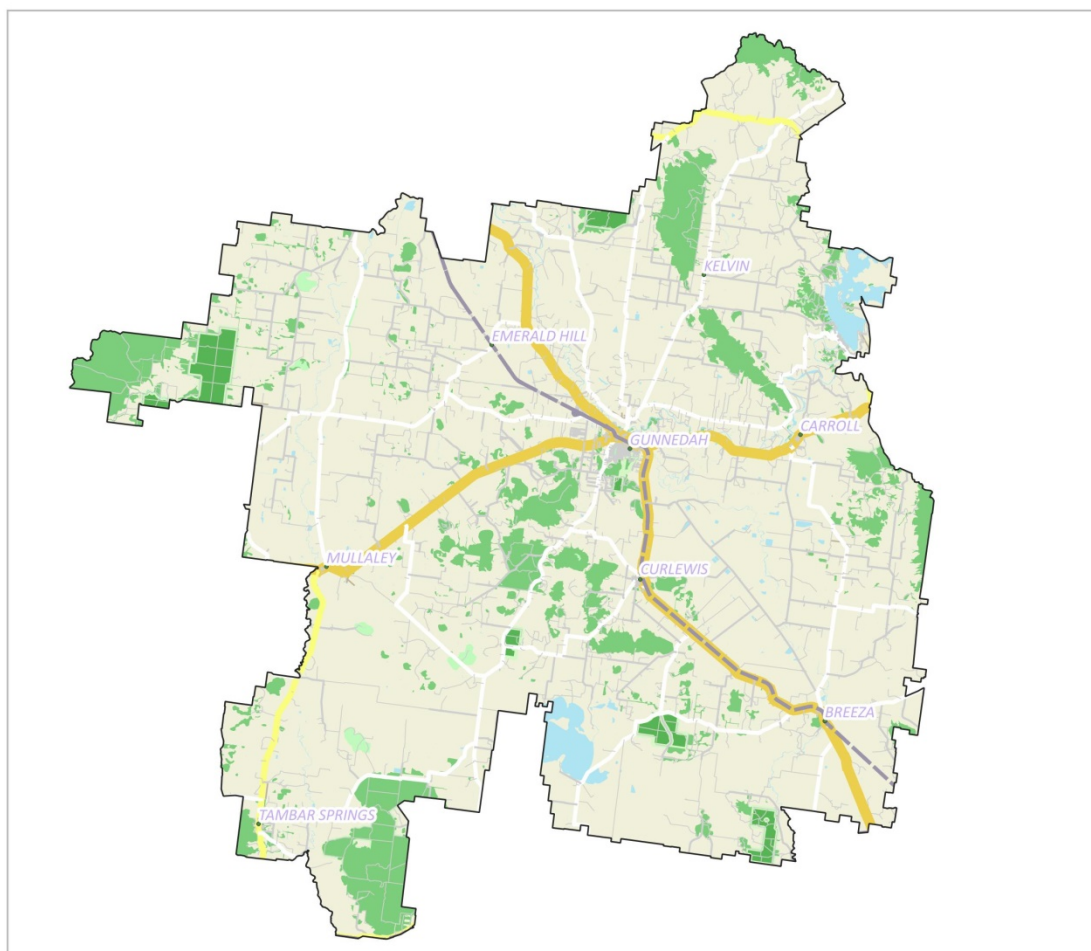


OUR REGION AND COMMUNITY

Gunnedah Shire is located in North Western NSW approximately 425 kilometres northwest of Sydney and 77 kilometres west of Tamworth. The Shire sits on the cross-roads of the Oxley and Kamilaroi highways and covers an area of 4,992 square kilometres.

Today, Gunnedah Shire has a population of around 13,144 people. The township of Gunnedah is the commercial and administrative centre of the Shire. There are five small villages – Breeza, Carroll, Curlewis, Mullaley and Tambar Springs and 26 rural localities.

MAP OF GUNNEDAH SHIRE COUNCIL REGION



© Gunnedah Shire Council 2023, © Spatial Services 2023, Map Data © OpenStreetMap



OUR ELECTED MEMBERS

The Mayor of Gunnedah Shire Council is Councillor Jamie Chaffey and the Deputy Mayor is Councillor Rob Hooke. The Council comprises nine Councillors elected proportionally as a single ward. All Councillors are elected for a fixed term of office until the next NSW local government election in September 2024. The Mayor is elected by the Councillors.



Back Row, left to right: Mayor Jamie Chaffey, Deputy Mayor Rob Hooke, Councillor Juliana McArthur, Councillor Robert Hoddle and Councillor Murray O’Keefe. Front, left to right: Councillor Ann Luke, Councillor David Moses, Councillor Colleen Fuller and Councillor Kate McGrath.

OUR EXECUTIVE TEAM

Council’s Executive Team consists of the General Manager, Eric Groth, plus three Directors and one Executive Manager.



Left to right: Andrew Johns (Director Planning and Environmental Services), Jeremy Bartlett (Director Infrastructure Services), Kelly Stidworthy (Director Corporate Services), Bruce Mercer (Executive Manager GoCo) and Eric Groth (General Manager).



INTEGRATED PLANNING AND REPORTING

IP&R Framework

Integrated Planning and Reporting (IP&R) is a framework for councils to establish local priorities and link this information to operational functions. It recognises that whilst many communities have similar aspirations, the responses to those aspirations will be local.

Under the IP&R framework, all NSW councils are required to develop and report on a set of plans and strategies in accordance with the *Local Government Act 1993* and the *Local Government (General) Regulation 2021*.

The IP&R framework includes a reporting process to communicate progress to the community. There is also a structured timeline for the review of all documents to ensure they remain relevant to the community, Council and operations.

Council's plans and reports under the IP&R framework are outlined below:

- ◆ **Community Strategic Plan 2017 to 2027 – Together We Achieve Great Things**

A 10-year plan that outlines the goals and aspirations of the community.

- ◆ **Resourcing Strategy**

The Resourcing Strategy shows how councils will resource strategic priorities, identified through IP&R and must include provisions for long-term financial planning, workforce management planning and asset management planning.

- ◆ **Delivery Program 2022/23 to 2025/26**

A program of Council-led initiatives, across four years, that achieve the strategies of the Community Plan that are within Council's remit.

- ◆ **Operational Plan and Budget 2022/23**

An annual plan of actions that support the Delivery Program and include the budget allocations to support the activities to be undertaken.

- ◆ **Annual Report**

The purpose of the Annual Report is to reflect and report on Council's objectives, operations and actual performance achieved for the financial year.

The Annual Report is one of the key points of accountability between a council and its community. It is not a report to the Office of Local Government or the NSW Government – it is a report to the community.*

**Extract from the Integrated Planning & Reporting Guidelines issued by the Office of Local Government [September 2021]*



COMMUNITY STRATEGIC PLAN

The Community Strategic Plan 2017 to 2027 is organised into the following four themes, setting out the goals and aspirations of the regional community, established following community engagement. The following section outlines some of the 2022/23 highlights in working towards the outcomes identified in the Community Strategic Plan.



Theme 1: Engaging and Supporting Our Community

- 1.1 Community leadership is strengthened and volunteers are engaged
- 1.2 Council is a sustainable, ethical and efficient organisation
- 1.3 Increased local investment from other sources including the State and Commonwealth Governments, as well as developers
- 1.4 An engaged community that is involved in the decision making process
- 1.5 Strategically managed infrastructure



Theme 2: Building Our Shire's Economy

- 2.1 A growing population and diversified economy
- 2.2 Access to our goods, services and markets
- 2.3 Increased tourism and promotion of the Gunnedah Shire
- 2.4 The Gunnedah Shire is an attractive place to invest
- 2.5 Skilled workforce and quality local educational opportunities



Theme 3: Retaining Our Quality of Life

- 3.1 Quality lifestyles and support for our older residents
- 3.2 Improved housing affordability
- 3.3 Villages are vibrant and sustainable
- 3.4 Reduced crime and anti-social behaviour
- 3.5 Our younger people are attracted, retained and developed
- 3.6 A healthy and active community participating in a diverse range of recreational and cultural activities
- 3.7 Improved access to essential services



Theme 4: Protecting and Enjoying Our Beautiful Surrounds

- 4.1 Balance between development and environmental protection
- 4.2 Native fauna is secured, biodiversity protected and native vegetation thrives
- 4.3 A secure and high-quality water supply
- 4.4 Our heritage is valued and protected
- 4.5 Manage exposure and reduced contribution to climate change
- 4.6 Our waste is sustainably managed and reduced
- 4.7 Enhanced streetscapes and open spaces in Gunnedah and villages





THEME 1

Engaging and Supporting the Community

Community Grants

In 2022/23 Council awarded funding under the following grant programs:

Section 356 Small Grants Program – Community	\$6,911
Section 356 Small Grants Program – Sports	\$18,586
Section 356 Small Grants Program – Arts & Cultural	\$18,354
Total	\$43,851

Council also provided financial assistance to community groups through a range of reimbursements, fee waivers and in-kind support. The full extent of Council’s financial assistance is covered in the Statutory Information section.



Councillor Kate McGrath with Breeza Tennis Club representative, Alex Norman, accepting a S356 Sports grant, and Council’s Community & Social Planner, Debra Hilton.

Council’s free Funding Finder provides the community with easy access to grant opportunities and continues to be a powerful resource with the number of registered users increasing monthly.

Community Engagement

A Community Engagement Policy has been adopted for use within Council. A wide range of mediums are used for dissemination of information including website, social media, email, newspaper advertising and radio.

A Media Policy is in place that provides a framework for obtaining approvals before releasing information to the public or media. The draft Media and Social Media model policies issued by the OLG have been reviewed to determine their suitability for adoption for use within Council.

Followers have grown to 8,635 on Council’s Facebook page and followers on all social media platforms have increased. Visit Gunnedah has 1,051 followers and Instagram followers are made up of 1,475 Gunnedah Shire and 819 Gunnedah NSW followers.



Council celebrated 2022 Local Government Week with a series of events at local facilities, including a free BBQ.

Advocacy and Collaboration

In 2022/23, Gunnedah Shire Council Mayor, Jamie Chaffey, became the Chair of the Country Mayor’s Association of NSW. The Association has advocated to the NSW and Federal governments on behalf of member councils on the current significant challenges facing regional and rural councils, such as flooding and related road damage, and recent cost shifting relating to the Emergency Services Levy and Rural Fire Service.

Council also participates in a number of organisations to advance the interests of the Gunnedah region. These are shown under “Participation in Other Entities” in the Statutory Information section.



Sister Cities & Friendly Relationships

Council has established four Sister City relationships – Lane Cove, Northern Beaches Council, Yinzhou District of Ningbo, Zhejiang Province, China and Kolomotu’a, Tonga.

Council’s relationship with Kolomotu’a, Tonga, is particularly strong and resulted in reciprocal visits during 2022/23.

In October 2022, 18 Gunnedah Shire representatives from the community, business and Council visited the Sister City of Kolomotu’a in Tonga. The five-day visit included an audience with the Acting Prime Minister, a function at the Australian High Commissioner’s residence and meetings with Kolomotu’a Council, the Ministry for Internal Affairs, Rotary Tonga, the Tonga Institute of Science and Technology, the Australian Pacific Training Coalition along with many other organisations.



Mayor Jamie Chaffey and Her Royal Highness Princess Angelika Lātūfuipeka Tuku’aho, along with a delegation of 18 business, community and Council representatives visited Tonga to further the newly signed Sister City Agreement between Gunnedah Shire and Kolomotu’a in Tonga.

Emergency Management

The Local Emergency Management Committee (LEMC) met monthly during 2022/23 and the LEMC membership was reviewed. A new multi-purpose space was identified as suitable for the Emergency Operations Centre (EOC).

The EOC was activated virtually several times to manage seven (7) successive natural disasters (flooding). The evacuation centres were audited and a new facility was identified. Plans are undergoing review with a new pre-event recovery plan in draft version.

Impact of Natural Disasters

In recognition of the significant cost of natural disasters, the Australian Government established cost-sharing arrangements with the NSW Government to alleviate the financial burden and to facilitate the early provision of assistance to disaster-affected communities. Gunnedah Shire experienced seven floods between August and November 2022, with in excess of \$3 million spent on emergency works to date. Council has submitted an Essential Public Asset Restoration funding request for numerous sites, including Simson Bridge reinstatement, Breeza Bridge reinstatement, Bulunbulun Road causeway reconstruction and Hunts Road reconstruction.

Gunnedah Regional Saleyards Upgrade

Major upgrade works were ongoing following the official sod turning in June 2022. The NSW Government has contributed \$17.6 million in funding towards the project, with the initial stages including the demolition of existing sheep yards and development of the design for the complex upgrade, which will include a café, administration facility, a new truck wash, more workshop sheds, upgraded parking and lighting for the entire complex and upgrades to the security and fencing. This will result in a state-of-the-art facility for the region for marketing livestock both domestically and internationally.

The new truck wash officially opened in November 2022. The drive-through facility on the Kamilaroi Highway is capable of accommodating vehicles as large as road trains and B-triples. The \$1.8 million project was funded by Regional NSW, Restart NSW Fixing Country Truck Washes and Council.



Official opening of the new truck wash at the Gunnedah Regional Saleyards on the Kamilaroi Highway.



Road Maintenance and Construction

In 2022/23 Council was successful in obtaining the following grants:

- Fixing Local Roads Pothole Funding round 1.
- National Heavy Vehicle Regulator grants for Ballyragan Bridge and Neil Carter Bridge. These will be analysed for loading capacity.

Maintenance and construction works included:

- Clifton and Kelvin Road upgrade and seal projects achieved practical completion with the final seals expected to be applied in the first half of 2023/24.
- Significant Disaster Recovery funding arrangement works were undertaken in the form of emergency works up until 30 June 2023 with all roads reopened to traffic with the exception of Bulunbulun Road, Simsons Bridge, Breeza Bridge, and Hunts Road, which are progressing through the Essential Public Asset Restoration process to obtain funding from the Commonwealth Government.
- Renewal works on Black Stump Way programmed for March 2023 were impacted by Covid-19. Shoulder works were undertaken instead. The deferred works will occur in 2023/24.



Roadworks being completed on Kamilaroi Highway near Curlewis.

Water & Wastewater

Council completed a full sewer condition assessment with 95% completed. This has been added to the asset management plan and GIS system and will allow Council to direct works and budgets more accurately.

The new Gunnedah water treatment and centralised dosing system, funded by NSW Health, has been completed and provides improved hygiene and water quality to the community. The new plant is located on the Kelvin Road and provides an advanced water disinfection station with chlorination and fluoride, telemetry control of water demands and interconnection to the existing system.



Councillors and staff inspecting the new Gunnedah Water Treatment Plant.

Council has a stringent water quality process that is sent to NSW Health monthly with an end-of-year report. Council follows best practice in this area and there have been no reported issues of non-compliance with the Australian Drinking Water Guidelines.

Council Meetings

In 2022/23, Council held 11 Ordinary Council meetings, seven Planning, Environment and Development Committee meetings and four Audit Committee meetings. Council also has a number of working groups that meet regularly and include community representatives.



Council's March Ordinary Meeting was held in Tambar Springs and was well attended by community members.



THEME 2

Building our Shire's Economy

Business Partner Program

Council's Business Partner Program aims to support projects that stimulate economic activity in the Gunnedah Shire. In 2022/23, \$34,556 was awarded to 11 businesses. Further details are shown under "Financial Assistance" in the Statutory Information section.



Councillor Colleen Fuller with recipients of the Business Partner Program funding.

Gunnedah Community Scholarship Fund

The Gunnedah Community Scholarship Fund is an innovative partnership between Council and the community where 100% of donations from the community go to students to help meet the costs of tertiary education.

In 2022/23, \$21,850 in funding was awarded to 16 recipients.



2023 recipients of the Gunnedah Community Scholarship Fund. Image courtesy of The Gunnedah Times.

Tourism

The Visitor Information Centre is open every day except Christmas Day. In 2022/23, 12,799 walk-in visitors were recorded.

Councillor Ann Luke and Council's Tourism Team Leader attended the Australian Regional Tourism Convention in Ballarat in October 2022. The Theme for the Convention, 'Regional Australia – Paving the way for a stronger Visitor Economy' provided a platform for local councils, regional tourism operators, tourism professionals, businesses and government personnel to contribute to the future of regional tourism in Australia. The convention was attended by over 200 delegates and included several prominent speakers.

Events

During 2022/23, a range of community events were coordinated or supported by Council's events team, including:

- NightQuip*
- Christmas Fair* (in association with the Gunnedah Chamber of Commerce)
- Australia Day* (15 events)
- Weeks of Speed*
- Harvest Festival*
- Remembrance Day
- Anzac Day
- Youth Week
- NAIDOC Week

*Funded with support from NSW Reconnecting Regional Communities Fund.



Harvest Festival 2023



Locals and visitors came together to enjoy a day in the sunshine at the 2023 Harvest Festival in May. The autumn-themed event featured live music, free children’s activities, and stalls of food and handmade and handcrafted wares from around the region. The free community event at the Gunnedah and District Kennel Club grounds was supported by the NSW Reconnecting Regional Communities Fund and coordinated by a group of dedicated volunteers.

Gunnedah Airport Tarmac Upgrade



Work is currently underway on the complete refurbishment of the Gunnedah Airport tarmac, which is nearing the end of its serviceable life. The project will include complete refurbishment of the tarmac, taxiway and apron to bring it into line with Australian Civil Aviation Regulation requirements for certified facilities. The \$8.44 million project has been funded by the State and Federal governments in partnership with Council.

2022/23 Grant Funding

The following table provides a summary of non-recurrent grant funds, which Council has secured on behalf of the community during 2022/23. As indicated below, \$8.9 million of Council contributions has secured around \$32 million in combined State and Federal funding.

The list does not include recurrent funding such as Financial Assistance Grants, Roads to Recovery, State Road works programs, GoCo funding and other annual grant funding that we routinely secure.

Agency	Grant Program	Project	2022/23 Grant Awarded	Council Contribution	Other* Contributions	Total Project Cost
NSW Small Business Commission	NSW Small Business Month 2022	NSW Small Business Month	\$2,500	\$4,000	-	\$6,500
NSW Dept Planning, Industry & Environment	Showground Stimulus Funding Program Phase 3	Showground Upgrades	\$136,924	-	-	\$136,924
NSW Dept Communities & Justice	2022 Youth Week	Youth Week Program of Events	\$3,644	-	-	\$3,644



Agency	Grant Program	Project	2022/23 Grant Awarded	Council Contribution	Other* Contributions	Total Project Cost
NSW Dept Planning & Environment	2022/23 Floodplain Management Program	Blackjack Creek Flood Study	\$60,000	\$30,000	-	\$90,000
NSW Dept Premier & Cabinet	Stronger Country Communities Fund Round 5	Gunnedah Animal Impound Facility	\$1,017,026	\$458,412	-	\$1,475,438
Dept of Regional NSW	Resources for Regions Round 9	Gunnedah	\$5,624,248	\$559,752	\$8,480,000	\$22,664,000
	Regional Tourism Activation Fund	Koala Sanctuary	\$8,000,000			
Dept Infrastructure, Transport, Regional Development & Communication	Local Roads & Community Infrastructure Phase 3	Gunnedah Airport Tarmac Upgrade	\$2,014,440	\$4,585,731	-	\$8,444,231
Dept of Regional NSW	Resources for Regions Round 8		\$1,844,060			
Dept of Regional NSW	Infrastructure & Job Acceleration Fund	Gunnedah Regional Saleyards Development	\$9,708,927	\$3,219,451	\$14,500,000	\$27,428,378
Fixing Local Roads	Pothole Repair Program Rounds 1 & 2	Pothole repair maintenance	\$3,184,021	-	-	\$3,184,021
Restart NSW	Reconnecting Regional Communities	2022/23 Community Events Program	\$239,651	-	-	\$239,651
Total Grants Awarded:			\$31,835,441	\$8,857,346	\$22,980,000	\$63,672,787

*Other contributions may include grants awarded in prior financial years.

The above list of grant-funded projects is not exhaustive and Council has many projects underway that are funded with the support of external funding provided by Federal and State Government. These are shown under “Capital Works Report” in the Statutory Information section.



Development Activity

We would like to draw attention to the exciting endorsement of our community and shire as a desirable place to work, live and play, as evidenced by the development activity in the statistics below. It is also indicative that despite always needing to remain mindful of, and maintain a commitment to continuous improvement and being easy to do business with, Council is enabling others to get the things done that matter to them.

It is noted that the figures for 2018/19 and 2019/20 are down due to the impact on the community of the prolonged drought period and subsequent Covid-19 pandemic. It is clear, however, that activity has rebounded significantly since then with the value of approved applications in 2022/23 being much higher than those years.

Development applications approved and lodged in past five years are shown below.

Approved

Type	2018/19		2019/20		2020/21		2021/22		2022/23	
	App's	\$	App's	\$	App's	\$	App's	\$	App's	\$
Dwellings (inc Dual Occs)	25	\$9,133,293	20	\$6,273,560	75	\$25,505,993	59	\$26,147,464	67	\$30,522,421
Residential Additions and Alterations					82	\$3,061,212	79	\$2,559,232	82	\$4,004,710
Subdivisions	Data inconclusive		2		9	\$5,000	7	\$11,560	9	
Commercial/Industrial/Community/Tourist	26	\$7,517,935	28	\$15,310,266	39	\$6,783,257	34	\$32,145,230	27	\$6,516,649
Commercial Change of Use	1	\$40,000	4	\$163,000	11	\$4,976,500	8	\$2,840,000	3	
Infrastructure	5	\$342,341			4	\$6,602,500	2	\$6,600,000	2	\$30,000
Totals	57	\$17,033,569	54	\$21,746,826	220	\$46,934,462	189	\$70,303,486	190	\$41,073,780

Lodged

Type	2018/19		2019/20		2020/21		2021/22		2022/23	
	App's	\$	App's	\$	App's	\$	App's	\$	App's	\$
Dwellings (inc Dual Occs)	26	\$9,400,823	29	\$8,094,081	70	\$25,859,741	62	\$28,747,867	64	\$29,986,028
Residential Additions and Alterations					91	\$2,991,665	95	\$3,823,105	87	\$4,065,489
Subdivisions	Data inconclusive						11	\$861,560	12	\$5,000
Commercial/Industrial/Community/Tourist	30	\$12,235,695	35	\$15,322,486	27	\$26,727,528	31	\$20,731,178	37	\$8,365,949
Commercial Change of Use	4	\$690,000	4	\$13,000	20	\$6,759,540	7	\$55,000	5	
Infrastructure	5	\$342,341	3	\$13,438,802	2	\$6,600,000	2	\$30,000	2	
Totals	65	\$22,668,859	71	\$36,868,369	210	\$68,938,474	208	\$54,248,710	207	\$42,422,466





THEME 3

Retaining Our Quality of Life

GoCo – On The Go Community Care

GoCo's services include:

- Meals on Wheels
- Community transport
- Flexible respite
- Individual social support
- Group social support
- Goods equipment and assistive technology

GoCo continues to successfully deliver critical aged care support services to eligible people across its catchment, which includes Gunnedah, Moree, Narrabri, Liverpool Plains and Tamworth local government areas. Support services are also delivered in other areas including Bingara and Wyallda. Covid-19 is an ongoing challenge in terms of delivering support services that are safe, and the recent flood events across the region added further complications. Despite these challenges, services were maintained and have grown.

The Department of Health approached Council to accept novation of the Liverpool Plains Aged Care Services funding. As a result, GoCo inherited 153 new clients, 33 volunteers and one new Support Officer position.

Council was also approached by Hunter New England Health to accept novation of the Meals on Wheels funding for Manilla. This attracted five new clients and four new volunteers for GoCo services in Manilla.



GoCo CHSP Barraba clients enjoying a Meals on Wheels outing in Tamworth.

The Consumer and Community Engagement Strategy was developed and implemented and enables GoCo to meaningfully engage with consumers and representatives. The Strategy identifies the purpose, principles, strategies and actions that support GoCo to: provide personalised care and support; understand and meet consumer and community needs; support people from hard-to-reach communities; improve consumer experience and outcomes; obtain feedback; identify initiatives to continually improve; develop strategic and business plans; and improve trust, loyalty and referrals to enable growth.

Community Health

Following a collaboration between Council and NSW Rural Doctors Network, Council received a report in November 2022 that identifies potential strategies to assist with recruiting and retaining General Practitioners in Gunnedah Shire. Council can utilise this strategy to advocate through local, state and federal members to their respective governments to achieve the identified outcomes. As part of the process, an evaluation of primary health care services was undertaken, including a survey of residents for their lived experiences negotiating Gunnedah Shire's primary health care services. Consultation with service providers about potential strategies was also undertaken.

Council continues to support medical practices through subsidised accommodation and will continue to advocate where necessary for health services for the Shire.

A major issue has been identified with NSW Health and Hunter New England Health District notifying Council that the scope of the Gunnedah Hospital redevelopment has been drastically reduced due to insufficient funding. Advocacy around this significant concern to Gunnedah's health services is continuing.



Library Services

The Gunnedah Shire Library continued to provide services including story time, school holiday programs, brain games for seniors, craft activities and providing assistance to over 50,000 visitors to the Library.

The Library also underwent a refurbishment in May 2023, including new shelving, tables, chairs, computer desks, computer chairs, study desks, circulation desk, cupboards, and office desks. Works also included the addition of seating booths, extra computer terminal seating, extra tables and chairs, interior painting and new blinds.

Achievements in 2022/23 include:

- Innovation in Outreach Services Award for a book paper folding activity for Fairytale February
- RH Dougherty Innovation in Special Events Award (Division A): Highly Commended for Multicultural March event



Library Assistant Gina Torrens, Librarian Christiane Birkett and Councillor Ann Luke receiving the NSW Public Libraries Association Award at the Switch 2022 Conference.

Library Statistics 2022/23

Visitors to the library	57,762
New library books acquired	1,699
Library books borrowed	17,240
Library members as at 30 June	3,808
Events held at the library	596

Riverine Stormwater Precinct

Shared Pathway Project



Riverine Stormwater Precinct Shared Pathway.

Work commenced on a shared pathway extension that will connect the Namoi River to Mullibah Lagoon. The Riverine Stormwater Precinct Shared Pathway project will complement the existing pathways and is funded by the NSW Public Spaces Legacy Program. The pathway will include a stormwater bridge, designed and constructed at the Osric Street stormwater head, and will be lit with solar lighting. Progress has been made in working its way from Cohen's Bridge to Maitland Street, to the Carroll Street end of Mullibah Lagoon to connect to the existing pathway at the Namoi River. The Geoff Morgan Playing Fields will be linked through Mullibah Lagoon.



Stormwater bridge along the new Riverine Stormwater Precinct Shared Pathway project.



Gunnedah Shire Local Housing Strategy



A Gunnedah Shire Local Housing Strategy was adopted by Council in June 2023. The purpose of the Strategy is to guide future residential growth in the Gunnedah Shire, facilitate an increase in the supply of innovative and affordable housing options, and provide clear guidance for Council in providing sustainable housing options. The endorsed Strategy will enable future residential planning proposals that align with the Strategy to be supported by Council to amend the Gunnedah Local Environmental Plan 2012. The Strategy was informed by a wide range of plans and prepared in accordance with the Department of Planning, Industry and Environment Local Housing Strategy Guidelines which sets out the suggested framework for housing strategies. A targeted community engagement process was carried out through workshops with the general public, social housing providers, development industry and representatives from the mining industry, as well as media releases and one-on-one interviews to capture a range of information from key stakeholders.

Crime Prevention

In 2022/23, Council commenced work on the 2023 Crime Prevention and Community Safety Conference to be held in Gunnedah in November 2023 in collaboration with Crime Prevention Working Group members.

Council supported the Gunnedah branch of the Police Association in calling for two additional general duties Constables; one general duties Sergeant; one fulltime General Administration Support Officer; and three proactive Crime Team members to be based at Gunnedah Police Station with the priority being to service Gunnedah and south-western area of the Oxley Police District.

Community Safety

Parking enforcements were conducted as per policy and also in response to customer service requests. The number of parking fines has increased due to resourcing and continued parking breaches in school zones. Each school was notified at the beginning of term 1 2023 and provided with educational material for school newsletters and socials. The central business district was randomly policed and compliance generally achieved after marking of tyres.

The Companion Animals Act and 2022 amendment were effectively administered. Seized companion animals were re-homed except where physical condition or aggressive behaviour warranted otherwise.

Responsible pet ownership was promoted through Council's social media and interaction between animal owners in public spaces and Council officers.

Unlawful developments continue to be reported or identified and triaged with recent matters prioritised over legacy matters. Compliance was achieved through education, negotiation and fines with court action a last resort.



Federal Member for Parkes, Mark Coulton, Mayor Jamie Chaffey, Council's General Manager and staff at the Gunnedah Animal Impound Facility following the lodgement of a development application for a new facility.



THEME 4

Protecting and Enjoying Our Beautiful Surrounds

Gunnedah Koala Sanctuary

Construction of the Gunnedah Koala Sanctuary is underway. The Sanctuary is located on a 50-acre bush site on the Oxley Highway.

Council secured \$12.1 million in funding from the NSW Government to build a large wildlife centre and hospital.

Council has also secured \$8 million from the NSW Government's Regional Tourism Activation Fund and \$2 million from Whitehaven Coal Mining to complete the next stage of the Sanctuary, which will include tourist accommodation and animal attractions.

The Sanctuary will include attractions such as a petting zoo, nature playground, animal enclosures, wildlife sanctuary walking trails, accommodation, a caretaker's residence and picnic areas.

The Sanctuary will be the only significant koala park or zoo facility within a 150km radius of Gunnedah and will be a major tourism draw for both domestic and international tourists.

Once completed, the Sanctuary will become a cornerstone tourist attraction in Gunnedah and will complement strong agriculture, mining, manufacturing and retail sectors in contributing to the economic prosperity of the region.

Council has also joined Landcare, farmers and other groups within the Gunnedah community in seeking to protect the koala through the protection of existing habitat and the planting of new habitat. Council has planted almost 7,000 eucalyptus trees across three locations that will provide a source of food for the koalas at the Sanctuary and also the wild koala population.



Federal Member for Parkes, Mark Coulton, Jacki Scott, Whitehaven Coal, Mayor Jamie Chaffey along with Gunnedah Shire Councillors at the sod turning for the Gunnedah Koala Sanctuary in December 2022.

Parks, Gardens and Sporting Grounds

In 2022/23, planning commenced for the development of master plans for Gunnedah Showground, Wolseley Park, Kitchener Park and collectively: Donnelly Fields, Namoi Fields, Riverine Precinct and Woolshed reserve. The master plans are to set out a long-term vision, with a strong and consistent framework for ongoing improvement to each site. The master plans will also need to cater for the future participation and demand that is anticipated in the next decade.

The following projects were completed or were underway at 30 June 2023:

- Shade tree planting program in Breeza Park, Curlewis Park, Tambar Springs Park and Carroll Park.
- Shade was installed over Breeza Park playground.
- The BBQ was replaced at Mullaley Park.
- Kitchener Park carpark reseal was completed.
- Lights were installed in the rodeo arena at the Gunnedah Showground.
- A Street Tree Strategy is under development.



Waste Services

2022/23 achievements:

- The weighbridge load cell upgrade was completed.
- A fire safety assessment was completed and recommendations progressed.
- The deposition area design has commenced and the new cell design development is progressing.
- Standard operating procedures are in place that comply with the environmental protection licence and pollution incident response management plan to ensure compliance.
- Regular site inspections occurred along with environmental monitoring.
- Surveying of landfill heights has been undertaken along with assessing and screening waste loads received at the facility.
- A monthly review of waste collection contractor and quarterly review of material processing facility reporting is occurring.
- Contamination rates are reviewed regularly.
- Performance auditing is occurring monthly via reports and waste collection tonnages.
- Inspections have been undertaken on road infrastructure problem areas e.g. tight turn-around areas where streets have not been formed to allow heavy trucks.
- Four 60 litre general waste and recycling bins were provided to Gunnedah Family Day Care to support their education programs on sustainability and recycling at their centre.



Council's Manager Waste, Sheridan Cameron, sharing recycling information with Gunnedah Family Day Centre.

Waste Statistics 2022/23

Tonnes of municipal waste received	9,382
Tonnes of commercial waste received	7,058
Tonnes of waste diverted to recycling	6,000
No of customers who visited the Bower Bird Shop	1,275
Tonnes of customer-delivered waste	36,850

Sustainability

During 2022/23, Council progressed investigations into energy efficiency opportunities and renewable energy options.

To support water sustainability, Council has moved to a three-tier pricing model that encourages sustainable residential water use through price incentives.

Council is also reviewing its Drinking Water Management Plan and demand and drought management plans to take into account the new water treatment facility recently completed.

Council is a member of Namoi Unlimited who participate in The Water Conservancy and Council accesses these services in order to provide professional water efficiency information to customers.



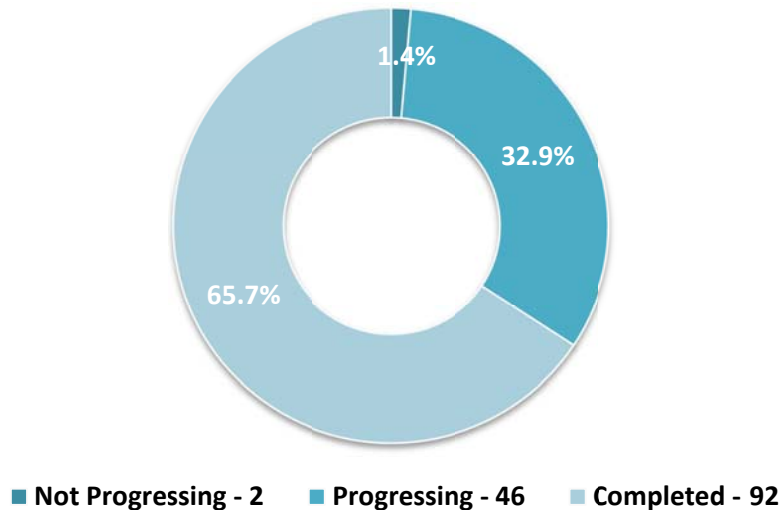


Achievement in Implementing the Delivery Program

Local Government Act 1993 s 428(1)

A summary of progress made in the 2022/23 financial year against all actions identified in the Delivery Program 2022/23 – 2025/26 is shown below. Key achievements are outlined in the preceding section of the report.

Delivery Program Action Progress 2022/23



The above graph shows that 138 or 98.6% of actions were in progress or complete as at 30 June 2023. While some actions have a status of ‘not progressing’ or are not complete as at 30 June 2023, it should be noted that the Delivery Program covers a four-year period and some actions will span across multiple financial years. Where an action is not complete, it will carry forward into the 2023/24 financial year for progression or completion.

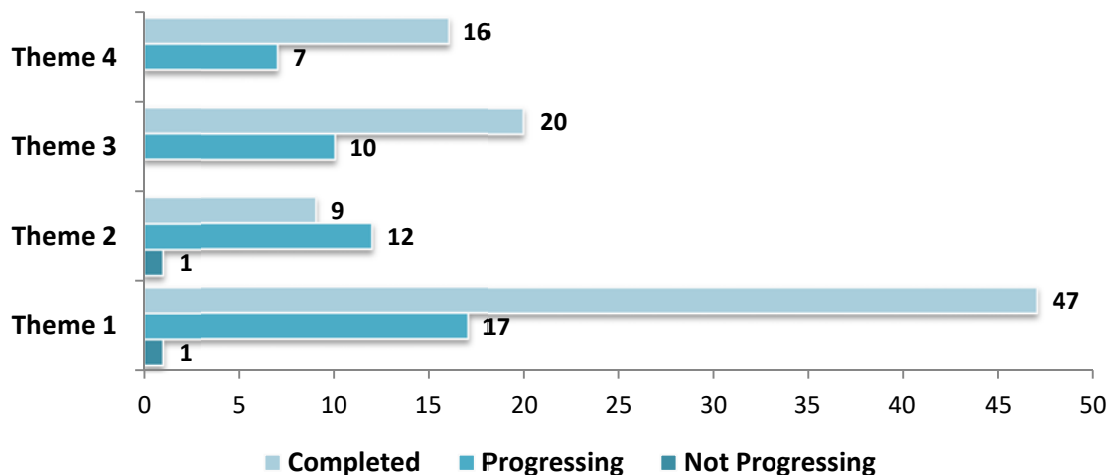
The graph below shows progress made against each theme of the Community Strategy Plan:

Theme 1 – Engaging and Supporting the Community

Theme 2 – Building our Shire’s Economy

Theme 3 – Retaining Our Quality of Life

Theme 4 – Protecting and Enjoying Our Beautiful Surrounds





Service Reviews

Local Government Act 1993 s 428(3)

The IP&R framework supports Council in establishing service levels, monitoring service performance, and improving service delivery. In September 2021, the Office of Local Government introduced the IP&R Guidelines for Local Government in NSW. The Guidelines require Council to identify areas of service that it will review during its term, and how it will engage with the community and other stakeholders to determine service level expectations and appropriate measures.

Over the life of the current Delivery Program, Council will undertake a number of service reviews to identify opportunities to improve our operations and the services we provide to the community.

Council is in the process of establishing a service review framework to commence in 2023/24. Council will undertake a minimum of one service review each financial year.

The service review process will be aligned with the requirements of the IP&R Guidelines, particularly the concept of continuous improvement. Each service review will be aimed at achieving the most effective, efficient and valued (by the community) service possible.

Audited Financial Reports

Local Government Code of Accounting Practice and Financial Reporting

The audited financial statements for the year ending 30 June 2023 are required to be included as part of the Annual Report and are included as Appendix 2.

Modern Slavery Act 2018

Local Government Act 1993 s 428(4)(c)(d)

Introduction

This Modern Slavery Statement is provided by Council in accordance with Section 428(4) of the *Local Government Act 1993*.

This statement outlines Council's commitment to combatting modern slavery and the measures we have implemented during the reporting period to reduce the risk of our procurement activities resulting in or contributing to human rights violations.

Organisational Structure and Supply Chain

Council has a decentralised procurement structure where employees purchase goods and services in accordance with the *Local Government Act 1993* and *Local Government (General) Regulation 2021*, Council's Procurement and Tendering Policy and procedures, and Council's Statement of Business Ethics.

Council's procurement spend for 2022/23 was \$60,367,198 with the top categories of spend being construction, material supply and energy.

We recognise the importance of taking steps to ensure that goods and services procured by and for our Council are not the product of modern slavery. The vast majority of spend was against tendered and government contracts that contain modern slavery provisions expected of our suppliers.

Policy

In 2022/23, Council reviewed and updated its Procurement and Tendering Policy with modern slavery requirements, which are now being implemented across the organisation with a focus on high-risk supply categories and high-spend projects/suppliers.



Outcomes

- Formal adoption of modern slavery provisions within Council's procurement framework.
- Use of government contracts that contain modern slavery provisions as part of a risk management approach.
- Better selection of suppliers from countries that score a low prevalence of modern slavery.
- Better understanding of modern slavery through targeted awareness for staff with procurement activities in high-risk areas.

Environmental Upgrade Agreements

Local Government Act 1993 s 54P(1)

Council did not enter into any Environmental Upgrade Agreements during 2022/23.

Special Rate Variation

Local Government Act 1993 s 508

Special Rate Variation 2013/14 to 2016/17

Under Section 508 A (1) of the *Local Government Act 1993* Council made application to IPART and received a Special Rate Variation (SRV) on 11 June 2013. The percentage by which Council was permitted to increase its general income for the period from 2013/14 to 2016/17 was 39.72% consisting of the following annual increases:

	Year	Annual Increase in General Income %	Cumulative Increase in General Income %
Y1	2013/14	9.4	9.4
Y2	2014/15	8.5	18.7
Y3	2015/16	9.5	29.98
Y4	2016/17	7.5	39.72

The percentage increase set out above is subject to the following conditions:

The Council uses the additional income for the purposes of:

- Funding debt servicing associated with its capital works program.
- Improving financial sustainability.

As per the SRV instrument of approval dated 12 June 2013, Council is required to report on the program of expenditure funded by the SRV, income and expenditure in the annual report for rating years from 2013/14 to 2022/23. Accordingly, this is the last year Council will be reporting on 2013/14 SRV information.

Council has largely achieved the additional works outlined in the SRV application from additional revenue generated. The SRV increase has been retained in Council's rating base, and has positioned Council to meet additional operational and capital funding requirements, as Gunnedah Shire continues to grow and prosper.

A listing of capital projects submitted with the SRV and actual expenditure for the years 2013/14 to 2022/23 and comments as to the progress of each project is contained on the following pages.



Long Term Financial Plan (LTFP) – Budget vs Actual 2022/23

The table below details the SRV budget verses the actual result for 2022/23, along with comments on major variances.

Income Statement – General Fund

	LTFP - SRV 2022/23 \$'000	Actual 2022/23 \$'000	Variance	% Variance	Comments (Major Variances)
Income					
Rates & Annual Charges	17,637	16,914	- 723	-4%	The negative variance is mainly due to a lower than originally budgeted rate peg. The rate peg was 2.5% in 2022/23 but the LTFP estimate was 3.5%.
User Charges & Fees	8,438	9,461	1,023	12%	The positive variance is largely due to additional RMS revenue for state roads projects offset by an increase in Materials & Contracts expenditure (Council received \$6.4 million in RMCC revenue in 2022/23). Water usage charge revenue also increased following the recognition of accrued income to 30 June 2023 and higher water consumption in 2022/23.
Interest & Interest Revenue	938	1,969	1,031	110%	The positive variance is due to a higher level of investments than predicted in the LTFP. The investment portfolio as at 30 June 2023 was \$101.2 million across all funds, which is well above budget projections contained in the LTFP. Also contributing to the result is the increase in interest rates following Covid-19 and Council continuing its long-term investment strategy to attract higher rates.
Other Revenues	377	1,589	1,212	322%	The positive variance is mainly due to the accounting for volunteers at the Library and GoCo services for the first time in 2022/23, which is a new accounting standard requirement.
Operating Grants & Contributions	15,425	22,209	6,784	44%	The positive variance is mainly due to \$3.2 million in Pothole grants received. Council also received approximately 125% of the Financial Assistance Grant allocation in 2022/23.
Capital Grants & Contributions	405	20,572	20,167	4983%	The positive variance is due to the receipt of capital grants associated with major projects such as the Saleyards Redevelopment, new Water Treatment Plant and various road upgrade projects, which were not budgeted in the LTFP.
Rental Income	-	154	154		This is a new revenue category since 2019/20 as a result of reporting requirements. Previously rental income was identified in the Other Revenues category.
Total Income	43,219	72,868	29,649		
Operating Expenses					
Employee Benefits & On-Costs	15,953	17,145	1,192	7%	The negative variance is due to growth in Council's workforce to support overall operations, in line with growth of Gunnedah Shire, which was not predicted in the LTFP.
Borrowing Costs	1,456	726	- 730	-50%	The positive variance is due to loans forecast to be taken out in the LTFP not eventuating due to an improved financial position.
Materials & Contracts	10,162	19,317	9,155	90%	The negative variance is largely due to additional expenditure relating to RMS works, also associated with additional User Charges & Fees income. From 2020/21 the Code of Accounting Practice now allocates items previously in Other Expenses and Employee Costs to Materials & Contracts and this has resulted in a significant amount of expenditure shown against this category in 2022/23, which was shown against the other categories in the LTFP.
Depreciation & Amortisation	9,833	10,002	169	2%	The negative variance is due to Council recognising some Rural Fire Service Assets for the first time, which has added \$173k of additional depreciation per annum. Council has also completed large capital projects in 2022/23 and commenced depreciation during the year.
Other Expenses	4,746	855	- 3,891	-82%	The positive variance is due to the majority of costs in the LTFP as Other Expenses now recognised as Materials & Contracts as per changes in the Code of Accounting Practice.
Net Losses from the Disposal of Assets	109	630	521	477%	These losses are as a result of asset renewal undertaken on Council's infrastructure, where assets had useful life remaining.
Total Operating Expenses	42,258	48,675	6,417		
Net Operating Result	960	24,193	23,233		
Net Operating Result before Grants and Contributions provided for Capital Purposes	556	3,621	3,065		



SRV Capital Projects Summary

	SRV Budget 2013/14	SRV Budget 2014/15	SRV Budget 2015/16	SRV Budget 2016/17	Total SRV Capital Budget	Actual Expenditure 2013/14 to 2021/22	Actual Expenditure 2022/23	Total Expenditure	Remaining
Asset Renewal					-				
Urban, regional and rural roads 1	5,261,224	4,709,501	4,945,436	5,029,299	19,945,460	18,842,725	175	18,842,900	1,102,560
Bridges, kerb & gutter 2	411,000	382,000	1,763,000	405,000	2,961,000	2,961,000	-	2,961,000	-
Plant 3	1,905,000	2,005,000	1,805,000	1,755,000	7,470,000	7,455,000	-	7,455,000	15,000
Swimming Pool 4	500,000	1,551,000	6595,000	-	8,646,000	8,646,000	-	8,646,000	-
Other (Saleyards, IT, parks & reserves) 5	1,012,531	1,249,159	1,008,940	2,160,857	5,431,497	3,699,375	112,488	3,811,863	1,619,634
Total Asset Renewal	9,089,755	9,896,660	16,117,376	9,350,156	44,453,957	41,604,101	112,663	41,716,763	2,737,194
Asset Upgrades									
Public Buildings 6	650,000	40,000	-	-	690,000	237,093	-	237,093	452,907
Depot rehabilitation	202,500	21,000	21,000	21,000	265,500	265,500	-	265,500	-
Regional roads	206,000	-	-	-	206,000	206,000	-	206,000	-
Other upgrades (footpaths, cycleways) 7	216,900	1,700,500	1,895,500	145,000	3,957,900	3,422,349	16,965	3,439,314	518,586
Total Asset Upgrades	1,275,400	1,761,500	1,916,500	166,000	5,119,400	4,130,942	16,965	4,147,907	971,493
New Assets									
Saleyards 8	300,000	-	-	-	300,000	-	-	-	300,000
Domestic Waste 9	300,000	60,000	75,000	-	435,000	82,423	-	82,423	352,577
Stormwater 10	178,000	38,000	583,000	105,000	904,000	849,000	-	849,000	55,000
Other New Assets (parks & reserves, commercial property) 11	543,700	787,500	502,000	126,500	1,959,700	1,350,275	23,000	1,373,275	586,425
Total New Assets	1,321,700	885,500	1,160,000	231,500	3,598,700	2,281,698	23,000	2,304,698	1,294,002
Total Asset Capital Expenditure	\$11,686,855	\$12,543,660	\$19,193,876	\$ 9,747,656	\$53,172,057	\$48,016,740	\$ 152,628	\$ 48,169,368	\$ 5,002,689

Notes

1. Significant increases in State Roads projects awarded to Council have resulted in the need to reallocate resources to those works.
2. Simsons Bridge was completed during 2017/18.
3. Relates to two-way radio replacement which is now not needed.
4. The Swimming Pool renewal project has commenced – following delays associated with ensuring the project met required outcomes within reasonable costs – and was completed in December 2018.
5. a) Domestic Waste – Improvements in compaction rates at the Waste Management Facility has enabled the deferral of costs for a new cell, and along with the removal of the need for transfer stations, a saving over the four-year period of \$650,000 has been achieved. It is also noted that costs related to Domestic Waste are funded from Waste Annual Charges and User Fees and therefore not reliant upon or related to the SRV revenue.
5. b) Depot Refuelling Facility – changes to operations have enabled a saving of \$544,000 over the four-year period, with \$200,000 in capital costs being deferred until 2022/23.
5. c) Saleyards – costs have been reduced over the four-year period by \$92,000, with \$20,000 allocated for a Nightwatchman Building. These costs are entirely funded from Saleyards revenue and not the SRV. The Cattle Crush and Scales upgrade is to be completed in line with redevelopment.
6. Works to the value of \$644,000 have not proceeded for the renewal of the Elgin Street office complex and second storey of the Town Hall. The Master Plan has been completed for the Town Hall and further progress depending on funding the Administration Building modifications will continue. Deferred with COVID-19 and increased number of staff working from home.
7. a) Information Technology – savings of \$205,000 have been realised in Information Technology equipment and software costs over the four-year period.
7. b) Blackjack Creek - \$2.9 million of costs related to this project has now been finalised.
7. c) Amenities - \$114,000 for the extension of the Donnelly Fields Amenities Block now finalised.
8. Holding Pens to the value of \$300,000 are currently no longer required. Saleyards costs are funded entirely from Saleyards operations and do not rely upon or relate to the SRV. Undertaken as part of Saleyards Redevelopment with grant funding.



9. Due to a review of operational requirements at Council's Domestic Waste Management sites, the projects related to these costs are no longer required and savings have been realised. These costs are not funded from the SRV.
10. These costs related primarily to the George Street Drainage Line which is now complete. Stock Road (\$55,000) works completed prior to reporting.
11. \$400,000 related to the purchase of car park land has been held in restricted asset until a further review of car parking requirements within the Shire.

General

All actual expenditure is only shown to the extent of the original SRV budget. Any additional expenditure is not reflected in this report.

Additional Special Variation (ASV) 2022/23

The original financial year 2022/23 rate peg determination for Gunnedah Shire Council was 0.8%. This is significantly lower compared to price indices and the forecasted rate peg in all NSW council's long-term financial plans. Accordingly, all councils were given the opportunity to apply for the rating gap between 0.8% and forecasted 2.5%, which has been used in Council's long-term financial plan.

Total additional rates income generated from this ASV is approximately \$236,000. All of this additional income has been used in delivering a range of services and maintenance of infrastructure as outlined in Council's Operational Plan.

As per the SRV instrument of approval dated 17 June 2022, Council is required to report on the income, expenditure and variation in the 2022/23 Annual Report. This has been covered in the tables above.

Rates and Charges Written Off

Local Government (General) Regulation 2021 cl 132

The following rates and charges were written off during 2022/23:

	Rates and Charges	Postponed Rates and Charges	Pensioner Rebates	Total
Ordinary Rates	\$9,960.90	\$50,626.11	\$144,433.83	\$205,020.84
Water Charges	\$3,764.18	-	\$65,944.95	\$69,709.13
Sewer Charges	\$51.46	-	\$58,733.74	\$58,785.20
Waste Management	\$2,196.62	-	\$59,180.40	\$61,377.02
Stormwater	\$1.81	-	-	\$1.81
Legal Costs	\$16.67	\$9,868.66	-	\$9,885.33
Totals	\$15,991.64	\$60,494.77	\$328,292.92	\$404,779.33



Councillor Training and Professional Development

Local Government (General) Regulation 2021 cl 186

Details of training and professional development undertaken by the Mayor and Councillors during 2022/23 is outlined below.

Induction Training

Nil

Ongoing Professional Development

Course	Attendance
Code of Conduct Refresher and Social Media Training	Mayor J Chaffey, Councillors C Fuller, R Hoddle, R Hooke, A Luke, K McGrath and D Moses
Councillor and Staff Interaction Policy	Councillors C Fuller, R Hoddle, R Hooke, A Luke, J McArthur, K McGrath and D Moses
Councillor and GM Financial Management	Mayor J Chaffey, Councillors C Fuller, R Hoddle, R Hooke, A Luke, J McArthur, K McGrath, D Moses and M O'Keefe
NewPsych Training Session	Mayor J Chaffey, Councillors K McGrath, R Hooke and A Luke
Governance Overview	Mayor J Chaffey, Councillors R Hooke, A Luke, J McArthur, K McGrath and D Moses
Infrastructure Services Overview	Mayor J Chaffey, Councillors C Fuller, R Hoddle, R Hooke, A Luke, J McArthur and D Moses
Locale Consulting Training – Skills Audit and Personalised Learning Plan	Mayor J Chaffey, Councillors C Fuller, R Hoddle, R Hooke, A Luke, J McArthur, K McGrath, D Moses and M O'Keefe
Resolve Board Portal Training (Business Paper Software)	Mayor J Chaffey, Councillors C Fuller, R Hoddle, R Hooke, A Luke, J McArthur, K McGrath, D Moses and M O'Keefe

Other Professional Development Activities

Course	No
Councillor Professional Development Sessions	14
Seminars/Conferences Attended	11
Meetings/Forums Attended	16
OLG Circulars Issued	37



Overseas Travel

Local Government (General) Regulation 2021 cl 217(1)(a)

Details of overseas visits during 2022/23 by Councillors, Council staff or other persons representing Council are shown below:

Purpose of Travel	Destination	Date	Persons	Costs met by Council
Sister City visit to look at partnerships in: <ul style="list-style-type: none"> ▪ Arts and Culture ▪ Sports ▪ Education ▪ Employment and Economy 	Tonga	06/10/22 to 14/10/22	General Manager Director Planning and Environmental Services Manager Economy and Growth Executive Assistant	Flights, accommodation, travel insurance, incidentals
			Photographer/communications contractor	Flights, accommodation, contractor fees
			Mayor Jamie Chaffey Councillor Robert Hoddle	Nil
			Chamber of Commerce Members: <ul style="list-style-type: none"> ▪ Ms Wendy Erikson ▪ Mr Alan Marsh ▪ Mr Scott Davies ▪ Mr Michael Silver ▪ Ms Mere Lightfoot ▪ Mr Matt Carter 	

Mayor and Councillor Expenses

Local Government (General) Regulation 2021 cl 217(1)(a1)

Council has adopted a policy that governs the expenses allowable for conferences and seminars, the types and monetary limits of expenses Councillors can claim reimbursement for, and the facilities to be made available to the Mayor and Councillors. The Councillor Expenses and Facilities Policy can be viewed at Council's office at 63 Elgin Street, Gunnedah or on Council's website.

The cost of expenses and provision of facilities to Councillors in accordance with this Policy for 2022/23 was as follows:

Expense/Facility	Amount
Provision of dedicated office equipment	\$1,481.86
Telephone charges	\$5,441.58
Attendance at conferences and seminars	\$21,786.90
Provision of training and professional development	\$28,121.82
Interstate visits	\$17,904.13
Overseas visits	\$65.46
Expenses of any spouse, partner or other person who accompanied a Councillor in the performance of his or her civic functions	-
Expenses involved in the provision of care of a child of, or an immediate family member	-
Mayor and Councillor allowances payable in accordance with the Local Government Remuneration Tribunal determination	\$142,664.26
Superannuation	\$14,321.07
Provision of vehicle to Mayor	\$7,412.26



Expense/Facility	Amount
Food and catering	\$705.96
Other travel costs	\$7,864.79
Reimbursements	\$(652.42)
Total	\$247,117.67

Contracts awarded greater than \$150,000

Local Government (General) Regulation 2021 cl 217(1)(a2)

Council awarded the following contracts in excess of \$150,000 during 2022/23:

Contractor	Nature of Goods and Services Provided	Amount Spent in Financial Year
Stanaway Pty Ltd t/a David Payne Constructions	Gunnedah Regional Saleyards – Infrastructure Upgrade	\$13,172,024.95
Airport Consultancy Group – Construction Pty Ltd	Gunnedah Aerodrome Tarmac Refurbishment	\$8,059,628.50
Stanaway Pty Ltd t/a David Payne Constructions	Design and Construct Koala Sanctuary (Stage 2)	\$7,943,372.00
Daracon Contractors Pty Ltd	Shared Pathways Program	\$1,705,301.88
Westrac Pty Ltd	Supply 2 x Articulated Motor Graders	\$1,603,698.48
Rice Construction Group	Gunnedah Community Care Refurbishment	\$848,600.00
State Cover Mutual Limited	Workers Compensation Insurance	\$689,015.10
Daracon Contractors Pty Ltd	Wandobah Road – 300mm Sewer Main Extension	\$211,769.81
New South Wales Electoral Commission	Provision of Election Services	\$156,165.00
Evo Tree Lopping & Dingo Hire	Tree Lopping Services	SOR*
Taylor Automotive	Supply of Motor Vehicles	SOR*
Gunnedah Automotive	Supply of Motor Vehicles	SOR*
Gunnedah Quarry Products	Supply of Gravel Haulage Services	SOR*
Ivan Williams Pty Ltd	Supply of Gravel Haulage Services	SOR*
Quirang Holdings Pty Ltd	Supply of Gravel Haulage Services	SOR*
Somerville Earthmoving Pty Ltd	Supply of Gravel Haulage Services	SOR*
AGL Sales Pty Ltd	Electricity Supply – Saleyards	SOR*
AGL Sales Pty Ltd	Electricity Supply – High Production Bore, Orange Grove Rd	SOR*
Shell Energy Retailer	Electricity Supply - Renewable Firming Power - Small Tariff Sites	SOR*
Bitupave Ltd t/a Boral Asphalt NSW/ACT	Supply and Delivery of Bitumen Emulsion	SOR*
Jobs Australia	Permanent and Temporary Placements and Associated Services	SOR*
Labour Co-operative Ltd	Permanent and Temporary Placements and Associated Services	SOR*
Workforce Extensions	Permanent and Temporary Placements and Associated Services	SOR*
Lidcole Pty Ltd t/a Hope Fuel Services	Supply and Delivery of Bulk Fuel	SOR*



Contractor	Nature of Goods and Services Provided	Amount Spent in Financial Year
We Care Disability Services	Provision of personal care and other personal assistance services	SOR*

*Council paid for several schedule of rates (SOR) contracts, where services were provided as and when required at the contracted rate. The total value of some of these contracts is expected to exceed \$150,000 over their life.

Legal Proceedings

Local Government (General) Regulation 2021 cl 217(1)(a3)

The following expenditure on legal proceedings was incurred by Council in 2022/23:

Subject	Particulars of Proceedings	Result	Cost to Council
Planning	Planning Matters	Ongoing	\$35,554.55
Debt Recovery*	Recovery of Rates (multiple properties)	Ongoing	\$55,635.35
Human Resources	General Advice	Ongoing	\$1,222.21
Compliance	Infringement Processing	Ongoing	\$2,092.35
Waste Management Facility	General Advice	Ongoing	\$5,118.76
Koala Sanctuary	Contract Advice	Ongoing	\$23,738.03
Water Meter System	Legal Proceedings	Ongoing	\$2,087.86
Airport Tarmac	Contract Advice	Ongoing	\$5,438.40
Pool Defect	Legal Proceedings	Ongoing	\$23,455.16
Total			\$154,342.67

*Expenses recouped through the rate recovery process.

Subsidised Work on Private Property

Local Government (General) Regulation 2021 cl 217(1)(a4)

Private works are charged in accordance with Council's adopted fees and charges. No resolutions were made to carry out work on private land during 2022/23.

Financial Assistance

Local Government (General) Regulation 2021 cl 217(1)(a5)

Under Section 356 of the *Local Government Act 1993*, Council is able to contribute financial assistance to others, including charitable, community and sporting organisations and private individuals for the purpose of exercising its functions.

Ordinarily, Council must provide at least 28 days public notice of its proposal to provide financial assistance to recipients who act for private gain, however, the public notice requirement in those instances are waived where a proposed financial assistance contribution forms part of a program included in Council's Operational Plan.



In 2022/23 Council provided the following financial assistance under various programs:

Program	Recipient	Description	Commitment	Amount (ex GST)
Business Partner Program	Focus on Function	Business expansion project		\$3,750.00
	Liviana and Ty	New business start up and frontage upgrade		\$1,750.00
	The Luxe Lounge	Business re-branding		\$1,750.00
	Life Matters Counselling & Psychotherapy	Infrastructure upgrade to assist business growth and employment		\$2,500.00
	Gunnedah Diagnostic Imaging	Upgrade to external front signage		\$1,000.00
	Campervan and Motorhome Club of Australia	CMCA RV Park Gunnedah		\$7,000.00
	Lil Achievers	Before and after school education centre		\$3,000.00
	Carroll Store	Fuel tank upgrade and soil contamination testing		\$5,000.00
	The Croft	Fine dining and catering		\$4,806.00
	The Hen House	Business expansion – advertising		\$3,000.00
	Gunnedah Health & Fitness Co	Relaunch/rebrand campaign		\$1,000.00
Facility Hiring Support Fund	Parkinsons Support	Waiver of Civic Theatre hire fees for event		\$655.00
	Riding for Disabled Association Gunnedah	Waiver of showground license fees	5 Years (2022/23 to 2026/27) – indexed by CPI annually	\$535.00
	Gunnedah Multiple Sclerosis Inc	Christmas Fair – hire of Griffiths Pavilion		\$50.00
	Gunnedah Show Society	Country Music Muster event 21-26 March 2023		\$2,256.00
Not-for-profit charities (orphaned waste)	Salvation Army	Exemption for landfill gate fees as per Council Policy: <i>Waste Management - Exemption from charges for not-for-profit charities (orphaned waste)</i>	Annual allocation credited to debtor account	\$1,000.00
Section 356 Small Grants Program (Community)	Gunnedah Pottery Club	Purchase of a new kiln		\$2,775.00
	Meals on Wheels	Purchase of pie warmers and vacuum cleaner		\$1,686.00
	Gunnedah Rotary Club	Installation of six bronze plaques in Gunnedah CBD		\$1,350.00



Program	Recipient	Description	Commitment	Amount (ex GST)
	Westpac Rescue Helicopter	Purchase of a marquee		\$1,100.00
Section 356 Small Grants Program (Sports Grants)	Breeza Tennis Club	Purchase of external spectator seating for tennis courts		\$4,750.00
	Gunnedah Tennis Club	Purchase of chairs and air conditioner for clubhouse		\$4,000.00
	Gunnedah Poultry Club	Kitchen upgrades to poultry pavilion		\$3,000.00
	Gunnedah Junior Rugby Club	Stackable benches		\$2,670.00
	Mullaley Hall and Gymkhana Association	Travel and equipment for delivery of fitness program		\$1,700.00
	Gunnedah Pistol Club	Concrete paths for disability access		\$1,660.00
	Big Sky Trailblazers	BBQ, GPS and swag first aid kits		\$806.00
	Section 356 Small Grants Program (Arts & Cultural Grants)	Multicultural Women's Association Inc	Around the World in One Day	
Arts Gunnedah Incorporated		51st annual art exhibition and 2022/23 workshop program		\$7,900.00
Blackjack Camera Club Inc		"Through the Lens" – an exhibition of highlights from Blackjack Camera Club		\$2,813.50
Gunnedah and District Spinner and Weavers		Spinners and weavers weekend group		\$1,158.15
The House that Dan Built		Gunnedah toy choir		\$1,500.00
Sister Cities and Friendly Relationships Grant Program	Gunnedah and District Chamber of Commerce and Industry Inc	Business House Gala Ball held 15 July 2023		\$11,265.00
Village Progress Associations Public Liability Insurance Reimbursements	Emerald Hill Progress Association	2022/23 insurance reimbursement		\$1,410.90
	Mullaley Gymkhana Association			\$1,485.00
	Piallaway Progress Association			\$1,581.13
	Kelvin Hall Incorporated			\$1,625.95



Program	Recipient	Description	Commitment	Amount (ex GST)
Minor Donations	Red Cross	Donation to fundraising raffle		\$50.00
	Gunnedah High School	Donation to academic awards		\$100.00
	St Mary's College	Donation to academic awards		\$100.00
	Gunnedah Historical Society	Map printing fee waiver		\$100.00
N/A	Dorothea Mackellar Memorial Society	Annual financial contribution	5 Years (1/07/21-30/06/26)	\$17,300.00
		Civic hire (in-kind support)		\$1,922.00
		Building provision (in-kind support)		\$22,660.00
N/A	Gunnedah Rural Museum	Annual operational subsidy	3 Years (01/12/22-30/11/25)	\$5,000.00
		Annual building and contents insurance subsidy		\$3,000.00
N/A	Gunnedah Shire Band	Annual operational subsidy	5 Years (1/07/21-30/06/26) – indexed by rate peg annually	\$5,192.11
		Annual maintenance allocation		\$5,192.11
N/A	Gunnedah Homes for the Aged Association	Yallabee Aged Care Home water subsidy		\$1,600.00
N/A	Australian Community Media	Provision of traffic planning and control for the 2022 Ag Quip event	This has moved to a sponsorship arrangement in 2023/24	\$89,410.00
N/A	Gunnedah Jockey Club	Kitchen and dining upgrade project	Commitment of up to \$30,000 from Reserve Management Fund to a co-contribution towards a grant application – no funds paid 2022/23	\$30,000.00
Total				\$281,896.80

In addition to the above financial assistance, Council also contributed \$144,693.90 to the 2022/23 pensioner rebate program in accordance with NSW Government requirements.



Functions Delegated to Other Organisations

Local Government (General) Regulation 2021 cl 217(1)(a6)

Council delegated functions to the following external bodies during 2022/23:

- **North West Weight of Loads**

Authority has been granted by Council for inspectors to operate within the Gunnedah Shire Council local government area under relevant legislation to undertake ordinance inspections.

Controlled Entities

Local Government (General) Regulation 2021 cl 217(1)(a7)

Council did not hold a controlling interest in any entities during 2022/23.

Participation in Other Entities

Local Government (General) Regulation 2021 cl 217(1)(a8)

Council is a member of the following organisations:

- **CivicRisk Mutual**

A self-insurance pool covering public liability, professional indemnity, property and fidelity guarantee risks, enabling member councils to reduce insurance premiums.

- **Statecover Mutual Insurance**

A self-insurance pool covering workers' compensation enabling councils to reduce premiums and tailor-fit injury management.

- **Namoi Unlimited**

Namoi Unlimited is made up of councils from northern NSW, including Gunnedah, Liverpool Plains, Tamworth, Narrabri and Walcha and Uralla.

Council also participated in the following organisations in 2022/23:

- Arts North West
- Australian Local Government Women's Association
- Country Mayor's Association of NSW
- Dorothea Mackellar Memorial Society
- Gunnedah Rural Museum
- Gunnedah Shire Band
- Northern Regional Planning Panel
- Murray Darling Association
- Namoi Unlimited
- Northern Inland Regional Waste Group
- Northern Inland Weeds Advisory Committee
- North West Weight of Loads Committee
- Public Libraries NSW
- RocGLEN Community Consultative Committee



- Rural Fire Service Bushfire Management Committee
- Sunnyside Community Consultative Committee
- Tarrawonga Coal Community Committee
- Two Rivers Art Council
- Urban Landcare
- Vickery Consultative Committee
- Whitehaven Coal Sponsorship and Donation Committee

Equal Employment Opportunity Management Plan

Local Government (General) Regulation 2021 cl 217(1)(a9)

Council continues to demonstrate a strong commitment to all Equal Employment Opportunity (EEO) principles, creating an environment where employees are treated fairly and with respect. Part of the ongoing commitment to the EEO principles includes the Bullying Prevention Management Procedure, as well as Code of Conduct training delivered annually to all staff.

Council also recognises the importance of providing employees with learning and development opportunities, as well as promoting leadership pathways, such as future leaders programs. During the reporting period, professional development in leadership training has taken place for a number of employees through the Colloquium and Australian Institute of Company Directors programs. Council is committed to the ongoing professional development of employees, further promoting Council as an employer of choice within the community.

Council proactively engages with local high schools through school visits and participation at the local careers day, where the EEO principles are further promoted. This assists in providing our youth with a greater understanding of career opportunities that exist within Council and in local government.

At Council, we continue to promote health and well-being for all staff. The health and wellbeing calendar focuses on and promotes physical and mental health activities. To further support employees with wellbeing, Council is committed to ongoing mental health programs for all staff, also working closely with EAP providers NewPsych Psychologists.

Pleasingly, employment demographics have again shifted for 2022/23 with a 4.8% increase in female employment.

Gender	No	%
Female	85	42%
Male	118	58%
Total	203	100%

Merit Selection and Anti-Discrimination

Council's recruitment and selection process, as well as internal appointments, secondments and promotions, are based on merit. This ensures Council recruits people with the appropriate skills, knowledge and experience to help the organisation deliver services to our community. Council continually reviews the recruitment process to ensure all EEO principles and requirements are adhered to. All candidates are treated professionally and with respect.



General Manager Remuneration

Local Government (General) Regulation 2021 cl 217(1)(b)

The General Manager's remuneration for 2022/23 consisted of:

Total value of the salary component of the package	\$266,181.65
Total amount of any bonus, performance or other payments that do not form part of the salary component	-
Total amount payable by way of the employer's contribution or salary sacrifice to any superannuation scheme to which the general manager may be a contributor	\$27,949.14
Total value of any non-cash benefits for which the general manager may elect under the package	-
Total amount payable by way of fringe benefits tax for any such non-cash benefits	-
Total Remuneration	\$294,130.79

Senior Staff Remuneration

Local Government (General) Regulation 2021 cl 217(1)(c)

The General Manager is the only officer classified as senior staff. Accordingly, there is no requirement to provide remuneration details for any other staff.

Persons Performing Paid Work

Local Government (General) Regulation 2021 cl 217(1)(d)

The number of persons who performed paid work for Council on the designated relevant day, Wednesday 23 November 2022, is as follows:

- Number of persons directly employed by Council:
 - 175 employees on a permanent full-time basis
 - 19 employees on a permanent part-time basis
 - 2 employees on a casual basis
 - 8 employees under a fixed-term contract
- Number of persons employed by Council who are 'senior staff' for the purpose of the *Local Government Act 1993*:
 - General Manager
- Number of persons engaged by Council under a contract or other arrangement with the persons employer, that is wholly or principally for the labour of the person:
 - 14 employees
- Number of persons supplied to Council under a contract or other arrangement with the person's employer as an apprentice or trainee:
 - 4 employees



Stormwater Management Services

Local Government (General) Regulation 2021 cl 217(1)(e)

Stormwater management services made available during 2022/23 together with the projected stormwater management services that were proposed to be made available are shown below:

Operational Expenditure	Original	Carryover	Adjust	Total Budget	Actual	To Future Works
Stormwater Maintenance and Repair	\$36,321	-	\$23,829	\$60,160	\$48,519	-

Capital Expenditure	Original	Carryover	Adjust	Total Budget	Actual	To Future Works
Urban Drainage Strategy	\$200,000	-	-	\$200,000	-	\$200,000

Companion Animal Management

Local Government (General) Regulation 2021 cl 217(1)(f)

Council employs two Compliance Officers whose duties include animal control. Random, targeted, and reactive patrols of the Shire are conducted and the officers respond to customer service requests in relation to companion and other animals. Responsible pet ownership promotion was conducted through a number of mediums including a clinic with AWL NSW. The “Paws Up” community education program included displays of promotional and educational material at Council events, display of promotional banners, procurement and use of vehicle-based magnets promoting registration and micro-chipping, procurement and installation of bollard signage at strategic public locations promoting de-sexing and responsible pet ownership.

Dog seizures and surrenders have trended upwards, a consequence of the post COVID-19 pandemic, cost of living, and housing crisis. Cat seizures trended down due to amended legislation impacting on the power of Council to euthanise feral and non-domestic felines.

Council works closely with the local veterinary clinic, the local RSPCA volunteer branch and approved rehoming organisations to foster and rescue unclaimed impounded animals. Council continues to receive responses from just three animal rescue organisations and re-homed all seized dogs except for a very small number who were unsuitable for rehoming due to illness or temperament. Cats continue to be problematic to re-home. There were nil known dog attacks in 2022/23.

An off-leash park is designated for companion animals and owners to enjoy open space.

Breakdown of 2022/23 funding:

Pound Working Expenses	\$6,411.11
Pound Building Maintenance	\$1,232.56
Community Programs and Education	\$2,377.20
Total	\$10,050.87



The table below shows the budgeted 2022/23 revenue and expenditure associated with companion animal management.

Description	Original Estimate	Actual
Expenditure		
• Impound and control companion animals	\$158,899.00	\$140,997.45
• Dog and cat pound M&R	\$6,000.00	\$5,209.77
• Depreciation	\$455.00	\$454.80
• Overheads – corporate support	\$59,164.00	\$72,257.89
Total Expenditure	\$224,518.00	\$212,668.02
Revenues		
• Companion animals – registration fees	\$21,000.00	\$17,936.56
• Dogs – impounding fees	\$22,723.00	\$11,856.94
• Dogs – fines and costs	\$2,270.00	\$3,692.39
• Dogs – sales	-	-
Total Revenues	\$45,993.00	\$38,334.11

Summary of Animal Management Facility Data	Dogs	Cats	Total
Seized and transferred to Council’s facility	171	-	171
Dumped	51	37	88
Surrendered by owners	15	1	16
Holding pending Court Action	-	-	-
Total Arrivals	237	38	275
Returned to Owners	107	-	107
Released for re-homing	106	20	126
Sold	7	-	7
Euthanised	17	17	34
Died at Council facility	-	-	-
Stolen or escaped from Council facility	-	-	-
Total Departures	237	37	274

Capital Works Report

OLG Capital Expenditure Guidelines 2010

Council is required to report on capital projects as outlined in the OLG Capital Expenditure Guidelines (Guidelines). These Guidelines require reporting on the following basis:

“Councils are required to undertake a capital expenditure review for projects that are not exempt and cost in excess of 10% of Council’s annual ordinary rates revenue or \$1 million (GST exclusive), whichever is greater. There are additional requirements for non-exempt capital projects where the project costs are expected to exceed \$10 million (GST exclusive).”

Council’s 2022/23 ordinary rate revenue was \$14.3 million meaning that the threshold for the Guidelines is currently \$1.43 million. Projects above this threshold are subject to the reporting requirements of the Guidelines unless they are specifically exempted. The Guidelines note the following projects as exempt: land purchases, land remediation, water supply networks, sewerage networks, stormwater drainage, domestic waste management facilities, roads, footpaths and bridges.



The following tables provide information on capital projects, the total budget for each project and actual expenditure to 30 June 2023.

Projects greater than \$10 million:

Project	Work Order	Budget	Actual
Gunnedah Regional Saleyards Redevelopment	4498 & 4601	\$27,419,760	\$15,085,176
Gunnedah Koala Sanctuary	3906	\$22,656,000	\$3,253,043

Projects between \$1.43 million and \$10 million:

Project	Work Order	Budget	Actual
Clifton Road Upgrade*	4323	\$10,626,091	\$10,319,876
Gunnedah Water Treatment Plant*	4671	\$8,354,000	\$8,266,610
Kelvin Road Upgrade*	4581	\$6,053,409	\$4,146,173
Plant Replacement Program*		\$2,779,550	\$1,400,144
Airport Runway Reconstruction	LRCI 1 - 4892 R4R - 4873	\$8,444,231	\$6,253,525
Shared Pathway Connection Program – Cycleway*	4852	\$2,048,450	\$1,283,195
High Production Bore - Construction & Trunk Main Connection*	5006	\$1,800,000	\$410,464
Gunnedah Impoundment Facility Upgrade	4587	\$1,475,439	\$28,835
GoCo Refurbishment	4884	\$1,475,439	\$105,509

*These projects are exempt under the Guidelines.

Below are details of capital projects between \$150,000 and \$1.43 million. These projects are not subject to the Guidelines but have been included as per Guideline recommendations.

Project	Work Order	Budget	Actual
2022/23 Vehicle Replacement - GoCo		\$207,760	\$41,252
2022/23 Peripheral Replacement Program		\$175,000	\$16,000
2022/23 Deposition Area Upgrade	5143	\$285,000	\$79,799
2021/22 Asset Software	4937	\$159,850	\$16,965
2021/22 Quarries (Development Approval)	4966	\$241,933	\$189,419
2021/22 Poetry Precinct - Public Spaces Activation Project	4849	\$314,228	\$50,308
2022/23 Playground Equipment Replacement Program (Everyone Can Play)	5059	\$167,556	\$15,034
2022/23 Open Space Masterplan	5139	\$160,000	-
2021/22 Reseal Blackstump Way	4926	\$213,584	-
2022/23 Rangari Road Reconstruction		\$430,305	-
2022/23 Blackstump Way	5203	\$300,000	\$144,162
Mystery Road Construction	4402	\$257,631	-
2022/23 Carroll - Clifton Road Pavement		\$690,749	-
2022/23 Bluevale Road Reconstruction		\$560,205	-
2022/23 Tambar Springs - Wandabah Road Howes Hill Road to Boundary Two Sections Gravel Road Resheeting	5162	\$166,333	\$50,281
2022/23 Urban Drainage Strategy		\$200,000	-
2020/21 Orange Grove Bridge Replacement	4615	\$421,165	\$350,471
2020/21 Lt Barber St Road Widening CR30.06/21	4695	\$257,703	\$48,016



Project	Work Order	Budget	Actual
2021/22 Hunts Road (FLR Grant Funded)	4872	\$336,325	\$337,216
2021/22 Shannon Harbour Road	4912	\$204,960	\$251,639
2020/21 Depot Pond & Material Handling Bays	4521	\$462,463	\$26,029
2020/21 Depot Fuel Rehabilitation	4522	\$498,120	\$2,016
2022/23 Renovate and Fit Out Small Plant Shed		\$240,000	\$12,442
2022/23 Fleet Replacement Program		\$340,000	\$132,507
2021/22 Main Replacement - Wean Rd	4588	\$184,065	\$176,708
2022/23 Water Mains Capital Works Replacement Program		\$657,015	\$74,619
2022/23 Bore Replacement Program	5023	\$206,500	\$7,439
2021/22 Mornington Heights Sewer Extension (Wandobah to Lincoln)	4842	\$345,615	\$335,540
2021/22 Survey / Investigation Sewer Mains / Manholes	4792	\$253,384	\$191,190
2021/22 Farmers & Graziers Cleanup (CR15.11/20)		\$278,914	-

Carers Recognition Act Compliance

Carers Recognition Act 2010 s 8(2)

Council's human resource and equal employment opportunity policies fully reflect the principles embedded in the *Carer Recognition Act 2010*.

Council makes carers leave available for employees who are unable to attend work because of their caring role. If an employee has exhausted all sick leave when performing their caring role, other leave may be used to enable the employee to continue in their caring role.

Under some circumstances, flexible working hours have been granted to staff that enables these employees to perform their caring role. These flexible working hours have not impacted on Council's operations.

Council complies with the *Carer Recognition Act 2010* and *Disability Inclusion Act 2014*.

Disability Inclusion Plan

Disability Inclusion Act 2014 s 13(1)

The *Disability Inclusion Act 2014* requires all councils to develop a Disability Inclusion Action Plan (DIAP). This planning ensures people with disability, and their families and carers, can enjoy more inclusive and accessible communities, through the removal of barriers and the promotion of the rights of people with disability.

The Gunnedah Shire Disability Inclusion Action Plan (DIAP) articulates a clear set of priority actions aimed at enhancing access and participation for all. Over the last four years, Council has worked steadily to implement the actions and recommendations embedded in the document, and to become access champions. Engagement activities for the development of a revised DIAP have been completed and, in accordance with legislative requirements, will be finalised in December 2023.



Planning Agreements

Environmental Planning and Assessment Act 1979 s 7.5(5)

The following planning agreements were in place during 2022/23:

Development	Land	Parties to Agreement	Description of Agreement
Mary's Mount Quarry	Lot 22 DP1216060 Pownell Road Mullaley NSW 2379	Gunnedah Quarry Products Pty Ltd	Road upgrades and payment of monetary contribution to Council per tonne of product freighted on Council roads for road maintenance.
Carroll Cotton Gin	Lot 22 DP1248220 1875 Clifton Road Carroll NSW 2340	Carroll Cotton Company	Payment of monetary contribution to Council per tonne of product freighted on Council roads for road maintenance.
Vickery Extension Project	Land listed in the development consent granted for the Vickery Extension Project development application "SSD 7480"	Vickery Coal Pty Ltd Whitehaven Coal Limited	Payment of financial contribution to Council to mitigate against the impacts of the development. Part of this contribution has been applied by the Council towards funding the community initiatives or projects determined or outlined by the Council in its adopted Community Strategic Plan, Resourcing Strategy, Delivery Program and Operational Plan.

Voluntary Planning Agreement Public Acknowledgements

In 2022/23 Council was required to make the following public acknowledgements regarding the use of Voluntary Planning Agreement (VPA) contributions.

Vickery Extension Project

In May 2020, Council entered into a VPA agreement with Vickery Coal Pty Ltd and Whitehaven Coal Limited under which Council was to receive up-front contribution amounts plus an ongoing contribution based on coal production.

Council publicly acknowledges the use of \$500,000 of these contributions in 2022/23 towards activities included in the adopted IP&R framework, specifically to partially fund the net operating cost of parks and gardens across Gunnedah Shire.



Development Contributions and Development Levies

Environmental Planning and Assessment Regulation 2021 cl 218A

During the report period, no developer contributions and development levies funds have been used or expended.

A breakdown of the value of contributions and levies received and expended by Developer Contribution Plan is shown below.

Contribution Plans	Total Value of all contributions and levies received during the year	Total Value of all contributions levies expended during the year
Developer Servicing Plan 2013 (Revision B) - Stormwater	\$12,226.00	-
Section 94 Contribution Plan - Extractive Industries - November 2013	-	-
Section 94A Contribution Plan - January 2013	\$317,749.94	-
Total	\$329,975.94	-

Refer to Note G5 "Statement of developer contributions" as at 30 June 2023 of Council's Annual Financial Statements for additional information.

Private Swimming Pools

Swimming Pools Act 1992 s 22F(2)

Swimming Pools Regulation 2008 cl 23

Council undertook the following swimming pool inspections in 2022/23:

Details of Inspections	No
Number of inspections of tourist and visitor accommodation	-
Number of inspections of premises with more than two dwellings	1
Number of inspections that resulted in issuance of a certificate of compliance under section 22D of the Act	39
Number of inspections that resulted in issuance of a certificate of non-compliance under clause 18BA of the Regulation	-



Government Information Public Access (GIPA)

Government Information (Public Access) Act 2009 s 125(1)

Government Information (Public Access) Regulation 2018 cl 8

Appendix 1 contains the 2022/23 report covering GIPA activities.

Public Interest Disclosures

Public Interest Disclosures Act 1994 s 31

Public Interest Disclosures Regulation 2011 cl 4

By upholding the principles of honesty, integrity, and transparency in its administration of Council funds and assets, Council strives to act in the best interests of the community.

Through our Fraud and Corruption Prevention Policy, Code of Conduct and Internal Reporting Policy, we are committed to the aims and objectives of the *Public Interest Disclosures Act 1994*.

We recognise the value and importance of public officials, including staff, Councillors and contractors, who report wrongdoing.

We distribute policies to employees at Code of Conduct training and new employees receive induction training supported by policies published on Council's intranet site.

The Independent Commission Against Corruption has helped train managers on key aspects of corruption prevention.

In 2022/23, no disclosures were made that met the definition of being public interest disclosure under the *Public Interest Disclosures Act 1994*.

Number of public officials who made public interest disclosures to Council	Made by public official performing their day-to-day functions	Under statutory or other legal obligation	All other Public Interest Disclosures
Number of public interest disclosures received by Council	Nil	Nil	Nil
Number of public interest disclosures received since 1 July 2022 that have been finalised in this reporting period?	Nil	Nil	Nil
Have you established an internal reporting policy?	Yes		
Have the heads of Council met their staff awareness obligations?	Yes		



Condition of Assets

Local Government Planning and Reporting Manual 2013

Council is responsible for assets with a current total replacement value of \$748 million and a net carrying amount of \$519 million. These assets assist Council to deliver services to the community. Local governments throughout Australia face issues surrounding the management of ageing assets in need of renewal and replacement. Infrastructure assets including roads, drainage, bridges, water and sewerage present particular challenges. The condition and longevity can be difficult to determine.

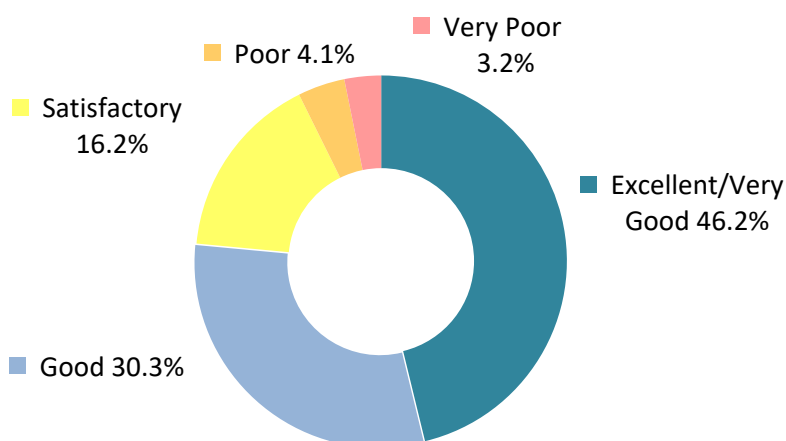
The demand for services has always been greater than the funds to provide services and a constant process of evaluation is required. This is not just in the creation of new assets, but how we manage assets already providing a service to ensure this continues.

Council rates assets on a condition scale from 1 to 5 as follows:

Grade	Condition	Description
1	Excellent/Very Good	New or as-new condition. Only normal cyclic maintenance required. Negligible wear and/or undamaged or damage repaired to original condition.
2	Good	Sound condition with some wear and tear. Minor maintenance required along with normal cyclic maintenance. Minor components may need replacement. Low risk to safety, environment or reputation due to asset condition.
3	Satisfactory	Significant deterioration evident. Maintenance other than normal cyclic maintenance required on a regular basis to sustain asset. Minor failures may be occurring. Condition is impacting performance of the asset. Risk to safety, environment or reputation due to asset condition within tolerable limits but requires high level of maintenance.
4	Poor	Failure likely in short term. Asset not performing required function or not performing function without significant additional maintenance activity on top of normal cyclic maintenance. Risk to safety, environment or reputation due to asset condition approaching tolerable limits. Significant renewal or replacement required.
5	Very Poor	Failure occurred or failure imminent. Risk to safety, environment or reputation due to asset condition beyond tolerable limits. Urgent need for renewal of major components, replacement or removal of asset.

The results below show that the majority of Council's assets (76.5%) are rated at condition 1 or 2, good to excellent. A further 16.2% are rated as good condition requiring a higher level of maintenance. Of the remainder, 4.1% are rated as poor and 3.2% as very poor, urgently requiring renewal or upgrade to the asset.

Asset conditions as at 30 June 2023





Council's capital works program is prepared following a review of asset renewal requirements, in conjunction with Council's vision. The Report on Infrastructure Assets is prepared in conjunction with the Annual Financial Statements and details the current replacement cost for each asset category, funding required for maintenance at a satisfactory level, the estimated depreciated replacement cost of infrastructure and condition rating for each class of asset.

Gunnedah Shire Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings	91	91	270	195	37,270	65,028	13.0%	44.0%	42.8%	0.2%	0.0%
	Sub-total	91	91	270	195	37,270	65,028	13.0%	44.0%	42.8%	0.2%	0.0%
Other structures	Other structures	854	854	235	250	6,356	10,244	31.8%	58.1%	1.8%	8.3%	0.0%
	Sub-total	854	854	235	250	6,356	10,244	31.8%	58.1%	1.8%	8.3%	0.0%
Roads	Urban Roads	853	853	379	740	46,726	65,608	56.1%	20.9%	22.7%	0.2%	0.1%
	Rural Sealed Roads	5,257	5,257	1,457	1,508	98,913	122,577	73.1%	14.4%	8.2%	0.4%	3.9%
	Rural Unsealed Roads	2,881	2,881	2,853	4,135	87,614	106,823	63.3%	19.0%	15.0%	0.4%	2.3%
	Bridges / Culverts	1,024	1,024	287	67	34,433	54,411	17.5%	64.0%	11.2%	5.4%	1.9%
	Footpaths	35	35	64	43	81,660	10,896	67.4%	24.3%	8.0%	0.3%	0.0%
	Other road assets	82	82	41	41	4,551	5,939	52.8%	30.6%	9.4%	5.8%	1.4%
	Sub-total	10,132	10,132	5,081	6,534	280,402	366,254	58.4%	24.8%	13.2%	1.2%	2.4%
Water supply network	Water supply network	3,097	3,097	1,616	1,526	70,387	107,782	38.8%	19.4%	20.0%	15.8%	6.0%
	Sub-total	3,097	3,097	1,616	1,526	70,387	107,782	38.8%	19.4%	20.0%	15.8%	6.0%
Sewerage network	Sewerage network	4,269	4,269	1,029	911	57,090	85,179	47.0%	22.6%	14.8%	6.3%	9.3%
	Sub-total	4,269	4,269	1,029	911	57,090	85,179	47.0%	22.6%	14.8%	6.3%	9.3%
Stormwater drainage	Stormwater drainage	–	–	30	4	32,507	43,873	40.8%	59.2%	0.0%	0.0%	0.0%
	Kerb & Gutter	32	32	47	1	12,784	33,627	21.5%	69.0%	9.4%	0.1%	0.0%
	Sub-total	32	32	77	5	45,291	77,500	32.4%	63.5%	4.1%	0.0%	0.0%
Open space / recreational assets	Swimming pools	–	–	64	77	10,576	12,596	60.0%	40.0%	0.0%	0.0%	0.0%
	Other Recreational Assets	744	744	1,244	1,349	9,259	13,972	18.3%	48.3%	7.7%	20.6%	5.1%
	Sub-total	744	744	1,308	1,426	19,835	26,568	38.1%	44.4%	4.0%	10.8%	2.7%
Other infrastructure assets	Aerodrome	18	18	52	36	2,204	8,103	36.1%	0.4%	63.3%	0.2%	0.0%
	Car Parking	–	–	8	3	599	1,578	6.3%	3.2%	90.5%	0.0%	0.0%
	Sub-total	18	18	60	39	2,803	9,681	31.2%	0.9%	67.7%	0.2%	0.0%
	Total – all assets	19,237	19,237	9,676	10,886	519,434	748,236	46.2%	30.3%	16.2%	4.1%	3.2%

Financial Summary

Local Government Planning and Reporting Manual 2013

Attached to this Annual Report 2022/23 is a copy of Council's Audited Financial Statements including the General Purpose Financial Statements, Special Purpose Financial Statements and the Special Schedules. This also includes a Report on the Conduct of Audit prepared by the Audit Office of New South Wales for the year that ended 30 June 2023.

Operating Result

Council's net operating result for 2022/23 is \$26.055 million after grants and contributions compared to \$26.755 million in 2021/22.

Council's net operating result before capital grants and contributions for 2022/23 is \$4.792 million compared to \$4.245 million in 2021/22.

On the following pages is a summary of 2022/23 income and expenditure compared with 2021/22, with variations identified and a summary of the variances provided below.



Income

Income Category	2022/23 \$'000	2021/22 \$'000	Variance \$'000	% Change
Rates & Annual Charges	\$20,630	\$19,729	\$901	4.6%
User Charges & Fees	\$13,270	\$13,254	\$16	0.1%
Interest & Investment Revenue	\$2,595	\$933	\$1,662	178.1%
Other Revenues	\$1,589	\$1,444	\$145	10.0%
Operating Grants & Contributions	\$22,351	\$15,294	\$7,057	46.1%
Capital Grants & Contributions	\$21,263	\$22,510	-\$1,247	-5.5%
Other Income	\$154	\$94	\$60	63.8%
Total Income	\$81,852	\$73,258	\$8,594	11.7%

Rates & Annual Charges

The rate peg for 2022/23 was 2.5%, which applied to ordinary rates. The increase for waste, water and sewer annual charges was slightly higher than this. Additional revenue has also been recognised due to growth in the number of properties generating additional rates and charges income.

User Charges & Fees

User charges and fees marginally increased from the previous year. A decrease in RMS income was recorded from \$6.66 million in 2021/22 to \$6.42 million in 2022/23. This was offset by an increase in other income categories. Water usage charges increased following recognition of accrued income to 30 June 2023 and increased water consumption during the period. This has also contributed to higher income for sewerage services. Income from the saleyards increased by \$100k due to an increase in the number of cattle sold. Other user charges and fee income categories have remained relatively constant.

Interest & Investment Revenue

Council investments increased during 2022/23 to \$101.2 million as at 30 June 2023 as compared to \$92.61 million as at 30 June 2022. Total interest income increased from \$933k in 2021/22 to \$2.60 million in 2022/23 due to the increase in interest rates and a higher level of investments than originally forecast held. By 30 June 2023, interest rates steadied and with higher than normal capital projects we will see more expenditure of our short-term investments throughout 2023/24.

Other Revenues

Other revenues increased by \$145k in 2022/23. The main reason for this is the accounting for volunteer costs at the library and GoCo services for the first time resulting in recognition of income of \$293k.

Operating Grants & Contributions

Operating grants and contributions increased by \$7.1 million in 2022/23. Grants for GoCo and road and bridges funding have continued in 2022/23 along with various other grants for community improvement services such as weed control, street lighting, pothole repair grant and library books. In June 2023, Council received an advance payment of 100% of the 2023/24 financial assistance grant (\$5.85 million). This has been included in 2022/23 revenue as required by the Australian accounting standards.

Capital Grants & Contributions

Capital grants and contributions decreased by \$1.25 million in 2022/23. Major capital grants received related to the Gunnedah Regional Saleyards redevelopment, Gunnedah Koala Sanctuary, animal impound facility upgrade, GoCo office refurbishment and shared pathways. Council also received \$1.02m in developer contributions.



Other Income

Other income consists of rental income, which increased by \$60k in 2022/23.

Operating Expenditure

Expense Category	2022/23 \$'000	2021/22 \$'000	Variance \$'000	% Change
Employee Costs	\$18,481	\$17,487	\$994	5.7%
Borrowing Costs	\$726	\$755	-\$29	-3.8%
Materials & Contracts	\$22,617	\$16,077	\$6,540	40.7%
Depreciation & Amortisation	\$12,262	\$11,477	\$785	6.8%
Other Expenses	\$855	\$389	\$466	119.8%
Net Losses from the Disposal of Assets	\$856	\$318	\$538	169.2%
Total Operating Expenses	\$55,797	\$46,503	\$9,294	20.0%

Employee Costs

Gross employee costs increased by 2.4% from the previous year. The award increase in 2022/23 was 2.0% and the statutory guarantee rate for superannuation increased from 10% to 10.5%. Net employee costs increased by 5.7% from the previous year mainly due to a lower level of employee costs allocated to capital projects. The 2022/23 financial year was impacted by numerous natural disaster events and this has impacted Council's capital works program leading to a large amount of work carried forward into the 2023/24 financial year. As a result of the overall lower level of capital work undertaken, the associated transfer of employee costs to capital projects was also lower.

Borrowing Costs

Borrowing costs reflected the loan portfolio balance held by Council and remain relatively consistent with the previous year as no new loans were taken out during 2022/23.

Materials & Contracts

Material and contract costs have increased as a result of increased state roads work, flood restoration work over and above the usual road maintenance allocation and pothole repair work funded by NSW Government under the Pothole Repair program.

Depreciation & Amortisation

Depreciation has increased due to the recognition of new assets resulting from grant-funded programs, indexation of assets reflecting increased inflationary impacts and the first time recognition of Rural Fire Service red fleet assets resulting in additional depreciation.

Other Expenses

Other expenses have increased due to an increase in the NSW Rural Fire Service levy and accounting for volunteer costs at the library and GoCo services for the first time resulting in recognition of expenditure of \$303k.

Net Losses from the Disposal of Assets

This expense category reflects the net cost of asset disposal for all classes of assets associated with the remaining life of infrastructure assets that have been renewed or upgraded.

Assets

Council has net assets under its control as at 30 June 2023 of \$598 million being an increase of \$69.7 million from 30 June 2022 (using re-stated figures). Council has reflected an increase in the net carrying value of assets due to an indexation revaluation as a result of the global increase to inflation. The increase also relates to the addition of assets during the year.



With such a large asset base, on average, these assets are consumed at a rate of \$12.26 million per annum, being the current rate of depreciation and amortisation. With depreciation costs representing 22% of Council's annual operating expenditure, it is critical that capital expenditure and maintenance of these assets are undertaken in an informed, responsible and accountable manner.

The below table represents the major classes of assets, fair value replacement cost, accumulated depreciation (deterioration), written down value and a percentage of deterioration:

Asset Type	Fair Value \$'000	Accumulated Depreciation \$'000	Written Down Value \$'000	Accumulated Depreciation/ Fair Value %
Roads, Bridges, Footpaths	\$360,638	\$84,536	\$276,102	23.4%
Stormwater Drainage, Kerb and Gutter	\$77,573	\$32,239	\$45,334	41.6%
Water Supply Network	\$107,782	\$37,395	\$70,387	34.7%
Sewerage Network	\$85,179	\$28,089	\$57,090	33.0%
Buildings and Other Structures	\$102,017	\$38,447	\$63,570	37.7%
Plant and Equipment	\$24,427	\$11,277	\$13,150	46.2%
Land, Land Improvements	\$29,856	-	\$29,856	N/A
Other Assets	\$58,780	\$15,790	\$42,990	26.9%
Total Infrastructure, Property, Plant & Equipment	\$846,252	\$247,773	\$598,479	29.3%

Cash and Cash Equivalents

Council has total of cash, cash equivalents and investments totalling \$101.2 million as at the 30 June 2023, which is an increase of \$8.56 million from 30 June 2022. The increase is as a result of grants and contributions funding being received during the year, which is held in a restricted cash reserve until expenditure occurs on the associated projects.

Whilst Council's investments appear healthy, the majority of funds are either restricted by external legislation (\$62.08 million) or by internal policy (\$36.16 million), which leaves \$2.93 million of investments held as unrestricted cash.

Major external restrictions include:

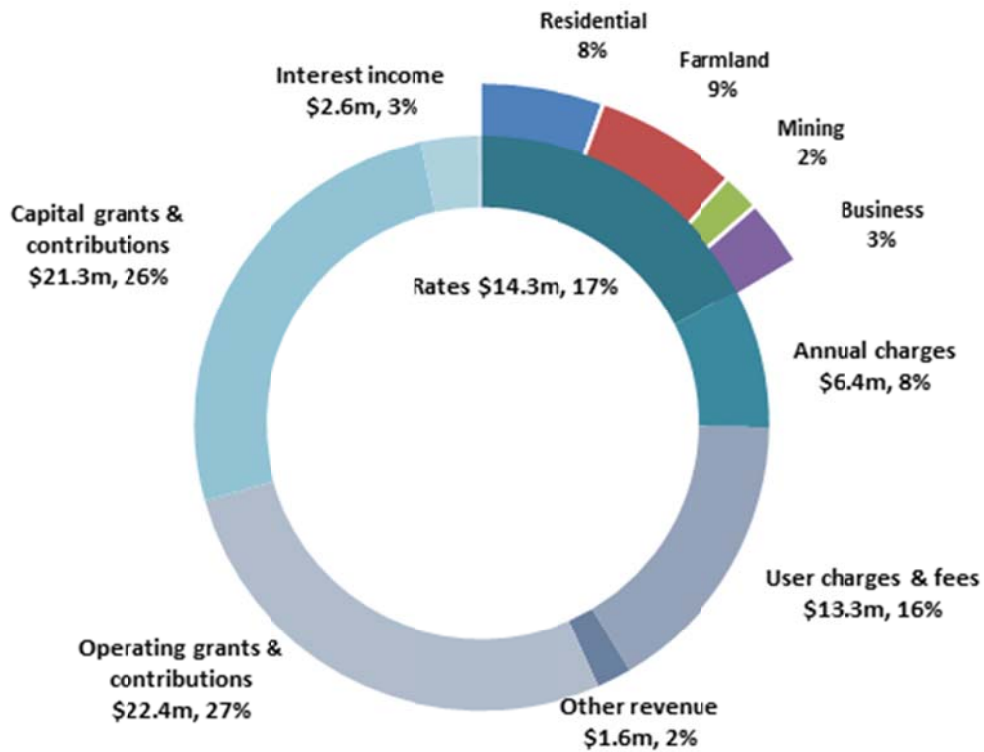
External Restriction	Amount \$'000
Developer Contributions – S7.11 & S7.12	\$4,157
Developer Contributions – S64	\$8,727
Water Fund Reserves – Gunnedah, Curlewis, Mullaley and Tambar Springs	\$4,355
Sewerage Fund Reserves – Gunnedah and Curlewis	\$11,102
Waste Management Reserves	\$15,692
Unexpended Grants	\$13,778
Amounts due to government agencies	\$2,828

Major internal restrictions include:

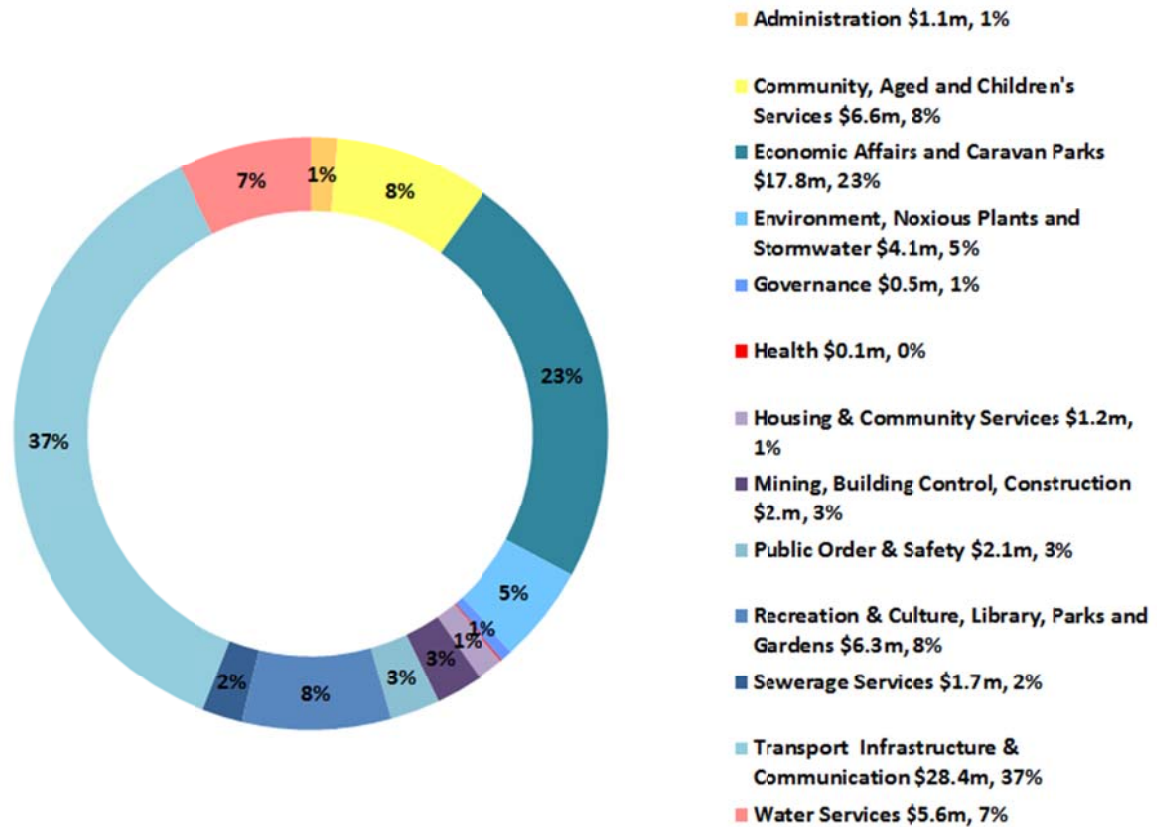
Internal Restriction	Amount \$'000
Plant and Vehicle Replacement Reserve	\$3,631
Employee Leave Entitlement Reserve	\$1,582
Future Works Reserve	\$9,416
GoCo Reserve (excludes unspent grants held as externally restricted)	\$5,467
Fixing Local Roads – unspent Pothole Repair Funding	\$2,027
Financial Assistance Grant Advance Payment	\$5,923



Where Does The Money Come From?



Where Does The Money Go?





Key Performance Indicators

Below are the local government industry indicators which indicate Council's performance was within acceptable ranges in 2022/23:

Performance Indicators	Benchmark	2022/23	2021/22	2020/21	2019/20	2018/19
Operating Performance Ratio	>= 0.00%	9.56%	9.10%	7.99%	10.66%	18.91%
Own Source Operating Revenue Ratio	> 60.00%	46.72%	48.40%	55.13%	60.36%	67.91%
Unrestricted Current Ratio	> 1.50x	3.59x	3.62x	2.17x	3.32x	2.76x
Debt Service Cover Ratio	> 2.00x	12.34x	11.89x	12.06x	11.78x	14.85x
Rates & Annual Charges Outstanding Percentage	< 10.00%	3.52%	3.99%	5.49%	5.22%	4.28%
Cash Expense Cover Ratio (months)	> 3 months	23.67	27.17	19.42	20.95	19.17

Operating Performance Ratio

LG Benchmark	>= 0.00%
Purpose	This ratio measures Council's achievement of containing operating expenditure within operating revenue.
2022/23 Result	Council's operating result is above the benchmark mainly due to operating grants received in advance. A positive operating result means Council is able to adequately meet capital renewal expenditure equal or greater than rate of depreciation. Funding related to such operating grants received in advance has been placed in internal restriction, to accurately reflect the unrestricted cash position at 30 June 2023.

Own Source Operating Revenue Ratio

LG Benchmark	>= 60.00%
Purpose	This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.
2022/23 Result	The ratio remains below the benchmark primarily due to the significant amount of capital grants and contributions revenue received related to the extensive capital works program Council is currently undertaking. It is expected the ratio will improve upon completion of current capital works program.

Unrestricted Current Ratio

LG Benchmark	>= 1.5
Purpose	To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.
2022/23 Result	The unrestricted current ratio indicates the adequacy of working capital and ability to meet obligations as and when they fall due. Whilst Council's latest result is a slight decrease from the previous year, it is above the industry benchmark, ensuring that sufficient working capital exists to support Council's operations.

Debt Service Cover Ratio

LG Benchmark	> 2.00x
Purpose	This ratio measures the availability of operating cash to service debt including interest, principal and lease payments.
2022/23 Result	Council continues to maintain a strong result for the debt service cover ratio and it remains above the industry benchmark.



Rates and Annual Charges Outstanding Percentage

LG Benchmark	< 10.00%
Purpose	To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.
2022/23 Result	This ratio continues to stay well under the industry benchmark for regional councils due to Council's efficient debt recovery processes. Council has also undertaken a sale of land for unpaid rates process in the reporting period, contributing to the result.

Cash Expense Cover Ratio

LG Benchmark	> 3 months
Purpose	This liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.
2022/23 Result	Council's cash expense cover ratio has decreased marginally due to increased cash outflow from operating activities. Whilst Council's cash and cash equivalents has increased compared to previous financial year, cash outflow from operating activities has increased at a higher rate, contributing to the result. This ratio continues to stay well above the industry benchmark.

Below are the local government industry indicators which report on Council's infrastructure assets:

Infrastructure Asset Indicators	Benchmark	2022/23	2021/22	2020/21	2019/20	2018/19
Infrastructure Renewals Ratio	> 100%	154.70%	87.25%	130.09%	63.58%	164.95%
Infrastructure Backlog Ratio	< 2.00%	3.50%	1.35%	0.74%	0.77%	1.67%
Asset Maintenance Ratio	> 100%	112.51%	94.71%	87.35%	98.70%	107.94%
Cost to bring assets to agreed service level	N/A	2.57%	1.00%	0.53%	0.56%	1.19%

Infrastructure renewals ratio

LG Benchmark	>= 100%
Purpose	This ratio assesses the rate at which these assets are being renewed relative to the rate at which they are depreciating.
2022/23 Result	Council's long-term objective is to match or exceed infrastructure renewal expenditure compared to systematic deterioration of respective assets. Council monitors this ratio over a period of time rather than on annual basis. In 2022/23, Council has exceeded the benchmark mainly due to upgrade projects being capitalised in the reporting period such as Clifton Road, Kelvin Road and the saleyards truck wash, part of which qualifies as renewal expenditure.

Infrastructure Backlog Ratio

LG Benchmark	< 2.00%
Purpose	This ratio shows what proportion the backlog is against the total value of Council's infrastructure.
2022/23 Result	The infrastructure backlog ratio has increased mainly due to flood-damaged transport infrastructure assets that remained unrestored as at 30 June 2023. These assets are expected to be restored back to pre-flood conditions within the next 24 months through Essential Public Asset Restoration (Disaster Recovery Funding Assistance) funding. The ratio has been further affected from recent condition ratings received for the water and sewerage network assets as part of a revaluation of those asset classes.



Asset Maintenance Ratio

LG Benchmark	>= 100%
Purpose	This ratio compares the actual expenditure versus the required expenditure on asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.
2022/23 Result	This ratio reflects Council's commitment to maintaining infrastructure assets and improving condition where financially possible. This year's result has improved compared to previous financial years, mainly due to additional grant funding available through Pothole Repair grant program, associated with restoration of flood-damaged transport infrastructure assets.

Cost to bring assets to agreed service level

LG Benchmark	There is no benchmark for this ratio
Purpose	This ratio provides a snapshot of the proportion of outstanding renewal works compared to total value of assets under Council's care and stewardship.
2022/23 Result	This ratio has increased mainly due to flood-damaged transport infrastructure assets that remained unrestored as at 30 June 2023. These assets are expected to be restored back to pre-flood conditions within the next 24 months through Essential Public Asset Restoration (Disaster Recovery Funding Arrangements) funding. The ratio has been further affected from recent condition ratings received for the water and sewerage network assets as part of a revaluation of those asset classes.

Appendix 1 - GIPA Annual Report 2022/23

Government Information (Public Access) Act - Annual Report for Agency Gunnedah Shire Council

Clause 8A: Details of the review carried out by the agency under section 7 (3) of the Act during the reporting year and the details of any information made publicly available

by the agency as a result of the review

Reviews carried out by the agency	Information made publicly available by the agency
Yes	Yes

Clause 8B: The total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications)

Total number of applications received
3

Clause 8C: The total number of access applications received by the agency during the reporting year that the agency refused either wholly or partly, because the application was for

the disclosure of information referred to in Schedule 1 to the Act (information for which there is conclusive presumption of overriding public interest against disclosure)

Number of Applications Refused	Wholly	Partly	Total
	0	0	0
% of Total	0%	0%	

Schedule 2 Statistical information about access applications to be included in annual report

Table A: Number of applications by type of applicant and outcome*

	Access Granted in Full	Access Granted in Part	Access Refused in Full	Information not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/Deny whether information is held	Application Withdrawn	Total	% of Total
Media	0	0	0	0	0	0	0	0	0	0%
Members of Parliament	0	0	0	0	0	0	0	0	0	0%
Private sector business	0	0	0	0	0	0	0	0	0	0%
Not for profit organisations or community groups	2	0	0	0	0	0	0	0	2	67%
Members of the public (by legal representative)	0	0	0	0	0	0	0	0	0	0%
Members of the public (other)	0	0	0	1	0	0	0	0	1	33%
Total	2	0	0	1	0	0	0	0	3	
% of Total	67%	0%	0%	33%	0%	0%	0%	0%		

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome*

	Access Granted in Full	Access Granted in Part	Access Refused in Full	Information not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/Deny whether information is held	Application Withdrawn	Total	% of Total
Personal information applications*	0	0	0	0	0	0	0	0	0	0%
Access applications (other than personal information applications)	2	0	0	1	0	0	0	0	3	100%
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0	0	0%
Total	2	0	0	1	0	0	0	0	3	
% of Total	67%	0%	0%	33%	0%	0%	0%	0%		

* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications

Reason for invalidity	No of applications	% of Total
Application does not comply with formal requirements (section 41 of the Act)	0	0%
Application is for excluded information of the agency (section 43 of the Act)	0	0%
Application contravenes restraint order (section 110 of the Act)	0	0%
Total number of invalid applications received	0	0%
Invalid applications that subsequently became valid applications	0	0%

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of Act

	Number of times consideration used*	% of Total
Overriding secrecy laws	0	0%
Cabinet information	0	0%
Executive Council information	0	0%
Contempt	0	0%
Legal professional privilege	0	0%
Excluded information	0	0%
Documents affecting law enforcement and public safety	0	0%
Transport safety	0	0%
Adoption	0	0%
Care and protection of children	0	0%
Ministerial code of conduct	0	0%
Aboriginal and environmental heritage	0	0%
Privilege generally - Sch 1(5A)	0	0%
Information provided to High Risk Offenders Assessment Committee	0	0%
Total	0	

*More than one public interest consideration may apply in relation to a particular access application and if so, each such consideration is to be recorded (but only once per application).

This also applies in relation to Table E

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

	Number of times consideration used*	% of Total
Responsible and effective government	0	0%
Law enforcement and security	0	0%
Individual rights, judicial processes and natural justice	0	0%
Business interests of agencies and other persons	0	0%
Environment, culture, economy and general matters	0	0%
Secrecy provisions	0	0%
Exempt documents under interstate Freedom of Information legislation	0	0%
Total	0	

Table F: Timeliness

	Number of applications*	% of Total
Decided within the statutory timeframe (20 days plus any extensions)	2	67%
Decided after 35 days (by agreement with applicant)	1	33%
Not decided within time (deemed refusal)	0	0%
Total	3	

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total	% of Total
Internal review	0	0	0	0%
Review by Information Commissioner*	0	0	0	0%
Internal review following recommendation under section 93 of Act	0	0	0	0%
Review by NCAT	0	0	0	0%
Total	0	0	0	
% of Total	0%	0%		

*The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review	% of Total
Applications by access applicants	0	0%
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0	0%
Total	0	

Table I: Applications transferred to other agencies.

	Number of applications transferred	% of Total
Agency-Initiated Transfers	0	0%
Applicant - Initiated Transfers	0	0%
Total	0	

Appendix 2



Gunnedah Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2023

“To be a focused community valuing
Gunnedah’s identity and quality lifestyle”.





Gunnedah Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

“To be a focused community valuing
Gunnedah’s identity and quality lifestyle”.



Gunnedah Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

63 Elgin Street
GUNNEDAH NSW 2380

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 B1-1.

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.gunnedah.nsw.gov.au

Gunnedah Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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 2023.

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.

Gunnedah Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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

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


- the *Local Government Act 1993* (NSW) (as amended) 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:

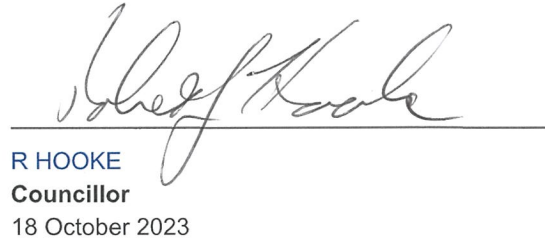
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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 18 October 2023.



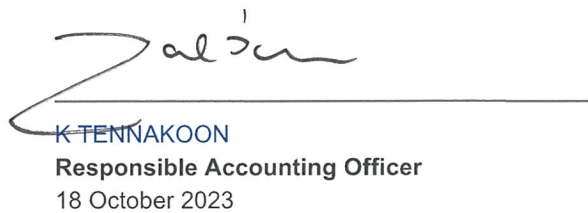
J CHAFFEY
Mayor
18 October 2023



R HOOKE
Councillor
18 October 2023



E J GROTH
General Manager
18 October 2023



K TENNAKOON
Responsible Accounting Officer
18 October 2023

Gunnedah Shire Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
Income from continuing operations				
20,413	Rates and annual charges	B2-1	20,630	19,729
9,516	User charges and fees	B2-2	13,270	13,254
850	Other revenues	B2-3	1,589	1,444
13,845	Grants and contributions provided for operating purposes	B2-4	22,351	15,294
1,604	Grants and contributions provided for capital purposes	B2-4	21,263	22,510
859	Interest and investment income	B2-5	2,595	933
–	Other income	B2-6	154	94
47,087	Total income from continuing operations		81,852	73,258
Expenses from continuing operations				
19,336	Employee benefits and on-costs	B3-1	18,481	17,487
10,940	Materials and services	B3-2	22,617	16,077
745	Borrowing costs	B3-3	726	755
13,018	Depreciation, amortisation and impairment of non-financial assets	B3-4	12,262	11,477
1,508	Other expenses	B3-5	855	389
–	Net loss from the disposal of assets	B4-1	856	318
45,547	Total expenses from continuing operations		55,797	46,503
1,540	Operating result from continuing operations		26,055	26,755
1,540	Net operating result for the year attributable to Council		26,055	26,755
(64)	Net operating result for the year before grants and contributions provided for capital purposes		4,792	4,245

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

Gunnedah Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
Net operating result for the year – from Income Statement		26,055	26,755
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<u>50,146</u>	44,611
Total items which will not be reclassified subsequently to the operating result		50,146	44,611
Total other comprehensive income for the year		50,146	44,611
Total comprehensive income for the year attributable to Council		76,201	71,366

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

Gunnedah Shire Council

Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$ '000	Restated 2022 ¹ \$ '000	Restated 2021 ¹ \$ '000
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	8,917	18,326	10,205
Investments	C1-2	66,749	30,279	30,764
Receivables	C1-4	8,100	9,799	5,378
Inventories	C1-5	1,061	939	824
Contract assets and contract cost assets	C1-6	5,060	1,951	5,505
Other	C1-9	550	391	310
Total current assets		90,437	61,685	52,986
Non-current assets				
Investments	C1-2	25,503	44,003	27,514
Receivables	C1-4	14	16	18
Infrastructure, property, plant and equipment (IPPE)	C1-8	598,479	528,764	468,678
Right of use assets	C2-1	696	683	683
Non-current assets classified as held for sale	C1-7	121	–	–
Total non-current assets		624,813	573,466	496,893
Total assets		715,250	635,151	549,879
LIABILITIES				
Current liabilities				
Payables	C3-1	13,823	10,139	4,668
Contract liabilities	C3-2	13,778	12,619	6,822
Employee benefit provisions	C3-4	5,208	5,381	5,310
Provisions	C3-5	7	7	7
Borrowings	C3-3	757	718	600
Lease liabilities	C2-1	88	60	46
Total current liabilities		33,661	28,924	17,453
Non-current liabilities				
Lease liabilities	C2-1	598	594	590
Borrowings	C3-3	12,385	13,143	10,861
Employee benefit provisions	C3-4	302	220	240
Provisions	C3-5	4,764	4,931	4,762
Total non-current liabilities		18,049	18,888	16,453
Total liabilities		51,710	47,812	33,906
Net assets		663,540	587,339	515,973
EQUITY				
Accumulated surplus		312,252	286,197	259,442
IPPE revaluation reserve		351,288	301,142	256,531
Council equity interest		663,540	587,339	515,973
Total equity		663,540	587,339	515,973

(1) Restated refer to Note G4-1

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

Gunnedah Shire Council

Statement of Changes in Equity

for the year ended 30 June 2023

	Notes	2023			2022 ¹		
		Accumulated surplus ¹	IPPE revaluation reserve	Total equity	Accumulated surplus ¹	IPPE revaluation reserve	Total equity ¹
		\$ '000	\$ '000	\$ '000	Restated \$ '000	\$ '000	Restated \$ '000
Opening balance at 1 July		285,419	301,142	586,561	258,664	256,531	515,195
Correction of prior period errors	G4-1	778	–	778	778	–	778
Restated opening balance		286,197	301,142	587,339	259,442	256,531	515,973
Net operating result for the year		26,055	–	26,055	26,755	–	26,755
Net operating result for the period		26,055	–	26,055	26,755	–	26,755
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	50,146	50,146	–	44,611	44,611
Other comprehensive income		–	50,146	50,146	–	44,611	44,611
Total comprehensive income		26,055	50,146	76,201	26,755	44,611	71,366
Closing balance at 30 June		312,252	351,288	663,540	286,197	301,142	587,339

(1) Restated refer to Note G4-1

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

Gunnedah Shire Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
20,492	Rates and annual charges		20,552	20,114
11,033	User charges and fees		14,924	11,553
1,148	Interest received		2,051	944
8,107	Grants and contributions		42,872	47,987
1,488	Other		5,092	4,506
<i>Payments:</i>				
(14,188)	Payments to employees		(18,455)	(17,364)
(18,526)	Payments for materials and services		(28,015)	(19,215)
(770)	Borrowing costs		(554)	(751)
(2,104)	Other		(1,435)	(261)
6,680	Net cash flows from operating activities	G1-1	37,032	47,513
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investments		2,000	–
14,645	Redemption of term deposits		39,514	34,000
737	Proceeds from sale of IPPE		881	1,292
3	Deferred debtors receipts		2	2
<i>Payments:</i>				
(1,776)	Purchase of investments		–	(2,003)
–	Acquisition of term deposits		(59,484)	(48,001)
(19,754)	Payments for IPPE		(28,559)	(27,021)
(6,145)	Net cash flows from investing activities		(45,646)	(41,731)
Cash flows from financing activities				
<i>Receipts:</i>				
–	Proceeds from borrowings		–	3,000
<i>Payments:</i>				
(726)	Repayment of borrowings		(719)	(600)
–	Principal component of lease payments		(76)	(61)
(726)	Net cash flows from financing activities		(795)	2,339
(191)	Net change in cash and cash equivalents		(9,409)	8,121
1,000	Cash and cash equivalents at beginning of year	C1-1	18,326	10,205
809	Cash and cash equivalents at end of year	C1-1	8,917	18,326
57,304	plus: Investments on hand at end of year	C1-2	92,252	74,282
58,113	Total cash, cash equivalents and investments		101,169	92,608

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

Gunnedah Shire Council

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Gunnedah Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 18 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, 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.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- i. Income statement
- ii. Statement of cash flows
- iii. Note B5-1 – Material budget variations and are clearly marked.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

COVID19

The COVID 19 Pandemic has had a continual impact on council's operations during the 2022/23 financial year, however assessments undertaken by council have determined that there has been only limited financial impact, mainly relating to delays in some projects.

The assets associated with the affected operations are not considered to be impaired as they are valued at depreciable replacement cost. Whilst there has been an impact we consider this to be minor and immaterial to councils overall result.

A1-1 Basis of preparation (continued)

Significant judgements in applying the Council's accounting policies

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

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations fund;
- Water supply fund;
- Sewerage service fund.

The Trust Fund

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

Trust monies and properties that are held by Council but not considered to be under the control of Council and therefore excluded from these financial statements are recorded in a separate statement of monies register that is available for inspection from the Council's main office by any person upon request and free of charge.

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council has minor reliance on volunteer services within the Library and GoCo community services section. Within the Library volunteers assist with the return of books and scheduled programs. Within GoCo the volunteers are involved in community transportation services and this dependency is diminishing over time. Council considers these volunteer services as not material however they have been recognised in the income statement as these services would have been purchased if they were not donated.

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2023. None of these standards had a significant impact on reported position or performance.

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets ¹	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	Restated \$ '000
Functions or activities										
Building Our Shire's Economy	12,432	4,226	3,355	3,107	9,077	1,119	11,317	3,484	41,702	26,207
Engaging and Supporting the Community	53,151	56,778	31,639	24,778	21,512	32,000	22,350	27,898	557,156	504,334
Protecting and Enjoying Our Beautiful Surrounds	7,034	5,866	9,215	8,358	(2,181)	(2,492)	2,360	1,072	39,610	41,908
Retaining Our Quality of Life	9,235	6,388	11,588	10,260	(2,353)	(3,872)	7,587	5,350	76,782	62,702
Total functions and activities	81,852	73,258	55,797	46,503	26,055	26,755	43,614	37,804	715,250	635,151

(1) Restated refer to Note G4-1

B1-2 Components of functions or activities

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

Engaging and Supporting the Community

Community leadership is strengthened and volunteers are engaged;
Council is a sustainable, ethical and efficient organisation;
Increased local investment from other sources including the State and Commonwealth Governments as well as developers;
An engaged community that is involved in the decision making process;
Strategically managed infrastructure.

Building Our Shire's Economy

A growing population and diversified economy;
Access to our goods, services and markets;
Increased tourism and promotion of the Gunnedah Shire;
The Gunnedah Shire is an attractive place to invest;
Skilled workforce and quality local educational opportunities.

Retaining Our Quality of Life

Quality lifestyles and support for our older residents;
Improved housing affordability;
Villages are vibrant and sustainable;
Reduced crime and anti-social behaviour;
Our younger people are attracted, retained and developed;
A healthy and active community participating in a diverse range of recreational and cultural activities;
Improved access to essential services.

Protecting and Enjoying Our Beautiful Surrounds

Balance between development and environmental protection;
Native fauna is secured, biodiversity protected and native vegetation thrives;
A secure and high quality water supply;
Our heritage is valued and protected;
Managed exposure and reduced contribution to climate change;
Our waste is sustainably managed and reduced;
Enhanced streetscapes and open spaces in Gunnedah and villages.

B2 Sources of income

B2-1 Rates and annual charges

	2023 \$ '000	2022 \$ '000
Ordinary rates		
Residential	4,764	4,571
Farmland	5,554	5,421
Mining	1,444	1,373
Business	2,558	2,437
Less: pensioner rebates (mandatory)	(144)	(145)
Rates levied to ratepayers	14,176	13,657
Pensioner rate subsidies received	79	80
Total ordinary rates	14,255	13,737
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	2,653	2,521
Stormwater management services	88	95
Water supply services	1,198	1,002
Sewerage services	2,335	2,274
Annual charges levied	6,274	5,892
Pensioner annual charges subsidies received:		
– Water	36	36
– Sewerage	32	32
– Domestic waste management	33	32
Total annual charges	6,375	5,992
Total rates and annual charges	20,630	19,729

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

Accounting policy

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

Pensioner 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	2023 \$ '000	2022 \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Domestic waste management services	2	925	947
Water supply services	2	2,505	2,056
Sewerage services	2	883	790
Waste management services (non-domestic)	2	37	62
Total specific user charges		4,350	3,855
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Planning and building regulation	2	243	285
Private works – section 67	2	203	63
Regulatory/ statutory fees	2	64	58
Registration fees	2	28	26
Section 10.7 certificates (EP&A Act)	2	41	55
Section 603 certificates	2	62	82
Total fees and charges – statutory/regulatory		641	569
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aerodrome	2	53	41
Aged care	2	286	238
Cemeteries	2	134	178
Library and art gallery	2	8	9
Other Roadworks (state roads not controlled by Council)	1	–	519
Park rents	2	111	53
Transport for NSW works (state roads not controlled by Council)	1	6,421	6,658
Saleyards	2	746	646
Swimming centres	2	236	223
Tourism	2	23	21
Events	2	57	69
Theatre	2	161	116
Other	2	43	59
Total fees and charges – other		8,279	8,830
Total other user charges and fees		8,920	9,399
Total user charges and fees		13,270	13,254
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		6,421	7,177
User charges and fees recognised at a point in time (2)		6,849	6,077
Total user charges and fees		13,270	13,254

Accounting policy

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

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

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

B2-3 Other revenues

	Timing	2023 \$ '000	2022 \$ '000
Fines	2	–	1
Fines – parking	2	7	4
Legal fees recovery – rates and charges (extra charges)	2	47	57
Commissions and agency fees	2	–	1
Diesel rebate	2	214	240
Insurance claims recoveries	2	123	–
Government paid parental leave	2	31	54
Reimbursements	2	476	216
Sales – domestic waste	2	121	358
Sales – swimming pools	2	124	74
Sales – theatre	2	97	142
Street lighting reimbursement	2	–	163
Bad Debts - Recovered	2	–	50
Volunteers	2	293	–
Other	2	28	84
Quarries	2	28	–
Total other revenue		1,589	1,444
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		1,589	1,444
Total other revenue		1,589	1,444

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

		Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	981	1,698	–	–
Financial assistance – local roads component	2	506	891	–	–
Payment in advance - future year allocation ¹					
Financial assistance – general component	2	3,837	2,608	–	–
Financial assistance – local roads component	2	2,013	1,375	–	–
Amount recognised as income during current year		7,337	6,572	–	–
Special purpose grants and non-developer contributions (tied)					
Community care	1	6,336	5,136	–	–
Economic development	1	16	–	1,555	1,210
Library	2	98	95	–	–
Noxious weeds	2	116	139	–	–
Recreation and culture	1	46	82	346	245
Street lighting	2	19	21	–	–
Drought Relief	2	–	210	–	195
Other specific grants	1	–	–	–	7
Saleyards	1	102	91	9,496	2,190
Transport (other roads and bridges funding)	1	6,344	610	7,665	9,430
Transport (roads to recovery)	2	146	1,042	–	–
Roads and bridges	2	889	1,005	–	–
Other contributions	2	–	82	–	–
Water supplies (excl. section 64 contributions)	1	110	78	543	7,187
Emergency services	2	98	96	49	14
ELE contributions – other councils	2	194	35	–	–
Animal Control		–	–	–	194
Total special purpose grants and non-developer contributions – cash		14,514	8,722	19,654	20,672
Non-cash contributions					
Sewerage (excl. section 64 contributions)	2	–	–	120	166
Water supplies (excl. section 64 contributions)	2	–	–	35	95
Rural Fire Service	2	–	–	939	–
Total other contributions – non-cash		–	–	1,094	261
Total special purpose grants and non-developer contributions (tied)		14,514	8,722	20,748	20,933
Total grants and non-developer contributions		21,851	15,294	20,748	20,933
Comprising:					
– Commonwealth funding		13,052	12,217	2,035	658
– State funding		7,777	1,638	16,950	13,050
– Other funding		1,022	1,439	1,763	7,225
		21,851	15,294	20,748	20,933

(1) \$5,849,944.00 of the 2023-2024 Financial Assistance Grant from Commonwealth Government was received by Council in June 2023 and hence reported as 2022-2023 income although it relates to 2023-2024 financial year.

B2-4 Grants and contributions (continued)

Developer contributions

	Notes	Timing	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.4 – contributions using planning agreements		2	500	–	191	92
S 7.11 – contributions towards amenities/services		2	–	–	318	354
S 64 – water supply contributions		2	–	–	(42)	580
S 64 – sewerage service contributions		2	–	–	36	425
S 64 – stormwater contributions		2	–	–	12	126
Total developer contributions – cash			500	–	515	1,577
Total developer contributions			500	–	515	1,577
Total contributions			500	–	515	1,577
Total grants and contributions			22,351	15,294	21,263	22,510
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			12,954	5,997	19,605	19,068
Grants and contributions recognised at a point in time (2)			9,397	9,297	1,658	3,442
Total grants and contributions			22,351	15,294	21,263	22,510

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 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	1,849	2,468	11,898	5,457
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	531	430	–	–
Add: Funds received and not recognised as revenue in the current year	468	721	13,021	12,980
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(402)	(396)	–	(37)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(720)	(1,374)	(11,609)	(6,502)
Unspent funds at 30 June	1,726	1,849	13,310	11,898

Contributions

Unspent funds at 1 July	–	–	12,493	10,789
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	331	127
Add: contributions received and not recognised as revenue in the current year	–	–	515	1,577
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(455)	–
Unspent contributions at 30 June	–	–	12,884	12,493

Unspent Grants and contributions contain funds that council have restricted for their intended purpose. These include projects such as road and community infrastructure new and renewal upgrades and funds provided for community assistance programs. Contributions include monies received for water, sewer, trunk drainage and voluntary planning agreements.

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

B2-4 Grants and contributions (continued)

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

	2023 \$ '000	2022 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	31	45
– Cash and investments	2,564	888
Total interest and investment income (losses)	2,595	933
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	17	36
General Council cash and investments	1,451	427
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	111	47
– Section 64	220	81
Water fund operations	154	94
Sewerage fund operations	252	98
Domestic waste management operations	390	150
Total interest and investment income	2,595	933

Accounting policy

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

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

B2-6 Other income

	Notes	2023 \$ '000	2022 \$ '000
Rental income	C2-2		
Other lease income	C2-2		
Room/Facility Hire	C2-2	3	11
Housing/Community Housing	C2-2	70	79
Sundry Land	C2-2	81	4
Total other lease income		154	94
Total rental income	C2-2	154	94
Total other income		154	94

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2023 \$ '000	2022 \$ '000
Salaries and wages	14,325	14,075
Employee leave entitlements (ELE)	2,499	2,380
Superannuation	1,720	1,690
Workers' compensation insurance	621	594
Fringe benefit tax (FBT)	42	34
Payroll tax	38	51
Protective clothing	53	45
Other	70	41
Total employee costs	19,368	18,910
Less: capitalised costs	(887)	(1,423)
Total employee costs expensed	18,481	17,487
Number of 'full-time equivalent' employees (FTE) at year end	197	182
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	215	205

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

	Notes	2023 \$ '000	2022 \$ '000
Raw materials and consumables		13,358	11,998
Contractor and consultancy costs			
- Airport		6,186	425
- Community services		1,360	1,136
- Domestic waste management		996	906
- Environment		525	176
- Human resources		10	63
- Infrastructure		10,922	11,020
- Planning		39	163
- Public Halls		65	72
- Saleyards		12,295	1,952
- Sewer		347	1,521
- Tourism/economic development		1,414	622
- Water		2,808	8,387
- Governance		9	–
- IT		61	–
- Other		726	1,067
Audit Fees	F2-1	91	75
Advertising		199	251
Bank charges		60	59
Computer software charges		457	391
Electricity and heating		1,022	632
Gas		8	8
Councillor and Mayoral fees and associated expenses	F1-2	213	152
Postage		64	53
Insurance		615	454
Printing and stationery		111	105
Subscriptions and publications		345	282
Street lighting		211	169
Telephone and communications		221	212
Valuation fees		55	55
Travel expenses		19	66
Training costs (other than salaries and wages)		369	212
Legal expenses:			
– Legal expenses: planning and development		23	5
– Legal expenses: debt recovery		52	66
– Legal expenses: other		50	47
Expenses from leases of low value assets		1	1
Expenses from short-term leases		–	12
Total materials and services		55,307	42,815
Less: capitalised costs		(32,690)	(26,738)
Total materials and services		22,617	16,077

Accounting policy

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

B3-3 Borrowing costs

	Notes	2023 \$ '000	2022 \$ '000
(i) Interest bearing liability costs			
Interest on leases		13	10
Interest on loans		690	576
Total interest bearing liability costs		703	586
Less: capitalised costs		(151)	–
Total interest bearing liability costs expensed		552	586
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	174	169
Total other borrowing costs		174	169
Total borrowing costs expensed		726	755

Accounting policy

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

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

	Notes	2023 \$ '000	2022 \$ '000
Depreciation and amortisation			
Plant and equipment		1,691	1,838
Office equipment		261	266
Furniture and fittings		90	94
Infrastructure:			
	C1-8		
– Buildings – non-specialised		318	294
– Buildings – specialised		588	512
– Other structures		174	145
– Roads		3,715	3,442
– Bridges		515	455
– Footpaths		128	117
– Other road assets		78	67
– Stormwater drainage		848	812
– Water supply network		1,249	1,040
– Sewerage network		953	874
– Swimming pools		207	184
– Other open space/recreational assets		414	352
– Other infrastructure		167	155
Right of use assets	C2-1	95	79
Other assets:			
– Library books		32	27
– Other		363	346
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-8	331	330
– Quarry assets	C3-5,C1-8	31	31
Total depreciation and amortisation costs		12,248	11,460
Impairment / revaluation decrement of IPPE			
Plant and equipment		14	17
Total IPPE impairment / revaluation decrement costs charged to Income Statement		14	17
Total depreciation, amortisation and impairment for non-financial assets		12,262	11,477

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

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-8 for IPPE assets and Note C2 for right of use 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	2023 \$ '000	2022 \$ '000
Impairment of receivables			
Other		129	40
Total impairment of receivables	C1-4	129	40
Other			
Contributions/levies to other levels of government			
– Emergency services levy - FRNSW		34	24
– Emergency services levy - NSW Rural Fire Service levy		316	235
Donations, contributions and assistance to other organisations (Section 356)		47	45
– Donations, contributions and assistance		26	45
Volunteers		303	–
Total other		726	349
Total other expenses		855	389

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

	Notes	2023 \$ '000	2022 \$ '000
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal - property		-	-
Less: carrying amount of property assets sold/written off		-	(273)
Gain (or loss) on disposal		-	(273)
Gain (or loss) on disposal of plant and equipment			
	C1-8		
Proceeds from disposal – plant and equipment		881	1,292
Less: carrying amount of plant and equipment assets sold/written off		(914)	(1,135)
Gain (or loss) on disposal		(33)	157
Gain (or loss) on disposal of infrastructure			
	C1-8		
Less: carrying amount of infrastructure assets sold/written off		(823)	(202)
Gain (or loss) on disposal		(823)	(202)
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		2,000	-
Less: carrying amount of investments sold/redeemed/matured		(2,000)	-
Gain (or loss) on disposal		-	-
Gain (or loss) on disposal of term deposits			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		39,514	34,000
Less: carrying amount of term deposits sold/redeemed/matured		(39,514)	(34,000)
Gain (or loss) on disposal		-	-
Net gain (or loss) from disposal of assets		(856)	(318)

Accounting policy

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

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer, is disposed of and/or the asset is de-recognised.

B5 Performance against budget

B5-1 Material budget variations

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

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----		
Revenues					
Rates and annual charges	20,413	20,630	217	1%	F
User charges and fees	9,516	13,270	3,754	39%	F
User charges and fees showing a favourable budget variance mainly due to more than budgeted State Road works and first time accrual of prorated water usage income for May and June 2023. The overall variance has partly offset by less than budgeted water supply service fees associated with increased rainfalls compared to 10 year average.					
Other revenues	850	1,589	739	87%	F
Other Revenues favourable variance partly due to insurance claim related to flood damage. Council has also recognised the value of contributed volunteer services in the reporting period. This is fully offset by volunteer expenses reported at B3-5 Other expenses. Reimbursements have increased significantly due to an increase in government training reimbursements received over and above what has been budgeted. This is partly offset by a decline in metal recycling income.					
Operating grants and contributions	13,845	22,351	8,506	61%	F
Operating grants have increased mainly due to Pothole Repair Grant that has not been budgeted for and increase in the Financial Assistance grant advance payment received.					
Capital grants and contributions	1,604	21,263	19,659	1,226%	F
Capital grants and contributions is showing a considerable favourable variance due to capital grants that were budgeted to be received in the 2022 financial year actually being received in the 2023 financial year. The accounting treatment related to contract asset/ contract liability of grants income also creates a skew in the budget vs actual data comparison. More information on projects currently being recorded as contract assets/contract liabilities can be found in the notes C1-6 and C3-2 respectively. Additionally, due to the unknown nature of the receipt of capital grants and no large projects planned for future financial years, Council has maintained a minimal budget in the long term financial plan for future years.					
Interest and investment revenue	859	2,595	1,736	202%	F
Interest and investment income have increased compared to the budget due to improved interest rates and additional funds available for investing.					
Other income	-	154	154	∞	F
This variance is due to classification difference between budget and actuals.					
Expenses					
Employee benefits and on-costs	19,336	18,481	855	4%	F
Materials and services	10,940	22,617	(11,677)	(107)%	U
Materials and services cost has increased compared to budget in line with increased State Roads work, flood resoration work over and above road maintenance budget allocation in the budget and pothole repair work funded by Pothole Repair Grant.					
Borrowing costs	745	726	19	3%	F

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Depreciation, amortisation and impairment of non-financial assets	13,018	12,262	756	6% F
Other expenses	1,508	855	653	43% F
Other expenses show a favourable variance due to classification differences, based on recently updated code requirements. Some of the expenses budgeted under this category are now recorded under Materials and Services, partly contributing to unfavourable variance in that category.				
Net losses from disposal of assets	-	856	(856)	∞ U
Council has made only a minimal budget for losses or gains on the disposal of assets due to the uncertainty of this activity, however, losses have occurred when disposing infrastructure assets where the asset disposed had a remaining useful life or disposed as part of the asset replacement program.				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Statement of cash flows				
Cash flows from operating activities	6,680	37,032	30,352	454% F
Cash flow from operating activities is showing a favourable variance mainly due to the large amount of grants & contributions received in this financial year, part of which associated with grant funded capital projects carried forward from previous financial year.				
Cash flows from investing activities	(6,145)	(45,646)	(39,501)	643% U
Cash flows from investing activities is higher than the budget, mainly due to a portion of capital projects delivered in reporting period, being carried forward from previous financial year and increased funding available for investing as a result of grants received in advance.				
Cash flows from financing activities	(726)	(795)	(69)	10% U
Cash flows from financing activities is showing an unfavourable result due to no budget being recorded for the principle component of lease payments. Due to legislative changes Council's GoCo operation is now required to lease vehicles rather than purchasing them outright.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2023 \$ '000	2022 \$ '000
Cash assets		
Cash on hand and at bank	865	7,701
Cash equivalent assets		
– Deposits at call	8,052	10,625
Total cash and cash equivalents	8,917	18,326

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	8,917	18,326
Balance as per the Statement of Cash Flows	8,917	18,326

Accounting policy

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

C1-2 Financial investments

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Debt securities at amortised cost				
Term deposits	66,749	21,500	28,279	40,000
Government and semi-government bonds	–	2,000	2,000	2,000
NCD's, FRN's (with maturities > 3 months)	–	2,003	–	2,003
Total	66,749	25,503	30,279	44,003
Total financial investments	66,749	25,503	30,279	44,003
Total cash assets, cash equivalents and investments	75,666	25,503	48,605	44,003

Accounting policy

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

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

Financial assets

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

Classification

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

- amortised cost
- 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.

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

	2023 \$ '000	2022 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	101,169	92,608
Less: Externally restricted cash, cash equivalents and investments	<u>(62,080)</u>	<u>(58,611)</u>
Cash, cash equivalents and investments not subject to external restrictions	39,089	33,997
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended loans – general fund	–	3,000
Specific purpose unexpended grants – general fund	13,778	12,601
Specific purpose unexpended grants – water fund	–	18
External restrictions – included in liabilities	13,778	15,619
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	4,157	3,980
Developer contributions – water fund	5,680	5,578
Developer contributions – sewer fund	3,047	2,935
Amounts due to Government agencies	2,828	–
Specific purpose unexpended grants (recognised as revenue) – general fund	1,258	1,128
Water fund	4,355	5,752
Sewer fund	11,102	9,529
Other	183	183
Domestic waste management	15,692	13,907
External restrictions – other	48,302	42,992
Total external restrictions	62,080	58,611

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.

	2023 \$ '000	2022 \$ '000
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	39,089	33,997
Less: Internally restricted cash, cash equivalents and investments	<u>(36,157)</u>	<u>(30,590)</u>
Unrestricted and unallocated cash, cash equivalents and investments	2,932	3,407

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

	2023 \$ '000	2022 \$ '000
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	3,631	3,407
Employees leave entitlement	1,582	1,616
Business partnering program	87	67
Contract works	189	189
Cycleways	38	38
Depot refuelling upgrade	142	142
Future works	9,416	5,506
Gravel pit restoration	442	860
Information technology - Software roadmap/Software Upgrade	225	199
Land	45	45
Parking areas	483	483
Roads	283	283
Saleyards	574	741
Storm water – contingency	163	91
Community Housing (Local Building)	324	324
Strategic planning	383	383
Tourism	94	94
Reserve Management Trust	124	124
Arts & Culture	20	20
Disaster Recovery Fund	287	238
Water Sustainability	150	150
Building Works	1,061	1,061
Building Renovations/Additions	500	500
Financial Assistance Grant - Advance Payment	5,923	3,983
Contingency Reserve - 21/22 Future Works	–	3,736
GoCo - Unexpended Funds (Excluding Grants)	5,467	4,867
Fixing Local Roads - Pothole Repair	2,027	–
LED Street Lighting	1,000	1,000
Quarry - Replacement/Development	793	–
Election Expenses	130	105
Other	574	338
Total internal allocations	36,157	30,590

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

	2023 \$ '000	2022 \$ '000
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	2,932	3,407

C1-4 Receivables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Rates and annual charges	665	–	686	–
Interest and extra charges	93	–	152	–
User charges and fees	4,192	–	4,626	–
Private works	88	–	61	–
Contributions to works	29	–	30	–
Accrued revenues				
– Interest on investments	1,156	–	553	–
– Other income accruals	12	–	69	–
Deferred debtors	3	14	3	16
Government grants and subsidies	646	–	2,888	–
Net GST receivable	1,413	–	801	–
Total	8,297	14	9,869	16
Less: provision for impairment				
Rates and annual charges	–	–	(2)	–
User charges and fees	–	–	(1)	–
Other debtors	(197)	–	(67)	–
Total provision for impairment – receivables	(197)	–	(70)	–
Total net receivables	8,100	14	9,799	16
Externally restricted receivables				
Water supply				
– Rates and availability charges	56	–	51	–
– Other	545	–	258	–
Sewerage services				
– Rates and availability charges	112	–	104	–
– Other	34	–	34	–
Total external restrictions	747	–	447	–
Unrestricted receivables	7,353	14	9,352	16
Total net receivables	8,100	14	9,799	16

	2023 \$ '000	2022 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	70	81
+ new provisions recognised during the year	129	39
– amounts already provided for and written off this year	(2)	(45)
– amounts provided for but recovered during the year	–	(5)
Balance at the end of the year	197	70

C1-4 Receivables (continued)

Accounting policy

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

Impairment

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

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

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

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

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

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 determined non recoverable.

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
(i) Inventories at cost				
Stores and materials	405	-	407	-
Quarry Gravel	642	-	499	-
Tourism Guides	14	-	33	-
Total inventories at cost	1,061	-	939	-
Total inventories	1,061	-	939	-

Externally restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Water				
Stores and materials	100	-	99	-
Total water	100	-	99	-
Total externally restricted assets	100	-	99	-
Total internally restricted assets	-	-	-	-
Total unrestricted assets	961	-	840	-
Total inventories	1,061	-	939	-

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Contract assets and Contract cost assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Contract assets	5,060	-	1,951	-
Total contract assets and contract cost assets	5,060	-	1,951	-

Contract assets

Roads - Clifton Road	1,189	-	488	-
Roads - Kelvin Road	749	-	-	-
Roads - Hunts Lane	87	-	-	-
Wandobah Public Spaces	-	-	27	-
Acceleration - Kerb & Gutter	159	-	93	-
Airport Certification Works	57	-	54	-
Orange Grove Road Bridge	71	-	126	-
Water Treatment Plant	937	-	1,163	-
Resources for regions airport	1,383	-	-	-
Emergency Restoration Works	428	-	-	-
Total contract assets	5,060	-	1,951	-

Significant changes in contract assets

Gunnedah Shire Council have a number of grant funded projects for the construction and upgrade of Council assets. These projects are based on the achievement of milestones established in the contract and therefore the amounts of revenue are recognised as revenue over the time of the contract. Council's major projects completed during 2023 include Clifton Road Upgrade (\$10.6 million Project), Kelvin Road Upgrade (\$6.1 million project) and finalisation of the Water Treatment plant (\$8.4 million project) and Orange Grove Road Bridge (\$1.3 million project), however final milestone payments are yet to be received as at reporting date.

(i) Externally restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Externally restricted assets				
Water	937	-	1,163	-
Other (Grant Funded)	4,123	-	788	-
Total externally restricted assets	5,060	-	1,951	-
Total restricted assets	5,060	-	1,951	-
Total contract assets and contract cost asset	5,060	-	1,951	-

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

Accounting policy

Contract assets

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

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

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

C1-7 Non-current assets classified as held for sale

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Non-current assets held for sale				
RFS plant – Currently for sale	–	121	–	–
Total non-current assets held for sale	–	121	–	–
Total non-current assets classified as held for sale	–	121	–	–

Accounting policy

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use and are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022 ²			Asset movements during the reporting period									At 30 June 2023		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount ² Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements	WIP transfers	Adjustments and transfers	Impairment loss to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	29,920	–	29,920	20,918	4,118	–	–	–	(25,847)	–	–	–	29,109	–	29,109
Plant and equipment ¹	24,867	(11,837)	13,030	2,620	106	(914)	(1,691)	(14)	134	(121)	–	–	24,427	(11,277)	13,150
Office equipment	2,996	(2,358)	638	114	2	–	(261)	–	99	–	–	–	3,046	(2,454)	592
Furniture and fittings	1,560	(1,003)	557	–	7	–	(90)	–	11	–	–	–	1,573	(1,088)	485
Land:															
– Crown land ²	2,020	–	2,020	–	–	–	–	–	–	1,068	–	3,348	6,436	–	6,436
– Operational land	9,057	–	9,057	–	–	–	–	–	–	(413)	–	2,116	10,760	–	10,760
– Community land ²	2,430	–	2,430	–	3	–	–	–	9	(655)	–	4,065	5,852	–	5,852
– Land under roads (post 30/6/08)	3,451	–	3,451	–	–	–	–	–	8	–	–	846	4,305	–	4,305
Land improvements – non-depreciable	2,363	–	2,363	–	–	–	–	–	–	–	–	140	2,503	–	2,503
Infrastructure:															
– Buildings – non-specialised	23,354	(10,800)	12,554	21	–	–	(318)	–	9	–	(6)	962	25,210	(11,988)	13,222
– Buildings – specialised	37,035	(14,085)	22,950	–	–	–	(588)	–	8	–	–	1,755	39,951	(15,826)	24,125
– Other structures	8,126	(3,534)	4,592	61	–	(42)	(174)	–	1,661	–	–	260	10,249	(3,891)	6,358
– Other open space/recreational assets	12,677	(4,042)	8,635	20	294	–	(414)	–	294	–	–	438	13,985	(4,718)	9,267
– Swimming pools	11,746	(1,671)	10,075	–	3	–	(207)	–	–	–	–	727	12,622	(2,024)	10,598
– Roads	265,120	(47,133)	217,987	1,250	508	(289)	(3,715)	–	13,255	–	(8,017)	12,484	295,270	(61,807)	233,463
– Bridges	50,350	(18,385)	31,965	1,562	–	(251)	(515)	–	831	–	(1,024)	1,897	54,461	(19,996)	34,465
– Footpaths	10,295	(2,452)	7,843	–	–	–	(128)	–	2	–	–	457	10,907	(2,733)	8,174
– Other road assets (including bulk earthworks)	5,611	(1,180)	4,431	–	–	–	(78)	–	2	–	(50)	251	5,945	(1,389)	4,556
– Stormwater drainage	73,184	(29,616)	43,568	–	–	(3)	(848)	–	92	–	–	2,525	77,573	(32,239)	45,334
– Water supply network	82,653	(30,910)	51,743	362	1,777	(238)	(1,249)	–	8,703	–	–	9,289	107,782	(37,395)	70,387
– Sewerage network ²	77,178	(36,540)	40,638	18	94	–	(953)	–	86	–	–	17,207	85,179	(28,089)	57,090
– Other infrastructure	9,203	(6,702)	2,501	56	–	–	(167)	–	279	–	–	136	9,690	(6,885)	2,805
Other assets:															
– Library books	318	(173)	145	–	18	–	(32)	–	8	–	–	–	342	(203)	139
– Other	4,147	(1,762)	2,385	2	–	–	(363)	–	356	–	–	–	4,466	(2,086)	2,380
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Tip assets	4,191	(1,172)	3,019	–	–	–	(331)	–	–	(314)	–	314	4,191	(1,503)	2,688
– Quarry assets	417	(150)	267	–	–	–	(31)	–	–	(26)	–	26	418	(182)	236
Total infrastructure, property, plant and equipment	754,269	(225,505)	528,764	27,004	6,930	(1,737)	(12,153)	(14)	–	(461)	(9,097)	59,243	846,252	(247,773)	598,479

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

(2) Restated refer to G4-1

C1-8 Infrastructure, property, plant and equipment

	At 1 July 2021 ²			Asset movements during the reporting period									At 30 June 2022 ²		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount ² Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements	WIP transfers	Adjustments and transfers	Impairment loss to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount ² Restated
By aggregated asset class	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	12,255	–	12,255	14,820	8,506	–	–	–	(5,661)	–	–	–	29,920	–	29,920
Plant and equipment ²	27,070	(12,748)	14,322	1,524	4	(1,151)	(1,838)	(17)	149	37	–	–	24,867	(11,837)	13,030
Office equipment	2,647	(2,097)	550	20	137	(1)	(266)	–	198	–	–	–	2,996	(2,358)	638
Furniture and fittings	1,499	(909)	590	21	–	–	(94)	–	40	–	–	–	1,560	(1,003)	557
Land:															
– Operational land	8,532	–	8,532	–	48	–	–	–	–	–	–	477	9,057	–	9,057
– Community land	2,295	–	2,295	–	–	–	–	–	–	–	–	135	2,430	–	2,430
– Crown land	1,801	–	1,801	–	–	–	–	–	–	–	–	219	2,020	–	2,020
– Land under roads (post 30/6/08)	3,268	–	3,268	–	–	–	–	–	–	–	–	183	3,451	–	3,451
Land improvements – non-depreciable	2,238	–	2,238	–	–	–	–	–	–	–	–	125	2,363	–	2,363
Infrastructure:															
– Buildings – non-specialised ³	20,464	(9,207)	11,257	64	275	(273)	(294)	–	160	(401)	–	1,639	23,354	(10,800)	12,554
– Buildings – specialised	31,772	(11,461)	20,311	–	–	–	(512)	–	124	–	(111)	3,265	37,035	(14,085)	22,950
– Other structures	6,870	(2,853)	4,017	–	19	–	(145)	–	86	(37)	–	652	8,126	(3,534)	4,592
– Roads	233,982	(38,308)	195,674	1,004	–	–	(3,442)	–	712	–	–	24,039	265,120	(47,133)	217,987
– Bridges	45,537	(16,123)	29,414	1	–	–	(455)	–	–	–	(47)	3,052	50,350	(18,385)	31,965
– Footpaths	9,325	(2,140)	7,185	–	–	(59)	(117)	–	108	–	–	726	10,295	(2,452)	7,843
– Other road assets (including bulk earthworks)	4,855	(1,006)	3,849	222	–	–	(67)	–	51	–	–	376	5,611	(1,180)	4,431
– Stormwater drainage	67,727	(26,925)	40,802	322	–	(119)	(812)	–	387	–	–	2,988	73,184	(29,616)	43,568
– Water supply network	75,753	(28,211)	47,542	513	233	(23)	(1,040)	–	1,847	–	–	2,671	82,653	(30,910)	51,743
– Sewerage network	71,736	(33,924)	37,812	453	167	–	(874)	–	1,132	–	–	1,948	77,178	(36,540)	40,638
– Swimming pools	10,396	(1,299)	9,097	–	–	–	(184)	–	–	–	–	1,162	11,746	(1,671)	10,075
– Other open space/recreational assets	10,056	(2,859)	7,197	20	81	–	(352)	–	415	401	–	873	12,677	(4,042)	8,635
– Other infrastructure	8,322	(5,905)	2,417	–	–	–	(155)	–	–	–	–	239	9,203	(6,702)	2,501
Other assets:															
– Library books	276	(145)	131	–	21	–	(27)	–	20	–	–	–	318	(173)	145
– Other	3,927	(1,452)	2,475	–	24	–	(346)	–	232	–	–	–	4,147	(1,762)	2,385
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Tip assets	4,191	(842)	3,349	–	–	–	(330)	–	–	–	–	–	4,191	(1,172)	3,019
– Quarry assets	417	(119)	298	–	–	–	(31)	–	–	–	–	–	417	(150)	267
Total infrastructure, property, plant and equipment	667,211	(198,533)	468,678	18,984	9,515	(1,626)	(11,381)	(17)	–	–	(158)	44,769	754,269	(225,505)	528,764

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

(2) Restated refer to G4-1

(3) During 2023 council identified that \$127,000 depreciation had incorrectly been reported as relating to non-specialised buildings instead of specialised buildings. An adjustment has been made in these statements to show the correct closing allocation for the 2022 financial year

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

Accounting policy

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Planning, Industry and Environment (DPIE) – Best practice management of Water Supply and Sewer Guidelines. This year Council undertook a comprehensive revaluation of water and sewer assets.

All other infrastructure asset classes (including the road network, buildings and structures, operational land and stormwater network) have been indexed using Producer Price Index.

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

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

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	3 to 10	Playground equipment	5 to 15
Office furniture	5 to 10	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 10	Buildings: other	20 to 80
RFS Assets	25		
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	100 to 120
Bores	20 to 40	Culverts	50 to 100
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	21-28	Bulk earthworks	Indefinite
Sealed roads: structure	60-75	Swimming pools	50
Unsealed roads	20	Other open space/recreational assets	30 to 60
Bridge: concrete	100	Other infrastructure	20 to 100
Bridge: other	100		
Road formation: urban	150		
Road formation: rural	Indefinite		
Kerb, gutter and footpaths	80		

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

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

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.

Rural Fire Service assets

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

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

These Rural Fire Service assets have been recognised as assets of the council in these financial statements.

Infrastructure, property, plant and equipment – current year impairments

	Notes	2023 \$ '000	2022 \$ '000
(i) Impairment losses recognised in the Income Statement:			
Fire Service - Water Tankers		–	(16)
IT Equipment - Apple Macbook		–	(1)
IT Equipment - CCTV Obsolete		(10)	–
Tourism - 4x Shire Billboards reskinned		(1)	–
Saleyards - Small plant obsolete		(3)	–
Total impairment losses		(14)	(17)
Impairment of assets – gains/(losses) in P/L	B3-4	(14)	(17)
(ii) Impairment losses recognised directly to equity (ARR):			
Bridge - Orange Grove Rd Bridge - Fire Damage		–	(47)
Pool Fit Out - Roof Indoor Pool		–	(55)
CIVIC - Fire Services - Not Compliant		–	(56)
Buildings - Showground Sheep Pens		(6)	–
Roads - Multiple flood damaged		(8,017)	–
Bridges - Multiple flood damaged		(1,024)	–
Other road assets - Multiple flood damaged		(50)	–
Total impairment losses		(9,097)	(158)
Impairment of assets – direct to equity (ARR)		(9,097)	(158)

C1-9 Other

Other assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Prepayments	550	-	390	-
Other	-	-	1	-
Total other assets	550	-	391	-

Current other assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Total unrestricted assets	550	-	391	-
Total other assets	550	-	391	-

C2 Leasing activities

C2-1 Council as a lessee

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

Buildings

Council leases buildings for their Community Care Department (GoCo) offices in Barraba and Tamworth. The leases are generally between 1 and 15 years and some of them include a renewal option to allow Council to renew for up to twice the noncancellable lease term at their discretion.

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

Vehicles

Council leases vehicles with lease terms of 4 years; the lease payments are fixed during the lease term and there is generally no renewal option.

Extension options

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

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

(a) Right of use assets

	Buildings \$ '000	Vehicles \$ '000	Total \$ '000
2023			
Opening balance at 1 July	629	54	683
Additions to right-of-use assets	77	40	117
Depreciation charge	(73)	(22)	(95)
Balance at 30 June	623	73	696
2022			
Opening balance at 1 July	683	–	683
Additions to right-of-use assets	12	67	79
Depreciation charge	(66)	(13)	(79)
Balance at 30 June	629	54	683

(b) Lease liabilities

	2023 Non-current \$ '000	2023 Current \$ '000	2022 Non-current \$ '000	2022 Current \$ '000
Lease liabilities - GoCo Offices	550	62	556	44
Lease Liabilities - GoCo Vehicles	48	26	38	16
Total lease liabilities	598	88	594	60

C2-1 Council as a lessee (continued)

(c) (i) The maturity analysis

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

	< 1 year \$ '000	1 – 5 years \$ '000	> 5 years \$ '000	Total \$ '000	Total per Statement of Financial Position \$ '000
2023					
Cash flows	88	242	355	685	686
2022					
Cash flows	61	194	399	654	654

(ii) Lease liabilities relating to restricted assets

	2023 Non-current \$ '000	2023 Current \$ '000	2022 Non-current \$ '000	2022 Current \$ '000
Externally restricted assets				
Other - GoCo - Grant Funded	597	88	594	60
Lease liabilities relating to externally restricted assets	597	88	594	60
Total lease liabilities relating to restricted assets	597	88	594	60
Total lease liabilities	598	88	594	60

(d) Income Statement

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

	2023 \$ '000	2022 \$ '000
Interest on lease liabilities	13	10
Depreciation of right of use assets	95	79
Expenses relating to short-term leases	–	24
Expenses relating to low-value leases	1	2
	109	115

(e) Statement of Cash Flows

Total cash outflow for leases	100	69
	100	69

C2-1 Council as a lessee (continued)

Accounting policy – Council as a lessee

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

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

C2-2 Council as a lessor

Operating leases

	2023 \$ '000	2022 \$ '000
Assets held as property, plant and equipment		
Lease income (excluding variable lease payments not dependent on an index or rate)	154	94
Total income relating to operating leases for Council assets	154	94

Accounting policy

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

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

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

The lease income is recognised on a straight-line basis over the lease term.

C3 Liabilities of Council

C3-1 Payables

	2023 Non-current \$ '000	2023 Current \$ '000	2022 Non-current \$ '000	2022 Current \$ '000
Goods and services – operating expenditure	–	2,633	–	2,704
Goods and services – capital expenditure	–	6,978	–	3,037
Accrued expenses:				
– Borrowings	–	17	–	19
– Salaries and wages	–	718	–	596
Other	–	1	–	1
Government departments and agencies	–	2,828	–	3,037
Prepaid rates	–	648	–	745
Total payables	–	13,823	–	10,139

Payables relating to restricted assets

	2023 Non-current \$ '000	2023 Current \$ '000	2022 Non-current \$ '000	2022 Current \$ '000
Externally restricted assets				
Water	–	335	–	717
Amounts due to Government agencies	–	2,828	–	–
Total payables relating to restricted assets	–	3,163	–	717
Total payables relating to unrestricted assets	–	10,660	–	9,422
Total payables	–	13,823	–	10,139

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

	2023 \$ '000	2022 \$ '000
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Other liabilities	7	7
Total payables	7	7

Accounting policy

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

The financial liabilities of the Council comprise trade payables and bank and other loans.

Payables

Payables represent liabilities for goods and services provided to Council prior to the end of financial year that are unpaid. The amounts are usually unsecured and are paid within 30 days of recognition. When a payable amount do not form part of Council's ordinary operations, it is reflected in appropriate cash restrictions to minimise the impact on unrestricted working capital.

C3-2 Contract Liabilities

Notes	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Grants and contributions received in advance:				
Unexpended capital grants (to construct Council controlled assets) (i)	13,310	-	11,898	-
Unexpended operating contributions (received prior to performance obligation being satisfied) (ii)	468	-	721	-
Total grants received in advance	13,778	-	12,619	-
Total contract liabilities	13,778	-	12,619	-

Notes

(i) Council has received funding to construct assets including Saleyards Redevelopment, Koala Park Project, Animal Impound Facility, Shared Pathways and Goco Office Refurbishment. The funds received are under an enforceable contract which require council to construct an identified asset which will be under council's control on completion. The revenue is recognised as council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants and contributions received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing. These grants and contributions relate to funds received by GoCo in advance under the Carer NSW & HCP Individual Client Contributions and other operating grants.

Contract liabilities relating to restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	13,778	-	12,619	-
Contract liabilities relating to externally restricted assets	13,778	-	12,619	-
Total contract liabilities relating to restricted assets	13,778	-	12,619	-
Total contract liabilities	13,778	-	12,619	-

Significant changes in contract liabilities

Council has received funding for many projects for the construction of Council Assets. There has been one new significant project this year with the construction of the new Animal Impound Facility (Project Value \$1.475 million). This year has seen the progression and finalisation of many existing projects. Council has received an additional \$9.8 million for the Saleyards Project bringing the total grant received to \$19.3 million and this project is progressing. Council has received a further \$4.5 million for the Koala Park Project with total funds received being (\$5.8 million) and work progressing on the project. Shared Pathways has received \$1.528 million with works almost complete. Council has received funding for the construction of the Animal Impound Facility (\$814k) and is still in design stage. All other projects classified as Contract Liabilities are of a minor nature.

Accounting policy

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

C3-3 Borrowings

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Loans – secured ¹	757	12,385	718	13,143
Total borrowings	757	12,385	718	13,143

(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 E.

Borrowings relating to restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Total borrowings relating to unrestricted assets	757	12,385	718	13,143
Total borrowings	757	12,385	718	13,143

(a) Changes in liabilities arising from financing activities

	2022		Non-cash movements			2023
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	13,861	(719)	–	–	–	13,142
Lease liability (Note C2-1b)	654	32	–	–	–	686
Total liabilities from financing activities	14,515	(687)	–	–	–	13,828

	2021		Non-cash movements			2022
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	11,458	(597)	3,000	–	–	13,861
Government advances	3	(3)	–	–	–	–
Lease liability (Note C2-1b)	636	(61)	79	–	–	654
Total liabilities from financing activities	12,097	(661)	3,079	–	–	14,515

C3-3 Borrowings (continued)

(b) Financing arrangements

	2023 \$ '000	2022 \$ '000
Total facilities		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	50	50
Other - Bank Guarantee's	20	20
Total financing arrangements	570	570
Drawn facilities		
– Credit cards/purchase cards	13	11
– Other - Bank Guarantee's	20	20
Total drawn financing arrangements	33	31
Undrawn facilities		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	37	39
Total undrawn financing arrangements	537	539

Additional financing arrangements information

Breaches and defaults

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

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

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest method.

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

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

C3-4 Employee benefit provisions

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Annual leave	1,538	–	1,694	–
Long service leave	3,433	302	3,474	220
Rostered days off	210	–	184	–
Wages – time in lieu	27	–	29	–
Total employee benefit provisions	5,208	302	5,381	220

Employee benefit provisions relating to restricted assets

Externally restricted assets

Water	7	–	10	–
Sewer	4	–	–	–
Employee benefit provisions relating to externally restricted assets	11	–	10	–
Total employee benefit provisions relating to restricted assets	11	–	10	–
Total employee benefit provisions relating to unrestricted assets	5,197	302	5,371	220
Total employee benefit provisions	5,208	302	5,381	220

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

	2023 \$ '000	2022 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,270	3,201
	3,270	3,201

Description of and movements in provisions

	ELE provisions			Total \$ '000
	Annual leave \$ '000	Long service leave \$ '000	Other employee benefits \$ '000	
2023				
At beginning of year	1,694	3,694	213	5,601
Additional provisions	1,336	584	701	2,621
Amounts used (payments)	(1,180)	(624)	(724)	(2,528)
Other	(312)	81	47	(184)
Total ELE provisions at end of year	1,538	3,735	237	5,510
2022				
At beginning of year	1,616	3,725	209	5,550
Additional provisions	1,318	452	656	2,426
Amounts used (payments)	(1,240)	(483)	(652)	(2,375)
Total ELE provisions at end of year	1,694	3,694	213	5,601

C3-4 Employee benefit provisions (continued)

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

	2023 Current \$ '000	2023 Non-Current \$ '000	2022 Current \$ '000	2022 Non-Current \$ '000
Other provisions				
Other	7	-	7	-
Sub-total – other provisions	7	-	7	-
Asset remediation/restoration:				
Asset remediation/restoration (future works)	-	4,764	-	4,931
Sub-total – asset remediation/restoration	-	4,764	-	4,931
Total provisions	7	4,764	7	4,931
Provisions relating to restricted assets				
Total provisions relating to unrestricted assets	7	4,764	7	4,931
Total provisions	7	4,764	7	4,931

Description of and movements in provisions

	Asset remediation \$ '000	Other Community Transport Bus \$ '000	Total \$ '000
2023			
At beginning of year	4,931	7	4,938
Unwinding of discount	174	-	174
Remeasurement effects	(341)	-	(341)
Total other provisions at end of year	4,764	7	4,771
2022			
At beginning of year	4,762	7	4,769
Unwinding of discount	169	-	169
Remeasurement effects	-	-	-
Total other provisions at end of year	4,931	7	4,938

Nature and purpose of provisions

Asset remediation/restoration

Council has a legal/public obligation to make, restore, rehabilitate and reinstate council landfill sites and quarries in-line with relevant licencing agreements.

During the 2018/19 Financial year Council made a significant adjustment to the provision to restore, rehabilitate and restate the Council Tips. A major review was completed by Council staff and Tonkin Consulting in June 2019 to revise the methodology and estimates to remediate the current tip at the end of the useful life. The current estimate reflected in these financial statements is based on this revised methodology, Phytocapping.

Council notes that Phytocap is only in testing phase with 5 Councils and EPA have not yet given approval for Gunnedah Shire Council to use Phytocap technology therefore providing a risk, if not accepted by the EPA, that our provision is understated. This approach is reviewed each year by the Manager Waste. During the 2022/23 year council have extended the phase 1 remediation out to 2025/26 on advice from the Manager Waste.

Any changes to this risk will be reflected in future Financial Statements.

C3-5 Provisions (continued)

Accounting policy

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

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

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

Asset remediation – tips and quarries

Restoration

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

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

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

Rehabilitation

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

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.

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 clean-up, which would affect future financial results.

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

Close-down and restoration costs are normal consequences 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.

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
Income from continuing operations			
Rates and annual charges	16,914	1,366	2,350
User charges and fees	9,461	2,888	921
Interest and investment revenue	1,969	297	329
Other revenues	1,589	–	–
Grants and contributions provided for operating purposes	22,209	110	32
Grants and contributions provided for capital purposes	20,572	536	155
Other income	154	–	–
Total income from continuing operations	72,868	5,197	3,787
Expenses from continuing operations			
Employee benefits and on-costs	17,145	924	412
Materials and services	19,317	2,101	1,199
Borrowing costs	726	–	–
Depreciation, amortisation and impairment of non-financial assets	10,002	1,268	992
Other expenses	855	–	–
Net losses from the disposal of assets	630	226	–
Total expenses from continuing operations	48,675	4,519	2,603
Operating result from continuing operations	24,193	678	1,184
Net operating result for the year	24,193	678	1,184
Net operating result attributable to each council fund	24,193	678	1,184
Net operating result for the year before grants and contributions provided for capital purposes	3,621	142	1,029

D1-2 Statement of Financial Position by fund

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	8,419	136	362
Investments	43,063	9,899	13,787
Receivables	7,353	601	146
Inventories	961	100	–
Contract assets and contract cost assets	4,123	937	–
Other	550	–	–
Total current assets	64,469	11,673	14,295
Non-current assets			
Investments	25,503	–	–
Receivables	14	–	–
Infrastructure, property, plant and equipment	468,873	71,753	57,853
Right of use assets	696	–	–
Non-current assets classified as held for sale	121	–	–
Total non-current assets	495,207	71,753	57,853
Total assets	559,676	83,426	72,148
LIABILITIES			
Current liabilities			
Payables	13,488	335	–
Contract liabilities	13,778	–	–
Lease liabilities	88	–	–
Borrowings	757	–	–
Employee benefit provision	5,197	7	4
Provisions	7	–	–
Total current liabilities	33,315	342	4
Non-current liabilities			
Lease liabilities	598	–	–
Borrowings	12,385	–	–
Employee benefit provision	302	–	–
Provisions	4,764	–	–
Total non-current liabilities	18,049	–	–
Total liabilities	51,364	342	4
Net assets	508,312	83,084	72,144
EQUITY			
Accumulated surplus	236,018	49,662	26,572
Revaluation reserves	272,294	33,422	45,572
Council equity interest	508,312	83,084	72,144
Total equity	508,312	83,084	72,144

D2 Interests in other entities

D2-1 Subsidiaries, joint arrangements and associates not recognised

Gunnedah Shire Council is a member of Namoi Unlimited - Joint Organisation of Councils. The interest in the Joint Organisation of Councils is to progress the strategic objectives of the region and lobby on there behalf.

There are 5 members of the Council and Gunnedah Shire pays an annual membership. There are no material assets of the Council other than unspent membership payments. There is no material liabilities or debt of the Council.

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 market risk, credit risk, liquidity risk and interest rate risk.

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

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

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

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

A 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 2023 \$ '000	Carrying value 2022 \$ '000	Fair value 2023 \$ '000	Fair value 2022 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	8,917	18,326	-	-
Receivables	8,114	9,815	-	-
Investments				
– 'Financial assets - 'amortised cost'	<u>92,252</u>	<u>74,282</u>	-	-
Total financial assets	<u>109,283</u>	<u>102,423</u>	-	-
Financial liabilities				
Payables	13,823	10,139	-	-
Lease Liabilities	686	654	-	-
Loans/advances - 'amortised cost'	<u>13,142</u>	<u>13,861</u>	-	-
Total financial liabilities	<u>27,651</u>	<u>24,654</u>	-	-

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.

Council's objective is to maximise its return on cash and investments within Council's risk tolerances and policy settings, whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance department manages the Cash and Investments portfolio.

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 was adopted by Council on the 24 August 2022. An investment report is also 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.

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

(a) Market risk – interest rate and price risk

	2023	2022
	\$ '000	\$ '000
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	954	780

(b) Credit risk

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

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

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on all significant/material 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		Total \$ '000
		< 5 years \$ '000	≥ 5 years \$ '000	
2023				
Gross carrying amount	–	657	8	665
2022				
Gross carrying amount	–	554	132	686

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

Receivables - non-rates and annual charges and contract assets

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

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

	Not yet overdue \$ '000	Overdue debts			> 91 days \$ '000	Total \$ '000
		0 - 30 days \$ '000	31 - 60 days \$ '000	61 - 90 days \$ '000		
2023						
Gross carrying amount	8,240	788	1,300	2,003	375	12,706
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	52.65%	1.55%
ECL provision	-	-	-	-	197	197
2022						
Gross carrying amount	9,962	520	1	37	630	11,150
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	10.91%	0.62%
ECL provision	-	-	-	-	69	69

(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:			Total cash outflows \$ '000	Actual carrying values \$ '000
			≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000		
2023							
Payables	0.00%	-	13,823	-	-	13,823	13,823
Borrowings	5.04%	-	757	3,406	8,980	13,143	13,142
Total financial liabilities		-	14,580	3,406	8,980	26,966	26,965
2022							
Payables	0.00%	-	10,139	-	-	10,139	10,139
Borrowings	4.17%	-	718	3,276	9,867	13,861	13,861
Total financial liabilities		-	10,857	3,276	9,867	24,000	24,000

Loan agreement breaches

There have been no breaches of loan agreements during the reporting period.

E2-1 Fair value measurement

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
						Restated		Restated	
Infrastructure, property, plant and equipment	C1-8								
Plant and equipment		30/06/2022	30/06/2022	-	-	13,150	13,030	13,150	13,030
Office equipment		30/06/2022	30/06/2022	-	-	592	638	592	638
Furniture and fittings		30/06/2022	30/06/2022	-	-	485	557	485	557
Crown Land		30/06/2023	30/06/2017	-	-	6,436	2,020	6,436	2,020
Operational land		30/06/2018	30/06/2018	-	-	10,760	9,057	10,760	9,057
Community land		30/06/2023	30/06/2017	-	-	5,852	2,430	5,852	2,430
Land Under Roads (post 30/6/2008)		30/06/2016	30/06/2016	-	-	4,305	3,451	4,305	3,451
Land Improvements		30/06/2018	30/06/2018	-	-	2,503	2,363	2,503	2,363
Buildings – non specialised		30/06/2018	30/06/2018	-	-	13,222	12,554	13,222	12,554
Buildings – specialised		30/06/2018	30/06/2018	-	-	24,123	22,950	24,123	22,950
Other structures		30/06/2016	30/06/2016	-	-	6,358	4,592	6,358	4,592
Roads		30/06/2018	30/06/2018	-	-	233,461	217,987	233,461	217,987
Bridges		30/06/2020	30/06/2020	-	-	34,465	31,965	34,465	31,965
Footpaths		30/06/2020	30/06/2020	-	-	8,174	7,843	8,174	7,843
Other Road Assets		30/06/2020	30/06/2020	-	-	4,555	4,431	4,555	4,431
Stormwater drainage		30/06/2021	30/06/2021	-	-	45,334	43,568	45,334	43,568
Water supplies networks		30/06/2023	30/06/2017	-	-	70,387	51,743	70,387	51,743
Sewerage networks		30/06/2023	30/06/2017	-	-	57,090	40,638	57,090	40,638
Swimming pools		30/06/2019	30/06/2019	-	-	10,598	10,075	10,598	10,075
Other open space/recreational assets		30/06/2016	30/06/2016	-	-	9,267	8,635	9,267	8,635
Other Infrastructure		30/06/2020	30/06/2020	-	-	2,804	2,501	2,804	2,501
Library books		30/06/2022	30/06/2022	-	-	139	145	139	145
Other assets		30/06/2022	30/06/2022	-	-	2,380	2,385	2,380	2,385
Tip remediation assets		30/06/2019	30/06/2019	-	-	2,876	3,019	2,876	3,019
Quarry remediation assets		30/06/2018	30/06/2018	-	-	260	267	260	267
Total infrastructure, property, plant and equipment				-	-	569,576	498,844	569,576	498,844

Transfers between level 1 and level 2 fair value hierarchies

The following transfers occurred between level 1 and level 2 fair value hierarchies during the year:

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

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Example of assets in these classes are as follows:

- Plant & Equipment - Graders, trucks, Motor Vehicles
- Office Equipment - Computer Equipment
- Furniture & Fittings - Desks, Chairs.

The key unobservable inputs to the valuation are the remaining life and residual value. Council reviews the classes of assets each year for signs of impairment. There has been no change in the valuation process during the reporting year.

The Plant & Equipment, Office Equipment and Furniture & Fittings asset classes were revalued via an internal revaluation process during the 2021/22 financial year.

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuations is the price per square metre. The last valuation was undertaken at 30 June 2018 and was performed by Thomas Donoghue AAPI (CPV) from Donoghue Property Valuations and Consultancy. Registered Valuer API No: 71002.

The asset class has been indexed from the date of last revaluation using the Valuer General Valuation movement between 1 July 2021 and 1 July 2022 published by the NSW Valuer General.

All operational land has been valued at fair value (highest and best use) after identifying all elements that would be taken into account by buyers and sellers in setting the price including but not limited to the land description, area and dimensions, planning and other constraints on development and potential for alternate use. There has been no change to the valuation process during the reporting period.

Community Land

Community Land has been valued using the NSW Valuer General's valuations provided for rating purposes with a base dated valuation of 1 July 2022.

All Community Land has been valued at fair value (highest and best use). As these rates are not considered to be observable market evidence they have been classified as Level 3.

Crown Land

The Council controlled Crown Land was valued using NSW Valuer General's valuations with a base dated valuation of 1 July 2022. Where there were no specific land values from the Valuer General, it was based on the pro rata valuation from adjoining properties.

Prior to revaluing this class of assets, the Crown Land Assets under Council control were reconciled to the NSW Crown Land Portal for accuracy and completeness.

Land Under Roads (Post 1 July 2008)

The Roads have been valued in a comparison basis with reference to the Australian Accounting Standard AASB116 Property, Plant & Equipment.

Land under roads acquired after 1 July 2008 is to be recognised in accordance with AASB 116, but should be consistent with the valuation methodology for land under roads held up to 1 July 2008 where that land has been recognised.

Fair value is based on highest and best possible use. The highest and best use of a non-financial assets takes into account the use of the asset that is physically possible, legally permissible and financially feasible. Land under roads are valued by Donoghue Property Valuations, Thomas Donoghue AAPI (CPV) Registered Valuer NSW VAL024883.

E2-1 Fair value measurement (continued)

The asset class has been indexed from the date of last revaluation using the Valuer General Valuation movement between 1 July 2021 and 1 July 2022 published by the NSW Valuer General.

Buildings - Non Specialised and Specialised

Valuations of all Council's Buildings Specialised & Non-Specialised were based on valuations performed by Donogue Property Valuations and Consultancy, Thomas Donoghue AAPI (CPV), Registered Valuer API No: 71002 as at 30th June 2018. These assets are due to be revalued during 2023/24.

The asset class has been indexed from the date of the last valuation using the Producer Price Index for Building Construction, New South Wales published by the Australian Bureau of Statistics.

The value of non-specialised buildings, which are predominately houses and units for which there is a secondary market, have been determined on the basis of fair value.

Buildings that have been determined as specialised, meaning they are designed for a particular purpose for which there is generally little or no market based evidence available, have been valued on the basis of depreciated replacement cost taking into consideration a reduction for physical wear and tear and functional obsolescence. The valuations take into account different components of buildings and different useful lives.

While all buildings were physically inspected, inputs such as estimates of residual values and pattern of consumption required extensive judgement and impacted on the final determination of fair value. As such, these assets are classified as having been valued using Level 3 valuation inputs.

Other Structures

Other Structures class generally comprises memorials, weighbridges and saleyards and were revalued as at 30th June 2016. These assets are due to be revalued during 2023/24.

Valuations of all Council's - Other Structures were based on valuations performed by AssetVal Pty Ltd, Matthew Ward, Certified Practising Valuer QLD #3258 B.App.Sc (Property Economics) AAPI.

This asset class has been indexed from the date of last revaluation using the Producer Price Index for Road and Bridge Construction, New South Wales published by the Australian Bureau of Statistics.

The cost approach has been utilised whereby the replacement cost was estimated for each asset taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Roads

This class of assets comprises Urban Roads, Sealed Rural Roads, Unsealed Rural Roads.

Council uses the "Cost Approach" using Level 3 inputs for all Road infrastructure. Valuations for Road Infrastructure are componentised generally into surface, pavement & formation to reflect the different nature of the assets.

The cost approach was utilised with inputs such as estimates pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which significantly on the final determination of fair value. A full revaluation of the Roads have been completed as at 30th June 2018 by APV Valuers & Asset Management.

This asset class has been indexed from the date of last revaluation using the Producer Price Index for Road and Bridge Construction, New South Wales published by the Australian Bureau of Statistics.

The Roads Asset class will be revalued during the 2023/24 financial year.

Other Road Assets

This asset class comprises Road Furniture, Islands & Pedestrian Refuges, Guard Rails and Bus Shelters. The asset class has been used to better group assets by their characteristics, nature and risks.

Council uses the "Cost Approach" using Level 3 inputs for all Road infrastructure. Valuations for Road Infrastructure are componentised generally reflect the different nature of the assets.

The cost approach was utilised with inputs such as estimates pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which significantly on the final determination of fair value. A full

E2-1 Fair value measurement (continued)

revaluation of the Other Road Assets have been completed as at 30th June 2020 by APV Valuers and Asset Management and reviewed by the Chief Engineer of Council.

This asset class has been indexed from the date of last revaluation using the Producer Price Index for Road and Bridge Construction, New South Wales published by the Australian Bureau of Statistics.

Bridges, Causeways & Culverts

Bridges and Causeways were valued as at 30th June 2020 by APV Valuers and Asset Management and reviewed by the Chief Engineer of Council using the cost approach.

The approach estimated the replacement cost for each bridge by componentising the bridges into significant parts with different useful lives and taking into account a range of factors. The components included the Bridge Deck/Superstructure, Bridge Abutments/Foundations and Bridge rails/handrails. The information is maintained in the BizeAssets Management System.

This asset class has been indexed from the date of last revaluation using the Producer Price Index for Road and Bridge Construction, New South Wales published by the Australian Bureau of Statistics.

Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value.

Footpaths

Footpaths were valued as at 30th June 2020 by APV Valuers and Asset Management and reviewed by the Chief Engineer of Council using the cost approach. Footpaths were segmented to match the adjacent road segment and no further componentisation was undertaken. Footpaths were originally mapped and condition assessed using a physical inspection by the Roads inspector. The information is maintained in the BizeAssets Management System.

Condition are updated as changes in the networks are observed through regular inspections.

This asset class has been indexed from the date of last revaluation using the Producer Price Index for Road and Bridge Construction, New South Wales published by the Australian Bureau of Statistics.

Stormwater Drainage

Stormwater Assets comprise pits, pipes, open channels, headwalls and various types of water quality devices in the Urban Areas. Included in the Stormwater class of asset is Kerb & Gutter Assets. Stormwater & Kerb & Gutter both have similar characteristics, nature & risks. A full revaluation of Stormwater and Kerb & Gutter was completed as at 30th June 2021. The revaluation was completed by Andrew Suddards BEng Mrch MIPWEA, Partner, Plant, Equipment & Infrastructure Services, Australis Asset Advisory Group and reviewed by Gunnedah Shire Council's Chief Engineer.

This asset class has been indexed from the date of last revaluation using the Producer Price Index for Road and Bridge Construction, New South Wales published by the Australian Bureau of Statistics.

The 'Cost Approach' is the estimated replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with the Institute of Public Works Engineers Australia Infrastructure Management Manual (IMM). Inputs such as estimates of pattern of consumption, residual value, Asset Condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value.

Water Supplies

The valuation of the Water Supplies was completed as at 30th June 2023 by AssetVal Pty Ltd. The Water supplies comprise of Gunnedah, Curlewis, Tambar Springs & Mullaley water schemes. The components of the Water Systems include the Mains, Bores, Reservoirs and Pumping Stations.

Due to the nature of much of the Water Network being inaccessible (subsurface) there are limitations in the inputs such as pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which impact significantly on the final determination of fair value. The asset class is usually indexed from the date of last revaluation using the NSW Water Supply and Sewerage Construction Cost index June 2023, published by the NSW Department of Planning and Environment. However a full revaluation has been performed on the Water Supply Network asset class during Financial Year 2022/23.

E2-1 Fair value measurement (continued)

Sewerage Systems

The valuation of the Sewerage Systems was completed as at 30th June 2023 by AssetVal Pty Ltd. The Sewerage Systems comprise the Gunnedah & Curlewis Sewerage Systems. The components include the pipelines, Treatment works and Pump Stations.

Due to the nature of much of the Sewer Network being inaccessible (subsurface) there are limitations in the inputs such as pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which impact significantly on the final determination of fair value. The asset class is usually indexed from the date of last revaluation using the NSW Water Supply and Sewerage Construction Cost index June 2023, published by the NSW Department of Planning and Environment. However a full revaluation has been performed for Sewerage Systems asset class during Financial Year 2022/23.

Swimming Pools

Swimming Pools class comprises the 3 pools, diving board & shade sails at the Gunnedah Swimming complex. During 2017/18 and 2018/19 years the Pool complex underwent a major re-development including the 50 metre pool and buildings.

Valuations of Council's Swimming Pools were based on valuations performed by AssetVal Pty Ltd, Matthew Ward, Certified Practising Valuer QLD #3258 B.App.Sc (Property Economics) AAPI as at 30th June 2016. The 50 metre Pool was completed in December 2018 and did not require revaluation. A revaluation was completed on the 25 meter Indoor pool as at 30th June 2019 by Thomas Donoghue AAPI (CPV), Registered Valuer NSW VAL024883.

The asset class has been indexed from the date of the last valuation using the Producer Price Index for Building Construction, New South Wales published by the Australian Bureau of Statistics.

The cost approach has been utilised whereby the replacement cost was estimated for each asset taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

This class of asset is due to be revalued in the 2023/24 financial year.

Other Open Space/ Recreational Assets

Other Open Space/ Recreational Assets comprise tennis courts, showground structures such as lighting towers, Grandstands and Park structures such as play equipment, Rotundas, seating etc.

Valuations of Council's Other Open Space/Recreational Assets were based on valuations performed by AssetVal Pty Ltd, Matthew Ward, Certified Practising Valuer QLD #3258 B.App.Sc (Property Economics) AAPI. The valuation was performed as at 30th June 2016.

This asset class has been indexed from the date of last revaluation using the Producer Price Index for Road and Bridge Construction, New South Wales published by the Australian Bureau of Statistics.

The cost approach has been utilised whereby the replacement cost was estimated for each asset taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

This class of asset is due to be revalued in the 2023/24 financial year.

Library Book/Other Assets

Library Books and Other Assets are valued at cost but are disclosed at fair value in the Notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

The Art Collections were revalued as at 30th June 2019 by Sandra McMahon, Director, WESWAL Gallery, Tamworth and Registered Art Valuer, Australian Cultural Gifts Program.

The key unobservable inputs to the valuation are the remaining life and residual value. Council reviews the classes of assets each year for signs of impairment. There has been no change in the valuation process during the reporting year.

E2-1 Fair value measurement (continued)

Other Infrastructure

This asset class comprises the Aerodrome and Parking Areas. The asset class has been used to better group assets by their characteristics, nature and risks.

Council uses the "Cost Approach" using Level 3 inputs for all Other infrastructure. Valuations for Other Infrastructure are componentised generally reflect the different nature of the assets.

This asset class has been indexed from the date of last revaluation using the Producer Price Index for Road and Bridge Construction, New South Wales published by the Australian Bureau of Statistics.

The cost approach was utilised with inputs such as estimates on the pattern of consumption, residual value, asset condition and useful life requiring extensive professional judgement which significantly on the final determination of fair value. A full revaluation of the Other Infrastructure Assets has been completed as at 30th June 2020 by APV Valuers and Asset Management and reviewed by the Chief Engineer of Council.

Tip Remediation

Gunnedah Shire Council has 3 landfills being at Gunnedah, Curlewis & Carroll and 3 transfer stations at Mullaley, Breeza and Tambar Springs. The Waste management service includes a wide range of waste disposal services, resource recovery services, recycled and reclaimed products and waste management educational activities. It is recognised that there will be significant costs in the closure of the landfill sites.

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, site re-vegetation, installation of a final landfill gas management system, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removal of infrastructure and equipment.

The evaluation of costs for the landfill closure and post closure management was prepared by the Principal Building and Environmental Officer, Manager of Waste in conjunction with Melissa Salt, Principal Scientist, Environment & Waste with Tonkin Consulting Level 2, 170 Frome Street, Adelaide using Phytocap costings. The Phytocap cost estimate is new to the industry and is still subject to EPA approval. There are a number of test sites trialling the Phytocap in NSW currently. The key unobservable inputs are the discount rate, cost excavation rate, actual timing of costs and future environmental requirements. This valuation was reviewed at 30 June 2019.

Due to the nature of tip remediations and the existing cell nearing the end of its life, regular reviews are undertaken by the Manager of Waste to ensure the assumptions and remaining life are still reasonable.

During the financial year the rehabilitation liability has been remeasured, however the year on year movement is not enough to trigger an asset revaluation. This class of asset is due to be revalued in the 2023/24 financial year.

Quarries Remediation

Council currently uses 9 pits to provide gravel as part of road maintenance and construction activities. These will require remediation in future periods.

Closure of the Quarries will require remediation including earth works to restore the quarries and reseed and plant native trees. The Quarry remediation valuation was completed in June 2018 by the Acting Director of Infrastructure & Services / Chief Engineer.

The key unobservable inputs are the discount rate, Cost escalation, timing of future costs and future environmental requirement. There has been no change to the valuation process during the year.

All quarries utilised by Council previously and not under Council ownership have been remediated / made good in accordance with the licensing agreement with owners.

This class of asset is due to be revalued in the 2023/24 financial year.

Fair value measurements using significant unobservable inputs (level 3)

There were no movements between levels of hierarchy during the year. For schedule of changes in values please refer to Note C1-8.

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).

Pooled employers are required to pay standard employer contributions and additional lump sum 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 employee contributions for non-180 Point Members: Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times employee contributions

* For 180 Point Members, Employers are required to contribute 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

As stated 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.

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 entity.

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 2023 was \$133,001.93. The last formal valuation of the Fund was undertaken by the fund actuary. Mr Richard Boyfield, FIAA as at 30 June 2022.

The amount of expected contributions to the fund for the next annual reporting period are \$109,277.64.

E3-1 Contingencies (continued)

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

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

* excluding other accumulated accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that attributed to Council is 0.45%.

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

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

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

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 2023.

(ii) Civic Risk Mutual

Council is a member of CivicRisk Mutual Ltd, a mutual self-insurance scheme providing general insurance to local government.

CivicRisk Mutual Ltd membership includes the potential to share in either the net surplus or deficit of protection years depending on its past performance. Council's share of the net surplus or deficit reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

Per Note C3-3 (b) - Financing Arrangements, council has provided 2 bank guarantee's through Commonwealth Bank Australia to the value of \$20,000 in addition to those listed above.

E3-1 Contingencies (continued)

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) Gunnedah Memorial Swimming Pool

Council commissioned a new swimming pool complex in December 2018. It has been identified that the 50 metre outdoor pool is discharging some water into the ground. The pool is still operating at full capacity and without current disruption. An independent expert has been engaged to determine the cause of the water discharge and to identify potential remediation options and costs thereof. Council is not expecting any third party claims due to arise.

Council has assessed the extent of the water discharge and is of the opinion that there is no evidence for an impairment provision as per AASB 136 - Impairment of Assets due to the fact that the defect is not material compared to overall carrying value of the pool and the operating at full capacity and without disruption at this time. As at 30 June 2023, net carrying value of the 50 meter outdoor pool is \$4.047m excluding any associated plant and buildings.

(iii) Electronic Water Meters

Council upgraded its water meters to a fully automated system in Financial Year 2020/21. It has come to Council's attention that a portion of the meters are faulty to varying degrees. Council is reviewing its options on the most effective way to address the matter.

As at 30 June 2023, net carrying value of the entire automatic meters network is \$1.839m. Due to the absence of a reliable indication on percentage of faulty meters, an impairment provision as per AASB 136 - Impairment of Assets has not been made as of the balance sheet date.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/2008.

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:

	2023 \$ '000	2022 \$ '000
Compensation:		
Short-term benefits	1,208	1,679
Post-employment benefits	112	160
Other long-term benefits	31	43
Termination benefits	15	50
Total	1,366	1,932

Other transactions with KMP and their related parties

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

There are no other material disclosures to be made by KMP.

F1-2 Councillor and Mayoral fees and associated expenses

	2023 \$ '000	2022 \$ '000
Mayoral fee	29	25
Councillors' fees	114	103
Other Councillors' expenses (including Mayor)	70	24
Total	213	152

F2 Other relationships

F2-1 Audit fees

	2023 \$ '000	2022 \$ '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 - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	63	59
Remuneration for audit and other assurance services	63	59
Total Auditor-General remuneration	63	59
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Internal Audit	28	16
Total remuneration of non NSW Auditor-General audit firms	28	16
Total audit fees	91	75

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2023 \$ '000	2022 \$ '000
Net operating result from Income Statement	26,055	26,755
Add / (less) non-cash items:		
Depreciation and amortisation	12,248	11,460
(Gain) / loss on disposal of assets	856	318
Non-cash capital grants and contributions	(1,094)	(261)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Revaluation decrements / impairments of IPP&E direct to P&L	14	17
Unwinding of discount rates on reinstatement provisions	174	–
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	1,572	(4,410)
Increase / (decrease) in provision for impairment of receivables	127	(11)
(Increase) / decrease of inventories	(122)	(115)
(Increase) / decrease of other current assets	(159)	(81)
(Increase) / decrease of contract asset	(3,109)	3,554
Increase / (decrease) in payables	(71)	1,017
Increase / (decrease) in accrued interest payable	(2)	4
Increase / (decrease) in other accrued expenses payable	122	81
Increase / (decrease) in other liabilities	(306)	3,168
Increase / (decrease) in contract liabilities	1,159	5,797
Increase / (decrease) in employee benefit provision	(91)	51
Increase / (decrease) in other provisions	(341)	169
Net cash flows from operating activities	37,032	47,513

G2-1 Commitments

Capital commitments (exclusive of GST)

	2023 \$ '000	2022 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Airport	4,620	333
Bridges	–	759
Buildings	853	–
Domestic waste management	167	–
Footpaths	787	38
Koala Park	7,895	99
Office Equipment	73	272
Other Assets	310	200
Other Infrastructure	–	86
Plant and equipment	2,258	1,153
Recreational Assets	57	–
Roads	1,386	2,028
Saleyards	13,056	7,641
Sewerage and water infrastructure	325	2,567
Swimming Pools	9	–
Total commitments	31,796	15,176
These expenditures are payable as follows:		
Within the next year	31,796	15,176
Total payable	31,796	15,176
Sources for funding of capital commitments:		
Unrestricted general funds	853	2,545
Future grants and contributions	10,475	3,848
Unexpended grants	11,492	6,165
Externally restricted reserves	1,279	2,567
Internally restricted reserves	7,697	51
Total sources of funding	31,796	15,176

G3-1 Events occurring after the reporting date

No other matters have arisen subsequent to balance date that would require these financial statements to be amended.

G4 Changes from prior year statements

G4-1 Correction of errors

1. Sewer network valuation

During the revaluation of sewer network assets, Council has identified that sewer manholes were not valued previously as separate components. Council could not establish that a provision has been made for the manholes in the unit rates used to value sewer mains in the previous revaluation, thus understating the net carrying value of sewer network assets. Council has now assigned a replacement cost for sewer manholes as part of water and sewer revaluation, which results in an increase to the opening balance of infrastructure, property, plant and equipment at 1 July 2021 of \$3.012m.

2. Crown and Community land adjustment

During the revaluation of crown and community land controlled by Council, a reconciliation was completed between Councils register and certificate titles held by council, LTO title searches and the Crown Land Management Reserve Portal. This resulted in 53 crown and 7 community land parcels removed from Councils asset register amounting to an adjustment of \$2.234m reflected in the opening balance as at 1 July 2021.

The above prior period errors resulted in a net understatement in Infrastructure, Property, Plant & Equipment of \$778,000 in the opening balance as at 1 July 2021.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2021) and taking the adjustment through to accumulated surplus at that date. Comparatives have been changed to reflect the correction errors. The impact is shown in the tables below.

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

Statement of Financial Position

	Original Balance 1 July, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July, 2021 ¹ \$ '000
Infrastructure, property, plant and equipment	467,900	778	468,678
Total non-current assets	496,115	778	496,893
Total assets	549,101	778	549,879
Net assets	515,195	778	515,973
Accumulated surplus	258,664	778	259,442
Council equity interest	515,195	778	515,973
Total equity	515,195	778	515,973

(1) Council considers the impact of depreciation is not material

G4-1 Correction of errors (continued)

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

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 ¹ \$ '000
Infrastructure, property, plant and equipment	527,986	778	528,764
Total non-current assets	572,688	778	573,466
Total assets	634,373	778	635,151
Net assets	586,561	778	587,339
Accumulated surplus	285,419	778	286,197
Council equity interest	586,561	778	587,339
Total equity	586,561	778	587,339

(1) Council considers the impact of depreciation is not material

G5 Statement of developer contributions as at 30 June 2023

G5-1 Summary of developer contributions

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Drainage	867	12	–	–	22	–	–	901	–
Parking	120	–	–	–	3	–	–	123	–
Open space	1	–	–	–	–	–	–	1	–
S7.11 contributions – under a plan	988	12	–	–	25	–	–	1,025	–
S7.12 levies – under a plan	2,221	318	–	–	58	–	–	2,597	–
Total S7.11 and S7.12 revenue under plans	3,209	330	–	–	83	–	–	3,622	–
S7.4 planning agreements	771	691	–	–	28	(955)	–	535	–
S64 contributions	8,513	(6)	–	–	220	–	–	8,727	–
Total contributions	12,493	1,015	–	–	331	(955)	–	12,884	–

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

G5-2 Developer contributions by plan

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
CONTRIBUTION PLAN NUMBER 1									
Drainage	867	12	–	–	22	–	–	901	–
Parking	120	–	–	–	3	–	–	123	–
Open space	1	–	–	–	–	–	–	1	–
Total	988	12	–	–	25	–	–	1,025	–

G5-2 Developer contributions by plan (continued)

S7.12 Levies – under a plan

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
CONTRIBUTION PLAN NUMBER 01									
Community facilities	2,221	318	–	–	58	–	–	2,597	–
Total	2,221	318	–	–	58	–	–	2,597	–

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	5,791	9.56%	9.10%	7.99%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	60,589				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	38,238	46.72%	48.40%	55.13%	> 60.00%
Total continuing operating revenue ¹	81,852				
3. Unrestricted current ratio					
Current assets less all external restrictions	47,953	3.59x	3.62x	2.17x	> 1.50x
Current liabilities less specific purpose liabilities	13,344				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	18,765	12.34x	11.89x	12.06x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,521				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	758	3.52%	3.99%	5.49%	< 10.00%
Rates and annual charges collectable	21,544				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	97,166	23.67	27.17	19.42	> 3.00
Monthly payments from cash flow of operating and financing activities	4,104	months	months	months	months

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

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

G6-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	8.83%	10.99%	3.05%	(6.28)%	28.33%	0.52%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	41.29%	49.63%	87.57%	30.18%	95.06%	83.98%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.59x	3.62x	34.13x	17.77x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	10.08x	10.64x	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	3.26%	3.82%	4.56%	4.91%	4.82%	4.76%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	23.55 months	26.95 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note 6-1 on the prior page.

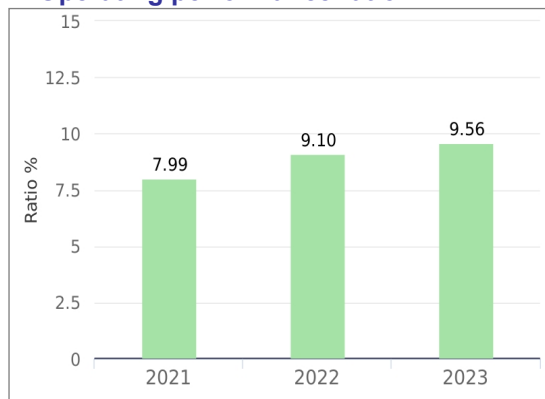
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio 9.56%

Council's operating result is an improvement compared to the original adopted budget mainly due to operating grants received in advance. A positive operating result means Council is able to adequately meet capital renewal expenditure equal or greater than rate of depreciation. Funding related to such operating grants received in advance has been placed in internal restriction, to reflect true unrestricted cash position at the reporting date.

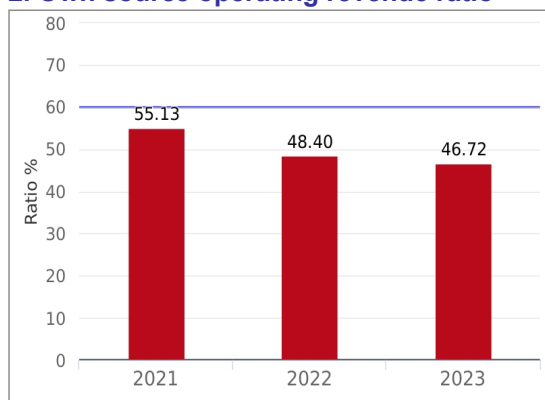
Benchmark: — > 0.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2022/23 result

2022/23 ratio 46.72%

This ratio reflects Council's reliance on external funding sources such as grants and contributions. Whilst the ratio remains below the benchmark, the amount of own source income generated has slightly increased, however, total operating revenue has increased at a higher rate due to capital grants and contributions related to the extensive capital works program Council is currently delivering, contributing to the ratio remaining below the benchmark. It is expected the ratio will improve upon completion of current capital works program.

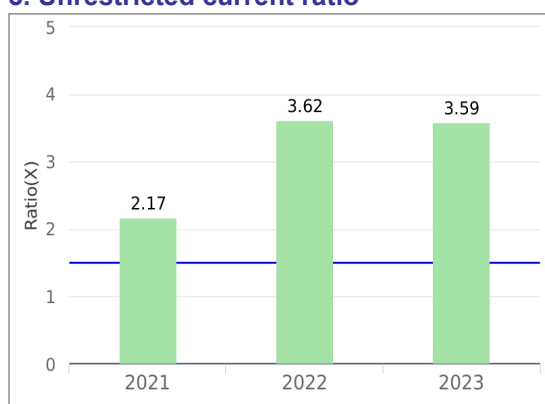
Benchmark: — > 60.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2022/23 result

2022/23 ratio 3.59x

Unrestricted current ratio indicates the adequacy of working capital and ability to meet obligations as and when they fall due. Whilst Council's latest result is a slight decrease from previous financial year, it still sits well above the industry benchmark, ensuring the achievement of target working capital requirements satisfactorily.

Benchmark: — > 1.50x

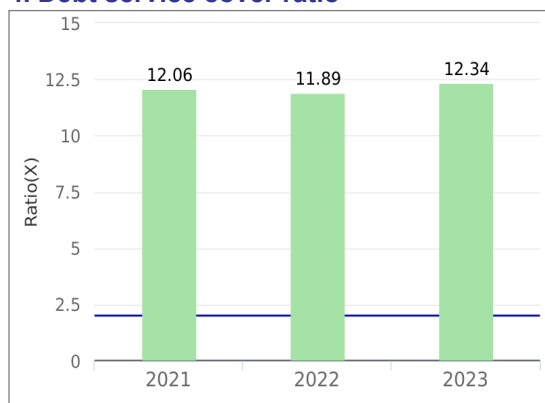
Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2022/23 result

2022/23 ratio 12.34x

Council continues to maintain a strong position in debt service cover ratio. This ratio continues to stay well above the industry benchmark, and Council remains in a strong position to meet borrowing requirements in future, should the need arise.

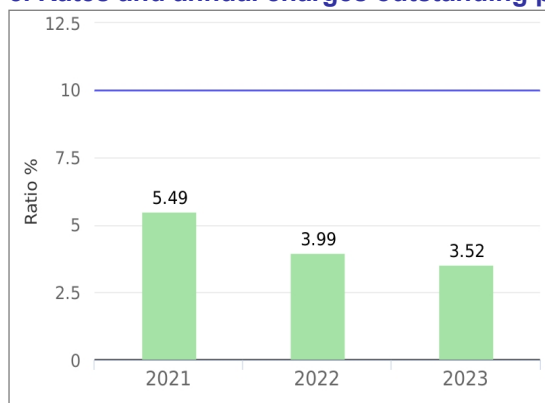
Benchmark: — > 2.00x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2022/23 result

2022/23 ratio 3.52%

This ratio continues to stay well under industry benchmark for regional Councils due to efficient debt recovery process. Council has also undertaken a sale of land for unpaid rates in the reporting period, contributing to continuation of a satisfactory ratio.

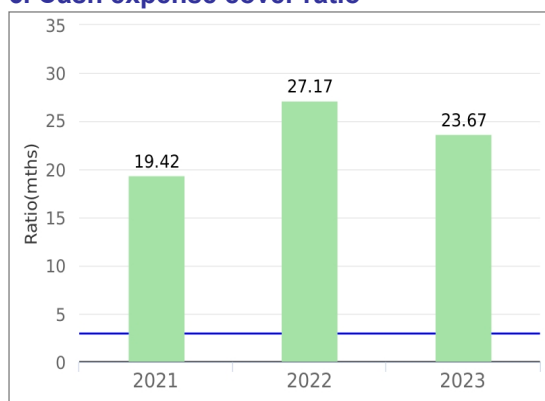
Benchmark: — < 10.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2022/23 result

2022/23 ratio 23.67 months

Council's cash expense cover ratio has decreased marginally due to increased cash outflow from operating activities. Whilst Council's cash and cash equivalents has increased compared to previous financial year, cash outflow from operating activities has increased at a higher rate, contributing to the ratio to decrease compared to previous reporting period. This ratio continues to stay well above the industry benchmark.

Benchmark: — > 3.00months

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

63 Elgin Street
GUNNEDAH NSW 2380

Contact details

Mailing Address:

PO Box 63
GUNNEDAH NSW 2380

Opening hours:

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

Telephone: 02 6740 2100

Facsimile: 02 6740 2119

Internet: www.gunnedah.nsw.gov.au

Email: council@infogunnedah.com.au

Officers

General Manager

E J GROTH

Responsible Accounting Officer

K TENNAKOON

Auditors

Audit Office of New South Wales,
GPO Box 12,
SYDNEY NSW 2001

Elected members

Mayor

J CHAFFEY

Councillors

R HOOKE
R HODDLE
J MCARTHUR
C FULLER
K MCGRATH
A LUKE
D MOSES
M O'KEEFE

Other information

ABN: 80 183 655 793



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
Gunnedah Shire Council

To the Councillors of Gunnedah Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY



Cr Jamie Chaffey
Mayor
Gunnedah Shire Council
PO Box 63
GUNNEDAH NSW 2380

Contact: Michael Kharzoo
Phone no: 02 9275 7188
Our ref: R008-16585809-46767

31 October 2023

Dear Mayor

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

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


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

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

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	20.6	19.7	4.6
Grants and contributions revenue	43.6	37.8	15.3
Operating result from continuing operations	26.1	26.8	2.6

Net operating result before capital grants and contributions	4.8	4.2	 14.3
--	-----	-----	--

The Council's operating result from continuing operations was a surplus of \$26.1 million, which was relatively stable from the prior year (2021-22: \$26.8 million).

The net operating result before capital grants and contributions was a surplus of \$4.8 million, which is an increase of \$0.6 million from the 2021–22 result. This is primarily due to the increase in grants and contributions provided for operational purposes in 2022-23.

Grants and contributions revenue (\$43.6 million) increased by \$5.8 million (15.3 per cent) in 2022–23, which was mainly due to:

- \$0.8 million increase in financial assistance grants due to receiving 100 percent of the financial assistance grants for 2023-24 in advance (75 percent in 2021-22)
- \$1.2 million increase in community care grants recognised in the financial year
- \$7.3 million increase in capital grants recognised for the saleyards construction
- \$4.0 million increase in transport (other roads and bridges funding) due to disaster recovery funding received for the November 2022 floods.

Offset by:

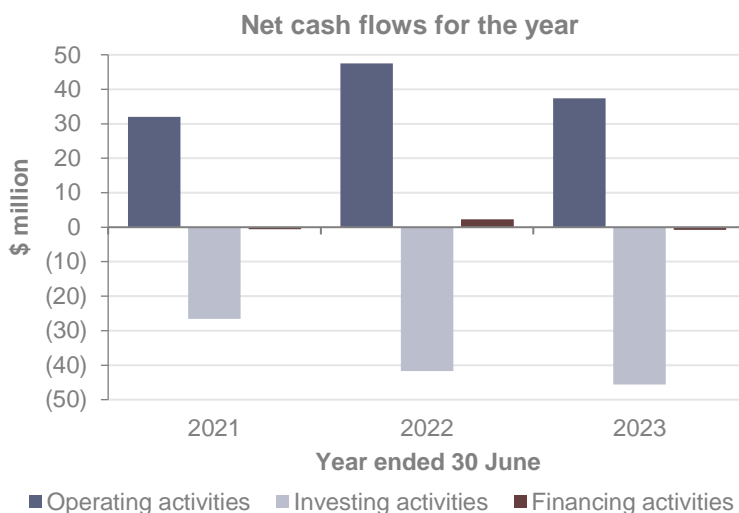
- \$6.6 million decrease in capital grants recognised for water supplies due to major completion of the water treatment plant project.
- \$0.9 million decrease in roads to recovery grants recognised due to deferral of works.

STATEMENT OF CASH FLOWS

Cash from operating activities decreased by \$10.5 million, mainly due to a decrease in grants and contribution cash receipts received during the year and an increase in payments for materials and services.

Cash outflows from investing activities increased by \$3.9 million due to a net increase in purchase of investments.

Cash outflows from financing activities primarily consist of repayments of borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	101.2	92.6	Externally restricted cash and investments are restricted in their use by externally imposed requirements. Council's externally restricted balances comprise mainly of specific purpose unexpended grants, developer contributions, domestic waste management and water and sewer funds. Internal allocations are determined by council policies or decisions, which are subject to change. At 30 June 2023 Council holds \$2.9 million in unrestricted and unallocated cash, cash equivalents and investments. This is a reduction on the 2021-22 balance, which was \$3.4 million.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	62.1	58.6	
• Internal allocations	36.2	30.6	

Debt

At 30 June 2023, Council had:

- \$13.1 million in secured loans (\$13.9 million in 2021-22)
- \$500,000 in bank overdraft facilities with Nil drawn.

PERFORMANCE

Performance measures

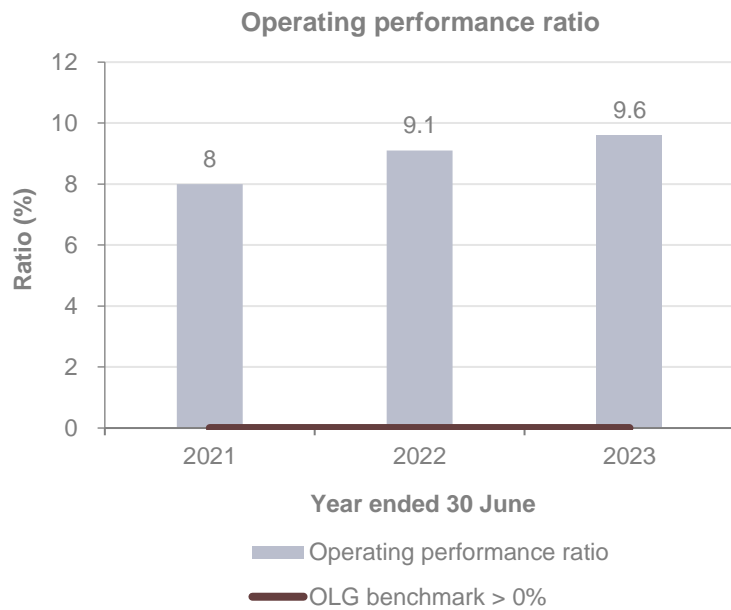
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

The '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.

The Council's operating performance ratio of 9.6 per cent exceeded the benchmark.

The ratio has improved, mainly due to the increase in grants and contributions provided for operating purposes.

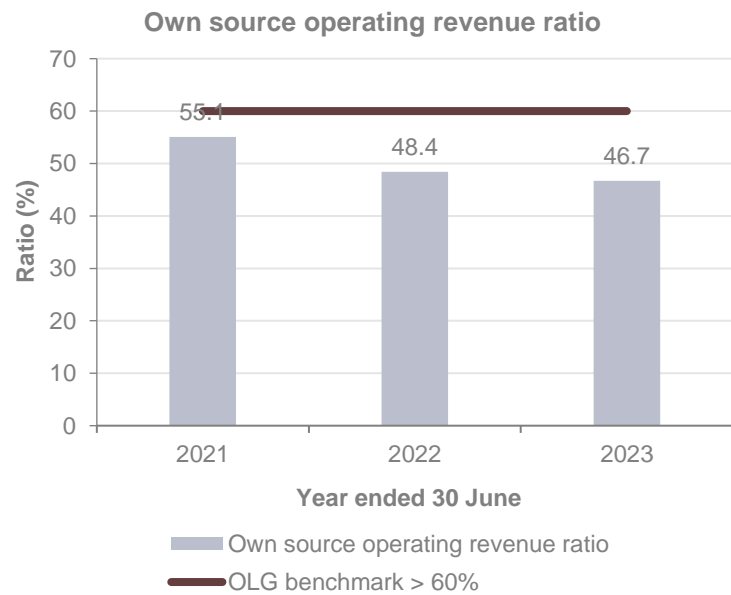


Own source operating revenue ratio

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.

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

The ratio continued to decline during the year, mainly due to an increase in grants and contributions provided for operating purposes.

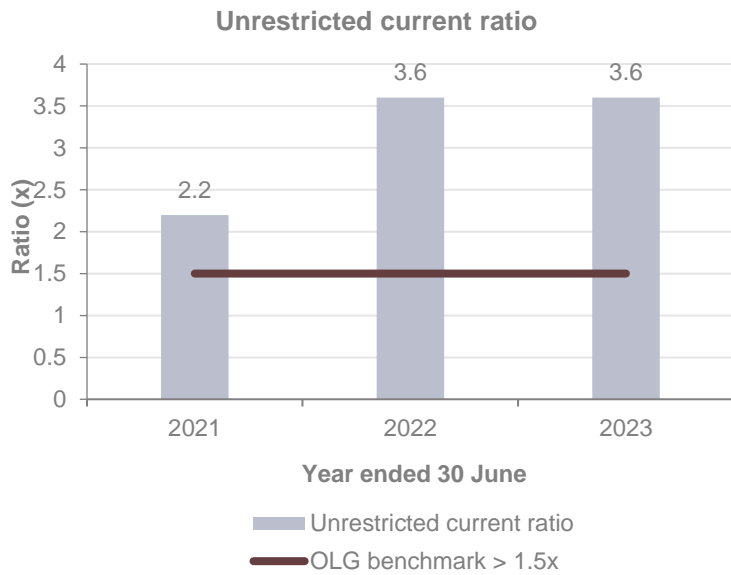


Unrestricted current ratio

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.

The Council's ratio of 3.6 times exceeded the benchmark for the current reporting period.

The ratio remains consistent with the prior period.

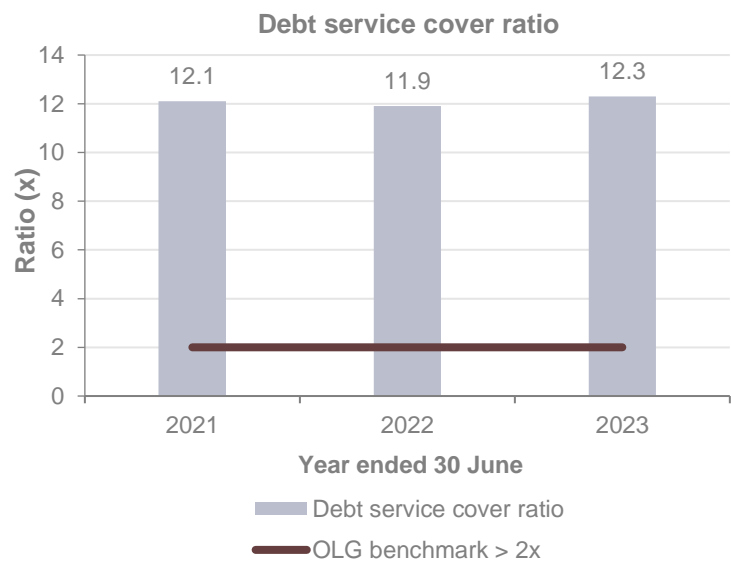


Debt service cover ratio

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.

The Council's ratio of 12.3 times exceeded the benchmark for the current reporting period.

The ratio remains consistent with the prior period.

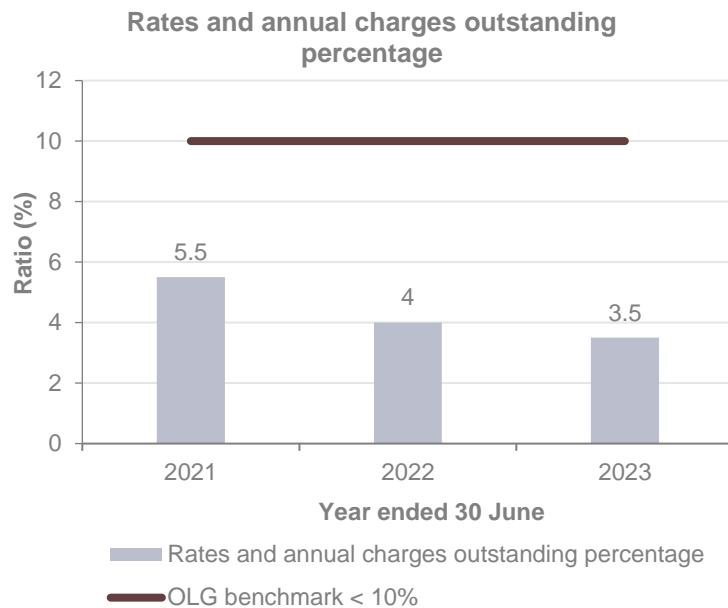


Rates and annual charges outstanding percentage

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

The Council ratio of 3.5 per cent is within the benchmark for the current reporting period.

The ratio continues to improve due to debt recovery processes.

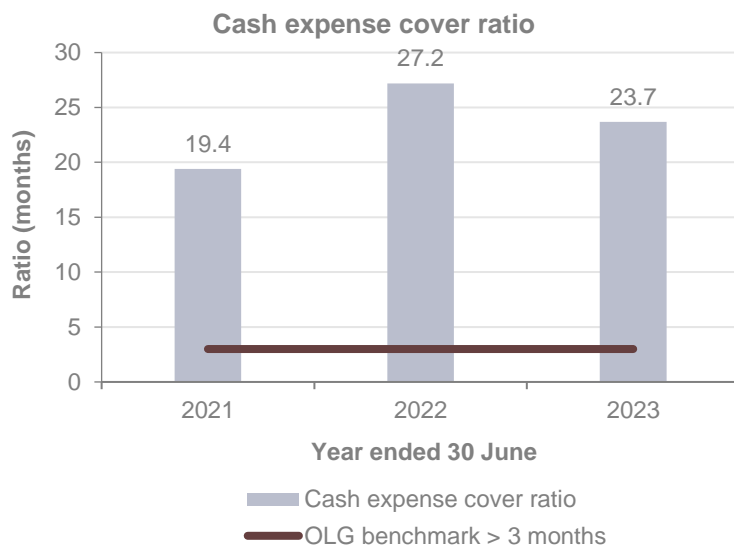


Cash expense cover ratio

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.

The Council ratio of 23.7 months exceeded the benchmark for the current reporting period.

The ratio decreased from the prior year due to an increase in cash payments from operating activities.



Infrastructure, property, plant and equipment renewals

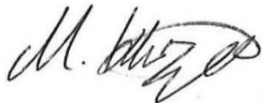
Council renewed \$27.0 million of infrastructure, property, plant and equipment during the 2022-23 financial year (2021-22 \$19.0 million). This was mainly due to an increase in capital works in progress for Gunnedah Saleyards redevelopment and airport runway upgrade project.

OTHER MATTERS

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

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



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Eric Groth, General Manager
Mr Grahame Marchant, Chair, Audit Risk and Improvement Committee
Ms Kelly Stidworthy, Director Corporate Services
Mr Kalana Tennakoon, Finance Manager
Mr Jacob Sauer, Principal, Forsyths
Ms Kiersten Fishburn, Secretary, Department of Planning and Environment



Gunnedah Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

“To be a focused community valuing
Gunnedah’s identity and quality lifestyle”.



Gunnedah Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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Statement of Financial Position of water supply business activity	6
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Background

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

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

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

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

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

Gunnedah Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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

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

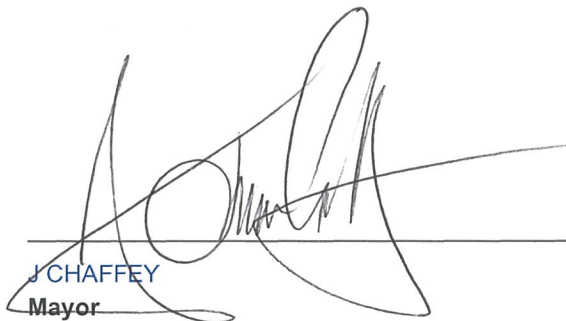
- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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


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

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

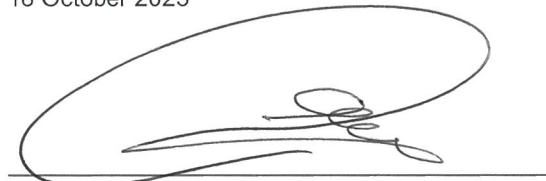
Signed in accordance with a resolution of Council made on 18 October 2023.



J CHAFFEY
Mayor
18 October 2023



R HOOKE
Councillor
18 October 2023



E J GROTH
General Manager
18 October 2023



K TENNAKOON
Responsible Accounting Officer
18 October 2023

Gunnedah Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
Income from continuing operations		
Access charges	1,366	1,074
User charges	2,888	2,253
Interest and investment income	297	147
Grants and contributions provided for operating purposes	110	78
Total income from continuing operations	4,661	3,552
Expenses from continuing operations		
Materials and services	2,101	1,773
Depreciation, amortisation and impairment	1,268	1,061
Employee benefits and on-costs	924	916
Net loss from the disposal of assets	226	24
Other expenses	-	1
Total expenses from continuing operations	4,519	3,775
Surplus (deficit) from continuing operations before capital amounts	142	(223)
Grants and contributions provided for capital purposes	536	7,959
Surplus (deficit) from continuing operations after capital amounts	678	7,736
Surplus (deficit) from all operations before tax	678	7,736
Less: corporate taxation equivalent (25%) [based on result before capital]	(36)	-
Surplus (deficit) after tax	642	7,736
Plus accumulated surplus	48,984	41,248
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	36	-
Closing accumulated surplus	49,662	48,984
Return on capital %	0.2%	(0.4)%
Subsidy from Council	2,742	2,451
Calculation of dividend payable:		
Surplus (deficit) after tax	643	7,736
Less: capital grants and contributions (excluding developer contributions)	(536)	(7,959)
Surplus for dividend calculation purposes	107	-
Potential dividend calculated from surplus	53	-

Gunnedah Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

	2023	2022
	\$ '000	Restated \$ '000
Income from continuing operations		
Access charges	2,350	2,288
User charges	921	853
Interest and investment income	329	125
Grants and contributions provided for operating purposes	32	32
Total income from continuing operations	3,632	3,298
Expenses from continuing operations		
Employee benefits and on-costs	412	449
Materials and services	1,199	1,918
Depreciation, amortisation and impairment	992	914
Total expenses from continuing operations	2,603	3,281
Surplus (deficit) from continuing operations before capital amounts	1,029	17
Grants and contributions provided for capital purposes	155	591
Surplus (deficit) from continuing operations after capital amounts	1,184	608
Surplus (deficit) from all operations before tax	1,184	608
Less: corporate taxation equivalent (25%) [based on result before capital]	(257)	(4)
Surplus (deficit) after tax	927	604
Plus accumulated surplus	25,388	22,295
Plus/less: prior period adjustments ¹	–	2,485
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	257	4
Closing accumulated surplus	26,572	25,388
Return on capital %	1.8%	0.0%
Subsidy from Council	1,297	1,396
Calculation of dividend payable:		
Surplus (deficit) after tax	927	604
Less: capital grants and contributions (excluding developer contributions)	(155)	(591)
Surplus for dividend calculation purposes	772	13
Potential dividend calculated from surplus	386	6

(1) Refer to the Notes on Significant Accounting Policies - Correction of prior period errors

Gunnedah Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

	2023 \$ '000	2022 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	136	164
Investments	9,899	11,184
Inventories	100	99
Receivables	601	309
Contract assets and contract cost assets	937	1,163
Total current assets	11,673	12,919
Non-current assets		
Infrastructure, property, plant and equipment	71,753	60,874
Total non-current assets	71,753	60,874
Total assets	83,426	73,793
LIABILITIES		
Current liabilities		
Payables	335	717
Employee benefit provisions	7	10
Total current liabilities	342	727
Total liabilities	342	727
Net assets	83,084	73,066
EQUITY		
Accumulated surplus	49,662	48,984
Revaluation reserves	33,422	24,082
Total equity	83,084	73,066

Gunnedah Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

	2023	2022
	\$ '000	Restated \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	362	521
Investments	13,787	11,943
Receivables	146	138
Total current assets	14,295	12,602
Non-current assets		
Infrastructure, property, plant and equipment ¹	57,853	41,079
Total non-current assets	57,853	41,079
Total assets	72,148	53,681
LIABILITIES		
Current liabilities		
Employee benefit provisions	4	–
Total current liabilities	4	–
Total liabilities	4	–
Net assets	72,144	53,681
EQUITY		
Accumulated surplus	26,572	25,388
Revaluation reserves	45,572	28,293
Total equity	72,144	53,681

(1) Refer to the Notes on Significant Accounting Policies - Correction of prior period errors

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1 - Business activities with gross operating turnover more than \$2 million

Name	Brief description of activity
Water Supply service	Comprising the whole of the water supply operations and net assets servicing the towns of Gunnedah, Curlewis, Mullaley & Tambar Springs
Sewerage Service	Comprising the whole of the sewerage reticulation and treatment operations and net assets system servicing the towns of Gunnedah & Curlewis

Category 2 - Business activities with gross operating turnover less than \$2 million

Nil

Note – Significant Accounting Policies (continued)

Taxation equivalent charges

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

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

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

	Notional rate applied
Corporate tax rate	25% (21/22 25%)
Land tax	The first \$969,000 of combined land values attracts 0%. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is \$100 + 1.6%. For the remaining combined land value that exceeds \$5,925,000 a premium marginal rate of 2.0% applies
Payroll tax	5.45% on the value of taxable salaries and wages in excess of \$1,200,000

In accordance with the Department of Planning, Industry and Environment (DPIE) – Best practice management of Water Supply and Sewer guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the DPIE – Best practice management of Water Supply and Sewer guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DPIE – Best practice management of Water Supply and Sewer guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (21/22 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.

Note – Significant Accounting Policies (continued)

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.

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

(iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

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

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.

Correction of prior period errors

1. Sewer network valuation

During the revaluation of sewer network assets, Council has identified that sewer manholes were not valued previously as separate components. Council could not establish that a provision has been made for the manholes in the unit rates used to value sewer mains in the previous revaluation, thus understating the net carrying value of sewer network assets. Council has now assigned replacement cost for sewer manholes as part of water and sewer revaluation, which is an increase to Infrastructure, property, plant and equipment and Accumulated Surplus by \$3.012m

2. Sewer crown land adjustment

During the revaluation of crown land controlled by Council, a reconciliation was completed between Councils register and the Crown Land Management Reserve Portal. This resulted in a number of parcels removed from Councils asset register amounting to an reduction in respect to sewer crown land assets of \$527,000.

The above prior period errors resulted in a net increase in infrastructure, Property, Plant & Equipment and Accumulated Surplus of \$2.485m.



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Gunnedah Shire Council

To the Councillors of Gunnedah Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- Water supply
- Sewerage

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

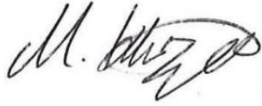
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY



Gunnedah Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2023

“To be a focused community valuing
Gunnedah’s identity and quality lifestyle”.



Gunnedah Shire Council

Special Schedules

for the year ended 30 June 2023

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Gunnedah Shire Council

Permissible income for general rates

	Notes	Calculation 2022/23 \$ '000	Calculation 2023/24 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	13,891	14,567
Plus or minus adjustments ²	b	308	69
Notional general income	c = a + b	14,199	14,636
Permissible income calculation			
Or rate peg percentage	e	2.50%	3.80%
Or plus rate peg amount	i = e x (c + g)	355	556
Sub-total	k = (c + g + h + i + j)	14,554	15,192
Plus (or minus) last year's carry forward total	l	19	6
Less valuation objections claimed in the previous year	m	(1)	(1)
Sub-total	n = (l + m)	18	5
Total permissible income	o = k + n	14,572	15,197
Less notional general income yield	p	14,567	15,179
Catch-up or (excess) result	q = o - p	5	18
Plus income lost due to valuation objections claimed ⁴	r	1	-
Carry forward to next year ⁶	t = q + r + s	6	18

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Gunnedah Shire Council

To the Councillors of Gunnedah Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

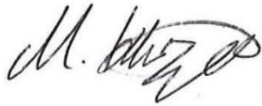
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY

Gunnedah Shire Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings	91	91	270	195	37,345	65,159	13.0%	44.0%	42.8%	0.2%	0.0%
	Sub-total	91	91	270	195	37,347	65,159	13.0%	44.0%	42.8%	0.2%	0.0%
Other structures	Other structures	854	854	235	250	6,358	10,249	31.8%	58.1%	1.8%	8.3%	0.0%
	Sub-total	854	854	235	250	6,358	10,249	31.8%	58.1%	1.8%	8.3%	0.0%
Roads	Urban Roads	853	853	379	740	46,770	65,669	56.1%	20.9%	22.7%	0.2%	0.1%
	Rural Sealed Roads	5,257	5,257	1,457	1,508	98,994	122,676	73.1%	14.4%	8.2%	0.4%	3.9%
	Rural Unsealed Roads	2,881	2,881	2,853	4,135	87,699	106,924	63.3%	19.0%	15.0%	0.4%	2.3%
	Bridges / Culverts	1,024	1,024	287	67	34,465	54,461	17.5%	64.0%	11.2%	5.4%	1.9%
	Footpaths	35	35	64	43	8,174	10,907	67.4%	24.3%	8.0%	0.3%	0.0%
	Other road assets	82	82	41	41	4,555	5,944	52.8%	30.6%	9.4%	5.8%	1.4%
	Sub-total	10,132	10,132	5,081	6,534	280,658	366,581	58.4%	24.8%	13.2%	1.2%	2.4%
Water supply network	Water supply network	3,097	3,097	1,616	1,526	70,387	107,782	38.8%	19.4%	20.0%	15.8%	6.0%
	Sub-total	3,097	3,097	1,616	1,526	70,387	107,782	38.8%	19.4%	20.0%	15.8%	6.0%
Sewerage network	Sewerage network	4,269	4,269	1,029	911	57,090	85,179	47.0%	22.6%	14.8%	6.3%	9.3%
	Sub-total	4,269	4,269	1,029	911	57,090	85,179	47.0%	22.6%	14.8%	6.3%	9.3%
Stormwater drainage	Stormwater drainage	–	–	30	4	32,538	43,914	40.8%	59.2%	0.0%	0.0%	0.0%
	Kerb & Gutter	32	32	47	1	12,796	33,659	21.5%	69.0%	9.4%	0.1%	0.0%
	Sub-total	32	32	77	5	45,334	77,573	32.4%	63.5%	4.1%	0.0%	0.0%

Gunnedah Shire Council

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

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Open space / recreational assets	Swimming pools	–	–	64	77	10,598	12,622	60.0%	40.0%	0.0%	0.0%	0.0%
	Other Recreational Assets	744	744	1,244	1,349	9,267	13,985	18.3%	48.3%	7.7%	20.6%	5.1%
	Sub-total	744	744	1,308	1,426	19,865	26,607	38.1%	44.4%	4.0%	10.8%	2.7%
Other infrastructure assets	Aerodrome	18	18	52	36	2,206	8,110	36.1%	0.4%	63.3%	0.2%	0.0%
	Car Parking	–	–	8	3	599	1,580	6.3%	3.2%	90.5%	0.0%	0.0%
	Sub-total	18	18	60	39	2,805	9,690	31.2%	0.9%	67.7%	0.2%	0.0%
Total – all assets		19,237	19,237	9,676	10,886	519,844	748,820	46.2%	30.3%	16.2%	4.1%	3.2%

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

Infrastructure asset condition assessment 'key'

1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Gunnedah Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022	2021	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	14,471	154.70%	87.25%	130.09%	> 100.00%
Depreciation, amortisation and impairment	9,354				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	19,237	3.50%	1.35%	0.74%	< 2.00%
Net carrying amount of infrastructure assets	548,953				
Asset maintenance ratio					
Actual asset maintenance	10,886	112.51%	94.71%	87.35%	> 100.00%
Required asset maintenance	9,676				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	19,237	2.57%	1.00%	0.53%	
Gross replacement cost	748,820				

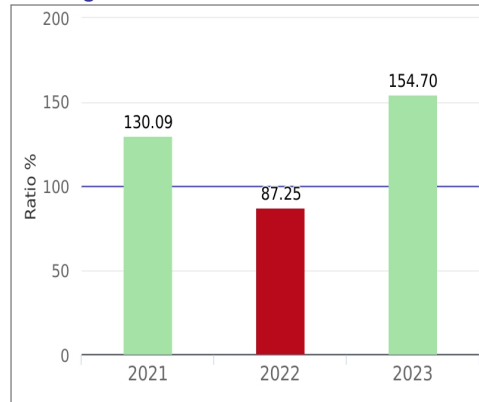
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Gunnedah Shire Council

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

22/23 ratio 154.70%

Council's long term objective is to match or exceed infrastructure renewal expenditure compared to systematic deterioration of respective assets. Council monitors this ratio over a period of time rather than on annual basis. This year, Council exceeds the benchmark mainly due to upgrade projects being capitalised in the reporting period such as Clifton Road, Kelvin Road and Saleyards truck wash, part of which qualify as renewal expenditure due to renewal of existing assets.

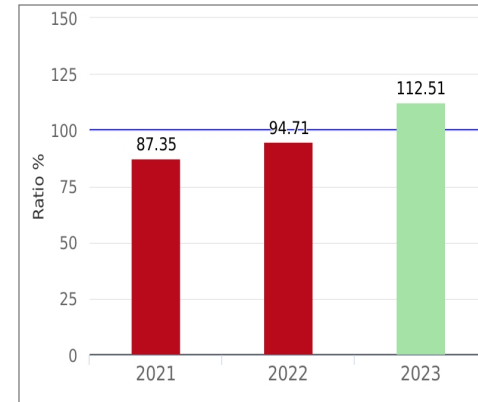
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

22/23 ratio 112.51%

This ratio reflects Council's commitment to maintaining infrastructure assets and improving condition where financially possible. This year's result has improved compared to previous financial years, mainly due to additional grant funding available through Pothole Repair grant program, associated with restoration of flood damage transport infrastructure assets.

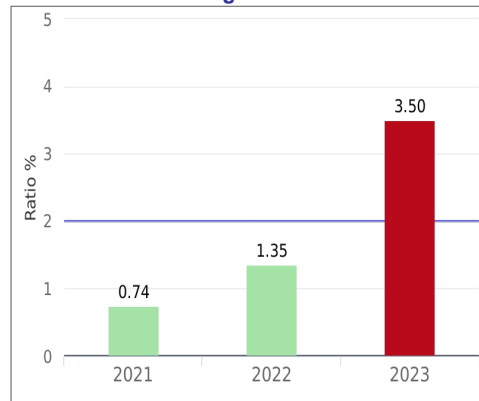
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

22/23 ratio 3.50%

Infrastructure backlog ratio has increased exponentially mainly due to flood damaged transport infrastructure assets remained unrestored as at the reporting date. These assets are expected to be restored back to pre-flood conditions within next 24 months through Essential Public Asset Restoration (DRFA) funding. The ratio has been further affected from recent condition ratings received for water and sewerage network assets as part of revaluation of those asset classes.

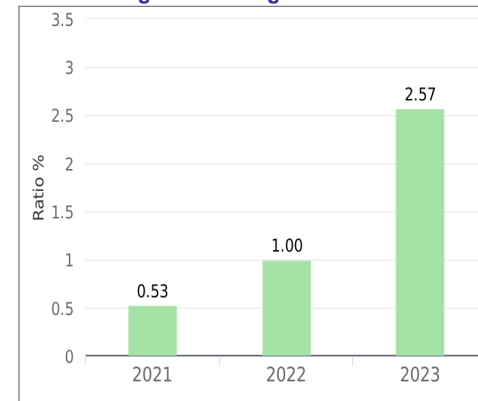
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

22/23 ratio 2.57%

This ratio has increased exponentially mainly due to flood damaged transport infrastructure assets remained unrestored as at the reporting date. These assets are expected to be restored back to pre-flood conditions within next 24 months through Essential Public Asset Restoration (DRFA) funding. The ratio has further affected from recent condition ratings received for water and sewerage network assets as part of revaluation of those asset classes.

Gunnedah Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	176.33%	52.72%	146.28%	225.19%	3.46%	181.35%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	2.82%	0.56%	4.40%	3.64%	7.48%	6.12%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	120.17%	95.91%	94.43%	101.97%	88.53%	85.08%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	2.14%	0.44%	2.87%	2.28%	5.01%	3.56%	

(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.