



Gunnedah Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2024

“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 2024

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



General Purpose Financial Statements
for the year ended 30 June 2024

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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 2024

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Gunnedah Shire Council

General Purpose Financial Statements
for the year ended 30 June 2024

Statement by Councillors and Management

Statement by Councillors and Management made pursuant to Section 413(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 16 October 2024.



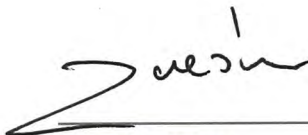
C FULLER
Mayor
16 October 2024



K MCGRATH
Councillor
16 October 2024



E J GROTH
General Manager
16 October 2024



K TENNAKOON
Responsible Accounting Officer
16 October 2024

Gunnedah Shire Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024 \$ '000		Notes	Actual 2024 \$ '000	Actual 2023 \$ '000
Income from continuing operations				
21,236	Rates and annual charges	B2-1	21,470	20,630
10,818	User charges and fees	B2-2	13,321	13,270
598	Other revenues	B2-3	2,073	1,589
16,562	Grants and contributions provided for operating purposes	B2-4	21,483	22,351
13,732	Grants and contributions provided for capital purposes	B2-4	31,417	21,263
1,272	Interest and investment income	B2-5	4,044	2,595
—	Other income	B2-6	149	154
64,218	Total income from continuing operations		93,957	81,852
Expenses from continuing operations				
19,741	Employee benefits and on-costs	B3-1	20,366	18,481
12,987	Materials and services	B3-2	20,767	22,617
731	Borrowing costs	B3-3	714	726
14,588	Depreciation, amortisation and impairment of non-financial assets	B3-4	13,762	12,262
2,397	Other expenses	B3-5	1,013	855
—	Net loss from the disposal of assets	B4-1	2,239	856
50,444	Total expenses from continuing operations		58,861	55,797
13,774	Operating result from continuing operations		35,096	26,055
13,774	Net operating result for the year attributable to Council		35,096	26,055
Net operating result for the year before grants and contributions provided for capital purposes				
42			3,679	4,792

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 2024

	Notes	2024 \$ '000	2023 \$ '000
Net operating result for the year – from Income Statement		35,096	26,055
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	72,863	50,146
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-8	3,748	–
Revaluation movement in Remediation Provision		(883)	–
Total items which will not be reclassified subsequently to the operating result		75,728	50,146
Total other comprehensive income for the year		75,728	50,146
Total comprehensive income for the year attributable to Council		110,824	76,201

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 2024

	Notes	2024 \$ '000	2023 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	16,287	8,917
Investments	C1-2	49,249	66,749
Receivables	C1-4	7,534	8,100
Inventories	C1-5	1,333	1,061
Contract assets and contract cost assets	C1-6	3,889	5,060
Current assets classified as held for sale	C1-7	10	–
Other	C1-9	372	550
Total current assets		78,674	90,437
Non-current assets			
Investments	C1-2	34,003	25,503
Receivables	C1-4	11	14
Infrastructure, property, plant and equipment (IPPE)	C1-8	707,185	598,479
Right of use assets	C2-1	585	696
Non-current assets classified as held for sale	C1-7	–	121
Total non-current assets		741,784	624,813
Total assets		820,458	715,250
LIABILITIES			
Current liabilities			
Payables	C3-1	8,661	13,823
Contract liabilities	C3-2	11,631	13,778
Employee benefit provisions	C3-4	5,412	5,208
Provisions	C3-5	221	7
Borrowings	C3-3	797	757
Lease liabilities	C2-1	86	88
Total current liabilities		26,808	33,661
Non-current liabilities			
Lease liabilities	C2-1	502	598
Borrowings	C3-3	11,589	12,385
Employee benefit provisions	C3-4	253	302
Provisions	C3-5	6,942	4,764
Total non-current liabilities		19,286	18,049
Total liabilities		46,094	51,710
Net assets		774,364	663,540
EQUITY			
Accumulated surplus		347,348	312,252
IPPE revaluation reserve		427,016	351,288
Council equity interest		774,364	663,540
Total equity		774,364	663,540

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 2024

	Notes	2024			2023		
		Accumulated surplus ¹ \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus ¹ \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		312,252	351,288	663,540	285,419	301,142	586,561
Correction of prior period errors		–	–	–	778	–	778
Restated opening balance		312,252	351,288	663,540	286,197	301,142	587,339
 Net operating result for the year		 35,096	 –	 35,096	 26,055	 –	 26,055
Net operating result for the period		35,096	–	35,096	26,055	–	26,055
 Other comprehensive income							
– Impairment (loss) reversal relating to IPP&E	C1-8	–	3,748	3,748	–	–	–
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	72,863	72,863	–	50,146	50,146
Revaluation movement in Remediation Provision		–	(883)	(883)	–	–	–
Other comprehensive income		–	75,728	75,728	–	50,146	50,146
 Total comprehensive income		 35,096	 75,728	 110,824	 26,055	 50,146	 76,201
 Closing balance at 30 June		 347,348	 427,016	 774,364	 312,252	 351,288	 663,540

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 2024

Original unaudited budget 2024 \$ '000		Notes	Actual 2024 \$ '000	Actual 2023 \$ '000
Cash flows from operating activities				
Receipts:				
21,591	Rates and annual charges		21,393	20,552
11,965	User charges and fees		16,140	14,924
1,291	Interest received		3,585	2,051
28,374	Grants and contributions		33,194	42,872
958	Other		7,227	5,092
Payments:				
(19,578)	Payments to employees		(20,268)	(18,455)
(15,668)	Payments for materials and services		(31,618)	(28,015)
(664)	Borrowing costs		(518)	(554)
(2,581)	Other		675	(1,435)
25,688	Net cash flows from operating activities	G1-1	29,810	37,032
Cash flows from investing activities				
Receipts:				
–	Sale of investments		–	2,000
5,582	Redemption of term deposits		69,500	39,514
571	Proceeds from sale of IPPE		994	881
3	Deferred debtors receipts		2	2
Payments:				
(1,453)	Acquisition of term deposits		(60,500)	(59,484)
(29,177)	Payments for IPPE		(31,582)	(28,559)
(24,474)	Net cash flows from investing activities		(21,586)	(45,646)
Cash flows from financing activities				
Payments:				
(757)	Repayment of borrowings		(756)	(719)
–	Principal component of lease payments		(98)	(76)
(757)	Net cash flows from financing activities		(854)	(795)
457	Net change in cash and cash equivalents		7,370	(9,409)
1,600	Cash and cash equivalents at beginning of year	C1-1	8,917	18,326
2,057	Cash and cash equivalents at end of year	C1-1	16,287	8,917
61,323	plus: Investments on hand at end of year	C1-2	83,252	92,252
63,380	Total cash, cash equivalents and investments		99,539	101,169

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

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 16 October 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

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 2023/24 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.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.

A1-1 Basis of preparation (continued)

- 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 2024 reporting period.

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

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2024. 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	
	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000
Functions or activities										
Building Our Shire's Economy	13,949	12,432	3,035	3,355	10,914	9,077	12,116	11,317	41,919	41,702
Engaging and Supporting the Community	63,303	53,151	31,468	31,639	31,835	21,512	31,649	22,350	641,905	557,156
Protecting and Enjoying Our Beautiful Surrounds	7,700	7,034	10,527	9,215	(2,827)	(2,181)	2,013	2,360	45,822	39,610
Retaining Our Quality of Life	9,005	9,235	13,831	11,588	(4,826)	(2,353)	7,122	7,587	90,812	76,782
Total functions and activities	93,957	81,852	58,861	55,797	35,096	26,055	52,900	43,614	820,458	715,250

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

	2024 \$ '000	2023 \$ '000
Ordinary rates		
Residential	4,978	4,764
Farmland	5,773	5,554
Mining	1,478	1,444
Business	2,686	2,558
Less: pensioner rebates (mandatory)	(142)	(144)
Rates levied to ratepayers	14,773	14,176
Pensioner rate subsidies received	78	79
Total ordinary rates	14,851	14,255
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	1,827	1,791
Stormwater management services	87	88
Water supply services	1,276	1,198
Sewerage services	2,467	2,335
Waste management services (non-domestic)	864	862
Annual charges levied	6,521	6,274
Pensioner annual charges subsidies received:		
– Water	35	36
– Sewerage	31	32
– Domestic waste management	32	33
Total annual charges	6,619	6,375
Total rates and annual charges	21,470	20,630

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

Material accounting policy information

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

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

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

B2-2 User charges and fees

	Timing	2024 \$ '000	2023 \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Domestic waste management services	2	1,047	925
Water supply services	2	3,224	2,505
Sewerage services	2	988	883
Waste management services (non-domestic)	2	18	37
Total specific user charges		5,277	4,350
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Planning and building regulation	2	325	243
Private works – section 67	2	205	203
Regulatory/ statutory fees	2	86	64
Registration fees	2	26	28
Section 10.7 certificates (EP&A Act)	2	40	41
Section 603 certificates	2	57	62
Total fees and charges – statutory/regulatory		739	641
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aerodrome	2	64	53
Aged care	2	329	286
Cemeteries	2	157	134
Library and art gallery	2	11	8
Park rents	2	87	111
Transport for NSW works (state roads not controlled by Council)	1	5,006	6,421
Saleyards	2	1,042	746
Swimming centres	2	290	236
Tourism	2	22	23
Events	2	98	57
Theatre	2	159	161
Other	2	40	43
Total fees and charges – other		7,305	8,279
Total other user charges and fees		8,044	8,920
Total user charges and fees		13,321	13,270
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		5,006	6,421
User charges and fees recognised at a point in time (2)		8,315	6,849
Total user charges and fees		13,321	13,270

Material accounting policy information

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

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

B2-3 Other revenues

	Timing	2024 \$ '000	2023 \$ '000
Fines – parking	2	14	7
Fines – other	2	1	–
Legal fees recovery – rates and charges (extra charges)	2	67	47
Diesel rebate	2	213	214
Insurance claims recoveries	2	–	123
Government paid parental leave	2	107	31
Reimbursements	2	125	476
Sales – domestic waste	2	288	121
Sales – swimming pools	2	137	124
Sales – theatre	2	91	97
Sale of surplus equipment	2	44	–
Street lighting reimbursement	2	–	–
Bad Debts - Recovered	2	71	–
Volunteers	2	311	293
Other	2	101	28
Quarries	2	503	28
Total other revenue		2,073	1,589

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	2,073	1,589
Total other revenue	2,073	1,589

Material accounting policy information for other revenue

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

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

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

B2-4 Grants and contributions

		Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	251	981	–	–
Financial assistance – local roads component	2	88	506	–	–
Payment in advance - future year allocation ¹					
Financial assistance – general component	2	3,514	3,837	–	–
Financial assistance – local roads component	2	1,796	2,013	–	–
Amount recognised as income during current year		5,649	7,337	–	–
Special purpose grants and non-developer contributions (tied)					
Community care	1	6,773	6,336	–	–
Economic development	1	–	16	3,756	1,555
Heritage and cultural	1	10	–	–	–
Environmental programs	2	12	–	–	–
Library	2	100	98	–	–
Noxious weeds	2	301	116	–	–
Recreation and culture	1	–	46	570	346
Street lighting	2	22	19	–	–
Other specific grants	1	66	–	80	–
Saleyards	1	118	102	8,240	9,496
Town Planning	1	25	–	–	–
Transport (other roads and bridges funding)	1	6,158	6,344	563	7,665
Transport (roads to recovery)	2	1,896	146	–	–
Recreation and culture		–	–	6	–
Roads and bridges	2	104	889	–	–
Water supplies (excl. section 64 contributions)	1	57	110	–	543
Emergency services	2	100	98	–	49
ELE contributions – other councils	2	78	194	–	–
Animal Control	2	–	–	20	–
Total special purpose grants and non-developer contributions – cash		15,820	14,514	13,235	19,654

B2-4 Grants and contributions (continued)

		Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
	Timing				
Non-cash contributions					
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	2	–	–	29	–
Roads and bridges	2	–	–	16,264	–
Sewerage (excl. section 64 contributions)	2	–	–	–	120
Water supplies (excl. section 64 contributions)	2	–	–	–	35
Crown Land Road Reserve	2	10	–	–	–
Rural Fire Service	2	–	–	983	939
Total other contributions – non-cash		10	–	17,276	1,094
Total special purpose grants and non-developer contributions (tied)		15,830	14,514	30,511	20,748
Total grants and non-developer contributions		21,479	21,851	30,511	20,748
Comprising:					
– Commonwealth funding		15,281	13,052	351	2,035
– State funding		5,538	7,777	12,883	16,950
– Other funding		660	1,022	17,277	1,763
		21,479	21,851	30,511	20,748

(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. \$5,309,741.00 of the 2024-2025 Financial Assistance Grant from Commonwealth Government was received by Council in June 2024 and hence reported as 2023-2024 income although it relates to 2024-2025 financial year.

B2-4 Grants and contributions (continued)

Developer contributions

	Notes	Timing	Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
	G4					
Cash contributions						
S 7.4 – contributions using planning agreements		2	4	500	204	191
S 7.11 – contributions towards amenities/services		2	–	–	202	318
S 64 – water supply contributions		2	–	–	261	(42)
S 64 – sewerage service contributions		2	–	–	230	36
S 64 – stormwater contributions		2	–	–	9	12
Total developer contributions – cash			4	500	906	515
Total developer contributions			4	500	906	515
Total contributions			4	500	906	515
Total grants and contributions			21,483	22,351	31,417	21,263
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			12,931	12,954	13,129	19,605
Grants and contributions recognised at a point in time (2)			8,552	9,397	18,288	1,658
Total grants and contributions			21,483	22,351	31,417	21,263

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

	Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	1,726	1,849	13,310	11,898
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,160	531	–	–
Add: Funds received and not recognised as revenue in the current year	208	468	7,155	13,021
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	(402)	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,479)	(720)	(11,041)	(11,609)
Unspent funds at 30 June	1,615	1,726	9,424	13,310

Contributions

Unspent funds at 1 July	–	–	12,884	12,493
Add: contributions received and not recognised as revenue in the current year	–	–	552	515
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	2,905	331
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(609)	(455)
Unspent contributions at 30 June	–	–	15,732	12,884

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.

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement. 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

	2024 \$ '000	2023 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	58	31
– Overdue user fees and charges	14	–
– Cash and investments	3,972	2,564
Total interest and investment income (losses)	4,044	2,595
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	33	17
General Council cash and investments	1,919	1,451
Restricted investments/funds – external:		
Developer contributions		
– Section 7.11	173	111
– Section 64	375	220
Water fund operations	282	154
Sewerage fund operations	546	252
Domestic waste management operations	716	390
Total interest and investment income	4,044	2,595

Material accounting policy information

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

B2-6 Other income

	Notes	2024 \$ '000	2023 \$ '000
Other lease income			
Room/Facility Hire	C2-2	4	3
Housing/Community Housing	C2-2	43	70
Sundry Land	C2-2	102	81
Total other lease income		149	154
Total other income		149	154

Material accounting policy information

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.

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2024 \$ '000	2023 \$ '000
Salaries and wages	15,856	14,325
Employee leave entitlements (ELE)	2,608	2,499
Superannuation	1,995	1,720
Workers' compensation insurance	774	621
Fringe benefit tax (FBT)	49	42
Payroll tax	44	38
Protective clothing	59	53
Other	87	70
Total employee costs	21,472	19,368
Less: capitalised costs	(1,106)	(887)
Total employee costs expensed	20,366	18,481
Number of 'full-time equivalent' employees (FTE) at year end	231	197
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	256	215

Material accounting policy information

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

	Notes	2024 \$ '000	2023 \$ '000
Consultancy costs		791	707
Raw materials and consumables		14,405	13,359
Contractor costs		30,808	37,055
Audit Fees	F2-1	116	91
Advertising		252	199
Bank charges		64	60
Computer software charges		607	457
Electricity and heating		1,175	1,022
Gas		8	8
Councillor and Mayoral fees and associated expenses	F1-2	272	213
Postage		71	64
Insurance		724	615
Printing and stationery		117	111
Subscriptions and publications		307	345
Street lighting		226	211
Telephone and communications		235	221
Valuation fees		61	55
Travel expenses		51	19
Training costs (other than salaries and wages)		274	369
Legal expenses:			
– Legal expenses: planning and development		18	23
– Legal expenses: debt recovery		72	52
– Legal expenses: other		95	50
Expenses from leases of low value assets		15	1
Total materials and services		50,764	55,307
Less: capitalised costs		(29,997)	(32,690)
Total materials and services		20,767	22,617

Material accounting policy information

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

B3-3 Borrowing costs

	Notes	2024 \$ '000	2023 \$ '000
(i) Interest bearing liability costs			
Interest on leases		12	13
Interest on loans		652	690
Total interest bearing liability costs		664	703
Less: capitalised costs		(146)	(151)
Total interest bearing liability costs expensed		518	552
(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	196	174
Total other borrowing costs		196	174
Total borrowing costs expensed		714	726

Material accounting policy information

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

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

	Notes	2024 \$ '000	2023 \$ '000
Depreciation and amortisation			
Plant and equipment		1,579	1,691
Office equipment		248	261
Furniture and fittings		77	90
Infrastructure:	C1-8		
– Buildings		1,139	906
– Other structures		220	174
– Roads		4,368	3,715
– Bridges		549	515
– Footpaths		137	128
– Other road assets		236	78
– Stormwater drainage		942	848
– Water supply network		1,496	1,249
– Sewerage network		1,050	953
– Swimming pools		232	207
– Other open space/recreational assets		448	414
– Other infrastructure		194	167
Right of use assets	C2-1	111	95
Other assets:			
– Library books		30	32
– Other		342	363
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5, C1-8	289	331
– Quarry assets	C3-5, C1-8	31	31
Total depreciation and amortisation costs		13,718	12,248
Impairment / revaluation decrement of IPPE			
Office equipment		5	–
Plant and equipment		36	14
Infrastructure:	C1-8		
– Roads		(2,873)	–
– Bridges		(875)	–
Other assets:			
– Library books		3	–
Amounts taken through revaluation reserve	C1-8	3,748	–
Total IPPE impairment / revaluation decrement costs charged to Income Statement		44	14
Total depreciation, amortisation and impairment for non-financial assets		13,762	12,262

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

Material accounting policy information

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-8 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 not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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

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

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

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

B3-5 Other expenses

	Notes	2024 \$ '000	2023 \$ '000
Impairment of receivables			
User charges and fees		62	129
Total impairment of receivables	C1-4	62	129
Other			
Contributions/levies to other levels of government			
– Emergency services levy - FRNSW		41	34
– Emergency services levy - SES		59	34
– Emergency services levy - NSW Rural Fire Service levy		282	282
Donations, contributions and assistance to other organisations (Section 356)		77	47
– Donations, contributions and assistance		6	26
Volunteers		323	303
Waste Management Facility - remediation provision adjustment		163	–
Total other		951	726
Total other expenses		1,013	855

Material accounting policy information

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	2024 \$ '000	2023 \$ '000
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal - property		—	—
Gain (or loss) on disposal		—	—
Gain (or loss) on disposal of plant and equipment	C1-8		
Proceeds from disposal – plant and equipment		951	881
Less: carrying amount of plant and equipment assets sold/written off		(723)	(914)
Gain (or loss) on disposal		228	(33)
Gain (or loss) on disposal of infrastructure	C1-8		
Less: carrying amount of infrastructure assets sold/written off		(2,389)	(823)
Gain (or loss) on disposal		(2,389)	(823)
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		69,500	39,514
Less: carrying amount of term deposits sold/redeemed/matured		(69,500)	(39,514)
Gain (or loss) on disposal		—	—
Gain (or loss) on disposal of non-current assets classified as 'held for sale'	C1-7		
Proceeds from disposal – non-current assets 'held for sale'		43	—
Less: carrying amount of 'held for sale' assets sold/written off		(121)	—
Gain (or loss) on disposal		(78)	—
Net gain (or loss) from disposal of assets		(2,239)	(856)

Material accounting policy information

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

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

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below with an additional voluntary explanation for Depreciation, amortisation and impairment of non-financial assets.

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
Rates and annual charges	21,236	21,470	234	1% F
User charges and fees	10,818	13,321	2,503	23% F
User charges and fees favourable budget variance is mainly due to more than budgeted State Roads works (RMCC), higher than budgeted Saleyard dues and higher than budgeted water and sewerage user fees.				
Other revenues	598	2,073	1,475	247% F
Other revenue favourable budget variance is mainly due to more than budgeted external gravel sales mainly for Rangari Road upgrade project delivered by TfNSW and higher than budgeted scrap metal sales due to favourable steel prices and higher tonnage. This variance also includes the value of contributed volunteer services in the reporting period, which has not been estimated in the original budget. Volunteer services contribution is fully offset by volunteer expenses reported in note B3-5.				
Operating grants and contributions	16,562	21,483	4,921	30% F
Operating grants and contributions favourable budget variance is mainly due to one-off Regional Emergency Road Repair Funding and Essential Public Asset Repair (EPAR) funding for restoration of flood damaged transport infrastructure.				
Capital grants and contributions	13,732	31,417	17,685	129% F
Capital Grants and Contributions favourable variance is mainly due to Rangari Road upgrade works delivered by TfNSW is recognised as a capital contribution (\$16.2m). Minor variances from recognition of grant income associated with capital works carried forward from last Financial Year.				
Interest and investment revenue	1,272	4,044	2,772	218% F
Interest and investment income have increased compared to the budget due to improved interest rates and higher than budgeted cash balance, primarily driven by external and internal restrictions.				
Other income	–	149	149	∞ F
This variance is due to classification difference between rental income budget and actuals.				

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Expenses				
Employee benefits and on-costs	19,741	20,366	(625)	(3)% U
Materials and services	12,987	20,767	(7,780)	(60)% U
Materials and services cost has increased compared to budget in line with increased State Roads work fully offset by additional income and Essential Public Assets Restoration (EPAR) works, partly offset by additional income received, with remaining funding to be received in next Financial Year.				
Borrowing costs	731	714	17	2% F
Depreciation, amortisation and impairment of non-financial assets	14,588	13,762	826	6% F
Depreciation favourable variance mainly due to less than budgeted IPPE capitalised at the reporting date, with the balance being held in Work in Progress and will be capitalised as and when projects are completed.				
Other expenses	2,397	1,013	1,384	58% 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. Budget classifications have been updated in the new Financial Year.				
Net losses from disposal of assets	–	2,239	(2,239)	∞ U
Council's budget assumes assets are renewed at end of their useful life, therefore does not budget for loss of disposal at the moment. However, assets reaching end of useful life are being replaced at appropriate intervention points, meaning there is an undepreciated component of the asset requiring disposal. Budget assumptions will be reviewed in new Financial Year.				
Statement of cash flows				
Cash flows from operating activities	25,688	29,810	4,122	16% F
Cash flow from operating activities favourable variance mainly due to additional grant funding received during the financial year as outlined under Grants and Contributions commentary above, and the unspent portion is being restricted until associated expenditure is incurred.				
Cash flows from investing activities	(24,474)	(21,586)	2,888	(12)% F
Cash outflow from investing activities is lower than budgeted due to more than forecasted term deposits have been redeemed to fund payables as and when they are due.				
Cash flows from financing activities	(757)	(854)	(97)	13% U
Cash outflow from financing activities is slightly higher than budgeted due to lease principal repayments not been budgeted as a separate category.				

C Financial position**C1 Assets we manage****C1-1 Cash and cash equivalents**

	2024	2023
	\$ '000	\$ '000
Cash assets		
Cash on hand and at bank	37	865
Cash equivalent assets		
– Deposits at call	16,250	8,052
Total cash and cash equivalents	16,287	8,917

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	16,287	8,917
Balance as per the Statement of Cash Flows	16,287	8,917

Material accounting policy information

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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Debt securities at amortised cost				
Term deposits	47,249	32,000	66,749	21,500
Government and semi-government bonds	2,000	–	–	2,000
NCD's, FRN's (with maturities > 3 months)	–	2,003	–	2,003
Total	49,249	34,003	66,749	25,503
Total financial investments	49,249	34,003	66,749	25,503
Total cash assets, cash equivalents and investments	65,536	34,003	75,666	25,503

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

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

	2024 \$ '000	2023 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	99,539	101,169
Less: Externally restricted cash, cash equivalents and investments	(63,530)	(62,080)
Cash, cash equivalents and investments not subject to external restrictions	36,009	39,089
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	9,632	13,778
Specific purpose unexpended contributions - general fund	1,999	–
External restrictions – included in liabilities	11,631	13,778
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	4,140	4,157
Developer contributions – water fund	6,184	5,680
Developer contributions – sewer fund	3,409	3,047
Amounts due to Government agencies	1,066	2,828
Specific purpose unexpended grants (recognised as revenue) – general fund	1,407	1,258
Water fund	5,434	4,355
Sewer fund	13,211	11,102
Other	183	183
Domestic waste management	16,865	15,692
External restrictions – other	51,899	48,302
Total external restrictions	63,530	62,080

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

	2024 \$ '000	2023 \$ '000
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	36,009	39,089
Less: Internally restricted cash, cash equivalents and investments	(34,529)	(36,157)
Unrestricted and unallocated cash, cash equivalents and investments	1,480	2,932

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

	2024	2023
	\$ '000	\$ '000
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	4,191	3,631
Employees leave entitlement	1,615	1,582
Business partnering program	77	87
Contract works	189	189
Cycleways	38	38
Depot refuelling upgrade	142	142
Future works	7,684	9,416
Gravel pit restoration	1,074	442
Information technology - Software roadmap/Software Upgrade	247	225
Land	45	45
Parking areas	483	483
Roads	214	283
Saleyards	459	574
Storm water – contingency	54	163
Community Housing (Local Building)	324	324
Strategic planning	353	383
Tourism	94	94
Reserve Management Trust	155	124
Arts & Culture	20	20
Disaster Recovery Fund	299	287
Water Sustainability	150	150
Building Works	550	1,061
Building Renovations/Additions	556	500
Financial Assistance Grant - Advance Payment	5,310	5,923
GoCo - Unexpended Funds (Excluding Grants)	4,758	5,467
Fixing Local Roads - Pothole Repair/RERRP	2,452	2,027
LED Street Lighting	1,000	1,000
Quarry - Replacement/Development	1,267	793
Election Expenses	156	130
Other	573	574
Total internal allocations	34,529	36,157

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

C1-4 Receivables

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Rates and annual charges	749	–	665	–
Interest and extra charges	113	–	93	–
User charges and fees	1,883	–	4,192	–
Private works	534	–	88	–
Contributions to works	17	–	29	–
Accrued revenues				
– Interest on investments	1,595	–	1,156	–
– Other income accruals	–	–	12	–
Deferred debtors	4	11	3	14
Government grants and subsidies	2,364	–	646	–
Net GST receivable	464	–	1,413	–
Total	7,723	11	8,297	14
Less: provision for impairment				
Other debtors	(189)	–	(197)	–
Total provision for impairment – receivables	(189)	–	(197)	–
Total net receivables	7,534	11	8,100	14

	2024 \$ '000	2023 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year	197	70
+ new provisions recognised during the year	62	129
– amounts already provided for and written off this year	–	(2)
– amounts provided for but recovered during the year	(70)	–
Balance at the end of the year	189	197

C1-4 Receivables (continued)

Material accounting policy information

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

Impairment

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

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

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

The Council uses the 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.

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

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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
(i) Inventories at cost				
Stores and materials	440	–	405	–
Quarry Gravel	888	–	642	–
Tourism Guides	5	–	14	–
Total inventories at cost	1,333	–	1,061	–
Total inventories	1,333	–	1,061	–

Material accounting policy information

Raw materials and stores, work in progress and finished goods

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

C1-6 Contract assets and Contract cost assets

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Contract assets	3,889	—	5,060	—
Total contract assets and contract cost assets	3,889	—	5,060	—

Contract assets

Roads - Clifton Road	1,189	—	1,189	—
Roads - Kelvin Road	398	—	749	—
Roads - Hunts Lane	—	—	87	—
Acceleration - Kerb & Gutter	121	—	159	—
Airport Certification Works	57	—	57	—
Orange Grove Road Bridge	—	—	71	—
Water Treatment Plant	—	—	937	—
Resources for regions airport	201	—	1,383	—
Emergency Restoration Works	483	—	428	—
Saleyards	250	—	—	—
GoCo Building refurbishment - Stronger Community	120	—	—	—
Community Recovery Officer	51	—	—	—
Blackjack Creek Study	3	—	—	—
EPAR - Roads Funding	1,016	—	—	—
Total contract assets	3,889	—	5,060	—

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 income is 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 projects completed during 2024 include Airport Runway Upgrade, Community Care Building Upgrade and various Essential Public Assets Restoration (EPAR) projects. Contract assets also include a few minor operational projects, where income is recognised as and when performance obligations are met.

Material accounting policy information

Contract assets

Contract assets represent Council's 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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Non-current assets held for sale				
RFS plant – Currently for sale	–	–	–	121
Former Crown Land Road Reserve	10	–	–	–
Total non-current assets held for sale	10	–	–	121
Total non-current assets classified as held for sale	10	–	–	121

Material accounting policy information

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

	At 1 July 2023			Asset movements during the reporting period										At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements	Impairment reversal (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	
By aggregated asset class	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
Capital work in progress	29,109	–	29,109	17,814	4,235	–	–	–	–	(12,129)	(280)	–	38,749	–	38,749	
Plant and equipment ¹	24,427	(11,277)	13,150	2,634	27	(723)	(1,579)	(36)	–	48	–	–	24,645	(11,124)	13,521	
Office equipment	3,046	(2,454)	592	89	21	–	(248)	(5)	–	146	–	–	3,289	(2,694)	595	
Furniture and fittings	1,573	(1,088)	485	143	7	–	(77)	–	–	4	–	–	1,727	(1,165)	562	
Land:																
– Crown land ²	6,436	–	6,436	–	–	–	–	–	–	–	31	969	7,436	–	7,436	
– Operational land	10,760	–	10,760	–	–	–	–	–	–	–	5	16,120	26,885	–	26,885	
– Community land ²	5,852	–	5,852	–	–	–	–	–	–	–	(72)	934	6,714	–	6,714	
– Land under roads (post 30/6/08)	4,305	–	4,305	–	29	–	–	–	–	–	36	(4,185)	185	–	185	
Land improvements – non-depreciable	2,503	–	2,503	–	–	–	–	–	–	–	–	–	2,503	–	2,503	
Infrastructure:																
– Buildings	65,161	(27,814)	37,347	123	99	(20)	(1,139)	–	–	1,909	428	24,500	99,161	(35,914)	63,247	
– Other structures	10,249	(3,891)	6,358	–	–	–	(220)	–	–	–	(72)	2,329	11,818	(3,423)	8,395	
– Other open space/recreational assets	13,985	(4,718)	9,267	340	38	(81)	(448)	–	–	72	(356)	2,484	16,699	(5,383)	11,316	
– Swimming pools	12,622	(2,024)	10,598	–	–	–	(232)	–	–	–	–	(2,703)	9,143	(1,480)	7,663	
– Roads	295,270	(61,807)	233,463	3,229	16,264	(1,472)	(4,368)	–	2,873	1,543	–	20,609	349,273	(77,132)	272,141	
– Bridges	54,461	(19,996)	34,465	–	–	–	(549)	–	875	32	–	1,878	57,419	(20,718)	36,701	
– Footpaths	10,907	(2,733)	8,174	–	733	–	(137)	–	–	1,303	–	432	13,529	(3,024)	10,505	
– Other road assets (including bulk earthworks)	5,945	(1,389)	4,556	–	–	–	(236)	–	–	–	–	235	6,264	(1,709)	4,555	
– Stormwater drainage	77,573	(32,239)	45,334	221	–	–	(942)	–	–	–	–	2,396	81,971	(34,962)	47,009	
– Water supply network	107,782	(37,395)	70,387	44	134	(757)	(1,496)	–	–	271	–	3,362	112,143	(40,198)	71,945	
– Sewerage network ²	85,179	(28,089)	57,090	72	–	–	(1,050)	–	–	354	–	2,939	89,945	(30,540)	59,405	
– Other infrastructure	9,690	(6,885)	2,805	1,637	–	(59)	(194)	–	–	6,314	–	564	18,008	(6,941)	11,067	
Other assets:																
– Library books	342	(203)	139	32	–	–	(30)	(3)	–	6	–	–	263	(119)	144	
– Other	4,466	(2,086)	2,380	23	1	–	(342)	–	–	127	–	–	4,618	(2,429)	2,189	
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																
– Quarry assets	418	(182)	236	50	–	–	(31)	–	–	–	–	–	468	(213)	255	
– Tip assets	4,191	(1,503)	2,688	1,099	–	–	(289)	–	–	–	–	–	5,290	(1,792)	3,498	
Total infrastructure, property, plant and equipment	846,252	(247,773)	598,479	27,550	21,588	(3,112)	(13,607)	(44)	3,748	–	(280)	72,863	988,145	(280,960)	707,185	

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

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

By aggregated asset class	At 1 July 2022 ²			Asset movements during the reporting period										At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount ²	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	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:																
– Operational land	9,057	–	9,057	–	–	–	–	–	–	(413)	–	2,116	10,760	–	10,760	
– Community land	2,430	–	2,430	–	3	–	–	–	9	(655)	–	4,065	5,852	–	5,852	
– Crown land	2,020	–	2,020	–	–	–	–	–	–	1,068	–	3,348	6,436	–	6,436	
– 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 ³	23,354	(10,800)	12,554	21	–	–	(906)	–	9	–	(6)	962	65,161	(27,814)	37,347	
– Buildings – specialised	37,035	(14,085)	22,950	–	–	–	–	–	8	–	–	1,755	–	–	–	
– Other structures	8,126	(3,534)	4,592	61	–	(42)	(174)	–	1,661	–	–	260	10,249	(3,891)	6,358	
– 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	77,178	(36,540)	40,638	18	94	–	(953)	–	86	–	–	17,207	85,179	(28,089)	57,090	
– Swimming pools	11,746	(1,671)	10,075	–	3	–	(207)	–	–	–	–	727	12,622	(2,024)	10,598	
– Other open space/recreational assets	12,677	(4,042)	8,635	20	294	–	(414)	–	294	–	–	438	13,985	(4,718)	9,267	
– 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).

(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)

Material accounting policy information

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

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.

Useful lives of IPPE

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

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	12 to 30	Bulk earthworks	Indefinite
Sealed roads: Short life structure	60	Swimming pools	50
Sealed roads: Long life structure	120	Other open space/recreational assets	30 to 60
Unsealed roads: Short life Structure	40	Other infrastructure	20 to 100
Unsealed roads: Long life Structure	140		
Bridge: concrete	100		
Bridge: other	100		
Road formation: urban	200		
Road formation: rural	200		
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)

Revaluation model

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. Valuations were performed on the asset classes, Operational Land, Land Under Roads, Buildings, Other Structures, Swimming Pools, Other Open Space/Recreational Assets, and Roads during the 2024 Financial Year.

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.

Community Land and Crown Land have been indexed at the end of the reporting period using the Valuer General Valuation movement between 1 July 2022 and 1 July 2023.

All other infrastructure asset classes (including the other road assets, Bridges, Footpaths, Stormwater Drainage and Other Infrastructure) 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.

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	2024 \$ '000	2023 \$ '000
(i) Impairment losses recognised in the Income Statement:			
Saleyards - LED Scrolling Display		(5)	–
Library Resources		(3)	–
RFS - Toyota Landcruiser		(36)	–
IT Equipment - CCTV Obsolete		–	(10)
Tourism - 4x Shire Billboards reskinned		–	(1)
Saleyards - Small plant obsolete		–	(3)
Total impairment losses		(44)	(14)
Impairment of assets – gains/(losses) in P/L	B3-4	(44)	(14)
(ii) Impairment losses recognised directly to equity (ARR):			
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)
Impairment of assets – direct to equity (ARR)		–	(9,097)

C1-9 Other

Other assets

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Prepayments	372	–	550	–
Total other assets	372	–	550	–

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

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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Total unrestricted assets	372	–	550	–
Total other assets	372	–	550	–

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, Gunnedah 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
2024			
Opening balance at 1 July	623	73	696
Depreciation charge	(89)	(22)	(111)
Balance at 30 June	548	37	585
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

(b) Lease liabilities

	2024 Non-current \$ '000	2024 Current \$ '000	2023 Non-current \$ '000	2023 Current \$ '000
Lease liabilities - GoCo Offices	483	66	550	62
Lease Liabilities - GoCo Vehicles	19	20	48	26
Total lease liabilities	502	86	598	88

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
2024					
Cash flows	86	193	308	587	588
2023					
Cash flows	88	242	355	685	686

(ii) Lease liabilities relating to restricted assets

	2024 Non-current \$ '000	2024 Current \$ '000	2023 Non-current \$ '000	2023 Current \$ '000
Externally restricted assets				
Other - GoCo - Grant Funded	502	86	597	88
Lease liabilities relating to externally restricted assets	502	86	597	88
Total lease liabilities relating to restricted assets	502	86	597	88
Total lease liabilities	502	86	598	88

(d) Income Statement

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

	2024 \$ '000	2023 \$ '000
Interest on lease liabilities	12	13
Depreciation of right of use assets	111	95
Expenses relating to leases of low-value assets	15	1
	138	109

(e) Statement of Cash Flows

Total cash outflow for leases	95	100
	95	100

C2-1 Council as a lessee (continued)

Material accounting policy information – 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

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

Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	149	154
Total income relating to operating leases for Council assets	149	154

Material accounting policy information

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 for an operating lease and as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council

C3-1 Payables

	2024 Non-current \$ '000	2024 Current \$ '000	2023 Non-current \$ '000	2023 Current \$ '000
Goods and services	–	4,015	–	9,385
Accrued expenses:				
– Borrowings	–	17	–	17
– Salaries and wages	–	744	–	718
Other	–	1	–	1
Government departments and agencies	–	3,061	–	2,828
Prepaid rates	–	655	–	648
Prepaid water accounts	–	168	–	226
Total payables	–	8,661	–	13,823

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

	2024 \$ '000	2023 \$ '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

Material accounting policy information

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

		2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
	Notes				
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	11,423	–	13,310	–
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	208	–	468	–
Total grants received in advance		11,631	–	13,778	–
Total contract liabilities		11,631	–	13,778	–

Notes

(i) Council has received funding to construct assets including Koala Park (\$5.5m) Saleyards (\$3.6m), AGRN Category D payment for various projects (\$1m) and \$0.8m for Impound Facility Upgrade. These 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 12-24 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.

Significant changes in contract liabilities

Council is holding funding for many projects for the construction of Council Assets. During the reporting period, contract liabilities associated with Saleyards Redevelopment has decreased from \$7.1m to \$3.6m, Koala Park has increased from \$3.7m to \$5.5m and council has cleared the contract liability for Shared Pathways Connection Program value of \$0.2m, as the project is completed now. Council has also received new grants during the reporting period Regional Housing Strategic Planning Fund \$0.2m. All other projects classified as Contract Liabilities are of a minor nature.

Material accounting policy information

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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Loans – secured ¹	797	11,589	757	12,385
Total borrowings	797	11,589	757	12,385

(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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Total borrowings relating to unrestricted assets	797	11,589	757	12,385
Total borrowings	797	11,589	757	12,385

(a) Changes in liabilities arising from financing activities

	2023		Non-cash movements			2024
	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	13,142	(756)	–	–	–	12,386
Lease liability (Note C2-1b)	686	(98)	–	–	–	588
Total liabilities from financing activities	13,828	(854)	–	–	–	12,974

	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

C3-3 Borrowings (continued)

(b) Financing arrangements

	2024 \$ '000	2023 \$ '000
Total facilities		
Total financing facilities available to Council at the reporting date are:		
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		
Financing facilities drawn down at the reporting date are:		
– Credit cards/purchase cards	20	13
– Other - Bank Guarantee's	20	20
Total drawn financing arrangements	40	33
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	30	37
Total undrawn financing arrangements	530	537

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.

Material accounting policy information

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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Annual leave	1,661	–	1,538	–
Long service leave	3,471	253	3,433	302
Rostered days off	245	–	210	–
Wages – time in lieu	35	–	27	–
Total employee benefit provisions	5,412	253	5,208	302

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

	2024 \$ '000	2023 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,861	3,270
	2,861	3,270

Description of and movements in provisions

	ELE provisions			
	Annual leave \$ '000	Long service leave \$ '000	Other employee benefits \$ '000	Total \$ '000
2024				
At beginning of year	1,538	3,735	237	5,510
Additional provisions	1,065	583	797	2,445
Amounts used (payments)	(939)	(543)	(786)	(2,268)
Other	(3)	(51)	32	(22)
Total ELE provisions at end of year	1,661	3,724	280	5,665
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

C3-4 Employee benefit provisions (continued)

Material accounting policy information

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

Short-term obligations

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

Other long-term employee benefit obligations

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

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

	2024 Current \$ '000	2024 Non-Current \$ '000	2023 Current \$ '000	2023 Non-Current \$ '000
Other provisions				
Other	7	–	7	–
Sub-total – other provisions	7	–	7	–
Asset remediation/restoration:				
Asset remediation/restoration (future works)	214	6,942	–	4,764
Sub-total – asset remediation/restoration	214	6,942	–	4,764
Total provisions	221	6,942	7	4,764

Provisions relating to restricted assets

Total provisions relating to unrestricted assets	221	6,942	7	4,764
Total provisions	221	6,942	7	4,764

Description of and movements in provisions

	Asset remediation \$ '000	Other Community Transport Bus \$ '000	Total \$ '000
2024			
At beginning of year	4,764	7	4,771
Unwinding of discount	196	–	196
Additional provisions	1,150	–	1,150
Remeasurement effects	1,046	–	1,046
Total other provisions at end of year	7,156	7	7,163
2023			
At beginning of year	4,931	7	4,938
Unwinding of discount	174	–	174
Additional provisions	–	–	–
Remeasurement effects	(341)	–	(341)
Total other provisions at end of year	4,764	7	4,771

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.

In June 2019, Council has conducted a comprehensive review in consultation with Tonkin Consulting to revise the methodology and estimates to remediate the current tip at the end of the useful life from clay capping to the Phytocapping method. During the reporting period, Council has conducted a comprehensive review of the Phytocapping provision, in consultation with Tonkin Consulting and updated the value of provision and the corresponding intangible asset thereof. As part of this comprehensive review, Council has included aftercare cost associated with remediated site, and is reflected in increase of the provision.

Council notes that viability of Phytocapping is dependent upon the initial trial, and if successful it has to be endorsed and approved by NSW EPA. If the trial is not successful, Council will need to work with the NSW EPA on alternative capping such as geosynthetic clay liner or Clay capping as per the NSW EPA Environmental Guidelines for Solid Waste Landfills 2016, and therefore Council's provision will be understated, as the cost of undertaking Clay capping is considerably higher than Phytocapping.

C3-5 Provisions (continued)

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

Material accounting policy information

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

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

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

Asset remediation – tips and quarries

Restoration

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

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The 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.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

	General 2024 \$ '000	Water 2024 \$ '000	Sewer 2024 \$ '000
Income from continuing operations			
Rates and annual charges	17,572	1,416	2,482
User charges and fees	8,424	3,889	1,008
Interest and investment revenue	2,856	511	677
Other revenues	2,070	3	–
Grants and contributions provided for operating purposes	21,360	92	31
Grants and contributions provided for capital purposes	30,926	261	230
Other income	149	–	–
Total income from continuing operations	83,357	6,172	4,428
Expenses from continuing operations			
Employee benefits and on-costs	19,030	925	411
Materials and services	17,350	2,343	1,074
Borrowing costs	714	–	–
Depreciation, amortisation and impairment of non-financial assets	11,156	1,516	1,090
Other expenses	1,013	–	–
Net losses from the disposal of assets	1,482	757	–
Total expenses from continuing operations	50,745	5,541	2,575
Operating result from continuing operations	32,612	631	1,853
Net operating result for the year	32,612	631	1,853
Net operating result attributable to each council fund	32,612	631	1,853
Net operating result for the year before grants and contributions provided for capital purposes	1,686	370	1,623

D1-2 Statement of Financial Position by fund

	General 2024 \$ '000	Water 2024 \$ '000	Sewer 2024 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	15,211	876	200
Investments	22,087	10,742	16,420
Receivables	6,545	789	200
Inventories	1,233	100	—
Contract assets and contract cost assets	3,889	—	—
Other	372	—	—
Non-current assets classified as held for sale	10	—	—
Total current assets	49,347	12,507	16,820
Non-current assets			
Investments	34,003	—	—
Receivables	11	—	—
Infrastructure, property, plant and equipment	570,131	75,630	61,424
Right of use assets	585	—	—
Total non-current assets	604,730	75,630	61,424
Total assets	654,077	88,137	78,244
LIABILITIES			
Current liabilities			
Payables	8,493	168	—
Contract liabilities	11,631	—	—
Lease liabilities	86	—	—
Borrowings	797	—	—
Employee benefit provision	5,395	13	4
Provisions	221	—	—
Total current liabilities	26,623	181	4
Non-current liabilities			
Lease liabilities	502	—	—
Borrowings	11,589	—	—
Employee benefit provision	253	—	—
Provisions	6,942	—	—
Total non-current liabilities	19,286	—	—
Total liabilities	45,909	181	4
Net assets	608,168	87,956	78,240
EQUITY			
Accumulated surplus	268,630	50,293	28,425
Revaluation reserves	339,538	37,663	49,815
Council equity interest	608,168	87,956	78,240
Total equity	608,168	87,956	78,240

D2 Interests in other entities

D2-1 Subsidiaries, joint arrangements and associates not recognised

Gunnedah Shire Council was 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 their behalf.

There were 5 members of the Council and Gunnedah Shire pays an annual membership. At the meeting of Namoi Unlimited held on Thursday 23 November 2023 the Board resolved to discontinue its activities as a Joint Organisation effective from 31 December 2023. The board also resolved that all costs associated with the winding up of the Joint Organisation are to be funded from the surplus funds currently held.

In February 2024 Council resolved to support the Board in writing to the Minister for Local Government seeking to dissolve the Namoi Joint Organisation on 30 June 2024.

As at 30 June 2023, Namoi Unlimited held \$259,482 in net assets, and Council believes this can adequately meet all costs associated with winding up. As at reporting date, Council is also in the view that there will be no material contingent asset or a liability left post winding up.

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.

(a) Market risk – interest rate and price risk

	2024 \$ '000	2023 \$ '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	944	954

(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.

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

Credit risk profile

Receivables – rates and annual charges

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

	Not yet overdue \$ '000	overdue rates and annual charges < 5 years \$ '000	≥ 5 years \$ '000	Total \$ '000
2024				
Gross carrying amount	–	701	48	749
2023				
Gross carrying amount	–	657	8	665

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	0 - 30 days \$ '000	Overdue debts 31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	Total \$ '000
2024						
Gross carrying amount	8,905	352	23	8	1,586	10,874
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	11.91%	1.74%
ECL provision	–	–	–	–	189	189
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

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

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2024							
Payables	0.00%	–	8,661	–	–	8,661	8,661
Borrowings	5.03%	–	797	4,461	7,128	12,386	12,386
Total financial liabilities		–	9,458	4,461	7,128	21,047	21,047
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

Loan agreement breaches

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

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

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

Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Infrastructure, property, plant and equipment	C1-8								
Crown Land	30/06/2023	30/06/2023	—	—	7,436	6,436	7,436	6,436	
Operational land	30/06/2024	30/06/2018	26,885	10,760	—	—	26,885	10,760	
Community land	30/06/2023	30/06/2023	—	—	6,714	5,852	6,714	5,852	
Land Under Roads (post 30/6/2008)	30/06/2024	30/06/2016	—	—	185	4,305	185	4,305	
Land Improvements	30/06/2018	30/06/2018	—	—	2,503	2,503	2,503	2,503	
Buildings	30/06/2024	30/06/2018	—	—	63,247	37,345	63,247	37,345	
Other structures	30/06/2024	30/06/2016	—	—	8,395	6,358	8,395	6,358	
Roads	30/06/2024	30/06/2018	—	—	272,141	233,461	272,141	233,461	
Bridges	30/06/2020	30/06/2020	—	—	36,701	34,465	36,701	34,465	
Footpaths	30/06/2020	30/06/2020	—	—	10,505	8,174	10,505	8,174	
Other Road Assets	30/06/2020	30/06/2020	—	—	4,555	4,555	4,555	4,555	
Stormwater drainage	30/06/2021	30/06/2021	—	—	47,009	45,334	47,009	45,334	
Water supplies networks	30/06/2023	30/06/2023	—	—	71,945	70,387	71,945	70,387	
Sewerage networks	30/06/2023	30/06/2023	—	—	59,405	57,090	59,405	57,090	
Swimming pools	30/06/2024	30/06/2019	—	—	7,663	10,598	7,663	10,598	
Other open space/ recreational assets	30/06/2024	30/06/2016	—	—	11,316	9,267	11,316	9,267	
Other Infrastructure	30/06/2020	30/06/2020	—	—	11,067	2,804	11,067	2,804	
Tip remediation assets	30/06/2024	30/06/2019	—	—	3,498	2,876	3,498	2,876	
Quarry remediation assets	30/06/2024	30/06/2018	—	—	255	260	255	260	
Total infrastructure, property, plant and equipment			26,885	10,760	624,540	558,816	651,425	569,576	

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.

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key observable input is current market evidence of similar type properties, adjusted to take into consideration the characteristics of the valued land, such as size, zoning, topography, configuration etc.

This asset class has been comprehensively revalued by APV Valuers & Asset Management as at 30 June 2024 using fair value as basis of valuation.

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.

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. This asset class has been indexed from the date of the last revaluation using the Valuer General Valuation movement between 1 July 2022 and 1 July 2023 published by the NSW Valuer General.

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 is no specific land values from the Valuer General, it is based on the pro rata valuation from adjoining properties. This asset class has been indexed from the date of the last revaluation using the Valuer General Valuation movement between 1 July 2022 and 1 July 2023 published by the NSW Valuer General.

Crown Land Assets under Council control are reconciled to the NSW Crown Land Portal on adequate frequency for accuracy and completeness.

Land Under Roads (Post 1 July 2008)

Council has elected to recognise Land Under Roads where the road was acquired on or after 1 July 2008.

The last valuation was undertaken as at 30 June 2024.

Land Under Roads has been valued using the unit per hectare from Council's Community Land as a whole and a discount for restricted use applied.

E2-1 Fair value measurement (continued)

Buildings

Valuations of all Council's Buildings are based on comprehensive valuations performed by APV Valuers & Asset Management as at 30 June 2024 using fair value as basis of valuation. 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 are comprehensively revalued as at 30 June 2024 by APV Valuers & Asset Management, using fair value as basis of valuation.

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.

Roads

This class of assets comprises Urban Roads, Sealed Rural Roads and 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 30 June 2024 by APV Valuers & Asset Management.

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 revaluation of the Other Road Assets have been completed as at 30 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.

Other Road assets class will be revalued during the 2024/25 financial year.

Bridges, Causeways & Culverts

Bridges and Causeways were valued as at 30 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 as a whole, taking into account a range of unobservable factors. This information is maintained in Assetic, Council's Assets Management Information 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.

Bridges, Causeways & Culverts asset class will be revalued during the 2024/25 financial year.

E2-1 Fair value measurement (continued)

Footpaths

Footpaths were valued as at 30 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 Assetic Asset Management & Information 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.

Footpaths asset class will be revalued during the 2024/25 financial year.

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 30 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 30 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 has been indexed from the date of last indexation using the NSW Water Supply and Sewerage Construction Cost index June 2024, published by the NSW Department of Planning and Environment.

Sewerage Systems

The valuation of the Sewerage Systems was completed as at 30 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 has been indexed from the date of last revaluation using the NSW Water Supply and Sewerage Construction Cost index June 2024, published by the NSW Department of Planning and Environment.

Swimming Pools

Swimming Pools class comprises the 3 pools, diving board & shade sails at the Gunnedah Swimming complex.

Valuations of Council's Swimming Pools were based on comprehensive valuations performed by APV Valuers & Asset Management as at 30 June 2024.

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.

E2-1 Fair value measurement (continued)

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 comprehensive valuations performed by APV Valuers & Asset Management as at 30 June 2024.

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.

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 30 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.

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 30 June 2020 by APV Valuers and Asset Management and reviewed by the Chief Engineer of Council.

Other Infrastructure asset class will be revalued during the 2024/25 financial year.

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 manager of Waste in conjunction with Tonkin Consulting Level 2, 170 Frome Street, Adelaide and is based on Phytocap methodology. 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 revaluation was conducted as at 30 June 2024.

E2-1 Fair value measurement (continued)

Quarries Remediation

Council currently uses ten quarries to provide gravel as part of road maintenance and construction activities. These will require remediation in future periods, upon discontinuation of extractions.

remediation estimates include earth works to restore the quarries, resew and plant native trees in the circumstances required. The Quarry remediation valuation was completed as at 30 June 2024 by the Manager of Works.

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.

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 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

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 2024 was \$97,511.60. The last formal valuation of the Fund was undertaken by the fund actuary. Mr Richard Boyfield, FIAA as at 30 June 2023.

The amount of expected contributions to the fund for the next annual reporting period are \$58,135.51.

E3-1 Contingencies (continued)

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

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

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

The share of any funding surplus or deficit that attributed to Council is 0.41%.

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

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

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

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the funds actuary, the final end of year review will be completed by December 2024.

(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 cumulative net surplus or deficit reflects Council's cumulative contributions to the pool and the result of insurance claims within each of the fund years.

As at 30 June 2024, face value of cumulative surplus attributable to Gunnedah Shire Council is \$0.2m, which represents a fair value of \$0.1m, and is classified as contingent non-current asset. Due to less than significant materiality and uncertainty on realisation of such, Council has elected not to recognise this at the reporting date. This determination will be reviewed at next reporting date. Fair value measurement as at 30 June 2024 is conducted by Alycia Jeffrey, Fellow of the Institute of Actuaries of Australia.

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

(iii) StateCover Limited

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

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

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

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

E3-1 Contingencies (continued)

(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.

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 aware of any third party claims due to the water discharge as at the reporting date, however, due to uncertainty of remediation option and timing thereof, Council may be disposed to future liabilities if the nature of the defect gets worse or cannot be rectified in time.

Council has assessed the extent of the water discharge as at the reporting date 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 2024, net carrying value of the 50 meter outdoor pool is \$4.38m excluding any associated plant and buildings.

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 June 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:

	2024 \$ '000	2023 \$ '000
Compensation:		
Short-term benefits	1,332	1,208
Post-employment benefits	147	112
Other long-term benefits	40	31
Termination benefits	–	15
Total	1,519	1,366

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

	2024 \$ '000	2023 \$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	37	29
Councillors' fees	160	114
Other Councillors' expenses (including Mayor)	75	70
Total	272	213

F2 Other relationships

F2-1 Audit fees

	2024 \$ '000	2023 \$ '000
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

	86	63
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Remuneration for audit and other assurance services

	86	63
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Total Auditor-General remuneration

Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Internal Audit

	30	28
--	----	----

Total remuneration of non NSW Auditor-General audit firms

	30	28
--	----	----

Total audit fees

	116	91
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G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of Operating Result

	2024 \$ '000	2023 \$ '000
Net operating result from Income Statement	35,096	26,055
Add / (less) non-cash items:		
Depreciation and amortisation	13,718	12,248
(Gain) / loss on disposal of assets	2,239	856
Non-cash capital grants and contributions	(17,286)	(1,094)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Revaluation decrements / impairments of IPP&E direct to P&L	44	14
Unwinding of discount rates on reinstatement provisions	196	174
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	575	1,572
Increase / (decrease) in provision for impairment of receivables	(8)	127
(Increase) / decrease of inventories	(272)	(122)
(Increase) / decrease of other current assets	178	(159)
(Increase) / decrease of contract asset	1,171	(3,109)
Increase / (decrease) in payables	(5,370)	(71)
Increase / (decrease) in accrued interest payable	–	(2)
Increase / (decrease) in other accrued expenses payable	26	122
Increase / (decrease) in other liabilities	182	(306)
Increase / (decrease) in contract liabilities	(2,147)	1,159
Increase / (decrease) in employee benefit provision	155	(91)
Increase / (decrease) in other provisions	1,313	(341)
Net cash flows from operating activities	29,810	37,032

G2-1 Commitments

Capital commitments (exclusive of GST)

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

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Airport	–	4,620
Buildings	–	853
Domestic waste management	–	167
Footpaths	–	787
Koala Park	4,285	7,895
Office Equipment	–	73
Other Assets	141	310
Other Infrastructure	13	–
Plant and equipment	979	2,258
Recreational Assets	34	57
Roads	16	1,386
Saleyards	3,029	13,056
Sewerage and water infrastructure	111	325
Swimming Pools	16	9
Total commitments	8,624	31,796

These expenditures are payable as follows:

Within the next year	8,624	31,796
Total payable	8,624	31,796

Sources for funding of capital commitments:

Unrestricted general funds	154	853
Future grants and contributions	51	10,475
Unexpended grants	7,314	11,492
Externally restricted reserves	110	1,279
Internally restricted reserves	995	7,697
Total sources of funding	8,624	31,796

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 Statement of developer contributions

G4-1 Summary of developer contributions

	Opening balance at 1 July 2023 \$ '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 2024 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Drainage	901	8	—	—	37	—	—	947	—
Parking	123	—	—	—	5	—	—	128	—
Open space	1	—	—	—	—	—	—	1	—
S7.11 contributions – under a plan	1,025	8	—	—	42	—	—	1,076	—
S7.12 levies – under a plan	2,597	202	—	—	100	(500)	—	2,399	—
Total S7.11 and S7.12 revenue under plans	3,622	210	—	—	142	(500)	—	3,475	—
S7.4 planning agreements	535	208	—	—	31	(109)	—	665	—
S64 contributions	8,727	491	—	—	375	—	—	9,593	—
Total contributions	12,884	909	—	—	548	(609)	—	13,733	—

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

G4-2 Developer contributions by plan

	Opening balance at 1 July 2023 \$ '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 2024 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
CONTRIBUTION PLAN NUMBER 1									
Drainage	901	9	—	—	37	—	—	948	—
Parking	123	—	—	—	5	—	—	128	—
Open space	1	—	—	—	—	—	—	1	—
Total	1,025	9	—	—	42	—	—	1,077	—

G4-2 Developer contributions by plan (continued)

S7.12 Levies – under a plan

	Opening balance at 1 July 2023 \$ '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 2024 \$ '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	2,597	202	–	–	100	(500)	–	2,399	–
Total	2,597	202	–	–	100	(500)	–	2,399	–

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 20232022		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	6,024	9.63%	9.56%	9.10%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	62,540				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	41,057	43.70%	46.72%	48.40%	> 60.00%
Total continuing operating revenue ¹	93,957				
3. Unrestricted current ratio					
Current assets less all external restrictions	44,169	4.03x	3.59x	3.62x	> 1.50x
Current liabilities less specific purpose liabilities	10,972				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	20,456	13.05x	12.34x	11.89x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,568				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	862	3.86%	3.52%	3.99%	< 10.00%
Rates and annual charges collectable	22,353				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	95,536	21.80 months	23.67 months	27.17 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	4,382				

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	7.69%	8.83%	6.26%	3.05%	38.66%	28.33%	> 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	37.27%	41.29%	94.28%	87.57%	94.11%	95.06%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.02x	3.59x	69.10x	34.13x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	10.11x	10.08x	∞	∞	∞	∞	> 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	3.61%	3.26%	4.32%	4.56%	5.32%	4.82%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	21.56 months	23.55 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.

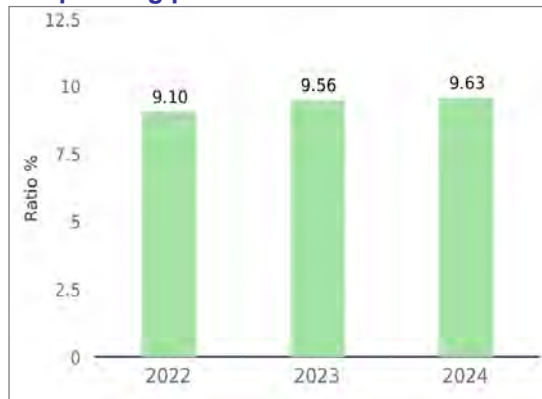
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

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 2023/24 result

2023/24 ratio 9.63%

Council's operating result is an improvement compared to the original adopted budget mainly due to operating grants received in advance, notably one-off \$3.7m Regional Emergency Road Repair Funding. 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%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2023/24 result

2023/24 ratio 43.70%

This ratio reflects Council's reliance on external funding sources such as grants and contributions. Whilst the ratio remains below the benchmark, 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. Council is also actively reviewing adequacy of own source operating revenue and having a conversation with the community on options available to improve the same.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2023/24 result

2023/24 ratio 4.03x

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 improvement from previous financial year, and sits well above the industry benchmark, ensuring the achievement of target working capital requirements satisfactorily.

Benchmark: — > 1.50x

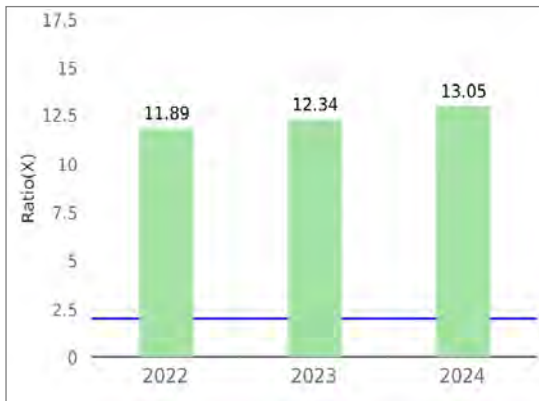
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2023/24 result

2023/24 ratio 13.05x

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

Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2023/24 result

2023/24 ratio 3.86%

This ratio continues to stay well under the industry benchmark for Regional Councils due to effective Debt Recovery and Hardship Policies which assists ratepayers in meeting their financial obligations.

Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2023/24 result

2023/24 ratio 21.80 months

Council's cash and cash equivalents has decreased marginally compared to previous financial year, and cash outflow from operating activities has increased marginally, contributing to the ratio to decrease compared to previous reporting period. However, this ratio continues to stay well above the industry benchmark.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

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@gunnedah.nsw.gov.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

C FULLER

Councillors

K MCGRATH
A LUKE
J MCARTHUR
R HOOKE
R HODDLE
C MOORE
L NEWELL
T MCALLAN

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



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

20 October 2024
SYDNEY



Mayor
Gunnedah Shire Council
PO Box 63
GUNNEDAH NSW 2380

Contact: Furqan Yousuf
Phone no: 02 9275 7470
Our ref: R008-2124742775-6508

21 October 2024

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2024
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 2024 as required by section 415 of the *Local Government Act 1993* (the Act).

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

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

INCOME STATEMENT

Operating result

	2024	2023	Variance
	\$m	\$m	%
Rates and annual charges revenue	21.5	20.6	4.0
Grants and contributions revenue	52.9	43.6	21.3
Operating result from continuing operations	35.1	26.1	34.7
Net operating result before capital grants and contributions	3.7	4.8	23.2

Rates and annual charges revenue (\$21.5 million) increased by \$0.8 million (4.0 per cent) in 2023–24 mainly due to rate peg increase of 3.8 per cent.

Grants and contributions revenue (\$52.9 million) increased by \$9.3 million (21.3 per cent) in 2023-24, which was mainly due to:

- \$1.8 million increase in roads to recovery grants recognised in the year
- \$16.3 million increase of non-cash contribution in roads and bridges recognised in the year.

The above movements were partially offset by:

- \$1.7 million decrease in financial assistance grants. Council received 85 per cent of the financial assistance grants for 2024-25 in advance (100 per cent in 2022-23)
- \$7.1 million decrease in transport (other roads and bridges funding) as the funding received relates to road upgrade projects

Council's operating result from continuing operations (\$35.1 million including depreciation, amortisation and impairment expense of \$13.8 million) was \$9.0 million higher than the 2022–23 result. This was mainly due to decrease in grants and contributions revenue, as explained above.

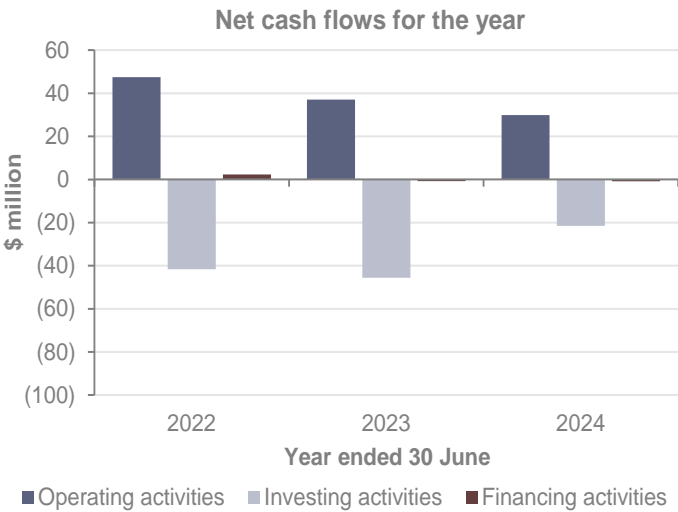
The net operating result before capital grants and contributions (surplus of \$3.7 million) was \$1.1 million lower than the 2022-23 result.

STATEMENT OF CASH FLOWS

Cash from operating activities decreased by \$7.2 million due to a decrease in grants and contribution cash receipts during the year and an increase in payments for materials and services.

Cash outflows from investing activities decreased by \$24.1 million due to increase in redemption of term deposits of \$30.0 million.

Cash flows from financing activities was materially consistent with the prior year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	99.5	101.2	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.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	63.5	62.1	Internal allocations are determined by council policies or decisions, which are subject to change.
• Internal allocations	34.5	36.1	At 30 June 2024 Council holds \$1.5 million in unrestricted and unallocated cash, cash equivalents and investments. This is a reduction on the 2022-23 balance, which was \$2.9 million.

Debt

At 30 June 2024, Council had:

- \$12.4 million in secured loans (\$13.1 million in 2022-23)
- \$500,000 in approved overdraft facility with Nil drawn
- \$50,000 in credit card facility with \$20,000 used.

PERFORMANCE

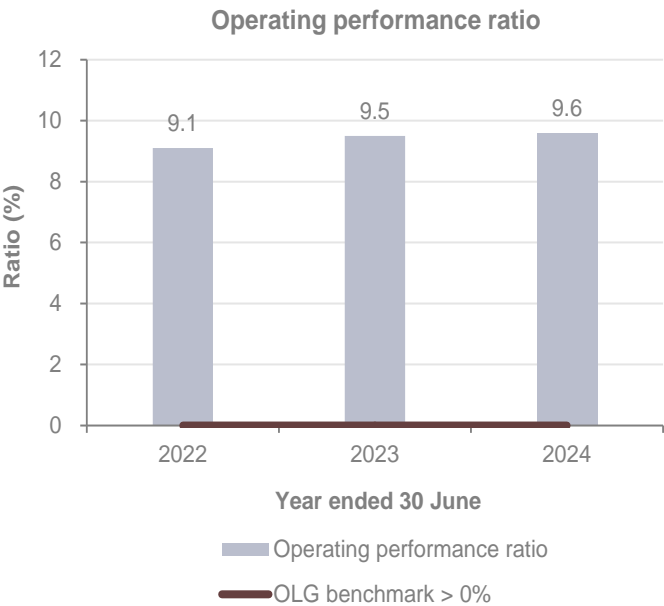
Performance measures

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

Operating performance ratio

Council exceeded the benchmark for the current reporting period.

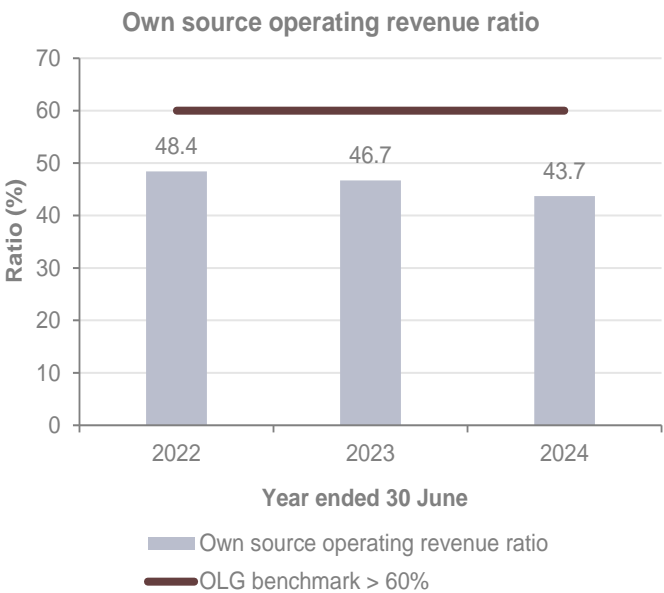
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

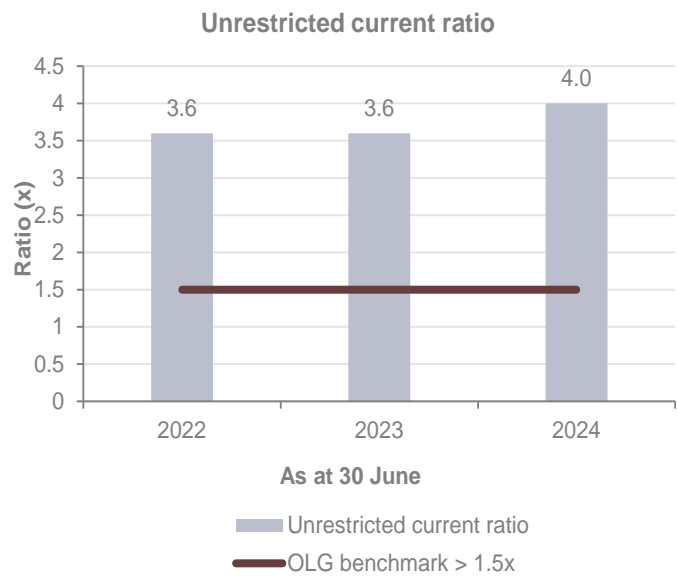
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council exceeded the benchmark for the current reporting period.

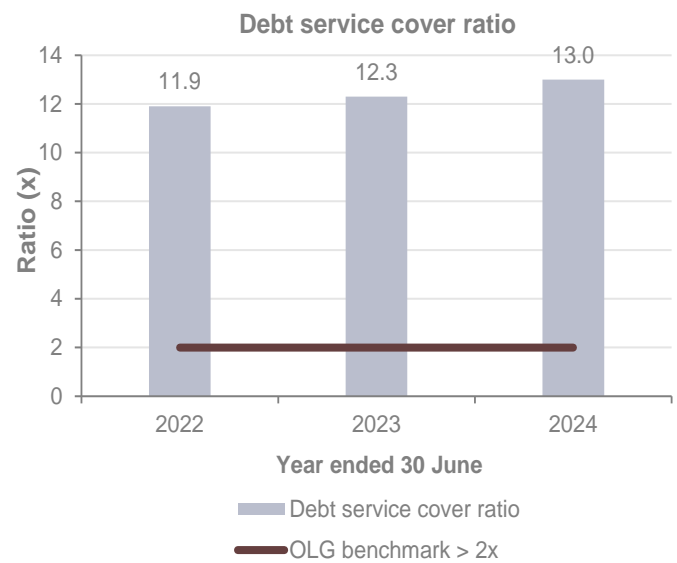
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council exceeded the benchmark for the current reporting period.

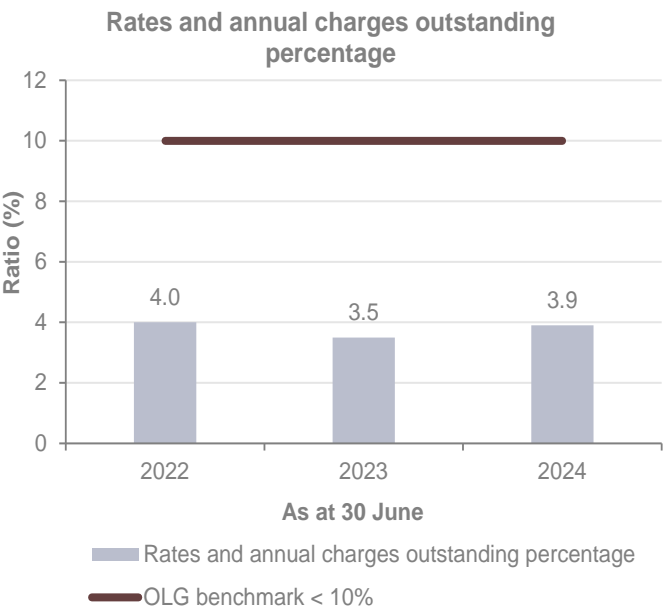
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council met the benchmark for the current reporting period.

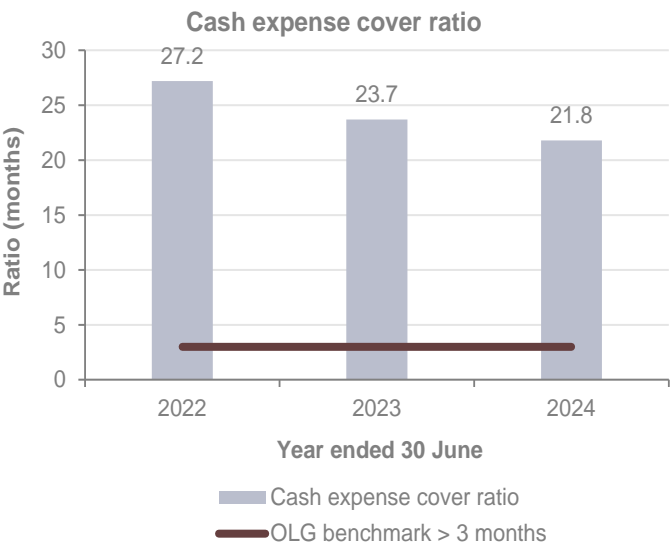
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council exceeded the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$9.7 million of infrastructure, property, plant and equipment during the 2023-24 financial year (2022-23: \$6.1 million), excluding work-in-progress. This was mainly spent on roads, plant and equipment, other infrastructure and tip assets. A further \$17.4 million was spent on new assets including *roads and footpaths*.

OTHER MATTERS

Legislative compliance

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

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



Furqan Yousuf
Director, Financial Audit

Delegate of the Auditor-General for New South Wales



Gunnedah Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024

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



Special Purpose Financial Statements

for the year ended 30 June 2024

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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 2024

Statement by Councillors and Management

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

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

- 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.

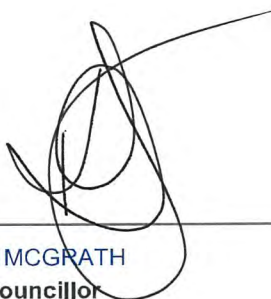
Signed in accordance with a resolution of Council made on 16 October 2024.



C FULLER

Mayor

16 October 2024



K MCGRATH

Councillor

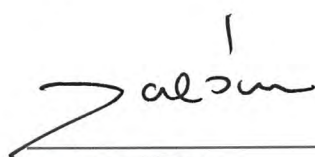
16 October 2024



E J GROTH

General Manager

16 October 2024



K TENNAKOON

Responsible Accounting Officer

16 October 2024

Gunnedah Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2024

	2024 \$ '000	2023 \$ '000
Income from continuing operations		
Access charges	1,416	1,366
User charges	3,889	2,888
Interest and investment income	511	297
Grants and contributions provided for operating purposes	92	110
Other income	3	—
Total income from continuing operations	5,911	4,661
Expenses from continuing operations		
Materials and services	2,343	2,101
Depreciation, amortisation and impairment	1,516	1,268
Employee benefits and on-costs	925	924
Net loss from the disposal of assets	757	226
Total expenses from continuing operations	5,541	4,519
Surplus (deficit) from continuing operations before capital amounts	370	142
Grants and contributions provided for capital purposes	261	536
Surplus (deficit) from continuing operations after capital amounts	631	678
Surplus (deficit) from all operations before tax	631	678
Less: corporate taxation equivalent (25%) [based on result before capital]	(93)	(36)
Surplus (deficit) after tax	538	642
Plus accumulated surplus	49,662	48,984
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	93	36
Closing accumulated surplus	50,293	49,662
Return on capital %	0.5%	0.2%
Subsidy from Council	2,882	2,742
Calculation of dividend payable:		
Surplus (deficit) after tax	539	642
Less: capital grants and contributions (excluding developer contributions)	(261)	(536)
Surplus for dividend calculation purposes	278	106
Potential dividend calculated from surplus	139	53

Gunnedah Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

	2024 \$ '000	2023 \$ '000
Income from continuing operations		
Access charges	2,482	2,350
User charges	1,008	921
Interest and investment income	677	329
Grants and contributions provided for operating purposes	31	32
Total income from continuing operations	4,198	3,632
Expenses from continuing operations		
Employee benefits and on-costs	411	412
Materials and services	1,074	1,199
Depreciation, amortisation and impairment	1,090	992
Total expenses from continuing operations	2,575	2,603
Surplus (deficit) from continuing operations before capital amounts	1,623	1,029
Grants and contributions provided for capital purposes	230	155
Surplus (deficit) from continuing operations after capital amounts	1,853	1,184
Surplus (deficit) from all operations before tax	1,853	1,184
Less: corporate taxation equivalent (25%) [based on result before capital]	(406)	(257)
Surplus (deficit) after tax	1,447	927
Plus accumulated surplus	26,572	25,388
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	406	257
Closing accumulated surplus	28,425	26,572
Return on capital %	2.6%	1.8%
Subsidy from Council	1,018	1,297
Calculation of dividend payable:		
Surplus (deficit) after tax	1,447	927
Less: capital grants and contributions (excluding developer contributions)	(230)	(155)
Surplus for dividend calculation purposes	1,217	772
Potential dividend calculated from surplus	609	386

Gunnedah Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

	2024 \$ '000	2023 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	876	136
Investments	10,742	9,899
Inventories	100	100
Receivables	789	601
Contract assets and contract cost assets	—	937
Total current assets	12,507	11,673
Non-current assets		
Infrastructure, property, plant and equipment	75,630	71,753
Total non-current assets	75,630	71,753
Total assets	88,137	83,426
LIABILITIES		
Current liabilities		
Payables	168	335
Employee benefit provisions	13	7
Total current liabilities	181	342
Total liabilities	181	342
Net assets	87,956	83,084
EQUITY		
Accumulated surplus	50,293	49,662
Revaluation reserves	37,663	33,422
Total equity	87,956	83,084

Gunnedah Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

	2024 \$ '000	2023 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	200	362
Investments	16,420	13,787
Receivables	200	146
Total current assets	16,820	14,295
Non-current assets		
Infrastructure, property, plant and equipment	61,424	57,853
Total non-current assets	61,424	57,853
Total assets	78,244	72,148
LIABILITIES		
Current liabilities		
Employee benefit provisions	4	4
Total current liabilities	4	4
Total liabilities	4	4
Net assets	78,240	72,144
EQUITY		
Accumulated surplus	28,425	26,572
Revaluation reserves	49,815	45,572
Total equity	78,240	72,144

Note – Material accounting policy information

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

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

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

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2022* (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

*From 1 July 2024 council will identify a separate business unit for their GoCo business operations.

Category 2 - Business activities with gross operating turnover less than \$2 million

Nil

Note – Material accounting policy information (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% (LY 25%)
Land tax	The first \$1,075,000 of combined land values attracts 0%. For the combined land values in excess of \$1,075,000 up to \$6,571,000 the rate is \$100 + 1.6%. For the remaining combined land value that exceeds \$6,571,000 a premium marginal rate of 2.0% applies
Payroll tax	5.45% on the value of taxable salaries and wages in excess of \$1,200,000

In accordance with 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% (LY 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 – Material accounting policy information (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 4.30% at 30 June 2024.

(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 2024 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.

A comprehensive review of dividends from water supply and sewerage business will be undertaken in new financial year.



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 2024, the Statement of Financial Position of each Declared Business Activity as at 30 June 2024 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- Water supply
- Sewerage

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Furqan', with a stylized flourish at the end.

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

21 October 2024
SYDNEY



Gunnedah Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2024

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



Special Schedules

for the year ended 30 June 2024

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2024	7

Gunnedah Shire Council

Permissible income for general rates

	Notes	Calculation 2023/24 \$ '000	Calculation 2024/25 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	14,567	15,179
Plus or minus adjustments ²	b	69	(42)
Notional general income	c = a + b	14,636	15,137
Permissible income calculation			
Percentage increase	d	3.80%	5.60%
Plus percentage increase amount ³	f = d x (c + e)	556	848
Sub-total	g = (c + e + f)	15,192	15,985
Plus (or minus) last year's carry forward total	h	6	18
Less valuation objections claimed in the previous year	i	(1)	—
Sub-total	j = (h + i)	5	18
Total permissible income	k = g + j	15,197	16,003
Less notional general income yield	l	15,179	16,026
Catch-up or (excess) result	m = k - l	18	(23)
Plus income lost due to valuation objections claimed ⁴	n	—	24
Carry forward to next year ⁶	p = m + n + o	18	1

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (4) 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 2025.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Furqan', with a stylized flourish at the end.

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

21 October 2024
SYDNEY

Gunnedah Shire Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	2,116	2,116	274	241	63,247	99,161	32.6%	46.9%	17.9%	2.1%	0.5%
	Sub-total	2,116	2,116	274	241	63,247	99,161	32.6%	46.9%	17.9%	2.1%	0.5%
Other structures	Other structures	1,156	1,156	342	306	8,395	11,818	62.7%	10.9%	16.7%	5.2%	4.6%
	Sub-total	1,156	1,156	342	306	8,395	11,818	62.7%	10.9%	16.7%	5.2%	4.5%
Roads	Urban Roads	1,390	1,390	513	564	50,371	70,545	43.6%	48.6%	6.5%	1.3%	0.0%
	Rural Sealed Roads	6,428	6,428	2,460	2,324	119,388	158,520	50.8%	44.1%	3.7%	1.2%	0.2%
	Rural Unsealed Roads	611	611	3,796	3,805	102,382	120,208	75.5%	22.8%	1.7%	0.0%	0.0%
	Bridges / Culverts	1,011	1,011	883	642	36,701	57,419	31.2%	53.1%	14.3%	0.7%	0.8%
	Footpaths	37	37	132	136	10,505	13,529	72.3%	20.6%	6.9%	0.0%	0.3%
	Other road assets	84	84	53	53	4,555	6,264	75.5%	19.9%	4.0%	0.0%	0.6%
	Sub-total	9,561	9,561	7,837	7,524	323,902	426,485	55.0%	38.9%	5.1%	0.8%	0.2%
Water supply network	Water supply network	2,126	2,126	1,610	1,509	71,945	112,143	49.1%	25.0%	10.7%	10.7%	4.5%
	Sub-total	2,126	2,126	1,610	1,509	71,945	112,143	49.1%	25.0%	10.7%	10.7%	4.5%
Sewerage network	Sewerage network	3,175	3,175	815	758	59,405	89,945	52.5%	20.4%	14.9%	4.0%	8.2%
	Sub-total	3,175	3,175	815	758	59,405	89,945	52.5%	20.4%	14.9%	4.0%	8.2%
Stormwater drainage	Stormwater drainage	–	–	31	28	33,887	46,272	48.9%	51.1%	0.0%	0.0%	0.0%
	Kerb & Gutter	–	–	63	64	13,122	35,699	19.8%	2.4%	24.0%	49.4%	4.4%
	Sub-total	–	–	94	92	47,009	81,971	36.2%	29.9%	10.5%	21.5%	1.9%

Gunnedah Shire Council

Report on infrastructure assets as at 30 June 2024 (continued)

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000			1	2	3	4	5
Open space / recreational assets	Swimming pools	—	—	54	90	7,663	9,143	78.7%	20.9%	0.4%	0.0%	0.0%
	Other Recreational Assets	1,412	1,412	1,225	1,309	11,316	16,699	49.7%	13.4%	28.5%	8.5%	0.0%
	Sub-total	1,412	1,412	1,279	1,399	18,979	25,842	59.9%	16.0%	18.6%	5.5%	0.0%
Other infrastructure assets	Aerodrome	65	65	60	33	104,690	16,343	56.3%	6.6%	5.1%	26.1%	5.9%
	Car Parking	—	—	9	8	597	1,664	22.5%	13.9%	17.3%	18.2%	28.0%
	Sub-total	65	65	69	41	11,067	18,007	53.2%	7.3%	6.2%	25.4%	7.9%
Total – all assets		19,611	19,611	12,320	11,870	603,949	865,372	49.8%	33.5%	9.4%	5.2%	2.1%

(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 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023 2022		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	11,501	104.45%	154.70%	87.25%	> 100.00%
Depreciation, amortisation and impairment	11,011				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	19,611	3.05%	3.50%	1.35%	< 2.00%
Net carrying amount of infrastructure assets	642,698				
Asset maintenance ratio					
Actual asset maintenance	11,870	96.35%	112.51%	94.71%	> 100.00%
Required asset maintenance	12,320				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	19,611	2.27%	2.57%	1.00%	
Gross replacement cost	865,372				

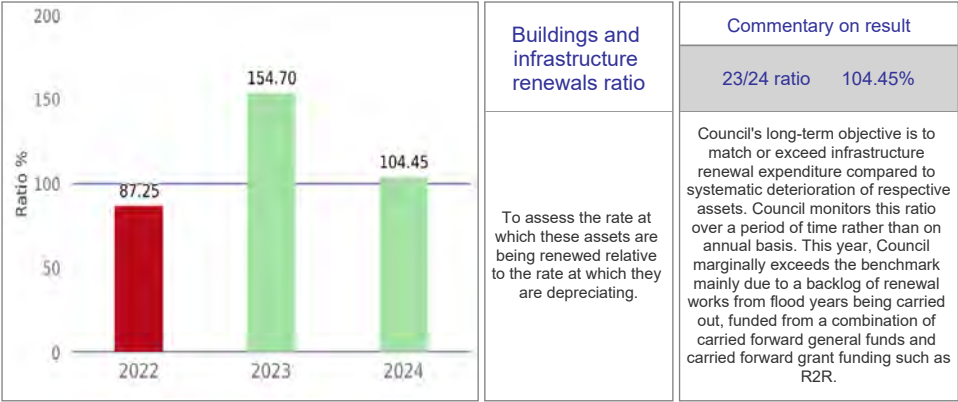
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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 2024

Buildings and infrastructure renewals ratio



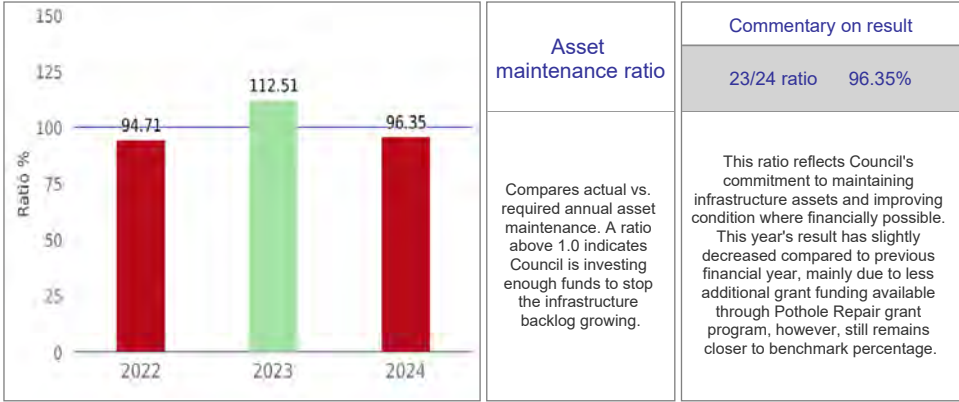
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



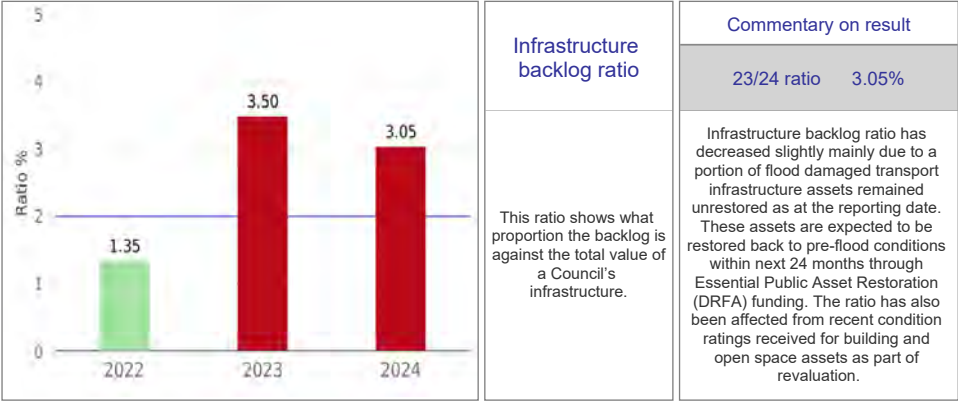
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio



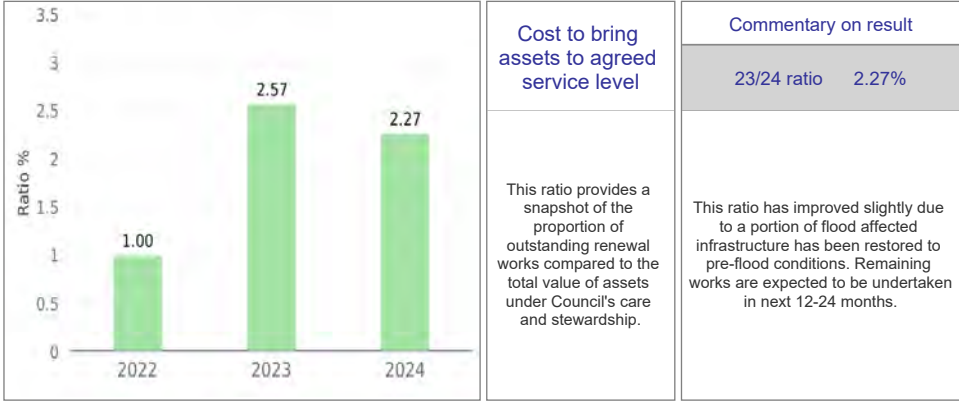
Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Cost to bring assets to agreed service level



Gunnedah Shire Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	113.69%	176.33%	104.75%	146.28%	29.52%	3.46%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	2.80%	2.82%	2.96%	4.40%	5.34%	7.48%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	97.05%	120.17%	93.73%	94.43%	93.01%	88.53%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	2.16%	2.14%	1.90%	2.87%	3.53%	5.01%	
Gross replacement cost							

(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.