



**ANNUAL  
REPORT  
2022-2023**

*RESTORE & THRIVE*

[www.armidaleregional.nsw.gov.au](http://www.armidaleregional.nsw.gov.au)

**ARMIDALE**  
Regional Council

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# PART 1: COMMUNITY REPORT CARD

*Wollomombi Fall*

**A summary of Council, its operations, major projects and achievements for 2022-2023**

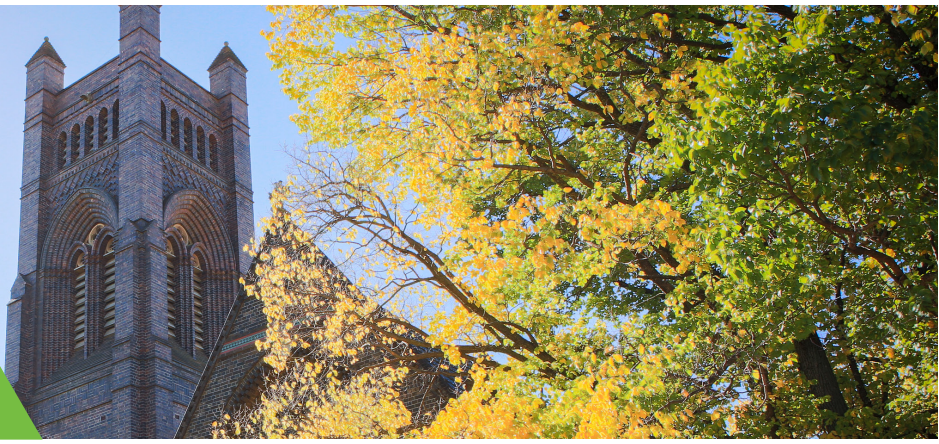
## Introduction

### Acknowledgment of Country

We acknowledge the traditional custodians of this land and pay our respects to elders past and present. The Armidale regional community pays tribute to their love of land, love of people, and love of culture.

### Climate Change Declaration

At the Council Meeting of 23 October 2019, the Armidale Regional Council resolved unanimously to declare that we are in a Climate Emergency and that it acknowledges 'our local and global communities are facing a climate emergency that requires urgent action by all levels of government; that human-induced climate change represents a great threat to humanity, civilisation and other species; and that, to prevent the most catastrophic outcomes, societies including local councils, need to take urgent action'. In the preparation of this document, Council has taken into consideration its important role in advocating for greater acceptance and action for Climate Change, as well as the actions that Council itself can undertake in its policies, processes, and services to adapt to Climate Change.



# FOREWORD

## 2022 - 2023 ANNUAL REPORT

The Annual Report is one of the many ways that Armidale Regional Council reports back to its community and stakeholders and is one of the key components of the Integrated Planning and Reporting Framework, legislated by the NSW Government.

The Report focuses on the financial and operational performance of Council and provides a snapshot of Council’s achievements throughout the Financial Year.

The Armidale Regional Council 2022-2023 Annual Report is presented in three parts:

<p><b>Part 1 Community Report Card</b></p> <p>A summary of Council, it’s operations, major projects and achievements for 2022 - 2023.</p>	<p><b>Part 2 Statutory Information</b></p> <p>A comprehensive report on key indicators and statistics as required by the Office of Local Government.</p>	<p><b>Part 3 Financial Statement</b></p> <p>Independently audited statements that give a detailed picture of the financial management of council.</p>
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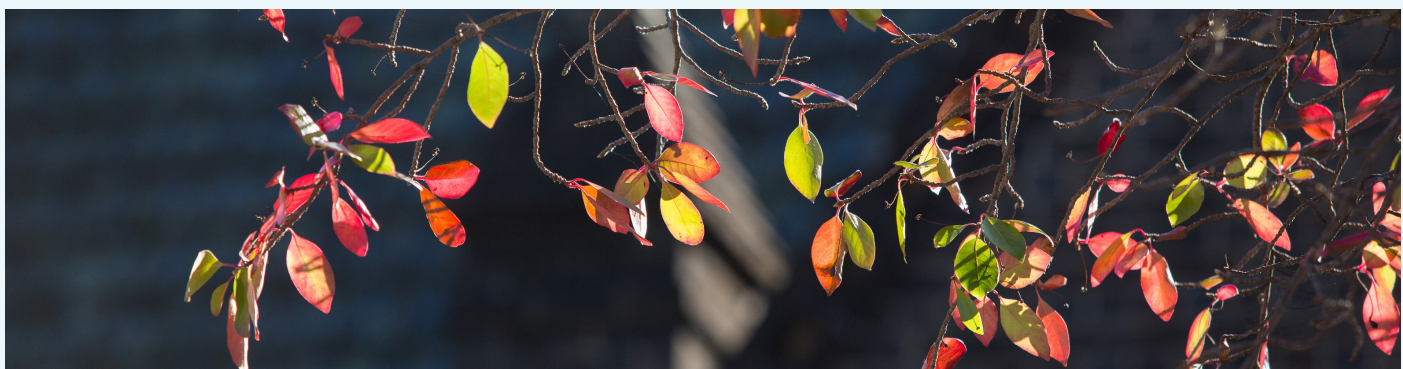
### Advancing our Region Community Plan 2022-2023

This Annual Report is organised around six key pillars, and is the first Annual Report under Council’s *Advancing Our Region Community Plan (2022-2032)*.

The Community Plan sets out the goals and aspirations of the regional community, established through an extensive community engagement process. This critical Plan, adopted by Council in June 2022, provides the foundation for Council to develop the Council Initiatives (Delivery Program) and Actions (Operational Plan) which it can undertake to help achieve community aspirations.

The Community Plan six pillars are:

<p><b>Thriving Region</b> Economy and tourism</p>	<p><b>Connected Region</b> Transport and Technology</p>	<p><b>Future Region</b> Sustainability and Resilience</p>
<p><b>Livable Region</b> Places and Spaces</p>	<p><b>Enriched Region</b> Community and Culture</p>	<p><b>Strong Region</b> Engagement and Responsibility</p>



# 2022 - 2023 IN PICTURES



**KEMPSEY ROAD FUNDING ANNOUNCEMENT**



**RENEWABLE ENERGY ACTION PLAN WORKSHOPS**



**OAKLY DAM WATER SECURITY INITIATIVE**



**BIG CHILL FESTIVAL**



**FOCUS ON ORGANISATION CULTURE**



**TOUR DE ROCKS CHALLENGE**



**GUYRA COMMUNITY COLLABORATIONS**



**SUPPORT FOR BACKTRACK**



**MAYOR BECOMES CHAIR OF ENERGY ALLIANCE**



**PUDDLEDOCK PIPELINE UPGRADE**



## MAYOR'S WELCOME

When I was elected as Mayor of Armidale Regional Council in January 2022, I said, "The eyes of the community are rightly on us, but my sense is that their gaze is one of expectation in what we will be able to achieve in this term."

From expectations to achieving solid results, Council has been busy working on numerous projects this last financial year - from championing the ARC Jobs and Growth Strategy to delivering the single largest road project ever undertaken by a NSW council.

As a Council we are immensely proud of some of the key projects we have undertaken in the last financial year.

These include:

- Making sure we deliver long-term water security by purchasing Oaky River Dam, upgrading the walls of Malpas Dam, building new pumping stations and laying new pipelines.
- Implementing the Restore & Thrive Strategy which requires Council to deliver the highest possible standards for ARC in all we do.
- Becoming the Founding Chair of the Coalition of Renewable Energy Mayors (CoREM) and working with other Councils to ensure that local needs are recognised and to help begin to shape each Renewable Energy Zone (REZ) to minimise downsides and leverage potential upsides.
- Promoting a bold and ambitious aspirational target to grow jobs in our region by 4,000 by 2040 and generate at 1,000 new jobs over the next five years.
  
- The \$408 million reconstruction of the Kempsey Road back to pre-disaster conditions. The funding will be spent on restoration of the 43-kilometre Kempsey to Armidale Road and five kilometres of Lower Creek Road to pre-disaster condition.
- Ensuring Council is a step closer to financial sustainability and unlocking the economic potential of the region after a permanent Special Rate Variation (SRV) was approved.

Setting the strategic direction for the future growth of Armidale has been essential for our region to move forward. It has been heartening to see Councillors getting behind and supporting the growth agenda.

Our vision and plan to advance the Armidale Region in the future will follow six key pillars:

**1. Thriving Region** – Broadening our economic base and developing initiatives to grow existing and new business and to attract new residents and tourists to our region.

**2. Connected Region** – Improve and provide high quality connections within and outside the region.

**3. Future Region** – Enhance the natural beauty of the region and create a region that is sustainable and resilient.

**4. Liveable Region** – Develop and maintain pristine places and spaces and provide facilities to foster an active and healthy community.

**5. Enriched region** – Improve the quality of life for our community and celebrate its culture and diversity.

**6. Strong Region** – Be a productive, transparent and strong community always putting the needs of our community first.

I want Armidale to be a regional leader. I sincerely hope you, the community, get behind the changes we are making here at ARC to ensure this beautiful region becomes a financially sustainable and vibrant community for our future generations.

**Mayor**  
**Cr Sam Coupland**



GENERAL  
MANAGER  
JAMES  
RONCON

## GENERAL MANAGER'S WELCOME

Welcome to the 2022-2023 Annual Report for Armidale Regional Council. It has certainly been a busy year working with our community towards a positive future for Council and the region.

While this Annual Report outlines in further detail initiatives and our results in achieving our strategic priorities, underpinning all of this is our strong organisational culture, which is, and always has been, at the forefront of my leadership.

Our Restore & Thrive strategy implemented shortly after I commenced at ARC is based on values and behaviours-based leadership and has been our beacon of renewal, focussing on the fundamentals to reset our organisation and rebuild community trust and support. At its core is the collaboration and input of every staff member, guided by our leaders at every level within our organisation and elected representatives.

I am proud to say that we are well on the road to achieving this and have made significant improvement in this area in the last 12 months. I want to thank the ARC staffing group for their great support and dedication to "Restore and Thrive" and getting on board with an ambitious plan to turn the ship around.

Here at Armidale Regional Council we endeavour to be strong, inclusive and dynamic and we are determined to deliver the best outcomes and represent our community through responsible decision-making and advocacy. Investing in strong leadership is paramount to our success and empowering women in the workplace is something we are heavily invested in. Our Women in Leadership program has been kicking goals in 2022-2023, and I am witnessing more and more women in the organisation backing their own abilities to deliver some great initiatives for the community and the organisation.

As part of the Community Strategic Plan outcomes, we want to make sure the community is engaged and has access to local representation. Council needs to make sure it exceeds community expectations when managing its budget and operations. Demonstrating sound organisational health and a culture which promotes action,



accountability and transparency, Council has the strategic capacity to understand the key issues for the region both now and in the future.

## **2022-2023 Highlights**

- Delivered a new organisational structure which allowed us to implement areas of priority for the elected body. This included creating Activation and Precincts and Land Use Planning Teams which will focus on the ARC Jobs and Growth Strategy to drive growth, job opportunities and new housing structure.
- Improved wellbeing among staff with the implementation of the Restore & Thrive Strategy, ensuring we have the right balance of work commitments and resources that match our priorities and that we set realistic goals.
- Making sure the community understands the work required to achieve community outcomes and building trust in Council as a result.
- The approval of a permanent Special Rate Variation (SRV) will allow Council to address a backlog of asset maintenance and work towards improving roads across the LGA.

I look forward to the future of ARC and the many achievements we will have together, as a Council and as part of the community.

**General Manager**  
**James Roncon**

# OUR REGION

## ARMIDALE REGION SNAPSHOT

<b>Population</b>	<b>29,360</b>
<b>Employed Residents</b>	<b>14,157</b>
<b>Gross Regional Product</b>	<b>\$1.79 billion</b>
<b>Land Area</b>	<b>7,818 km<sup>2</sup></b>
<b>Largest Industry</b>	<b>Education &amp; Training</b>
<b>Population Density</b>	<b>3.76 per square km</b>
<b>Local Jobs</b>	<b>15,426</b>
<b>Local Businesses</b>	<b>2,899</b>
<b>Agricultural Output Value</b>	<b>\$163 million</b>
<b>Tourism Sales</b>	<b>\$156.6 million</b>

### DOMESTIC OVERNIGHT VISITORS: 5 YEAR TOTAL%



### Our Region and Community

Sitting atop the New England plateau and surrounded by spectacular waterfalls, awe inspiring gorges and World Heritage listed national parks, our region is unique. Armidale – Australia’s highest city, is centrally located between Brisbane and Sydney. With a cosmopolitan culture, it is a university city that prides itself on being dynamic, progressive and innovative. It enjoys great natural beauty, with vast and productive agricultural land, cohesive local towns and villages, and a progressive Armidale city that provides many essential services to the region. The next wave of innovation for our region will come from the New England Renewable Energy Zone (REZ) which is slated to produce a significant amount of Australia’s renewable energy.



# OUR PLAN FOR GROWTH AND DEVELOPMENT

## Turning our challenges into opportunities

Council is committed to growing a prosperous and sustainable region over the next decade and beyond. This will centre around the jobs of tomorrow and how we will grow whilst protecting and enriching the lives of our community and the region. We will work with all delivery partners including the Commonwealth and State governments, and the private sector to support the delivery of our vision. We will get on with delivery, ensuring that catalyst projects are prioritised and that we are ready for investment and community building opportunities when they arise.

Council's priorities for growth and development centre around a 'Restore and Thrive' strategy – to restore financial viability and mitigate future funding gaps, in a financially responsible way in the short-term, and prepare Council and the region to create the growth and activation that will solidify the Armidale Region as a vibrant and popular major regional centre.

Council has recognised three key areas of focus to help accelerate our region:

### Growing Jobs

Recent Gross Regional Product (GRP) figures illustrate that our regional economy has flat lined over the last 20 years. Council has recognised the need to inject vibrancy and industry into the region to restore its place as a key regional city. Council has a target to grow 4,000 local jobs by 2040 and 1,000 in the next 5 years. It will seek to bring more jobs in engine industries of agriculture, education, and energy to our region by providing region building infrastructure and Council-led strategic planning to ensure that the Armidale region attracts the jobs and investment that contribute to our long-term prosperity.

### Managing Assets

A key challenge for Armidale Regional Council is remaining financially sustainable whilst managing a portfolio of \$1.2billion in ageing infrastructure assets that could require renewal and replacement. This was the basis of Council's recent application to the Independent Pricing and Regulatory Tribunal (IPART) for a special rate variation. Within the Armidale Regional Council local government area, there are 651 kilometres of sealed roads, 1,077 kilometres of unsealed roads and 122 kilometres of regional roads, all of which are maintained by Council. Council continues to develop the Asset Management Framework to ensure it supports the asset needs of our region.

### Securing Water Supply

As a Local Water Utility, Council is responsible for the safe and secure provision of water. Council has partnered with NSW Public Works Advisory to deliver an Integrated Water Cycle Management Strategy (IWCM Strategy) to meet Best Practice Water Management which is the industry standard for safe and secure water supply. In our region, there is a significant shortfall of water capacity equal to about 40% of current demand. Council has a \$157 million Water Security Package which includes raising the Malpas dam wall by the maximum 6.5 metres, acquiring and commissioning Oaky River Dam and connecting it to Malpas that will secure the future needs of the region and support a population of around 50,000.





# COUNCIL

## COMMUNITY VISION

We want a harmonious region which celebrates the diversity and uniqueness of our communities, provides opportunities for all people to reach their potential,

encourages engagement with our environment, cultures and lifestyles, while supporting growth, opportunity and innovation.

## OUR PLANS AND STRATEGIES

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

December 2021, and the Annual Report provides an update on their implementation.

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

Under the IP&R Framework, all NSW Councils are required to develop and report on a set of plans and strategies in accordance with the *Local Government Act 1993* and the *Local Government (General) Regulation 2021*. This suite of documents that were originally developed following the election of Councillors in

Council’s plans and reports under the Integrated Planning and Reporting Framework are outlined below:



### Advancing Our Region Community Plan 2022-2032

A ten-year plan that outlines the goals and aspirations of the community, captured through extensive community engagement



### Delivery Program 2022-2026

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



### Resourcing Strategy:

A set of plans and strategies that ensure Council has the necessary resources and assets, and that Council plans for the future accordingly



### Operational Plan and Budget

An annual plan of actions that support the Delivery Program and includes the annual budget allocations to support the activities to be undertaken. The Operational Plan implements the initiatives of the Delivery Program 2022-2026



### Annual Report

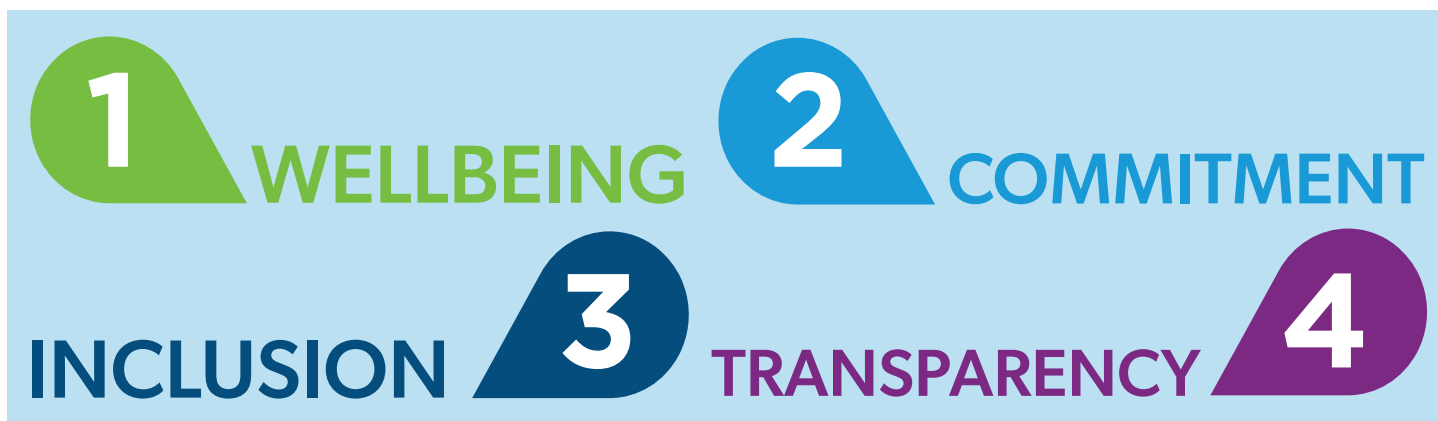
A report back to the community on the financial and operational performance of Council. The Annual Report provides a snapshot of Council’s achievements throughout the Financial Year



# OUR CULTURE

## WORKFORCE VALUES

Council is committed to creating a workplace where staff uphold the below values at the core of their behaviour and conduct:



## OUR CULTURAL TRANSFORMATION

Armidale Regional Council has been navigating major change this year and the results are promising. Our focus on changing the culture over the past two years has seen a dramatic shift from what staff agreed was a poor culture, to a more engaged, aligned, happy and proud workplace delivering to higher standards. Our goal remains to be a high performing team. ARC is currently good, but we want ARC to be brilliant.

*"If you want to go fast, go alone; but if you want to go far, go together" African proverb*

Culture change is an intangible; you cannot necessarily touch it or feel it, but you can experience it.

If a solid culture is in place, you won't see: stressed employees, high levels of absenteeism, people moping around the hallways, sloppy work practices and major blowouts in project delivery.

ARC is focussing on our people as our greatest asset, and this can have a huge impact on our success as an organisation. According to Gallup's 2018 report on employee engagement, a good culture can lead to 21% improved profitability. On the other side of the coin, the financial cost to an organisation of a poor culture is significant, and disengagement is a leading contributor.

Disengagement in the Australian workforce costs organisations more than four times than absenteeism at an estimated \$34 billion per year. While stress-related claims cost Australian business more than \$200 million annually. Staggeringly, up to 80% of Australian employees say they are disengaged, and studies show disengaged workers have 37% higher

absenteeism, 49% more accidents and made 60% more errors. (Gallup 2016).

*Change happens when we have clarity between what our current state is and what we want our future state to be.*

The focus for Council has been to create a clear plan to achieving a strong culture and engaging all staff in the process. A 'Restore and Thrive – Strategy Map' was developed outlining the direction that the staff body, as a whole, wanted to take to turnaround the culture and hold each other to account. This Strategy Map continues to evolve and is regularly updated by Council's "Operation Planet ARC (OPARC)" Leadership Team, which was formed with approximately 25 staff from all levels across the organisation.

The primary initiatives have driven the implementation and success of the Strategy Map and the culture program include:

- Making culture the number one priority of the organisation and consistently promoting the strategy and its strategic priorities.
- Recruiting staff aligned to the values of the organisation.
- Providing education on the strategy in the onboarding of new staff.
- Engaging staff in personal and professional development opportunities including the Compass Women's Leadership courses, leadership coaching, peer support initiatives and mentoring.

- Encouraging teams to participate in values workshops and cross-organisational engagement to better work together for the community.
- Encouraging staff to call-out poor behaviour and reward positive practices, including rewarding high-performing and culturally aligned staff with the monthly OPARC Culture Award.

- The council is more action oriented, with a clear strategy that is spoken about and worked on.
- The impacts of improved culture don't just lie with staff satisfaction; they translate to business improvement.

The implementation and impact of these strategies can be shown through the results of a staff survey indicating that the culture has improved significantly. The survey, undertaken in late 2022, showed that:

- Sentiments expressed were overwhelmingly positive, with a many people using the expression 'chalk and cheese' to describe what it's like to work at the council now compared with two (or more) years ago.
- An increase in the sense of purpose and willingness to collaborate and lead the way.
- People feel secure in their jobs and supported by the new structure.
- There's a focus on being one team and a strong social fabric.
- There is widespread trust and growing collaboration.

Improvements in community engagement and customer satisfaction have been observed as a result of an improved culture. For example, Service requests from the public have dramatically dropped from 10,476 in 2020-21 to 6,139 in 2022-23. This drop can be attributed to overall better communication with the public and the delivery of better customer service to solve the enquiry at first contact before it escalates to a customer request, leading to greater customer satisfaction and staff productivity. Culture has played a key role in motivating staff to be high-performing and proud of their contributions.

In 2023-24, Council will continue to drive high-performance and service delivery through its culture program. Further individual and team development will be undertaken to ensure that the whole organisation is working toward positive interactions, a motivating and rewarding workplace and higher productivity.



# Restore & Thrive - Strategy Map

## PURPOSE

Together, proud to deliver to the highest possible standards for ARC in all we do

### Visionary Goal

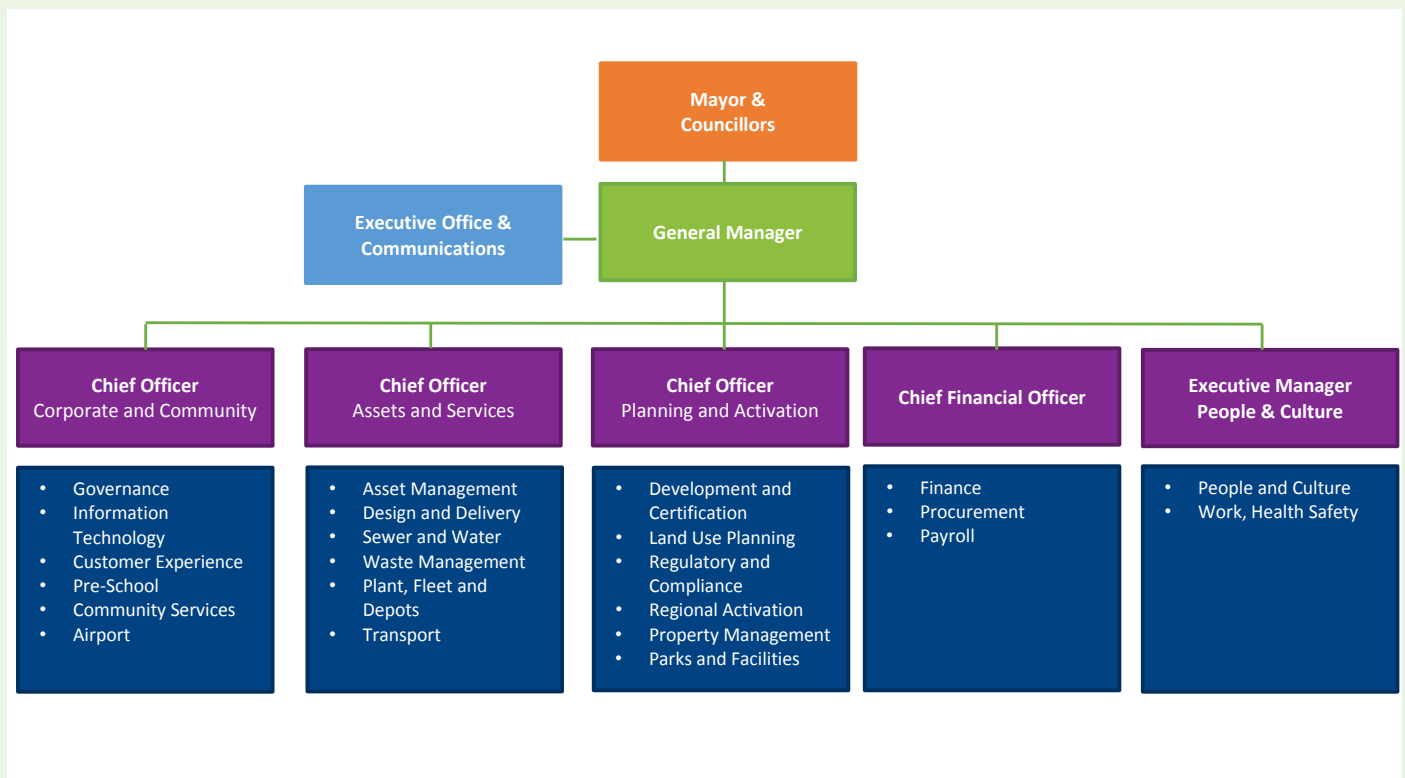
As a result of having a high performing team, by January 2023 we will be connected across the organisation with aligned priorities.





## COUNCIL'S ORGANISATIONAL STRUCTURE

Council implemented a new organisational structure for Armidale Regional Council in October 2022. The current structure, which frames the reporting lines for our staff, is outlined below:



## ORGANISATIONAL STRUCTURE REVIEW

In November 2022, Council implemented a new organisational structure. Following the arrival of the new Executive Leadership Team, one of the consistently raised concerns from staff included an ineffective organisational structure. After an extensive review and a program of staff engagement, the new

structure was announced, and recruitment began from November 2022 to appropriately resource Council's operations and build capability and capacity. All new recruits are now screened to ensure they align with the organisation's values and are a good cultural fit.

# COUNCILLORS

ON 21 DECEMBER 2021, ELEVEN COUNCILLORS WERE DECLARED ELECTED TO THE ARMIDALE REGIONAL COUNCIL.



**Mayor  
Cr Sam Coupland**



**Deputy Mayor  
Cr Todd Redwood**



**Cr Margaret  
O'Connor**



**Cr Debra O'Brien**



**Cr Susan  
McMichael**



**Cr Paul Gaddes**



**Cr Dorothy  
Robinson**



**Cr Steven Mepham**



**Cr Bradley Widders**



**Cr Paul Packham**



**Cr Jon Galletly**



# KEY PILLAR WORKING GROUPS

*Council has formed Key Pillar Working Groups that align with the Community Plan and help to deliver key initiatives in association with community advocates, groups and organisations. The Key Pillar Working Groups meet regularly and invite contributions from relevant external stakeholders linked to the initiatives being discussed.*

## THRIVING REGION

Overarching theme: Visitation, change, opportunities for job growth

Members: Cr Coupland, Cr Redwood, Cr Gaddes, D. Schaefer, D. Boyce

Overview (2022-2023): The Thriving Region Key Pillar Working Group has been meeting regularly to discuss opportunities for growth and has made some good progress. Securing the economic benefits of the Renewable Energy Zone has dominated the working group agenda. This has culminated into the creation of the Renewable Energy Community Benefit Framework as well as the endorsement by Council in concept of a New England Future Fund, where 1.5% of renewable project capital will be sought, then used to kick-start an investment fund aimed at ensuring intergenerational community benefit. The working group also administered an Expression of Interest for the Airport Café, managing to secure a tenant after a 3-year absence while initiatives aimed at injecting vibrancy into the CBD precinct are being workshopped with Council Officers, commencing with the East End Mall. The group has also met with National Parks to understand their appetite to invest in and help leverage our regions tourism assets, including but not limited to areas such as the Blue Hole and Dangars Falls.

## CONNECTED REGION

Overarching theme: Connected and accessible

Members: Cr Redwood, Cr O'Connor, A. Manners, L. Colmanetti, J. Roncon

Overview (2022-2023): The Connected Region Key Pillar working Group (CR-KPWG) met twice in the 2022-23 Financial Year and considered topics including: Active Transport Strategy, e-Scooter Trial, Smart Cities Framework and the Council's policy on Gates and Stock Grids on Public Roads. At the June 2023 Ordinary Council meeting, Council resolved for the CR-KPWG to conduct public consultation on the Gates and Stock Grids on Public Roads policy over and above the public exhibition and to amend the draft policy following this consultation. It is expected the final policy will be provided to Council in late 2023.

## FUTURE REGION

Overarching theme: Natural, sustainable and resilient

Members: Cr Gaddes, Cr Robinson, D. Boyce

Overview (2022-2023): The key focus of this KPWG for the financial year was on the Armidale winter woodsmoke issues.

## LIVEABLE REGION

Overarching theme: Places and spaces

Members: Cr O'Brien, Cr Galletly, A. Harris

Overview (2022-2023): In our pursuit of fostering a more liveable region, the Liveable Region Key Pillar Working Group have engaged in consultation and idea exchanges with the community, collaborating closely with various groups. These discussions have encompassed exploring many different opportunities which are being considered in line with current strategic priorities for the community and Council. We remain focused on translating these discussions into impactful initiatives that will enhance the quality of life within the Armidale Regional Council, underscoring our commitment to a more vibrant and liveable community.



*E-Scooter Trial, 2023*

## ENRICHED REGION

Overarching theme: Quality of Life

Members: Cr McMichael, Cr Widders, A. Hutton, Health and Community Key Stakeholders

Overview (2022-2023): The Enriched Region KPWG, focussed on the issues surrounding healthcare, with the primary goal of connecting the local key stakeholders. Key representatives from Hunter New England Health, Ramsay Health, local GPs, UNE, Primary Health Network and other associated groups attended regular meetings and combined their efforts to improve recruitment, promote our region as a region of choice for health professionals, support each other with training and development, and also build local collegiality. As the Enriched Region KPWG looks to move onto another issue impacting the region, the Primary Health Network has agreed to support the

continuation of regular face to face meetings with the key stakeholders to maintain strong relationships across the health sector. The University of New England's NOVA team is also providing support to the ongoing connection between local GPs and Practice Managers, led by two local GPs.

## STRONG REGION

Overarching theme: Productive, Transparent and Responsible

Members: Cr Packham, Cr Mephram, J. Roncon

Overview (2022-2023): The Strong Region KPWG has met to discuss the Grids and Gates Policy, the Advocacy Strategy, Regional Waste Management, the Project Management Framework & Customer Experience, and the Guyra Preschool and Long Day Care Centre future directions.



*New Airport Cafe, the Alternate Root, 2023*

# EXECUTIVE TEAM



General Manager  
**James Roncon**



Chief Officer, Planning & Activation  
**Daniel Boyce**



Chief Officer, Assets & Services  
**Alex Manners**



Chief Officer, Corporate & Community  
**Darren Schaefer**



Chief Financial Officer  
**Ann Newsome**



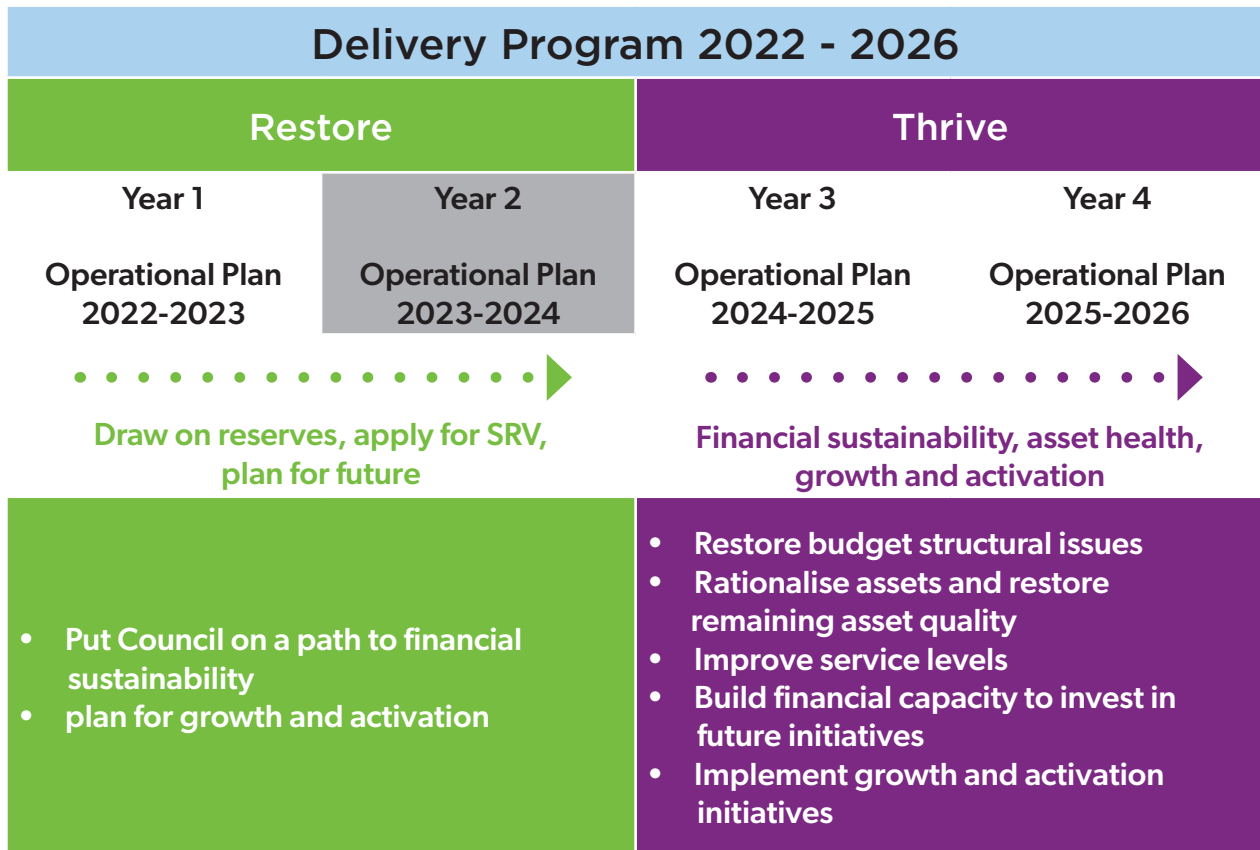
Executive Manager, People & Culture  
**Annie Harris**

# RESTORE AND THRIVE STRATEGY

## 50% (58.8% Cumulative) Special Rate Variation Approved

With the election of a new Council, the installment of a new Executive Team, and the revision of its key strategic documents, ARC developed and adopted a 'Restore and Thrive' turnaround strategy to be implemented over four years, beginning in 2022.

This strategy was based around the need to restore Council's financial viability and mitigate future asset funding gaps, in a financially responsible way in the short-term, and prepare Council and the region to create the growth and activation that will solidify the Armidale Region as a vibrant and popular major regional centre.



Council prepared its Delivery Program 2022-2026 and Operational Plan 2022-2023 based on its intention to apply for a special rate variation (SRV) to general income residential, farmland, business or mining land rates.

Extensive community engagement regarding a potential special rate variation was undertaken from May to September 2022, and in November 2022, Council endorsed to advise IPART that it would be applying for a 50% (58.8% cumulative including rate peg) SRV to be implemented over three years beginning 1 July 2023.

An extensive application was developed outlining Council's plan to utilise the additional rates income and submitted in February 2023. The Independent Pricing and Regulatory Tribunal (IPART) notified Council on 15 May 2023 that its application was approved.

Armidale Regional Council was one of 17 NSW councils to be approved in full or partly approved a special rate variation and this is indicative of the difficult financial position of many councils across the state due to the insufficient rates model.

The special rate variation will be implemented from the 2023-24 Financial Year in the first rates instalment that will be distributed in July 2023. It will be staged over three years with 16.67 percent in 2023-24; 16.67 percent in 2024-25 and 16.66 percent in 2025-26.

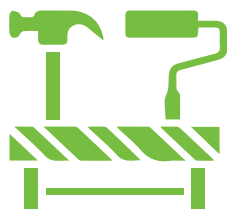
By the Financial Year 2024-25, Council aims to meet all the Office of Local Government Performance Ratios, while providing an operating profit to allow Council to build internal reserves to deliver initiatives that will achieve the Advancing our Region Community Plan 2022-2032, prepare for unexpected events, fund initiatives that will grow our region, and to service the community to expected levels.

# 2022-2023 SNAPSHOT



TELEPHONE CALLS  
ANSWERED BY  
CUSTOMER SERVICE

**17,141**



VALUE OF  
DEVELOPMENT  
APPLICATIONS  
DETERMINED  
\$104,489,316



MONCKTON  
AQUATIC CENTRE  
ADMISSIONS  
**27,449**



ESTIMATED  
KILOMETRES OF  
ROADS GRADED  
**1,000**



TONNES OF  
WASTE RECEIVED  
AT LANDFILL  
**18,779**



MEGALITRES  
OF WATER TREATED  
**2,660**



TONNES OF  
WASTE RECYCLED,  
RECOVERED,  
REUSED  
**21,406**



MEGALITRES  
OF WASTEWATER  
TREATED  
**2,270**



LIBRARY  
LOANS  
**213,862**

# YEAR IN REVIEW - ANNUAL SCORECARD

Council provides a range of services and programs throughout the year. Below are a number of indicators to show year-on-year trends in data collected by Council.

Indicator	2020/2021	2021/2022	2022/2023
Value of Development Applications determined	75,749,271	68,733,728	104,489,316
Number of street trees plants	99	245	107
Monckton Aquatic Centre Pool Numbers	24,863	20,785	27,449
Kilometres of roads resheeted	33.53	41.98	26.23
Kilometres of roads resealed (includes Asphalt) - urban	0.00	3.63	6.41
Kilometres of roads resealed - rural	0.00	13.59	14.55
Kilometres of footpath constructed	0.06	0.02	0.02
Kilometres of kerb and gutter constructed	0.09	0.41	0.63
Heavy patching completed m2	480	8,236	17,458
Estimated kilometres of roads graded	1,000	900	1,000
Kilometres of road reconstructed - rural	0.18	0.99	3.90
Kilometres roads reconstructed - urban	0.15	0.00	0.22
Litres of water treated	2,480 Megalitres	2,282	2,660
Litres of wastewater treated	2,194 Megalitres	2,454	2,270
Council and committee meeting live streams	21	13	13
Tonnes of waste received at landfill	16,010	19,908	18,779
Tonnes of waste recycled, recovered, reused	18,537	21,098	21,406
Volunteers referred by ARC	251	140	86
Home Support Services client numbers	120	13 0	145
Number of service requests by customers	10,476	7,474	6,139
Visitor Information Centre - visitor numbers	38,076	21,862 (Covid)	34,989
Library visits	68,234	68,089	77,832
Library loans	228,428	210,452	213,862
Heritage Bus Tours	1,624	1,140 (Covid)	2,122

Indicator	2020/2021	2021/2022	2022/2023
Attendees at major Council events (Big Chill Festival)	2,900	3,300	4,123
Visitation to Hillgrove Museum	1202 (3 months missing data)	477 (closed 6 months)	863
Visitation to Folk Museum	900 (6 months missing data)	822 (4 months closed/ missing data)	1,573
Food shop inspections	79	20	148
Swimming pool inspections	21	14	19
Fines for environmental breaches	4	4	5
Dog attacks reported to council	34	52	56
Dogs impounded/ surrendered	303	354	370
Dogs returned home/rehomed	257	286	284
Cats impounded/ surrendered	226	228	234
Cats returned home/rehomed	111	111	114





# COMMUNITY PLAN REPORT CARD

The *Advancing Our Region Community Plan 2022-2032* sets out the goals and aspirations of the regional community, established through an extensive community engagement process. This critical Plan provides the foundation for Council to develop the strategies and actions which it will undertake to create the physical, economic and social environment that the community seeks.

This section outlines some of the 2022-2023 highlights in working towards the goals of the Community Plan.

## THE SIX PILLARS OF THE COMMUNITY PLAN



**THRIVING REGION**  
Economy & Tourism



**CONNECTED REGION**  
Transport & Technology



**FUTURE REGION**  
Sustainability & Resilience



**LIVEABLE REGION**  
Places & Spaces



**ENRICHED REGION**  
Community & Culture



**STRONG REGION**  
Engagement & Responsibility



# THRIVING REGION

## Economy and Tourism

We will broaden our economic base and develop initiatives to grow existing and new business, and we will attract new residents and tourists to our region.

Goals:

- A strong economy, sustainable growth, and opportunity
- A destination of choice, renowned for our beauty, heritage, and unique attractions

### BUSKERS & COMEDY FESTIVAL RETURNS TO ARMIDALE

September 2022 - The Stars of the Coffs Harbour International Buskers and Comedy Festival returned to Armidale's Beardy Street Mall during the September 2022 School Holidays for a day of fabulous fun.

Performance artists included illusionist, The Amazing Mr Fye (pronounced Misterfy), theatre performer, Corey Pickett, and belly dance, circus and fire manipulation performer, Devine Fire.

The festival returned to the region after COVID curtailed Council's event schedule during the last couple of years, bringing fun and free activities while activating the Armidale Mall. The Stars of the Coffs Harbour International Buskers and Comedy Festival were brought to Armidale through the NSW Government's Reconnecting Regional NSW Community Events Program.

### CAMPAIGN LAUNCHED TO PROMOTE OUR SPECTACULAR REGIONAL WATERFALLS

October 2022 - A new tourism campaign, titled 'Where Wonder Runs Deep', was launched to attract visitors to discover the hidden gem that is the Waterfall Way and promote the scenic drive from Armidale to Bellingen.

The new brand was launched in the historic village of Wollomombi, home of the spectacular Wollomombi Falls, the highest waterfall in NSW and a key feature on the scenic tourist drive.

The launch of the brand included a new website [mywaterfallway.com.au](http://mywaterfallway.com.au), a national advertising campaign, themed billboards on the New England Highway, a giant branded truck curtain on the New England Freightliners semi-trailer and banners in the Armidale CBD.

The Waterfall Way brand was funded by Council's successful application for \$100,000 in funding under the Australian Government's Black Summers Bushfires Grant for economic recovery for the fire-affected areas.

### HALLOWEEN EVENT A SCARY SUCCESS

Date: 28 October 2022

Venue: Armidale Mall

Attendance: More than 2,000 people

Features: The Armidale Mall overflowed with ghosts, witches, stilt-walkers, balloon-makers and roving characters for the Council's inaugural Halloween event. Local food trucks, a Tattersall's Hotel licenced bar, live music including Vinnie and the Cuban Missiles and the Memphis Moovers, trick or treat and a haunted grotto were a hit with the crowds. The event will become a regular calendar highlight and will run again in 2023.

*Halloween 2023*



## AIRSIDE INDUSTRIAL PARK TAKES-OFF WITH MORE SALES

May 2023 - Council's 59-lot industrial subdivision, Armidale Airside, continued to progress in 2022-2023, with two of the largest sales being completed. Contracts were finalised for Aerohealth and United Fuels, and both Development Applications were approved. The business park includes 25 hectares of land that has been developed for commercial, industrial and air business use.

August 2022 - The Australian Transport Museum Limited was successful in achieving Northern Regional Planning Panel approval for its proposed new museum at the Armidale Airside Business Park. Once funding is secured the museum will be a marquee tenant within the Armidale Airside Business Park adding to the region's tourism destinations. Armidale Regional Council has been a supporter of the project leasing land at a peppercorn rate in the business park to the Australian Transport Museum Limited on a ten-year lease of \$365 annually with a further option for an additional ten years.

## BIG CHILL DRAWS MUSIC AND FOOD LOVERS TO OUR REGION

Date: 20-21 May 2023

Venue: Armidale Sportsground

Ticket sales: 2,689 with 4,123 attendees across 2 days

Headline Acts: Birds of Tokyo, Dragon, Des Cortez, The Axemen, Taylor B-W, Lisa Hunt, Tori Drake, Zac and George, The Tamborine Girls

Features: The Big Chill Festival achieved an estimated economic turnover of more than \$1.5m for the weekend. More than 25 food and drink vendors provided culinary experiences to keep the crowds happy, and the new venue was a hit with attendees providing a family friendly, beautiful space. Planning for the 2024 Big Chill Festival is well underway.



Big Chill Festival 2023

## ALTERNATIVE DEPARTURE GATE ESTABLISHED AT THE ARMIDALE AIRPORT

June 2023 - An alternative departure gate ( Gate 3) is in operation at the Armidale Regional Airport to cater for airlines that fall beneath the Commonwealth Government's 40 seat passenger threshold requirement for security screening and do not require security screening.

From July 2023, the Commonwealth Government ceased subsidising security screening processes in regional areas, resulting in the costs being absorbed by airports and, potentially, airlines.

Operators, REX and LINK Airways, were offered the opportunity for their passengers to be screened, albeit this came at a cost. Both airlines declined and opted for no screening.

The alternative departure gate, created through the modification of an existing area of the airport, services all aircraft that fall under the federal government threshold. All Qantas passengers will continue to be security screened through the main departure gate.

Council's large terminal space and good working relationships meant it was able to accommodate the needs of all its passenger airline providers, arriving at an outcome that secured a competitive market for air travel and in turn, minimises any reduction in services or increase in costs to passengers.

## THE YEAR AHEAD 2023-2024

- Prepare a 20-year land use planning vision for the region
- Review the Local Environmental Plan
- Prepare and implement a water security and economic development package
- Prepare and implement an airport and airside precinct activation package
- Update the Invest Armidale website
- Deliver a targeted industry attraction package for engine industries including horticulture, renewables, small manufacturing and education
- Provide planning and business concierge services for engine industries
- Enhance signage, visitor information and traffic direction through our city, towns and villages
- Collaborate with other Councils to deliver the New England High Country Campaign
- Undertake a range of events including Big Chill, Autumn Festival, Halloween, Vivid-inspired light show, twilight markets, Christmas in the Mall.



# CONNECTED REGION

## Transport & Technology

We will provide and improve high quality connections within, and outside of the region

Goals:

- Quality infrastructure makes it safe and easy to travel around our region
- Transport and technology that enable connectivity both locally and outside the region

### ARC DELIVERS SINGLE LARGEST ROAD PROJECT UNDERTAKEN BY A NSW COUNCIL

April 2023 - Armidale Regional Council (ARC) has been tasked with delivering the single largest road project ever undertaken by a NSW council.

The \$408 million reconstruction of the Kempsey Road back to pre-disaster conditions is jointly funded by the Commonwealth and NSW Governments.

The road was severely damaged by bushfires at the end of 2019 and subsequent flooding in 2020 and 2022 meant the road was impassable and had sustained substantial damage. It is an important corridor and traverses steep and challenging terrain, which links Armidale and the coast. The road also supports agriculture and tourism industries in both the Armidale and Kempsey regions.

The awarding of the project to ARC marks a significant turning point in the transformation of ARC. An ambitious civil construction project of this size and complexity would have not been possible some three or four years ago for ARC. The heavy lifting undertaken by all staff during the last two years to restore the organisation to a high performing, values based, team culture has meant that the organisation now has the capacity to take on and deliver projects of this calibre.

The reconstruction of the Kempsey Road will restore 43 km of the Kempsey to Armidale Road and 5.1km of Lower Creek Road to pre-disaster conditions.

In addition to the restoration work the NSW Government has approved three improvement projects to be carried out at the same time in order to improve the road's resilience in case of future natural disasters. These projects are funded through the Fixing Local Roads and Fixing Country Roads programs to improve sections of the road at Blackbird Flat, Flying Fox and Big Hill.

Council inherited the responsibility for the road and is keen to return it to the NSW Government once the project is complete and the road has been restored. The project scope of works has been classified into four Milestones:

#### 1. Natural Disaster Recovery Works (Milestone 1)

Comprising restoration of a 43km section of the Kempsey-Armidale Road and a 5.1km long section of Lower Creek Road, Lower Creek, to their pre-disaster conditions;

2. "Improvement Works" Projects comprising of the following three projects:

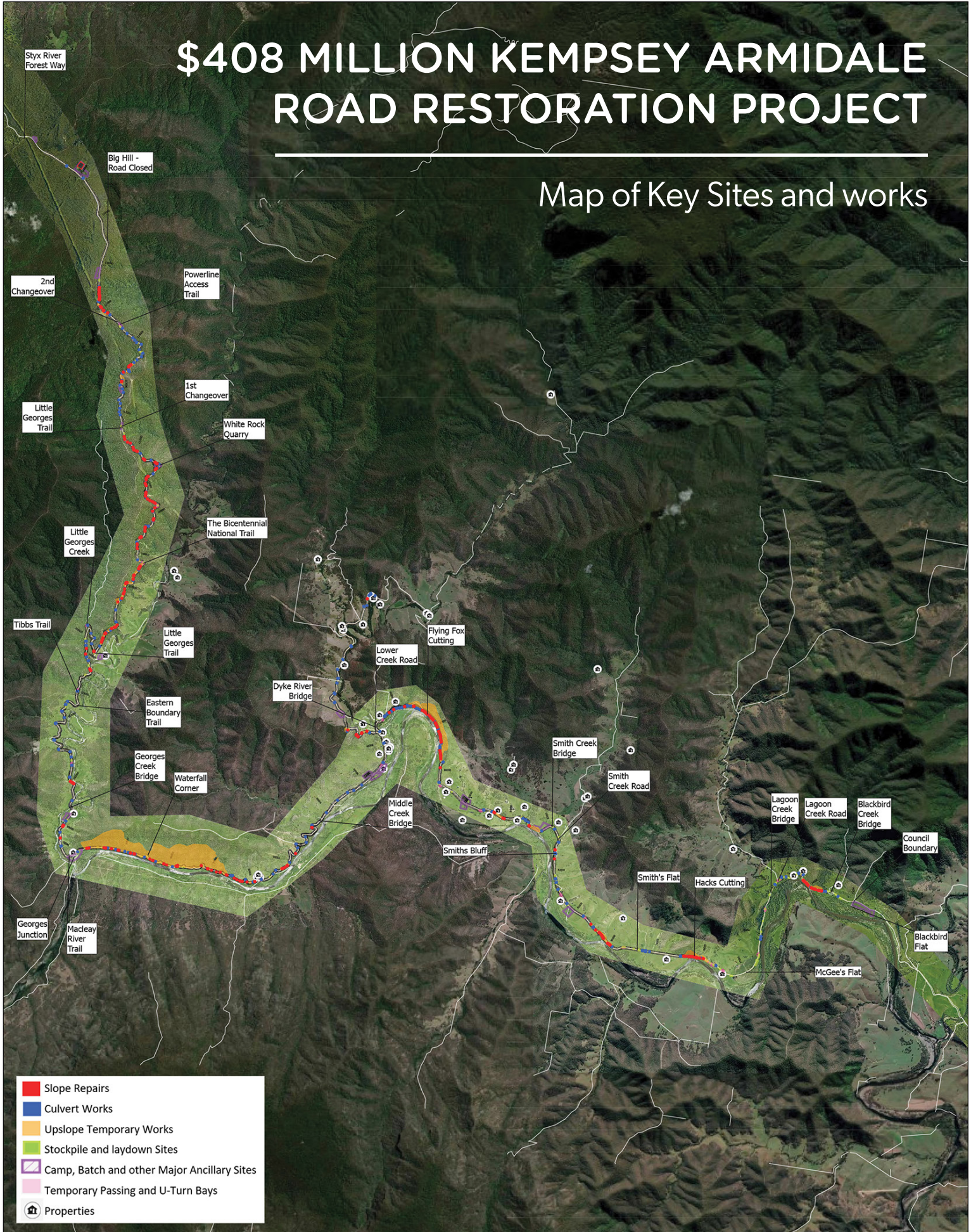
- a. **Blackbird Flat (Milestone 2)** - Includes sealing this section of pavement;
- b. **Flying Fox (Milestone 3)** - Includes sealing this section of pavement; and
- c. **Big Hill (Milestone 4)** - Three curves being constructed as unsealed pavements.

Tenders for the first stage (of a total four stage contract process) have been awarded including design and early construction works to a value of \$18.3 million.



# \$408 MILLION KEMPSEY ARMIDALE ROAD RESTORATION PROJECT

## Map of Key Sites and works



- Slope Repairs
- Culvert Works
- Upslope Temporary Works
- Stockpile and laydown Sites
- Camp, Batch and other Major Ancillary Sites
- Temporary Passing and U-Turn Bays
- Properties



## MAJOR TRANSPORT UPGRADES

Council's transport and assets team completed a number of upgrades to the region's roads, bridges and other transport infrastructure:

### 1. Upgrade the to the Lambs Valley bridge on Lyndhurst Road

This was one of 31 timber bridges identified in 2017 as nearing the end of its useful life. The original dilapidated timber bridge was replaced with a box culvert with a 100-year lifespan. The project was funded by \$440,000 under Fixing country Bridges Round 1 and was completed by Council for \$372,000.

### 2. Upgrade of the Williams Road bridge sidetrack

This original timber bridge failed in 2019 and was replaced by a council installed side track. Council removed the side track and installed a new concrete box culvert with a 100-year lifespan. The project was delivered by contractors and funded by Council with final costs of \$369,000.

### 3. Emergency rehabilitation of Donnelly Street

Rehabilitation of Donnelly Street ( Markham Street to Hughes Street ) due to severely degraded pavement from rainfall conditions. The project included the installation of deep lateral drainage and road pavement repairs. This project was successful and returned the road to community expected conditions. This project was funded by Roads to Recovery for \$425,000 in the 2022-23 Financial Year.

### 4. Moredun Road Rehabilitation project

An upgrade of 3.9km of a dangerous stretch of road in poor condition for better heavy vehicle access and general road safety. This project was funded jointly by Council, the Local Roads & Community Infrastructure (LRCI) Phase 3 program and by Roads To Recovery. The project was completed for \$2.7 million.

### 5. 100% funding for major bridge upgrades

Funding was secured for Boorolong Bridge on Boorolong Road, Laura Creek bridge on Baldersleigh Road and Bakers Creek bridge on Old Hillgrove Road. Total combined funding from the Bridge Renewal Program and Fixing Country Bridges Program of \$8.4 million. All three bridges are expected to be open to traffic by April 2024. The bridge upgrades to concrete will provide 100-year lifespans, increased flood immunity in some cases and improved resilience to flood and fire.

### 6. Funding for Rockvale Road upgrade

Council secured funding of \$2.7 million for the upgrade of a 2.2kms of Rockvale Road in the 2023-24 Financial Year.



Moredun Road

## BUS SUPPORTS ELDERLY IN GUYRA

September 2022 - In response to the loss of a taxi service in Guyra, Guyra Home Support Services made available its bus to take Guyra residents into the shopping precinct on Bradley Street. The loss of the taxi service was a concern to many residents, especially the elderly, who relied on taxis to be able to visit services such as the pharmacy and supermarket. The bus operates Monday 12-3pm, Tuesday 9am – 4pm and Thursday 9am – 4pm each week.

## STATE ROADS CONTRACTS SOARING AHEAD

June 2023 - Council continued to achieve excellent feedback from Transport for NSW (TfNSW) regarding its contract for maintenance works during the 2022-23 Financial Year. Council is contracted to deliver around \$25 million worth of maintenance and road works, much of which has been delivered ahead of schedule. Council employs a team of staff to undertake the contracted works and is regularly monitored by TfNSW, consistently being earmarked as one of the best Council providers across the state particularly regarding quality systems. During 2022-23, ARC worked on the following projects:

### Bakers Creek Pavement Rehabilitation 1.1kms – July to September 2022

Council Rehabilitated the pavement by adding a 100mm base course layer prior to sealing and line marking. The existing formation required widening to accommodate 3.5m lanes and 1m sealed shoulders. Three culverts were extended to achieve 4:1 batters and safer road outcomes.

## Waterfall Way – Heavy Patching – October to November

A heavy patching program was undertaken in five segments to rehabilitate 1476m<sup>2</sup> of failed areas prior to the resealing of these segments.

## Waterfall Way – Shoulder Grading and Drainage Works – December to January

Council re-established 7kms of drainage to allow water to be efficiently drained from the road and prevent water from pooling on or near the road.

## Appledale Sawmill to Scotsburn Widening and Safety Improvements – February to current

Council undertook widening and safety improvement works along a 5.02km section of the Waterfall Way 58km east of Armidale. The works are required to address the road safety risk associated with the current substandard lane and shoulder width. The works have required the removal of 432 trees of varying ages and sizes (offset with a 1,200 tree planting program), widening of culverts, and installation of 275m of concrete kerb and 2,750m of guard rail.



## THE YEAR AHEAD 2023 - 2024

- Design and deliver the Saumarez Road Upgrade as part of the National Trust Sustainable Saumarez Homestead Project
- Apply for grants for \$700,000 for lighting of Council's bike paths and connected public spaces
- Heavy patching works including Bundarra Road, Glen Innes Road, Miller Street
- Stormwater improvements – Bishops Crescent, Black Mountain, Kurrawatha Ave and Guyra urban
- Continue the Causeway Renewal Program
- Gravel Resheeting Renewal Program - \$1.3m program to add fresh layer of gravel to selected unsealed roads
- Continue bridge safety inspections
- Engage main contractor for the Kempsey Road Restoration Project
- Replace aged timber bridges including Bakers Creek, Boorolong Creek, Laura Creek
- Masterplan for Airport runway extension and facility upgrade

# FUTURE REGION

## Sustainability and Resilience

We will enhance the natural beauty of the region, and will create a region that is sustainable and resilient

Goals:

- A flourishing natural environment that is protected and enhanced
- A clean, green, and responsible region

## \$5.9M COMMUNITY BENEFITS FROM SOLAR FARM NEGOTIATIONS

August 2022 – Council successfully negotiated for Oxley Solar Farm, a 225 MW solar farm proposed east of Armidale, to make a community benefit contribution of around \$5.9 million as a part of its development proposal. The deal will be the first of many such deals over the coming years as part of the NSW Governments New England Renewable Energy Zone (REZ).

The New England REZ will offset almost 11 percent of Australia’s current CO2 emissions and is the equivalent of planting around 500,000,000 trees or removing 12.5 million cars from our roads.

Oxley Solar Farm agreed to make the community benefit contribution over the next 20 years with approximately \$2.79 million due on commencement of construction and the remaining amount payable over 20 years. They have also significantly scaled down the original footprint of the solar farm in response to local submissions and in an attempt to minimise their impact. Community benefit contributions will ensure that the region’s contribution to the national emissions task is recognised and the impacts of individual projects minimised.

## COUNCIL SECURES OAKY RIVER DAM

December 2022 - Council resolved to secure the purchase of the Oaky River Dam, located 40km east of Armidale near Wollomombi. The dam will be a vital component to secure the region’s water supply and a significant step in meeting Council’s ambitious population and growth targets.

Council agreed to purchase the dam for 4.3 million which will come out of the funds for the Water Reserve, which is currently \$29.6 million. Council will now begin the process of lobbying the State Government and opposition for funding to reinstate the Oaky River Dam wall and construct a pipeline from the dam to the Armidale Water Treatment Plant (WTP), ahead of the program to raise the Malpas Dam Spillway.

## BACK-UP WATER SUPPLY SECURED BY NEW PUDDLEDOCK PIPELINE

March 2023 - Council has constructed a new water main and pump station from Puddledock Dam to the Armidale Water Treatment Plant.

Council replaced the existing 12km of 300mm water main with a 450mm water main to provide sufficient capacity to supply the Armidale Water Treatment Plant with a backup water supply to support Malpas Dam. Puddledock Dam can provide around 1-2 months of Armidale’s water supply depending on the dam level and weather conditions.

The existing Puddledock Dam water main was constructed in the 1940s and was made of asbestos cement and cast iron pipe. The water main was poor condition and was undersized to provide sufficient quantities of water to Armidale.

Council was successful in obtaining a 50% funding contribution to the cost of designing and constructing the project from Infrastructure NSW through Restart NSW funding (Safe and Secure Water Program). The total cost of the project is estimated to be \$11.54m and funding of \$5.77m was awarded. This is just one of the large-scale water security projects Council has embarked on to ensure that the water supply can support current and future population growth.



Oaky Dam



## COUNCIL SOLAR SMART BINS SAVE SPACE AND TIME

March 2023 - A State Government Stronger Country Communities Fund grant has assisted Council to install solar smart bins which use a new wave of 'smart technology' to compact rubbish and send a message by Wi-Fi when full.

The bins, which will be located in the Beardy Street Mall, Central Park and Curtis Park in Armidale, will compact the rubbish by harnessing the power of the sun resulting in up to five times more rubbish space, which is equivalent to five times the capacity of a standard wheelie bin. It also eliminates the potential for overflowing bins and animals getting in and spreading rubbish. Once full the smart bin sends a message through Wi-Fi to communicate when it is ready for collection, meaning there will be fewer rubbish collections and reduced costs.

## HIGH TECH LIDS TO MAXIMISE SPACE AT REGIONAL LANDFILL

March 2023 - Council acquired high tech lids to maximise space at the Regional Landfill. The use of the technology works by reducing the amount of daily soil cover needed to cover the waste, which means there are less resources used and less transportation of soil. It also makes for more efficient use of resources as covering waste is easier and quicker for operators.

The landfill lids are made by an Australian owned and operated company with a lightweight design making them easy to manoeuvre, safe to use and easily fitted to our existing machinery. The lids can be used in all weather conditions.

## FUTURE OF CITY TO SOIL SECURED WITH NEW CONTRACT

May 2023 - Council negotiated a new eight-year contract with JR Richards for the collection of red-lidded garbage and green-lidded food organics and garden organics (FOGO) bins, ensuring the continuity of the current service to the community.

The contract commences in February 2024 with new vehicles fitted with the latest GPS tracking instrumentation and all-round CCTV cameras.

These features promote safety as well as contamination reduction of the FOGO bin so that Council can continue to produce and supply high quality compost to the community via our renowned City to Soil program.

## MAYOR FORMS REGIONAL GROUP TO RESPOND TO NEW ENGLAND RENEWABLE ENERGY ZONE

June 2023 - The State Government released documents related to the first phase of the New England Renewable Energy Zone (NE REZ), a state significant development where the Armidale Region will be targeted as a hotspot for energy development projects over the next 20 years.

Energy Corporation of NSW (EnergyCo) has released its preliminary study corridor for the New England Renewable Energy Zone (REZ). This first 'deliver now' phase anticipates 6GW of network capacity to be delivered by 2033 with the majority of the infrastructure in the southern part of the New England REZ around Walcha and Uralla with a smaller portion in the Armidale Region. Construction of transmission lines will begin in 2026 with energy flowing into the national grid in 2029 as individual energy generators come on line.

Mayor, Sam Coupland is the founding Chair of the Coalition of Renewable Energy Mayors (CoREM). Mayor Coupland has been working with other Councils to ensure that local needs are recognised and to help begin to shape each REZ to minimise downsides and leverage potential upsides.

## COUNCIL KICK STARTS RENEWABLE ENERGY ACTION PLAN (REAP)

June 2023 - Following Council's endorsement of a Renewable Energy Action Plan, at its meeting on 20 November 2022, Council took the next logical step towards embedding a renewable approach in its operations. A group of key staff participated in the Look-Up! and Renewable Energy Action Plan (REAP) Workshop held over two days facilitated by the Dattner Group. This was a big step forward in ARC's goal to reach net zero by 2030 and to place the reduction in energy consumption and other simple initiatives as general business for staff.

The REAP forms part of Council's commitment to Project Zero30, a collaboration with the University of New England and the community that seeks to achieve zero emissions by 2030 for the Armidale Regional.

Participants at the workshop gained insight into the issues faced by council and the community, and set out a plan to educate staff, change behaviours and implement emissions-friendly practices into the organisation.

## THE YEAR AHEAD 2023 - 2024

- Remediate offset areas related to the Armidale Gasworks site remediation
- Implement and report on Renewable Energy Action Plan initiatives including staff training
- Advocate to the NSW and Federal Governments for assistance to develop a clean air strategy and deliver an education program in the Armidale Region
- Advocate a local renewable energy deal in association with other neighbouring councils
- Develop community energy projects and negotiate funding opportunities with energy companies
- Implement Project Zero30 actions including developing a baseline carbon account that estimates emissions from all sectors of our region
- Undertake landfill remediation works at Guyra Landfill
- Purchase plant and equipment to treat and manage PFAS (per-and-poly-fluoroalkyl) levels in leachate
- Continue planning for Armidale Sewer Treatment Plant upgrade
- Complete the sewer relining program
- Finalise the Integrated Water Cycle Management Strategy to plan for future water service and infrastructure needs
- Finalise the purchase of Oaky Hydro Scheme (Oaky Dam)
- Undertake pre-construction works for Oaky River Dam, a pipeline from Oaky Dam to the Water Treatment Plant, and the raising of Malpas Dam wall
- Review of energy consumption within water and sewer operations to optimise usage and minimise costs

## LIVEABLE REGION

### PLACES AND SPACES

We will develop and maintain pristine places and spaces, and provide facilities to foster an active and healthy community

Goals:

- Public spaces and infrastructure that facilitate health, community connections and opportunities
- Proactive, responsible, and innovative regional planning that grows us sustainably

### COMMUNITY COLLABORATION BREEDS MOTHER OF DUCKS LAGOON STREET LIBRARY

August 2022 - A new street library has come to fruition at Guyra's popular camping grounds, Mother of Ducks Lagoon, thanks to a community collaboration project between Armidale Regional Libraries and Guyra Men's Shed Inc.

Funded by the Guyra Men's Shed, the street library offers a free book exchange service focused on sharing the joy of reading and building community.

The Mother of Ducks Lagoon camping grounds was identified as an ideal space for the street library, attracting book lovers in both the local community and travellers from afar.

Guyra Men's Shed members John Jackson, Peter King, Peter Brazier, David Mackay and Ronald Levan all contributed to the design, construction and installation of the street library.



*Pictured L-R: Peter Brazier, David Mackay, Narelle Levan (wife of Ronald), Armidale Regional Council Deputy Mayor Todd Redwood, John Jackson, Armidale Regional Council staff members Wendy Warner and Aimee Hutton, and Peter King.*

## DUMARESQ DAM RECREATION UPGRADE AWARDED TO LOCAL CONTRACTOR

December 2022 – Further upgrades to the Dumaresq Dam Recreation Area are underway following the awarding of the contract to local contractor JNC Group Indigenous Contractors Pty Ltd.

Funded by the Australian and NSW Government’s Bushfire Local Economic Recovery Fund, Stage One of the \$3.9 million development includes new contemporary amenities block, picnic shelters and BBQ facilities. A complete redesign of the recreation area will see a new entrance, paved internal roads, parking including long bay parking near the upgraded boat ramp and a camp site area. Paved paths surrounded by landscaping will lead to a new low beach wall along the dam foreshore and a new jetty that will allow easier access for recreational fishing and swimming in the dam.

Interpretive signage will also be installed in the conservation area around the popular walking track that circumnavigates the dam. The reserve is a critical linkage between core koala habitat to the west through to Mount Duval Nature Reserve to the north of the Dumaresq Dam reserve. The reserve will continue to be managed for the conservation of wildlife habitat in collaboration with Backtrack.

Construction commenced in February 2023. The whole site will be closed for public access throughout the duration of the construction works which is expected to take six months.



Dumaresq Dam Reserve Project Sod Turn

## COUNCIL TAKES THE REINS TO CONNECT WITH OUR VILLAGE COMMUNITIES

December 2022 - Santa’s reindeer visited schools in Ebor and Wollomombi, as part of a reindeer tour, organised as part of Council’s goal to connect more frequently with the village communities.

The villages of Ebor and Wollomombi have a very active local area committee and strong pride in their community. Council engaged in a number of opportunities to connect with village communities through the launch of the

Waterfall Way in Wollomombi and the reindeer tour. The reindeer visit also gave schools the opportunity to connect the children with a new experience and engage with Council.

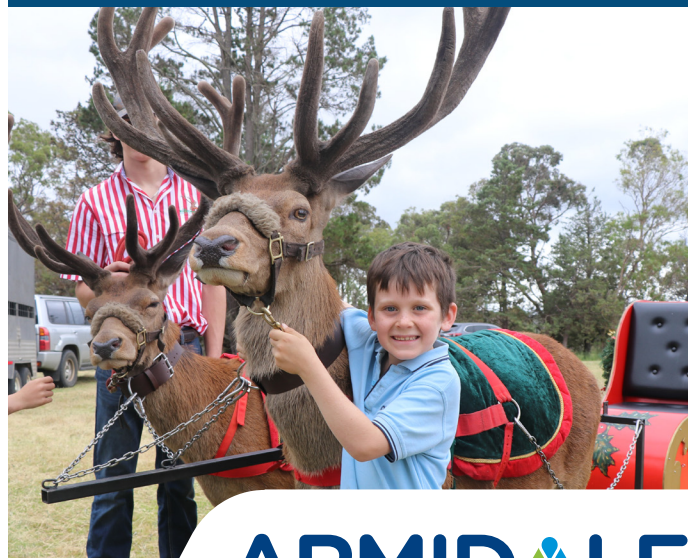
## NEW PERMANENT OFF-LEASH DOG PARK FOR GUYRA

May 2023 - Armidale Regional Council (ARC) has designed and implemented a new leash-free dog area in South Guyra Park. Council responded to the community about the need for a permanent leash-free area in Guyra, as more than 60 per cent of households have at least one dog and it will enhance liveability for the community.

The site has secure fencing around the area to ensure that dogs are kept within the approved area. Park benches and tables, dog waste stations and some dog play and stimulus equipment are also part of the development, assisting dog owners to enjoy the new facilities and keep them clean.

### THE YEAR AHEAD 2023-2024

- Prepare a Housing Strategy
- Review the Local Environmental Plan in response to zoning of land, additional permitted uses and amended development standards
- Prepare a 20-year planning vision for the region
- Prepare a masterplan for villages
- Stage 1 Creeklands Restoration Project – removal of weeds, improvements to infrastructure and facilities
- Install a fishing jetty at Dumaresq Dam
- Continue the Playgrounds Replacement Program
- Install Stage 2 of the Armidale Pedestrian and Bicycle Safety Solar Lighting initiative
- Guyra skate park upgrades including shelter, BBQs and picnic tables
- Repair and refurbish Albion Park Bridge
- Replace Armidale Sporting Precinct fencing



# ENRICHED REGION

## COMMUNITY AND CULTURE

We will improve the quality of life for our community and celebrate its culture and diversity

Goals:

- Access to the services and support that facilitate quality of life
- A proud, inclusive, and cohesive community that celebrates our region in all its diversity and culture

### DIGITAL MAKERS SPACE OPENED

November 2022 - An exciting free recording space has been launched at the Armidale War Memorial Library allowing creatives to hone their digital and audio skills and record their work without having to buy expensive equipment.

The Digital Makers Space can be used for a range of activities including the creation of audio, video and online material such as podcasts, oral interviews, photography, videography and graphic/animation/gaming design.

ARC Mayor, Cr Sam Coupland and General Manager, James Roncon, utilised the new space and equipment to produce and record their community podcast, Ramble on! The library upgrade project was funded through the Drought Communities Program.

### COUNCIL LIVING ITS VALUES WITH GIFT GIVING TO SENIORS

December 2022 - The 2022 Christmas season was the 20th year Armidale Regional Council (ARC) staff have given individual gifts to every person on the Uralla-Armidale and Guyra Meals on Wheels rounds, with 200 gifts being delivered in the week leading up to Christmas.

Council staff also supported the locally organised charity Santas for Seniors, by creating hampers for workers in the aged care facilities over Christmas.

This wonderful community spirit builds on the staff volunteers who also deliver Meals on Wheels to Sunnycove retirement village, every Thursday throughout the year. The money for the Meal on Wheels gifts is raised by the staff through weekly raffles and generous donations of food and gifts at the depots, libraries and main offices in Guyra and Armidale.

*Folk Museum Accessibility Funding*

### MODERN UPDATE FOR ARMIDALE FOLK MUSEUM

March 2023 - The Armidale Folk Museum secured a \$247,000 grant from the NSW Stronger Country Communities Fund to improve accessibility for people of all ages as well as making the 160-year-old building more contemporary.

The refurbishment will include disability access to the main entrance, construction of toilet facilities, a kitchenette, and designated storage and office workspaces. The plans include modernising the space to vibrancy and interaction. It is hoped that the refurbishment will assist the museum in attracting a broader audience and bringing the building and its collection into the 21st Century.



*Youth Week Morning tea, 2023*



## YOUTH WEEK IS A CHANCE TO 'CONNECT, PARTICIPATE AND CELEBRATE'

April 2023 - Armidale Regional Council hosted free activities in Armidale and Guyra for this year's Youth Week in April including making cupcakes, spring rolls, tote bags, attending a workshop to learn safe driving skills and a trip to the movies. Council offered a variety of activities to appeal to young people from a diverse range of backgrounds and facilitate them coming together in a safe space to have fun, build their skills and make friends.

Youth in the Armidale region were also invited to share their views with Council through a survey and in person at a morning tea with the Mayor and Councillors. Council was keen to hear their views on local issues, areas of concerns and increase its community awareness of young people and what's important to them. The survey results will assist Council to direct its efforts towards the interests of our regional youth.

Feedback from the survey included that Instagram is by far the most used social media platform. It also found that limited information and communication are hindering youth participation, and youth are keen to be consulted and want to contribute. Participants also expressed that they seek special interest workshops, music festivals, independent living skills and safe driving opportunities.

## AUTUMN FESTIVAL PARADE AND EVENT FAVOURITES RETURN

April 2023 - The beloved Autumn Festival returned to the region in 2023, including the street parade, Breakfast with the Band, the mass pipe bands in the mall and a return to entertainment and market stalls in Civic Park in the Armidale creeklands.

Thanks to feedback collected from the community last year and the reestablishment of the community-led Autumn Festival Committee the event returned to its heritage albeit on a smaller scale over a single day on Saturday 1 April.

Floats were featured by community, sport, school or business groups, who showed off their Armidale pride with a display of vibrant and energetic decorations, dancers and walking groups to bring the festival alive.

The 2023 Autumn Festival marks the 40th year of the Armidale City Band's popular 'Breakfast with the Band' major fundraising event. Affectionately known by the band as the 'Pancake Breakfast', it has grown from humble beginnings in 1982 to an Armidale Autumn Festival institution.

## NEW ENGLAND VOLUNTEER AWARDS

May 2023 - The New England Volunteer Awards for 2023 were presented in the Armidale Council Chambers by Deputy Mayor Todd Redwood and Councillor Susan McMichael, as part of National Volunteer Week. Council received 29 nominations for the awards – nearly twice as many as last year – with awards being won across seven categories:

**The New England Regional Adult Volunteer of the Year** - Winner: Satmak Dapar for his work with Global Care Foodbank.

**The New England Regional Senior Volunteer of the Year (65 years +)** - Winner: Michael Porter for his work with Armidale District Cricket Association.

**The New England Regional Volunteer Team** - Winner: Armidale Transport 2 Treatment Volunteers for its work with NSW Cancer Council.

**The New England Regional Club Volunteer of the Year** - Winner: UNE Outdoor Adventure Club Committee

**The New England Regional Volunteer Leader of the Year** - Winner: The Armidale Sanctuary Volunteer Coordinators Kerry Dunne and Astrid Knirsch for their work with Armidale Sanctuary Humanitarian Settlement.

**The New England Regional Not-for-Profit Voluntary Governance** - Winner: Juliet Kaberry for her work with Women's Shelter Armidale.

**The New England Regional Volunteer of the Year** - Winner: Margaret Waters for her work with Uniting Church - Alwyn Jones Community Award Committee



## NATIONAL SIMULTANEOUS STORYTIME A HIT!

May 2023 - Hundreds of local Guyra school children participated in the 2023 National Simultaneous Storytime event at the Guyra Library in 2023, with 150 local school students listening to special guest storyteller Councillor Deb O'Brien read 'The speedy sloth' by Rebecca Young.

This is a national event that is held annually where children right across Australia all get to listen to the same story being read at the exact same time. As part of the celebrations there was also a colouring in competition for local schools in Guyra and the presentation was held on the same day with Councillor O'Brien presenting the children with their prizes.



*National Simultaneous Storytime 2023*

## SCHOOL HOLIDAY PROGRAMS PROVIDE HOLIDAY FUN

Over the past year children in the Armidale Region have been kept well entertained with a range of school holiday programs and events through Armidale and Guyra Libraries.

Science related activities have been very popular and ARC enjoyed hosting UNE Discovery every school holidays this year with their repertoire including Creative Chemistry, Power of the Brain, Palaeontology Puzzles, Busybots and Think like a Rock.

Other activities on offer have included the ever-popular sand art, lego, movies, virtual reality and various craft sessions. The Felting Fairy also visited the libraries a number of times and the children enjoyed making their little 'creatures'. For those children that haven't been able to attend, the very popular 'take home bags' have been distributed have included both cooking and craft activities to do at home.



*School Holiday fun*

## THE YEAR AHEAD 2023 - 2024

- Draft and adopt a Reconciliation Action Plan
- Develop a Youth Advisory Committee
- Continue to implement the Disability Inclusion Action Plan
- Provide Local Area Committee Grants
- Implement a Child Safety Framework and Initiatives across Council
- Support homelessness actions arising from the Housing Strategy
- Deliver Youth Week activities
- Support Settlement Services International with migrant settlement initiatives
- Develop an Arts and Cultural Strategic Plan
- Refurbish the Armidale Folk Museum
- Implement a Volunteer Program at the libraries
- Finalise the business case and seek funding for a new Early Childcare and Learning Centre at Guyra
- Implement a swimming pool compliance program
- Deliver free microchipping and Companion Animal information days

# STRONG REGION

## Engagement and Responsibility

We will be a productive, transparent and strong community always putting the needs of our community first  
Goals:

- An informed and actively engaged community, that builds partnerships and shapes its future
- Strong governance and leadership that supports our region to grow and prosper

### COUNCIL OPENS ITS DOORS TO THE COMMUNITY

August 2022 - As part of Local Government Week, Council ran free tours of Council facilities and offered an opportunity for the community to learn about Local Government services. The tours included waste, water and waste-water facilities in Armidale and Guyra. An open day at the Animal Companion Shelter and a morning tea at the Armidale Civic Administration Building were also part of the celebration.

The tours are an interactive way to show the wide portfolio of services that Council delivers to our community and these tours provide community members greater understanding, beyond what meets the eye.

The open day at the Animal Companion Shelter was a highlight, giving community members insight into the level of care required for animals in need of a safe and loving home. A barbeque was provided on the day and attendees could play with animals, learn how to become a volunteer or adopt a pet.

A morning tea at the Armidale Civic Administration Building was also a success, where community members could meet and chat to Councillors, the General Manager and staff members, and have a guided tour of the facility.

### PARTNERSHIP GROWS BETWEEN COUNCIL AND BACKTRACK

October 2022 - As a long-term supporter of BackTrack Youth Works, Council has negotiated a new lease and building improvements for the old Grafton Road council depot, leased to Backtrack since 2007.

Council was approached by BackTrack in early 2021 to develop a revised lease term seeking longevity on the site or the option to purchase. Since 2007, BackTrack have improved the site and maintained the facility to an extremely high standard and has recently received Council approval for an additional investment in

infrastructure made possible through the support of government and philanthropic grants.

BackTrack has supported more than 1,000 young people to stay alive, out of jail and chase their hopes and dreams over the past 15 years. Council's current Community Leasing Policy ranked BackTrack highly and recommended a 75 percent discount on the commercial lease rate.

### MAYOR JOINS EXECUTIVE TEAM OF COUNTRY MAYORS ASSOCIATION OF NSW

November 2022 - In his first year as an elected representative of Armidale Regional Council Mayor Sam Coupland has been elected to the executive team of the Country Mayors Association of NSW (CMA) along with eight other country mayors.

The Country Mayors Association of NSW has a long and important history of lobbying on behalf of rural residents to all levels of government on issues impacting regional communities. The CMA members represent about the 37% of the state population that require a collective voice to speak on their behalf.

The CMA agreed in principle on a list of State Election priorities including action in the areas of skills and education, health, roads and transport, water security, housing, law and order, telecommunications black spot coverage and disaster preparedness and funding.



## KEYS TO THE CITY AWARDED TO TONY DEAKIN

May 2023 - Mr Antony 'Tony' Deakin OAM, former mayor and architect, was granted the City's highest honour of the Keys to the City by Armidale Regional Council, at a special ceremony held in the Armidale Mall.

The Keys to the City is a symbolic presentation to represent the highest offer a city can confer on an individual or organisation and it recognises outstanding achievement in the area of sport, community or humanitarian work by a resident of our local government area. The award by Council pays tribute to Tony for his contributions to the community life of Armidale as well as to its architectural form and appearance.

Tony has designed so many of our region's buildings and public spaces, including the Armidale Lookout, Hanna's Arcade, NERAM, the Michael Hoskins Theatre at TAS, The Armidale Mall and The Aboriginal Cultural Centre and Keeping Place



Photo: Left to Right – Deputy Mayor Cr Todd Redwood, Adam Marshall MP, Mayor Sam Coupland, Barnaby Joyce MP, Mr Tony Deakin, Mrs Barbara Deakin, Mr James Deakin (Tony and Barbara's son), Mr Graham Wilson (local historian) and Mr Michael McPhillips (former colleague of Tony's).

## IPART APPROVES SPECIAL RATE VARIATION FOR ARC

May 2023 - The Independent Pricing and Regulatory Tribunal (IPART) approved a 58.8 percent special rate variation (SRV) to general income residential, farmland, business or mining land rates in the Armidale Region over three years. Armidale Regional Council was one of 17 NSW councils to be approved in full or partly approved a special variation, an indication of the difficult financial position of many councils across the state and the insufficiency of the current rate peg system.

Council's application followed 9 months of community engagement to explain the application and receive community feedback. The revenue from the SRV will allow Council to address the systemic revenue problems that have plagued it for decades in the past, and will largely be injected into maintaining Council's ageing assets.

The special variation will be implemented from the 2023-24 Financial Year in the first rates instalment that will be distributed in July 2023. It will be staged over three years with 16.67 percent in 2023-24; 16.67 percent in 2024-25 and 16.66 percent in 2025-26.

## GARDEN MAKEOVER FOR GUYRA CIVIC PRECINCT

June 2023 - The gardens of the Guyra Civic Administration Building will receive a fresh makeover thanks to a project initiated by the Guyra and Community Progress Association (GCPA) to improve the beautification of Bradley Street.

Council's parks team is collaborating with the GCPA to extend the gardens and upgrade some of the landscaping. Members of the GCPA have assisted the parks team on a landscaping theme that will thrive in the Guyra climate.

Those Guyra residents who have fond memories of the existing roses leading into the building will be offered the roses for transplanting into their own gardens.

## THE YEAR AHEAD 2023-2024

- Implement a Project Management Framework across the organisation
- Implement the Customer Service Promise for staff and customers
- Adopt a Customer Service Strategy to drive future improvements
- Review and improve booking systems across Council
- Implement a new cemetery management system
- Conduct a Community Satisfaction Survey
- Undertake a Climate Risk Assessment to assess the impact of the climate on Council's operations
- Complete Service Reviews for two areas of Council to find efficiencies and improve productivity
- Make improvements to Council's Information Services systems including implementing Office365, reviewing records systems, implementing TechnologyOne cloud solution and customer service software.
- Develop a Cyber Security Strategy
- Review Council's property portfolio for divestment or development opportunities







**PART 2:  
2022-2023  
STATUTORY  
INFORMATION**

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# 1. ACHIEVEMENTS - COUNCIL'S COMMUNITY PLAN / DELIVERY PROGRAM / OPERATIONAL PLAN

## **Advancing our Region Community Plan 2022-2032 Achievements**

Highlights of Council's progress in achieving the goals of the Community Plan are outlined in the *Annual Report Part 1 – Community Report Card*.

### **Delivery Program and Operational Plan**

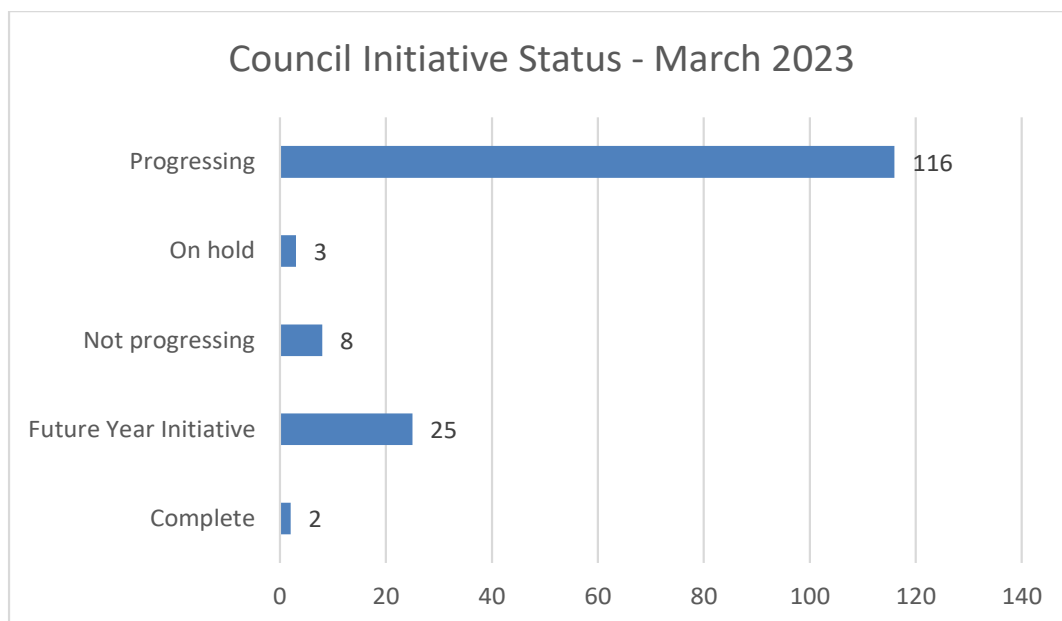
Armidale Regional Council's *Delivery Program 2022-2026* and *Operational Plan 2022-2023* documents were adopted by Council in June 2022.

The Delivery Program outlines the commitment of the Council to work towards the goals of the Community Plan by setting council initiatives to undertake through the course of its elected term.

The Operational Plan is an annual plan which sets out the programs, projects and services that Council will deliver in order to achieve its Delivery Program and, ultimately, the Community Plan.

Each of Council's business areas complete regular progress reports, based on a six-month timeframe, of the strategic and operational tasks and key performance indicators adopted in the *Operational Plan 2022-2023*.

As at March 2023 (year-one of the four-year plan), Council reported the following progress on the *Delivery Program 2022-2026*:



#### **Council Initiatives Completed – March 2023**

F2.5.4 - Investigate options and funding for the replacement of the Armidale Sewer Plant

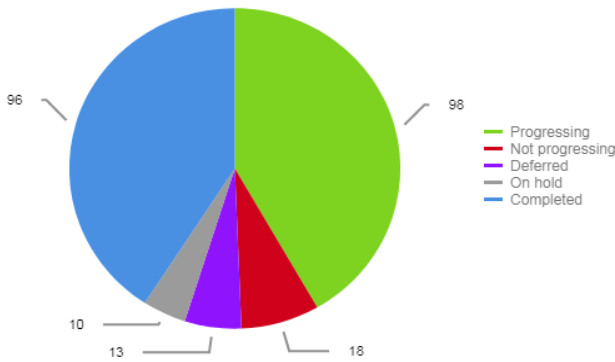
S1.2.2 - Work across the region's neighbouring LGAs with the New England Joint Organisation to advocate for broader regional priorities.

A full report on the progress of each Delivery Program council initiative is available on Council's website: <https://www.armidaleregional.nsw.gov.au/council/council-governance/integrated-planning-and-reporting-ip-r>

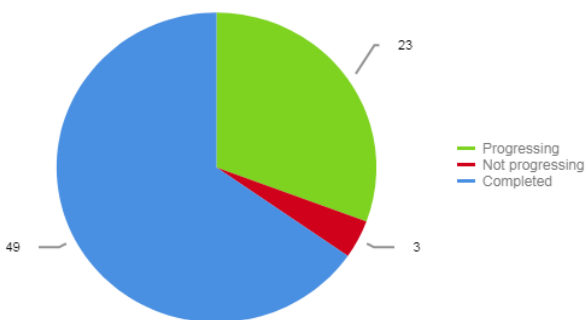
## Operational Plan Actions – June 2023

As at June 2023, Council reported the following progress on the *Operational Plan 2022-2023*. Any 'Progressing' projects were rolled over to be completed during 2023-2024, with many completed in the first few months of the 2023-2024 Financial Year.

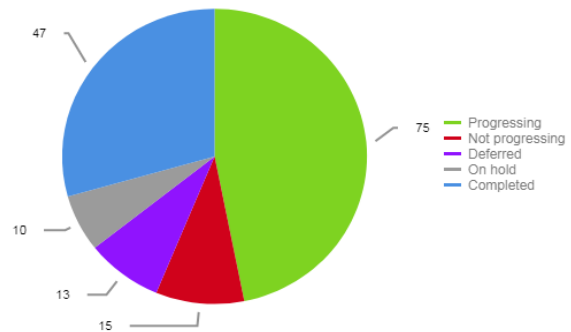
### Overall status



### Operations



### Projects and Programs



Many of the projects completed are outlined in *Part 1 – Community Report Card* of this *Annual Report 2022-2023*.

## 2. COUNCIL'S PROGRESS ON SERVICE REVIEWS

### In accordance with *Local Government Act s 428(3)* & *Essential Element 5.3 – IP&R Guidelines*

Council engaged consultants, Morrison Low to conduct Service Planning across 26 departments of Council in 2022-2023. Morrison Low completed their work on the Service Planning Program in July 2023. The Service Planning process is a key step towards assessing services and gathering the key data required to complete Service Reviews.

As part of the Service Planning program, a prioritisation tool was provided to the Executive Leadership Team outlining the departments that were established as high priority to be reviewed as part of the Service Review Program. This program will review at least two services each year, in line with the new Integrated Planning and Reporting requirements. The Executive Leadership Team reviewed the Service Plans and determined that the first two services to be reviewed in 2023-24 would be Plant, Fleet and Depots, and Community Services.

### 3. IP&R GUIDELINES ADHERENCE

#### **In accordance with Local Government Act s 428(4)(b)**

Council has met all requirements of Section 428(4)(b) of the *Local Government Act 1993*.

### 4. AUDITED FINANCIAL STATEMENTS

The audited financial statements are required to be included as part of the Annual Report and are included in *Part C*.

### 5. ANTI-SLAVERY RESPONSE

#### **In accordance with Local Government Act s 428(4)(c)**

In compliance with the *Local Government Act 1993 s428 (4)(c)*, Armidale Regional Council has not encountered any issues necessitating action by the Anti-Slavery Commission.

### 6. PROCUREMENT PRACTICES AND MODERN SLAVERY

#### **In accordance with Local Government Act s 428(4)(d)**

In compliance with the *Local Government Act 1993 s428 (4)(c)*, Armidale Regional Council has taken appropriate steps to ensure that goods and services procured by and for the Council during the year were not the product of modern slavery within the meaning of the *Modern Slavery Act 2018*, including:

- An internal ARC awareness campaign related to the commencement of the Modern Slavery Act 2018 (NSW), including an all-staff bulletin.
- Improvement in Council's procurement systems, including contract management, and ensuring that compliance with procurement requirements is being adequately achieved across the organisation through monitoring, training and development.
- Council's tender documentation of choice, being *NSW GC 21 Templates*, has inclusions that require the tenderer to state Modern Slavery Requirements in their questionnaires.
- Preparation of a revised policy document to be presented to Council on 22 November 2023, titled 'Draft Sustainable Procurement and Contracts Policy', which includes the following statement:

*"Council will take reasonable steps to ensure that goods and services procured by and for the Council are not the product of modern slavery within the meaning of the Modern Slavery Act 2018. This will mean a Schedule for attention by Tenderers in key procurement projects for due diligence and evaluation purposes."*

## 7. ENVIRONMENTAL UPGRADE AGREEMENTS

### In accordance with any requirements imposed under s54P

Council has no environmental upgrade agreements under Part 2A of the *Local Government Act 1993*.

## 8. SPECIAL VARIATION OF RATING INCOME

Council's requirement to report on the previous Special Rate Variation has been satisfied. The next Annual Report will include information on the 2023-2024 Special Rate Variation, approved by the Independent Pricing and Regulatory Tribunal in May 2023 and implemented from 1 July 2023.

## 9. RATES AND CHARGES WRITTEN OFF

### *Local Government (General) Regulation 2005 (Reg), cl 132*

Category	Amount \$
Rates abandoned (postponed)	\$13,505
Interest abandoned (postponed)	\$5,869
Mandatory pension rebate	\$628,574
Voluntary pension rebate (*)	\$107,607
Total	\$755,555

\* Council has a Pensioner Concession Policy which provides an additional concession of up to \$25 in General Rates, up to \$25 in Water Rates and up to \$25 in Sewerage Rates.

## 10. COUNCILLOR TRAINING AND PROFESSIONAL DEVELOPMENT

### *Local Government (General) Regulation 2005 Reg cl 186*

Councillors undertook the following training and professional development in 2022-2023:

- Local Government NSW Annual Conference attended by Councillors Coupland, O'Connor and Redwood – from 23 to 25 October 2023. Australia Local Government Association Yearly Conference attended by Councillors Coupland, Gaddes and O'Brien – from 13 to 16 June 2023.
- Councillor Workshops – Fees & Charges and Revenue Policy, Draft Budget and Capital Program, Local Strategic Planning Statement, Local Housing Strategy, and LG Financials for Councillors.
- Six Councillor Key Topics Workshops delivered by Council staff outlining operations.
- Councillor Tours – Community Support Hub and Metz Solar Farm.
- Monthly Councillor Roundtable Team Building Workshops.



## 11. OVERSEAS TRAVELS

### Overseas visits by Councillors, Council Staff and other Council Representatives Clause 217(1)(a1) of the *Local Government (General) Regulation 2021*

No overseas travel was undertaken during the 2022-2023 year by Councillors, staff or Council representatives.

## 12. MAYOR AND COUNCILLOR EXPENSES

### *Local Government (General) Regulation 2021 Clause 217(1)(a1)*

The Mayor and Councillors are paid an annual fee that is within the limit set by the Local Government Remuneration Tribunal.

	Total \$
Mayoral Allowance	62,510
Councillor Allowance	278,410
Totals	340,920

All the Councillors are paid for expenses incurred in discharging their functions and responsibilities to the Armidale regional community in accordance with the Councillor Expenses and Facilities Policy readopted on 23 March 2022. The policy is accessible from Council's website.

The policy enables the reasonable and appropriate reimbursement of expenses and provision of facilities to Councillors to help them undertake their civic duties. It ensures accountability and transparency, and seeks to align Councillor expenses and facilities with community expectations. Councillors must not obtain private or political benefit from any expense or facility provided under the policy.

The policy has been prepared in accordance with the Local Government Act 1993 and Local Government (General) Regulation 2005, and complies with the Office of Local Government's Guidelines for the payment of expenses and provision of facilities to Mayors and Councillors in NSW.

The policy sets out the maximum amounts Council will pay for specific expenses and facilities. Expenses not explicitly addressed in this policy will not be paid or reimbursed.

Expense or Facility	Amount \$
Provision of dedicated office equipment allocated to Councillors, telephone calls made by Councillors, other member expenses, subscriptions and publications	210
Training of Councillors and provision of skill development	19,466
Attendance of Councillors at conferences and seminars, interstate visits by Councillors, including transport, accommodation and other out-of-pocket travelling expenses	12,888
Overseas visits by Councillors, including transport, accommodation and other out-of-pocket travelling expenses	0
Expenses of any spouse, partner or other person who accompanied a Councillor in the performance of his or her civic functions, being expenses payable in accordance with the Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors	0

Expenses involved in the provision of care for a child of, or an immediate family member of a Councillor	0
Vehicle provision (Office of Mayor)	12,264
Donations and Contributions	0
<b>Total amount of money expended on the provision of Councillor facilities and the payment of Councillor expenses</b>	<b>44,828</b>

## 13. CONTRACTS AWARDED GREATER THAN \$150,000

In accordance with the *Local Government (General) Regulation 2005 Clause 217(1)(a2)*

Contractor	Description	Contract \$
Brycon Civil Pty Ltd	Table drain and shoulder grading program 2022-23 and 2023-24	\$2,189,000.00
Western Safety Barriers	Waterfall Way guard rail installation and repair	Schedule of Rates Est: \$500,000
Bedrule T/A Tobco	Construction of Baker's Bridge, Laura's Bridge and Booralong Bridge	\$7,437,668.00
Davis Earthmoving & Quarrying	Crushing and screening of concrete, brick and tile at Long Swamp Road Landfill to 30 Jun 2025 (including 2-year extension)	Schedule of Rates Est. \$151,000
Stabilcorp Pty Ltd	ARC Heavy Patching Program 2022-2025 – secondary contractor	\$752,397.80
Spel Environmental Pty Ltd	CDS GPT Unit for Galloway St stormwater outlet in Black Gully	\$152,702.00
Watchout Training and Traffic Control	Services – Appledale to Scots Burn Project	\$902,110.88
Bellwether Consulting Services	Professional services consultancy for Armidale Kempsey Armidale Road Restoration Project (4 years).	Est: \$1,500,000 annually
Pojence Pty Ltd	Contracted staff	
R B Ausling & Associates P/L	Contracted staff	
Stabilcorp Pty Limited	Heavy patching - Waterfall Way 2022-2023	\$180,413.37
JNC Indigenous Contractors P/L	Construction of Williams Road culvert	\$205,000.00
Yoku Solutions	Document Control System for Kempsey Road	\$163,350.00
GeoLink Consulting Pty Ltd	Kempsey Armidale Road Restoration Project - REF works for the Main Project Variation to Contract	\$231,550.35
Brycon Civil Pty Ltd	Table drain and shoulder grading program 2022/23 and 2023/24	\$2,189,000.00
JNC Indigenous Group	Public Works Advisory - Dumaresq Dam Ecotourism Development	\$2,938,020.00
Boral Resources	Provision of bulk materials – 1 year extension option to 31 Oct 2023	Schedule of Rates \$2,000,000.00 annually estimated
Ducats Earthmoving		
HQG Pty Ltd		
Karmitch – T/A Terry Rhodes		
Earthmoving		
Metz Quarry T/A Rusty's Covil		

Contractor	Description	Contract \$
Sheridan Quarries		
Macroplan Holdings	Local Housing Strategy & Local Strategic Planning Statement - \$110,000.00 each	\$220,000.00
Shell Energy	Supply of electricity large Building and Facilities, Unmetered Street Lighting LGP participation	Schedule of Rates, Est \$2,000.000 annually
Fulton Hogan	Supply and delivery of Bitumen Emulsion - Armidale - 1 January 2023 - 31 December 2025 (includes 1 year extension)	Schedule of Rates, Est \$500,000 annually
Mike Trace Engineering	Supply/Trade-In Disposal - truck mount road sweeper	\$302,500.00
Wideland Trucks & Machinery	Supply/Trade-In Disposal - prime mover	\$179,287.29
Westrac Pty Ltd	Supply/Trade-In Disposal - prime mover	\$336,622.96
Komatsu Australia	Supply - wheel loader	\$357,500.00
Roadworks Industries Pty Ltd	ARC Heavy Patching Program 2022-2025	\$824,548.45
GHD Pty Ltd	Extension of engagement of GHD Pty Ltd - provision of engineering and geotechnical services for Kempsey Armidale Road Restoration Project	\$2,008,600 (upper limit)
Grant Lacey Family Trust	Supply of landfill lids, transport and onsite installations, training (incl. travel, accommodation, materials)	\$228,800.00
Hunter H2O	Provision of water and sewerage consulting services	Estimated \$500,000.00 per annum
New England Solar Power	Supply and installation of solar power at Armidale Regional Landfill	275,050.01
Seymour Whyte Constructions	Kempsey Armidale Road Restoration Project Early Contractor Involvement/Collaborative Design and Construct Contract	\$3,216,827.90
Simpsons Earthmoving	Armidale Regional Council Quarries raw gravel production (10 months) – extended to 30 June 2024	\$200,000.00
FMP Consulting Pty Ltd	Project Director Services for Kempsey Armidale Road Restoration Project	\$581,540.00
OS Trees	Waterfall Way Appledale Project - clearing and grubbing contract	\$247,561.00
EnviroPacific Services	Armidale Waste Management Facility leachate removal for 8 months	\$259,036.62
Dattner Group Pty Ltd	Continuation consultancy - Back to Basics – Phase 3 Consultancy – ‘Restore & Thrive’ Strategy	\$264,000.00
Shell Energy	ARC Small Site Electricity Agreement to 30 June 2025	\$500,000.00 (Est)
BMR Quarries	ARC gravel crushing in Guyra NSW – Yeomans Pit	\$264,651.20

## 14. LEGAL PROCEEDINGS

### ***In accordance with the Local Government (General) Regulation 2005 Clause 217(1)(a3)***

Summary of the amounts incurred by the council in relation to legal proceedings:

<b>Legal Expenses</b>	<b>\$</b>
Planning development and advice matters including Land & Environment Court Proceedings (LTL)	\$248,671.14
Property matters including acquisitions and disposals, access and leases	\$62,387.89
General advice	\$67,243.57
Code of Conduct matters	\$7,000.00
Kempsey Armidale Road Restoration Project	\$164,389.06
Planning development and advice matters including Land & Environment Court Proceedings (LTL)	\$248,671.14

## 15. RESOLUTIONS CONCERNING WORK CARRIED OUT ON PRIVATE LAND

### ***In accordance with the Local Government (General) Regulation Clause 217(1)(a4)***

Council did not resolve to undertake any Private Works during the period 2022-2023.

## 16. FINANCIAL ASSISTANCE GRANTS AND CONTRIBUTIONS

Total amount granted under section 356 in accordance with the *Local Government (General) Regulation Clause 217(1)(a5)* was \$7,492,495

## 17. STATEMENT OF ALL EXTERNAL BODIES THAT EXERCISED FUNCTIONS DELEGATED BY COUNCIL

### ***In accordance with the Local Government (General) Regulation Clause 217(1)(a8)***

No external bodies exercised functions delegated by Council.

## 18. STATEMENT OF ALL ENTITIES IN WHICH COUNCIL HELD A CONTROLLING INTEREST

### ***In accordance with the Local Government (General) Regulation Clause 217(1)(a8)***

**Statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies in which council held a controlling interest.**

Council held no controlling interest in any entity for the twelve-month period ended 30 June 2023.

## 19. STATEMENT OF ALL ENTITIES IN WHICH THE COUNCIL PARTICIPATED DURING THE YEAR

**Statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies (whether or no incorporated) in which the council participated during the year.**

Council participated in the following entities during the year:

Arts North West  
Australian Airports Association  
Bushfire Management Committee  
Country Mayors Association  
Mid North Weight of Loads Group  
New England District Emergency Management Committee (DEMC)  
New England Group of Councils (NEGOC)  
New England Joint Organisation (NEJO)  
New England Conservatorium of Music (NECOM)  
New England Regional Art Museum (NERAM)  
New England Weeds Authority  
New South Wales Inland Forum  
New South Wales Public Libraries Association  
Northern Inland Regional Waste Group (NIRW)  
Northern Region Joint Regional Planning Panel  
StateCover  
Statewide Mutual

For further financial details on Controlled Entities, Associated Entities and Interests in Joint Ventures, refer to Note D2 of the Armidale Regional Council General Purpose Financial Report 2023.

## 20. STATEMENT OF ACTIVITIES TO IMPLEMENT ITS EEO MANAGEMENT PLAN

***In accordance with the Local Government (General) Regulation Clause 217(1)(a9)***

Armidale Regional Council remains dedicated to fulfilling its statutory requirements in accordance with the *Local Government Act 1993* (NSW), including the ongoing refinement of its Equal Employment Opportunity (EEO) Management Plan. Our unwavering commitment is to foster a workplace culture that wholeheartedly embraces and upholds inclusive principles regarding diversity and EEO.

In the reporting period, we successfully implemented a range of EEO and diversity management initiatives, which are as follows:

- Commencement of a Defence Force Veterans Employment Program: Council launched a program to help defence force veterans transition into civilian employment.
- Girls in Civil Program - Opening up Career Opportunities for Young Women: the "Girls in Civil" program aimed to inspire young women to pursue civil construction careers through mentorship, networking, and awareness campaigns.
- Support for Construction on Country Program: Armidale Regional Council provided support and resources for the "Construction on Country" program, collaborating with local aboriginal women in the community to provide pathways to employment at Council.

- Delivery of Cultural Awareness Training and Mental Health First Aid: employees received comprehensive cultural awareness and Mental Health First Aid training to promote cultural understanding, respect, and a stigma-free environment for mental health discussions.
- Development Pathway Plan and Structured Training Approach: Council continued to provide professional training opportunities, in both leadership and professional technical development.

## 21. GENERAL MANAGER REMUNERATION

### In accordance with the *Local Government (General) Regulation 2005 Clause 217(1)(b)*

The total remuneration comprised in the remuneration package of the position of Chief Executive Officer/General Manager during the year was:

General Manager Remuneration	Total 2022-23
General Manager	377,178
<b>Total</b>	<b>377,178</b>

## 22. SENIOR STAFF REMUNERATION

### In accordance with the *Local Government (General) Regulation 2005 Clause 217(1)(b)*

The total remuneration package for Council's senior staff for the year (excluding the General Manager position) is broken down in the following components:

Senior Staff Remuneration	Total 2022-23 \$
Salaries	729,000.00
Termination Benefits	127,452.52
Superannuation	68,358.56
Non-cash Benefits	15,848.00
<b>Total</b>	<b>940,659.08</b>

## 23. TOTAL NUMBER OF EMPLOYED PERSONS

	Headcount
Persons employed by the council on a permanent full-time, permanent part-time or casual basis or under a fixed-term contract	347
Persons employed by the council as senior staff members	4
Persons engaged by the council, under a contract or other arrangement with the person's employer, wholly or principally for the labour of the person	28
Persons supplied to the council, under a contract or other arrangement with the person's employer, as an apprentice or trainee	3

## 24. STATEMENT OF STORMWATER MANAGEMENT SERVICES

In accordance with the *Local Government (General) Regulation 2005 Clause 217(1)(e)*

The Council stormwater management services provided during the reporting period included:

<b>Stormwater Management Services</b>	<b>Total 2022-23 \$</b>
Maintenance and repair of stormwater pipes, pits, and culverts	145,000
Scheduled cleaning of gross pollutant traps, gullies, and drains	405,000
Kerb & gutter renewal	395,000
When required, reactive response to localised flooding	6,000
K&G & stormwater survey investigation and design	62,000
<b>Total</b>	<b>1,013,000</b>

## 25. STATEMENT OF COASTAL PROTECTION SERVICES

In accordance with the *Local Government (General) Regulation 2005 Clause 217(1)(e1)*

Council did not levy services for the provision of coastal protection services, under Section 496B (1) of the *Local Government Act 1993*, during 2022-2023.

## 26. COMPANION ANIMALS ACT 1998

In accordance with the provisions of the *Companion Animals Act 1988 (CA Act)* and the *Companion Animal Regulation 2018*

1. Council has lodged the required report of impounding activities with the Office of Local Government.
2. Over the 2022-2023 Financial Year, Council Rangers received a total 56 reports of alleged dog attacks which involved 78 attacking dogs. The majority of these alleged attacks have occurred on animals both domestic and livestock, with 22 livestock animals and 32 domestic animals (dogs, cats, rabbits etc) allegedly attacked which resulted in 19 deaths. Additionally, there were 33 human victims with two (2) of those requiring a hospital visit as a result.
3. Council has spent a total of \$727,336 on Companion Animal management and activities during the Financial Year.
4. Council conducts education programs through its Companion Animal Shelter. Additionally, Council works closely with the local vet clinics and the local branches of the Animal Welfare League (AWL) and the RSPCA to assist the community in obtaining discounted desexing for companion animals. During the 2022-2023 Financial Year, Council undertook three (3) free microchipping days which were held in both Armidale and Guyra. These days, whilst targeting the lower socioeconomic community, allowed all pet owners the opportunity to have their animals microchipped free of charge. In addition, these days allowed Council to bring the message of responsible companion animal ownership to the fore. Local veterinary practitioners were also in attendance offering free vaccinations and advise on all areas of pet care.
5. Additionally, Council continues to work closely with the community to minimise the effects of feral cat populations within the residential areas of the LGA through education around responsible cat ownership and targeted feral cat trapping programs.

6. Council offers for sale all suitable unclaimed/surrendered companion animals from its Companion Animal Shelter. These animals are advertised on Council's Facebook page and through other electronic media outlets. Additionally, word-of-mouth through Council's volunteer program network. All animals sold are desexed, microchipped, lifetime registered, vet checked, wormed and vaccinated. Council also works very closely with several locally based animal welfare organisation including AWL and RSPCA. Other welfare organisations that hold Section 88(B) exemptions are also utilised in rehousing activities to promote alternatives to the euthanasia of unclaimed animals. Council is very proud of the fact it has one of the highest re-housing rates for Companion Animals in rural New South Wales and is continually striving to ensure this remains the case.
7. Council now provides and maintains six (6) leash-free dog exercise areas within the Armidale Regional Council area. This is due to the newly finished Leash-free dog park located at South Guyra Park, South Guyra. Council will continue to investigate the need for additional leash-free areas throughout the Local Government Area over the next 12 months.

## 27. CAPITAL WORKS PROJECTS

The 2022-2023 Capital Program was developed by identifying critical works, projects that are pre existing commitments, grant dependent projects and a level of asset renewal expenditure that is consistent with Council's Special Rate Variation modelling. Using this criteria, Council produced a 2022-2023 capital program budget totalling \$98 million as follows:

Description	Budget	Grant Funding	Externally Restricted Funding	Council/Internally Restricted Funding
General Fund	\$84,245,091	\$72,512,094	\$50,000	\$11,682,997
Water Fund	\$12,125,790	\$4,887,895	\$7,237,895	\$-
Sewerage Fund	\$1,550,000	\$-	\$1,550,000	\$-
<b>Consolidated Result</b>	<b>\$97,920,881</b>	<b>\$77,399,989</b>	<b>\$8,837,895</b>	<b>\$11,682,997</b>

This was unusually high due to the inclusion of significant grant funded projects on **Kempsey Armidale Road Restoration Project totaling \$63 million**. Kempsey Road has been impacted by a range of natural disaster events and is currently under a natural disaster declaration with restoration works being funded by Transport NSW and project managed by Council (see page 28 for further details).

Excluding Kempsey Road projects, Council delivered \$26.6 million of expenditure against a \$34 million Capital Program budgeted in 2022-2023. All Capital Projects were included in the *Operational Plan 2022-2023* and reported to the community accordingly.

Major projects in 2022-2023 included:

- Puddledock Pipeline Replacement - \$11 million (see page 32)
- Negotiated purchase of Oaky River Dam for Water Security - \$4.3 million – (see page 32)
- Kempsey Armidale Road Restoration Project - \$222,494,431 million funding received (see page 28)
- Moredun Road rehabilitation - \$2.7 million (see page 30)

Further information about the projects is available in *Part 1 – Community Report Card of the Annual Report 2022-2023*.



## 28. CARERS RECOGNITION ACT 2010 COMPLIANCE

### **In accordance with *Carers Recognition Act 2010 (CR Act), s 8(2)***

Armidale Regional Council is fully committed to meeting the requirements of the *Carers Recognition Act 2010*, ensuring that the rights and needs of carers are well-recognised and supported within our organisation. Here's how it is fulfilling these requirements:

**Flexible Working Arrangements Policy:** Council's Flexible Working Arrangements Policy is designed to provide employees with the flexibility they need to manage their work responsibilities alongside their caregiving obligations. This policy allows staff to explore and request flexible work schedules and arrangements to better balance their daily work and family commitments.

**Access to Carer's Leave:** Council acknowledges the importance of carer's leave and make it available to all our staff. This means that employees who are responsible for caring for a family member or loved one have the option to take the necessary leave to fulfill their caregiving duties without any undue hardship.

**Employee Assistance Program (EAP):** Council's Employee Assistance Program is an integral part of our support system. It is readily accessible to all staff members, ensuring that they have a confidential and supportive resource to address personal, work-related, and caregiving challenges. Council actively encourage our employees to use this program, which provides a safe and private space to seek assistance and guidance for a wide range of issues.

Armidale Regional Council is committed to fostering an inclusive and supportive work environment that recognises the needs of carers among our staff. We continuously work to align our policies and practices with the Carers Recognition Act, promoting a workplace culture that respects and accommodates the responsibilities of our employees who are also caregivers.

## 29. DISABILITY INCLUSION PLAN

### **In accordance with the *Disability Inclusion Act 2014, s 13(1)***

The induction process for all new employees at Armidale Regional Council is under review for inclusion of information regarding disability awareness. This will see increased knowledge and understanding around disability awareness for both staff and community members.

'Adopt a Disability Day' is underway for completion in December 2023. This involves Council staff and elected members participating in day-to-day activities while navigating various challenges living with disabilities can present. December 2023 will also see the 'Access Awards' presented to local businesses providing a high level of accessibility to those in the community with access challenges.

The successful continuation of the Access Advisory Committee has allowed feedback and advice on many Council community projects and initiatives. For example, the Active Transport Strategy has completed its community consultation with members of the Access Advisory Committee playing a key role in the process through the provision of feedback and recommendations. The intent of this strategy is to be Inclusive of all active transport users - the plan considers the specific needs of a range of groups, including older people, pedestrians with mobility and vision impairments, and families with prams/strollers.

Armidale Regional Council has undertaken an overhaul of its volunteering program to create more volunteer opportunities and to make these opportunities accessible to a wider cross section of the community. This has worked alongside upgrades to venues such as Nicolli House and to staff office entrances, which make workspaces more accessible for those with disabilities.

ARC's website has begun its upgrade. This will include more easily accessible access to people with vision impairments or other literacy support needs.

## 30. PLANNING AGREEMENT COMPLIANCE

### ***Environmental Planning & Assessment Act 1979, section 7.5(5)***

Armidale Regional Council has not entered into a planning agreement in the last financial year.

## 31. DEVELOPMENT CONTRIBUTIONS PROJECTS

### ***Environment Planning and Assessment Regulation 2021(EPA Reg) cl 218A(1)***

### ***Environment Planning and Assessment Regulation 2021 EPA Reg 218A***

### ***(2)(a),(b),(c),(d),(e),(f),(g)***

Expenditure has been allocated at an amount of \$295,000 towards the upgrade of the car park at the Armidale Sportsground. This allocation of funds has not yet been spent.

The project relates to the capital investment in the upgrading of a car park on a public reserve for the benefit of the public amenity. The amount of monetary contributions allocated is \$295,000 with 50% of the project cost to be funded by the contributions. There is no amount that has been temporarily expended from another purpose. The value of the land and material public benefit is not applicable in this instance.

## 32. TOTAL DEVELOPMENT CONTRIBUTIONS

### ***EPA Reg 218A(3)(a), (b)***

The total value of all contributions and levies received during the year is \$679,159.

The total value of all contributions and levies expended during the year is \$295,000

## 33. RECOVERY AND THREAT ABATEMENT PLANS

### ***Fisheries Management Act 1994, section 220ZT (2)***

Council has no recovery or threat abatement plans.

## 34. SWIMMING POOL INSPECTIONS

### ***Section 22F(2) Swimming Pool Act 1992, section 428 of the Local Government Act 1993 Division 5 of Part 2***

Swimming Pool Regulations	Total Inspections
Number of inspections of tourist and visitor accommodation	1
Number of inspections of premises with more than two dwellings	2
Number of inspections that resulted in the issuing of a certificate of compliance under section 22D of the Act	0
Number of inspections that resulted in the issuing of a certificate of non-compliance under clause 18BA of the Regulation	3

## 35. GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009

Council has an obligation under the *Government Information (Public Access) Act 2009 (GIPA Act)* to submit annual reports to the Information and Privacy Commission NSW (IPC) by 31 October each year, in order to meet the requirements under section 125 of the *GIPA Act* and Clause 7 of the *GIPA Regulation*.

### Review of proactive release program

Council continually reviews its proactive release program to identify the kinds of information that we make publicly available. This occurs through extensive publication on Council's website or through inspection and/or provision of information in response to a written application.

### Number of access applications received

During the reporting period, 11 access requests were received and processed during the reporting period, all were actioned under internal review and all were decided within the statutory timeframe (20 days).

### Number of refused applications for Schedule 1 information

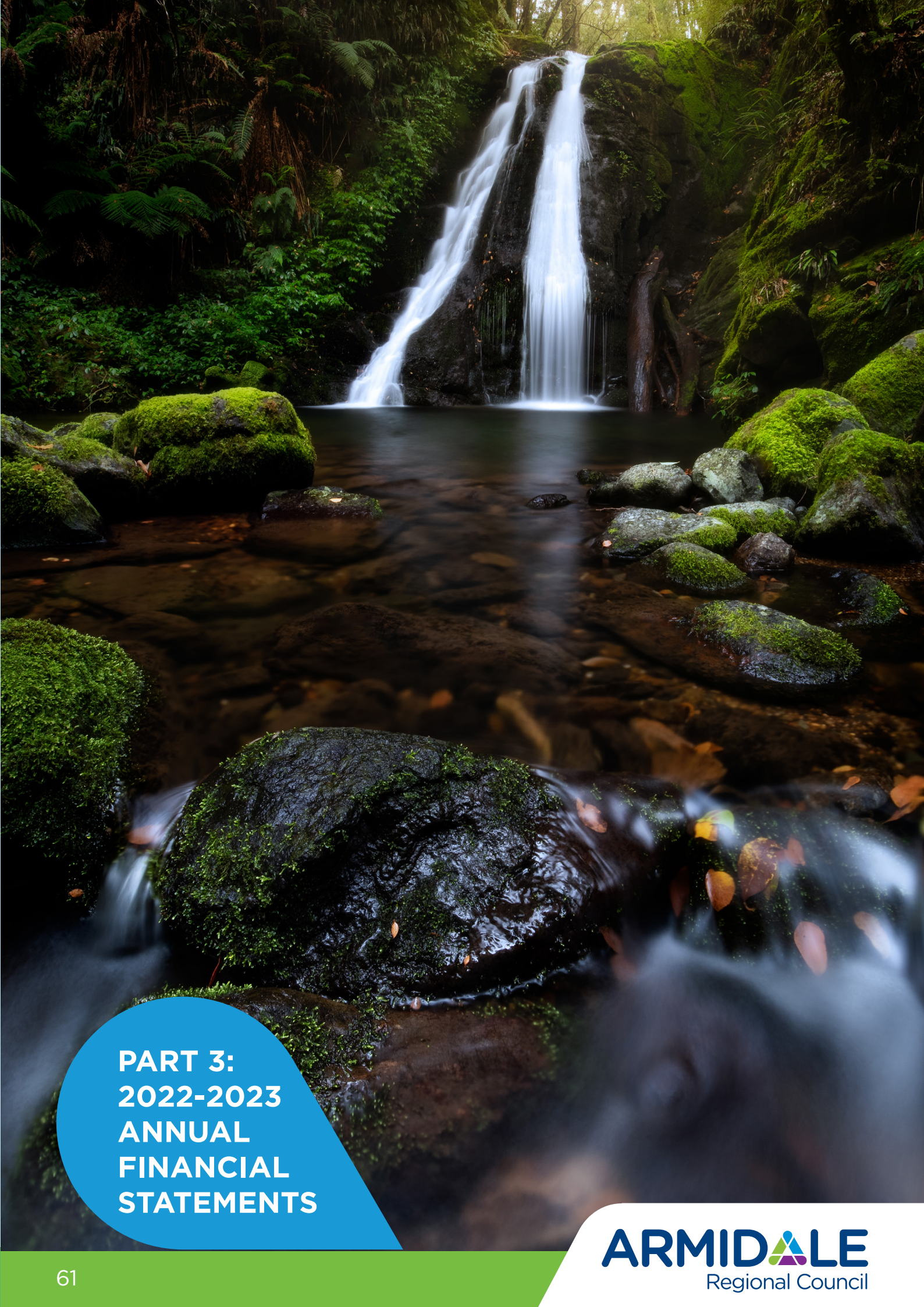
During the reporting period, one (1) formal access application was refused in part.

## 36. PUBLIC INTEREST DISCLOSURES ACT 1994

*Public Interest Disclosures Act 1994, section 31, Public Interest Disclosures Regulation 2011, Clause 4*

No public interest disclosures were made during the year ending 30 June 2023.





**PART 3:  
2022-2023  
ANNUAL  
FINANCIAL  
STATEMENTS**

# Armidale Regional Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

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*Restore and thrive*



# Armidale Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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*Restore and thrive*



# Armidale Regional Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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### Overview

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

135 Rusden Street  
Armidale NSW 2350

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

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

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

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



# Armidale Regional Council

## General Purpose Financial Statements

for the year ended 30 June 2023

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2023.

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

##### 2. The Statement of Comprehensive Income

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

##### 3. The Statement of Financial Position

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

##### 4. The Statement of Changes in Equity

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

##### 5. The Statement of Cash Flows

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

# Armidale Regional Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 21 December 2023.



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Sam Coupland  
Mayor  
21 December 2023



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James Roncon  
General Manager  
21 December 2023



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Todd Redwood  
Deputy Mayor  
21 December 2023



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Ann Newsome  
Responsible Accounting Officer  
21 December 2023

# Armidale Regional Council

## Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Restated Actual 2022 <sup>1</sup> \$ '000
	<b>Income from continuing operations</b>			
38,804	Rates and annual charges	B2-1	<b>39,371</b>	37,609
28,485	User charges and fees	B2-2	<b>27,729</b>	30,622
4,409	Other revenues	B2-3	<b>4,436</b>	3,593
12,102	Grants and contributions provided for operating purposes	B2-4	<b>34,579</b>	15,782
75,794	Grants and contributions provided for capital purposes	B2-4, G4-1	<b>28,220</b>	20,581
1,534	Interest and investment income	B2-5	<b>4,026</b>	466
–	Other income	B2-6	<b>855</b>	794
–	Net gain from the disposal of assets	B4-1	<b>1,041</b>	230
161,128	<b>Total income from continuing operations <sup>1</sup></b>		<b>140,257</b>	109,677
	<b>Expenses from continuing operations</b>			
28,846	Employee benefits and on-costs	B3-1	<b>26,638</b>	26,309
32,452	Materials and services	B3-2	<b>47,594</b>	31,146
1,385	Borrowing costs	B3-3	<b>1,704</b>	1,349
21,789	Depreciation, amortisation and impairment of non-financial assets <sup>1</sup>	B3-4, G4-1	<b>34,291</b>	23,262
1,858	Other expenses	B3-5	<b>2,104</b>	1,681
86,330	<b>Total expenses from continuing operations <sup>1</sup></b>		<b>112,331</b>	83,747
<b>74,798</b>	<b>Operating result from continuing operations <sup>1</sup></b>		<b>27,926</b>	<b>25,930</b>
<b>74,798</b>	<b>Net operating result for the year attributable to Council <sup>1</sup></b>		<b>27,926</b>	<b>25,930</b>
(996)	<b>Net operating result for the year before grants and contributions provided for capital purposes <sup>1</sup></b>		<b>(294)</b>	5,349

(1) Prior years restated, refer note G4-1

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

# Armidale Regional Council

## Statement of Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 \$ '000	Restated 2022 \$ '000
<b>Net operating result for the year – from Income Statement <sup>1</sup></b>	G4-1	<b>27,926</b>	25,930
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<b>54,512</b>	84,652
Adjustment to correct prior period errors		<b>-</b>	436
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>54,512</b>	85,088
<b>Total other comprehensive income for the year</b>		<b>54,512</b>	85,088
<b>Total comprehensive income for the year attributable to Council</b>	G4-1	<b>82,438</b>	111,018

(1) Prior years have been restated, refer note G4-1.

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

# Armidale Regional Council

## Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$ '000	Restated 2022 <sup>1</sup> \$ '000	Restated 1 July 2021 <sup>1</sup> \$ '000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	32,268	20,283	21,927
Investments	C1-2	97,877	85,987	59,379
Receivables	C1-4	13,655	10,445	11,200
Inventories	C1-5	1,798	2,632	2,235
Contract assets and contract cost assets	C1-6	1,732	4,711	3,338
Other		844	739	697
<b>Total current assets</b>		<b>148,174</b>	<b>124,797</b>	<b>98,776</b>
<b>Non-current assets</b>				
Receivables	C1-4	225	261	284
Inventories	C1-5	700	1,147	1,013
Infrastructure, property, plant and equipment (IPPE) <sup>1</sup>	C1-7	1,124,457	1,062,496	969,616
Right of use assets	C2-1	421	532	240
Non-current assets classified as held for sale		–	–	612
<b>Total non-current assets</b> <sup>1</sup>		<b>1,125,803</b>	<b>1,064,436</b>	<b>971,765</b>
<b>Total assets</b> <sup>1</sup>		<b>1,273,977</b>	<b>1,189,233</b>	<b>1,070,541</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	9,278	11,100	9,038
Contract liabilities	C3-2	8,508	11,794	6,852
Lease liabilities	C2-1	55	143	27
Borrowings	C3-3	3,481	3,169	2,988
Employee benefit provisions	C3-4	6,440	6,749	7,153
Provisions	C3-5	4,059	1,791	–
<b>Total current liabilities</b>		<b>31,821</b>	<b>34,746</b>	<b>26,058</b>
<b>Non-current liabilities</b>				
Contract liabilities	C3-2	8,041	–	–
Lease liabilities	C2-1	288	450	241
Borrowings	C3-3	16,924	20,532	17,944
Employee benefit provisions	C3-4	414	432	350
Provisions	C3-5	11,380	10,402	14,295
<b>Total non-current liabilities</b>		<b>37,047</b>	<b>31,816</b>	<b>32,830</b>
<b>Total liabilities</b>		<b>68,868</b>	<b>66,562</b>	<b>58,888</b>
<b>Net assets</b> <sup>1</sup>		<b>1,205,109</b>	<b>1,122,671</b>	<b>1,011,653</b>
<b>EQUITY</b>				
Accumulated surplus <sup>1</sup>	C4-1,G4-1	958,719	930,793	904,863
IPPE revaluation reserve <sup>1</sup>	C4-1,G4-1	246,390	191,878	106,790
<b>Council equity interest</b> <sup>1</sup>		<b>1,205,109</b>	<b>1,122,671</b>	<b>1,011,653</b>
<b>Total equity</b> <sup>1</sup>		<b>1,205,109</b>	<b>1,122,671</b>	<b>1,011,653</b>

(1) The 2021/22 amount has been restated, refer note G4-1.

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

# Armidale Regional Council

## Statement of Changes in Equity

for the year ended 30 June 2023

	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
		\$ '000	\$ '000	\$ '000	Restated \$ '000	Restated \$ '000	Restated \$ '000
Opening balance at 1 July		926,756	191,442	1,118,198	900,999	106,790	1,007,789
Correction of prior period errors <sup>1</sup>	G4-1	4,037	436	4,473	3,864	–	3,864
<b>Restated opening balance</b>		<b>930,793</b>	<b>191,878</b>	<b>1,122,671</b>	<b>904,863</b>	<b>106,790</b>	<b>1,011,653</b>
Net operating result for the year <sup>1</sup>		27,926	–	27,926	25,757	–	25,757
Correction of prior period errors <sup>1</sup>	G4-1	–	–	–	173	–	173
<b>Net operating result for the period</b>		<b>27,926</b>	<b>–</b>	<b>27,926</b>	<b>25,930</b>	<b>–</b>	<b>25,930</b>
<b>Other comprehensive income</b>							
Correction of prior period errors <sup>1</sup>	G4-1	–	–	–	–	436	436
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	54,512	54,512	–	84,652	84,652
<b>Other comprehensive income</b>		<b>–</b>	<b>54,512</b>	<b>54,512</b>	<b>–</b>	<b>85,088</b>	<b>85,088</b>
<b>Total comprehensive income</b>		<b>27,926</b>	<b>54,512</b>	<b>82,438</b>	<b>25,930</b>	<b>85,088</b>	<b>111,018</b>
<b>Closing balance at 30 June <sup>1</sup></b>		<b>958,719</b>	<b>246,390</b>	<b>1,205,109</b>	<b>930,793</b>	<b>191,878</b>	<b>1,122,671</b>

(1) Prior years have been restated refer, to note G4-1

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

# Armidale Regional Council

## Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
38,804	Rates and annual charges		39,525	37,267
28,485	User charges and fees		29,611	35,674
1,534	Interest received		2,747	444
87,896	Grants and contributions		56,849	38,916
–	Bonds, deposits and retentions received		–	53
4,408	Other		10,817	4,122
<i>Payments:</i>				
(28,846)	Payments to employees		(27,223)	(26,552)
(32,452)	Payments for materials and services		(55,187)	(35,126)
(1,260)	Borrowing costs		(1,265)	(1,163)
(1,858)	Other		(1,251)	(1,307)
96,711	<b>Net cash flows from operating activities</b>	G1-1	<b>54,623</b>	<b>52,328</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Redemption of term deposits		372,821	47,331
–	Sale of real estate assets		4,673	803
1,215	Proceeds from sale of IPPE		550	518
–	Deferred debtors receipts		36	23
<i>Payments:</i>				
–	Purchase of investments		(376)	–
–	Acquisition of term deposits		(384,335)	(73,939)
(97,921)	Payments for IPPE		(31,960)	(30,460)
–	Payment of Real Estate Development costs		(501)	(924)
(96,706)	<b>Net cash flows from investing activities</b>		<b>(39,092)</b>	<b>(56,648)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
–	Proceeds from borrowings		–	5,770
<i>Payments:</i>				
(3,297)	Repayment of borrowings		(3,296)	(3,001)
(10)	Principal component of lease payments		(250)	(93)
(3,307)	<b>Net cash flows from financing activities</b>		<b>(3,546)</b>	<b>2,676</b>
(3,302)	<b>Net change in cash and cash equivalents</b>		<b>11,985</b>	<b>(1,644)</b>
30,969	Cash and cash equivalents at beginning of year		20,283	21,927
27,667	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>32,268</b>	<b>20,283</b>
59,379	plus: Investments on hand at end of year	C1-2	97,877	85,987
87,046	<b>Total cash, cash equivalents and investments</b>		<b>130,145</b>	<b>106,270</b>

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

# Armidale Regional Council

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# Armidale Regional Council

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**A1-1 Basis of preparation (continued)**

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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 21 December 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

- Income statement
- Statement of cash flows
- Note B5-1 - Material budget variations

and are clearly marked.

Where relevant, comparative information has been reclassified to align with current year treatment.

#### **Historical cost convention**

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

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

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

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- i. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- ii. estimated landfill and quarry remediation provisions – refer Note C3-5
- iii. employee benefit provisions – refer Note C3-4.

#### **Significant judgements in applying the Council's accounting policies**

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

## A1-1 Basis of preparation (continued)

### 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.

The Consolidated Fund has been included in the financial statements of the Council.

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

- General purpose operations
- Water service
- Sewerage service

### The Trust Fund

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

A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person 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 acknowledges the important contribution that volunteers make in the provision of some of Council's community services.

Council is not currently able to reliably estimate the value of this volunteer contribution for the 2023 financial year. The services such as Home Support and the delivery of services via the Visitor Information Centres cannot operate without volunteers but these operations form a minor part of Council activities. These services are not financially viable and without volunteers, the level of service would need to be reduced. An internal Volunteer Management Audit found that there was not any accurate way to measure the contribution of volunteers but Council is currently redeveloping its method of recording volunteer contributions.

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

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

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

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

### New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2023.

None of the newly adopted standards had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

## B Financial Performance

### B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022 <sup>1</sup> Restated	2023	2022 <sup>1</sup> Restated	2023	2022 <sup>1</sup> Restated	2023	2022 <sup>1</sup> Restated	2023	2022 <sup>1</sup> Restated
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Functions or activities</b>										
Growth, Prosperity, and Economic Development	12,289	65,928	9,642	49,722	2,647	16,206	696	31,372	–	–
People and Community	4,922	5,187	15,821	14,492	(10,899)	(9,305)	5,067	3,826	166,808	146,623
Leadership for the Region	26,681	23,107	5,206	6,751	21,475	16,356	3,935	479	475,639	121,367
Environment and Infrastructure	96,365	15,455	81,662	12,782	14,703	2,673	53,101	686	631,530	921,243
<b>Total functions and activities <sup>1</sup></b>	<b>140,257</b>	<b>109,677</b>	<b>112,331</b>	<b>83,747</b>	<b>27,926</b>	<b>25,930</b>	<b>62,799</b>	<b>36,363</b>	<b>1,273,977</b>	<b>1,189,233</b>

(1) Prior years restated, refer note G4-1

## B1-2 Components of functions or activities

---

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

### **Growth, Prosperity, and Economic Development**

Includes tourism, economic development, private works and industrial development promotion.

### **People and Community**

Includes public halls and community facilities, parks, gardens and recreation facilities, swimming pools, community development and support including aboriginal services, youth services, aged and disabled services. Also includes libraries, museums and other cultural facilities as well as bush fire and emergency services.

### **Leadership for the Region**

Includes civic governance and executive, finance and human resources services, risk management and occupational health and safety, ranger services, fleet and depot services and customer services.

### **Environment and Infrastructure**

Includes urban and rural sealed and unsealed roads, bridges, footpaths, kerb and gutter, parking areas, airports, water and sewerage operations, cemeteries, footpaths and cycleways, street lighting, waste management and catchment management. Also includes development control, strategic planning, environmental management and animal control.

## B2 Sources of income

### B2-1 Rates and annual charges

	2023 \$ '000	2022 \$ '000
<b>Ordinary rates</b>		
Residential	11,874	11,500
Farmland	5,137	5,019
Mining	59	62
Business	2,843	2,784
Less: pensioner rebates (mandatory)	(316)	(322)
<b>Rates levied to ratepayers</b>	<b>19,597</b>	<b>19,043</b>
Pensioner rate subsidies received	157	163
<b>Total ordinary rates</b>	<b>19,754</b>	<b>19,206</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	5,920	5,647
Water supply services	3,346	3,134
Sewerage services	7,284	6,690
Drainage	473	470
Waste management services (non-domestic)	2,827	2,683
Less: pensioner rebates (Council policy)	(413)	(409)
<b>Annual charges levied</b>	<b>19,437</b>	<b>18,215</b>
Pensioner annual charges subsidies received:		
– Water	66	69
– Sewerage	62	65
– Domestic waste management	52	54
<b>Total annual charges</b>	<b>19,617</b>	<b>18,403</b>
<b>Total rates and annual charges</b>	<b>39,371</b>	<b>37,609</b>

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

#### Accounting policy

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

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

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

## B2-2 User charges and fees

	2023 \$ '000	2022 \$ '000
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>		
Water supply services	9,397	8,178
Sewerage services	227	161
Drainage services	64	66
Waste management services (non-domestic)	3,892	3,493
<b>Total specific user charges</b>	<b>13,580</b>	<b>11,898</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>		
Inspection services	165	107
Planning and building regulation	320	264
Private works – section 67	403	316
Regulatory/ statutory fees	188	135
Registration fees	48	53
Regulatory fees	133	165
Section 10.7 certificates (EP&A Act)	89	94
Section 603 certificates	120	164
<b>Total fees and charges – statutory/regulatory</b>	<b>1,466</b>	<b>1,298</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>		
Aerodrome	1,921	981
Cemeteries	306	264
Child care	645	662
Leaseback fees – Council vehicles	143	101
Quarry revenues	817	483
Transport for NSW works (state roads not controlled by Council)	8,384	14,439
Swimming centres	204	157
Other	263	339
<b>Total fees and charges – other</b>	<b>12,683</b>	<b>17,426</b>
<b>Total other user charges and fees</b>	<b>14,149</b>	<b>18,724</b>
<b>Total user charges and fees</b>	<b>27,729</b>	<b>30,622</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time	8,384	12,962
User charges and fees recognised at a point in time	19,345	17,660
<b>Total user charges and fees</b>	<b>27,729</b>	<b>30,622</b>

### Accounting policy

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

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

Where an upfront fee is charged and where considered to be material, the fee is recognised on a straight-line basis over the expected term of the income stream.

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



## B2-3 Other revenues

	2023 \$ '000	2022 \$ '000
Fines – parking	368	386
Legal fees recovery – rates and charges (extra charges)	37	67
Commissions and agency fees	–	3
Insurance claims recoveries	83	31
Sales – general	554	510
Items for resale	208	166
Sales – cattle	2,074	1,301
Rebates	717	628
Other	395	501
<b>Total other revenue</b>	<b>4,436</b>	<b>3,593</b>
<b>Timing of revenue recognition for other revenue</b>		
Other revenue recognised over time	–	–
Other revenue recognised at a point in time	4,436	3,593
<b>Total other revenue</b>	<b>4,436</b>	<b>3,593</b>

### Accounting policy for other revenue

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

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

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

## B2-4 Grants and contributions

	Operating 2023	Operating 2022	Capital 2023	Capital 2022 <sup>1</sup> Restated
	\$ '000	\$ '000	\$ '000	\$ '000
<b>General purpose grants and non-developer contributions (untied)</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	1,371	2,337	–	–
Financial assistance – local roads component	843	1,213	–	–
<b>Payment in advance - future year allocation</b>				
Financial assistance – general component	5,322	3,594	–	–
Financial assistance – local roads component	2,885	1,865	–	–
<b>Amount recognised as income during current year</b>	<b>10,421</b>	<b>9,009</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
– Water	312	–	6,077	–
– Sewerage	–	–	41	–
Aged care	245	29	–	–
Bushfire and emergency services	187	230	–	40
Child care	174	177	–	–
Community care	258	477	58	392
Economic development	112	19	286	200
Employment and training programs	127	7	–	–
Heritage and cultural	10	6	27	–
Library	277	45	109	70
LIRS subsidy	28	42	–	–
NSW rural fire services	341	345	196	–
Recreation and culture	–	153	453	603
Storm/flood damage	14,427	1,000	2,425	7,982
Airport	–	1,160	1,529	343
Waste Management	4	61	–	–
Water supplies	–	–	–	1,617
Street lighting	86	85	–	–
Transport (roads to recovery)	1,430	1,430	–	–
Transport (other roads and bridges funding)	5,709	–	997	3,579
Merger Grant Funding	–	–	–	588
Other specific grants	91	–	–	555
<b>Previously contributions:</b>				
Bushfire services	–	286	–	–
Community services	–	225	–	–
Other councils – joint works/services	–	99	–	–
Recreation and culture	–	39	–	–
Transport for NSW contributions (regional roads, block grant)	81	835	1,113	200
Tourism	259	8	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>	<b>24,158</b>	<b>6,758</b>	<b>13,311</b>	<b>16,169</b>

## B2-4 Grants and contributions (continued)

	Operating 2023	Operating 2022	Capital 2023	Capital 2022 <sup>1</sup> Restated
	\$ '000	\$ '000	\$ '000	\$ '000
<b>Non-cash contributions</b>				
Sewerage (excl. section 64 contributions)	–	–	1,075	–
Water supplies (excl. section 64 contributions)	–	–	763	–
Developer Contributions - Subdivision Assets	–	–	3,579	242
Land & Buildings	–	–	1,600	–
NSW State Government - RFS Assets	–	–	5,011	2,344
<b>Total other contributions – non-cash</b>	<b>–</b>	<b>–</b>	<b>12,028</b>	<b>2,586</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>24,158</b>	<b>6,758</b>	<b>25,339</b>	<b>18,755</b>
<b>Total grants and non-developer contributions</b>	<b>34,579</b>	<b>15,767</b>	<b>25,339</b>	<b>18,755</b>
<b>Comprising:</b>				
– Commonwealth funding	12,649	10,311	1,528	110
– State funding	21,675	2,284	17,553	9,465
– Other funding	255	3,172	6,258	9,180
	<b>34,579</b>	<b>15,767</b>	<b>25,339</b>	<b>18,755</b>
(1) Prior years have been restated, refer note G4-1				
<b>Developer contributions</b>				
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>				
<b>Cash contributions</b>				
S 7.4 – contributions using planning agreements	–	15	–	–
S 7.11 – contributions towards amenities/services	–	–	126	19
S 7.12 – fixed development consent levies	–	–	603	540
S 64 – water supply contributions	–	–	1,175	684
S 64 – sewerage service contributions	–	–	977	487
Other developer contributions	–	–	–	96
<b>Total developer contributions – cash</b>	<b>–</b>	<b>15</b>	<b>2,881</b>	<b>1,826</b>
<b>Total developer contributions</b>	<b>–</b>	<b>15</b>	<b>2,881</b>	<b>1,826</b>
<b>Total contributions</b>	<b>–</b>	<b>15</b>	<b>2,881</b>	<b>1,826</b>
<b>Total grants and contributions</b>	<b>34,579</b>	<b>15,782</b>	<b>28,220</b>	<b>20,581</b>
<b>Timing of revenue recognition for grants and contributions</b>				
Grants and contributions recognised over time	24,790	2,658	8,851	7,548
Grants and contributions recognised at a point in time	9,789	13,124	19,369	13,033
<b>Total grants and contributions</b>	<b>34,579</b>	<b>15,782</b>	<b>28,220</b>	<b>20,581</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

	<b>Operating 2023 \$ '000</b>	Operating 2022 \$ '000	<b>Capital 2023 \$ '000</b>	Capital 2022 \$ '000
<b>Unspent grants</b>				
Unspent funds at 1 July	<b>4,350</b>	3,965	<b>10,589</b>	2,936
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	<b>253</b>	144	–	1
<b>Add:</b> Funds received and not recognised as revenue in the current year	<b>90</b>	1,273	<b>4,308</b>	8,686
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	<b>(209)</b>	(334)	<b>(391)</b>	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	<b>(235)</b>	(698)	<b>(1,311)</b>	(1,034)
<b>Unspent grants at 30 June</b>	<b>4,249</b>	<b>4,350</b>	<b>13,195</b>	<b>10,589</b>
<b>Unspent contributions</b>				
Unspent funds at 1 July	<b>533</b>	343	<b>10,244</b>	8,382
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	218	<b>2,881</b>	1,862
<b>Add:</b> contributions received and not recognised as revenue in the current year	–	55	–	–
<b>Add:</b> contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	(83)	–	–
<b>Unspent contributions at 30 June</b>	<b>533</b>	<b>533</b>	<b>13,125</b>	<b>10,244</b>

### Accounting policy

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

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

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

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

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

## B2-4 Grants and contributions (continued)

### Capital grants

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

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

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

### Developer contributions

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

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

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

### Other grants and contributions

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

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

## B2-5 Interest and investment income

	2023 \$ '000	2022 \$ '000
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	96	105
– Cash and investments	3,383	350
– Deferred debtors	11	11
– Lehman Bros recovery	536	–
<b>Total interest and investment income (losses)</b>	<b>4,026</b>	<b>466</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	–	65
General Council cash and investments	2,310	123
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11, Section 7.12	110	39
Water fund operations	863	135
Sewerage fund operations	743	104
<b>Total interest and investment income</b>	<b>4,026</b>	<b>466</b>

### Accounting policy

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

## B2-6 Other income

	Notes	2023 \$ '000	2022 \$ '000
<b>Rental income</b>			
<b>Other lease income</b>			
Council owned property		855	794
<b>Total other lease income</b>		<b>855</b>	<b>794</b>
Total rental income	C2-2	855	794
<b>Total other income</b>		<b>855</b>	<b>794</b>

## B3 Costs of providing services

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

	2023 \$ '000	2022 \$ '000
Salaries and wages	19,491	19,940
Employee termination costs	501	362
Travel expenses	96	51
Employee leave entitlements (ELE)	4,081	3,911
Superannuation	2,418	2,383
Workers' compensation insurance	982	773
Fringe benefit tax (FBT)	126	79
Payroll tax	117	61
Training costs (other than salaries and wages)	504	304
Protective clothing	115	113
Other	73	59
<b>Total employee costs</b>	<b>28,504</b>	<b>28,036</b>
Less: capitalised costs	(1,866)	(1,727)
<b>Total employee costs expensed</b>	<b>26,638</b>	<b>26,309</b>
Number of 'full-time equivalent' employees (FTE) at year end	277	278

#### Accounting policy

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

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

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

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

## B3-2 Materials and services

	Notes	2023 \$ '000	2022 \$ '000
Raw materials and consumables		16,257	16,217
Contractor costs <sup>1</sup>		48,782	34,955
Audit Fees	F2-1	286	198
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	351	345
Advertising		99	97
Bank charges		163	147
Computer software charges		784	586
Election expenses		–	259
Electricity and heating		1,244	810
Insurance		1,362	1,241
Postage		210	206
Printing and stationery		173	168
Street lighting		231	273
Subscriptions and publications		214	450
Telephone and communications		321	356
Valuation fees		107	102
Items for resale - Cattle		1,591	1,280
Items for resale - Other		85	70
Promotion and publicity		623	594
Security		101	63
Licences		312	623
Other expenses		132	119
Council water expenses		994	716
<b>Legal expenses:</b>			
– Legal expenses: planning and development		113	95
– Legal expenses: debt recovery		14	2
– Legal expenses: other		277	109
<b>Total materials and services</b>		<b>74,826</b>	<b>60,081</b>
Less: capitalised costs		(27,232)	(28,935)
<b>Total materials and services</b>		<b>47,594</b>	<b>31,146</b>

### Accounting policy

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

(1) Includes Kempsey Road Repairs

## B3-3 Borrowing costs

	Notes	2023 \$ '000	2022 \$ '000
<b>(i) Interest bearing liability costs</b>			
Interest on leases	C2-1c	22	32
Interest on loans		1,239	1,155
<b>Total interest bearing liability costs</b>		<b>1,261</b>	<b>1,187</b>
<b>Total interest bearing liability costs expensed</b>		<b>1,261</b>	<b>1,187</b>
<b>(ii) Other borrowing costs</b>			
Amortisation of discount of Landfill & Quarry remediation liabilities	C3-5	443	162
<b>Total other borrowing costs</b>		<b>443</b>	<b>162</b>
<b>Total borrowing costs expensed</b>		<b>1,704</b>	<b>1,349</b>

### B3-3 Borrowing costs (continued)

#### Accounting policy

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

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

		2023	2022 <sup>2</sup>
	Notes	\$ '000	Restated \$ '000
<b>Depreciation and amortisation</b>			
Plant and equipment	C1-7	1,780	1,187
Office equipment	C1-7	48	53
<b>Infrastructure:</b>			
– Buildings	C1-7	3,578	2,934
– Other structures		304	130
– Roads <sup>2</sup>		6,342	5,716
– Bridges		696	622
– Footpaths <sup>2</sup>		310	294
– Stormwater drainage <sup>2</sup>		2,229	2,083
– Water supply network		3,899	3,432
– Sewerage network		1,695	1,620
– Airport infrastructure		725	579
Right of use assets	C2-1a	111	126
<b>Other assets:</b>			
– Heritage collections	C1-7	11	9
– Other	C1-7	1,320	1,021
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Landfill and quarry assets	C1-7	1,209	1,530
<b>Total gross depreciation and amortisation costs <sup>2</sup></b>		<b>24,257</b>	<b>21,336</b>
<b>Total depreciation and amortisation costs <sup>2</sup></b>		<b>24,257</b>	<b>21,336</b>
<b>Impairment / revaluation decrement of IPPE</b>			
<b>Infrastructure:</b>			
– Roads	C1-7	–	169
– Capital work in progress	C1-7	10,034	1,544
– Bulk earthworks (non-depreciable)	C1-7	–	213
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>10,034</b>	<b>1,926</b>
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>10,034</b>	<b>1,926</b>
<b>Total depreciation, amortisation and impairment for non-financial assets <sup>2</sup></b>		<b>34,291</b>	<b>23,262</b>

#### Accounting policy

##### Depreciation and amortisation

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

##### Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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



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

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.

(2) Prior years have been restated, refer note G4-1

## B3-5 Other expenses

	Notes	2023 \$ '000	2022 \$ '000
<b>Impairment of receivables</b>			
Other		18	30
<b>Total impairment of receivables</b>	C1-4	<b>18</b>	<b>30</b>
<b>Other</b>			
Contributions/levies to other levels of government		1,187	806
Donations, contributions and assistance to other organisations (Section 356)		899	845
<b>Total other</b>		<b>2,086</b>	<b>1,651</b>
<b>Total other expenses</b>		<b>2,104</b>	<b>1,681</b>

### Accounting policy

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

Impairment expenses are recognised when identified.

## B4 Gains or losses

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

	Notes	2023 \$ '000	2022 \$ '000
<b>Operational Land &amp; Building assets</b>			
Proceeds from disposal – property		–	55
Less: carrying amount of property assets sold/written off		–	(190)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>(135)</b>
<b>Plant and equipment assets</b>			
Proceeds from disposal – plant and equipment		550	463
Less: carrying amount of plant and equipment assets sold/written off	C1-7	(350)	(267)
<b>Gain (or loss) on disposal</b>		<b>200</b>	<b>196</b>
<b>Infrastructure assets</b>			
Proceeds of disposal of Infrastructure assets		–	–
Less: carrying amount of infrastructure assets sold/written off	C1-7	(2,014)	(476)
<b>Gain (or loss) on disposal</b>		<b>(2,014)</b>	<b>(476)</b>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>			
Proceeds from disposal – real estate assets	C1-5	4,673	803
Less: carrying amount of real estate assets sold/written off		(1,818)	(158)

continued on next page ...

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

	Notes	2023 \$ '000	2022 \$ '000
<b>Gain (or loss) on disposal</b>		<b>2,855</b>	<b>645</b>
<b>Gain (or loss) on disposal of term deposits</b>			
Proceeds from disposal/redemptions/maturities – term deposits		372,821	47,331
Less: carrying amount of term deposits sold/redeemed/matured		<b>(372,821)</b>	<b>(47,331)</b>
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>1,041</b>	<b>230</b>

### Accounting policy

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

## B5 Performance against budget

### B5-1 Material budget variations

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

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Revenues</b>				
<b>User charges and fees</b>	28,485	27,729	(756)	(3)% <b>U</b>
<b>Other revenues</b>	4,409	4,436	27	1% <b>F</b>
<b>Operating grants and contributions</b>	12,102	34,579	22,477	186% <b>F</b>
This variance is mainly due to grants received for the Kempsey road project of \$14.4 million being reallocated to operating grants instead of capital grants. The LRCI contribution of \$2 million was also not budgeted although some of this had been included in capital grants. The Financial Assistance Grant was also \$3.5 million higher than budget, mostly due to the increased advance payment. The Pothole Repair Grant of \$635,000 received during the year together with \$200,000 for housing strategy were not originally budgeted for. Finally, the Water contribution of \$312,000 from DPIE under the IWCM Strategy was not originally accounted for.				
<b>Capital grants and contributions</b>	75,794	28,220	(47,574)	(63)% <b>U</b>
The original budget expected capital grants for the Kempsey Road project of \$62 million but only \$2.4M was received with the remainder, as noted above, being treated as an operating grant due to a change in the treatment of the income. In addition to the above, there was \$2.5 million more in development contributions due to greater development activity, bridge funding of \$1.3 million received during the year had not been budgeted for and remains largely unspent. There was also over \$12 million in non-cash contributions relating to sub-divisions and the vesting of RFS assets that had not been included in the original budget.				
<b>Interest and investment revenue</b>	1,534	4,026	2,492	162% <b>F</b>
As interest rates trended upward during the year an active approach to management of the investment portfolio was taken. Some deposits were redeemed early to take advantage of the favourable rates.				
<b>Net gains from disposal of assets</b>	-	1,041	1,041	∞ <b>F</b>
During the financial year over \$4m Airside land lots were sold with a profit on disposal of \$2.5m. A very conservative approach is taken to budgeting Airside sales as this precinct is strategically developed. This profit on disposal was off set by \$2m of infrastructure written off.				
<b>Other income</b>	-	855	855	∞ <b>F</b>
Other income is represented by Council's rent and lease income for the financial year on various properties.				
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	28,846	26,638	2,208	8% <b>F</b>
<b>Materials and services</b>	32,452	47,594	(15,142)	(47)% <b>U</b>
Due to the change in treatment of most of the Kempsey Road works, as evidenced by the \$14.4 million of grant income being treated as operating grants, costs for the works have been treated as operating costs rather than capital costs.				
<b>Borrowing costs</b>	1,385	1,704	(319)	(23)% <b>U</b>

**B5-1 Material budget variations (continued)**

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Due to some of Council's borrowing being at variable rates, the recent increase in interest rates has impacted the cost of borrowings.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	21,789	34,291	(12,502)	(57)% <b>U</b>
In 2021-22 costs for Kempsey Road natural disaster work were capitalised and shown as capital work in progress. Due to the change in treatment of most of this work, the whole of the carrying work in progress amount of \$10 million was written off as a current year impairment. Depreciation was also higher than budgeted due to the late revaluation of assets at 30 June 2022 which were made after the budgeted depreciation had been calculated. Further variations to budget arise from the recognition of subdivision assets and depreciation on these assets.				
<b>Other expenses</b>	1,858	2,104	(246)	(13)% <b>U</b>
The increase in other expenses relates to the higher charges for Emergency Service costs from other State Government agencies.				
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	96,711	54,623	(42,088)	(44)% <b>U</b>
As disclosed above, the reduction in grant income for the Kempsey Road natural disaster works consequently affected the operating income and expenditure of Council. The project expenditure and therefore the receipt of grant income has been delayed and the repair design is developed.				
<b>Cash flows from investing activities</b>	(96,706)	(39,092)	57,614	(60)% <b>F</b>
Purchases of infrastructure, property, plant & equipment was lower due to the reduced capital works on the Kempsey Road natural disaster works. Kempsey Road natural disaster works are treated as repairs and are shown in operational income and expenses.				
<b>Cash flows from financing activities</b>	(3,307)	(3,546)	(239)	7% <b>U</b>

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

	2023 \$ '000	2022 \$ '000
<b>Cash assets</b>		
Cash on hand and at bank	32,268	20,283
<b>Total cash and cash equivalents</b>	<b>32,268</b>	<b>20,283</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	32,268	20,283
<b>Balance as per the Statement of Cash Flows</b>	<b>32,268</b>	<b>20,283</b>

#### Accounting policy

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

#### C1-2 Financial investments

	2023 Current \$ '000	2022 Current \$ '000
<b>Financial assets at fair value through the profit and loss</b>		
Managed funds	10,327	9,951
<b>Total</b>	<b>10,327</b>	<b>9,951</b>
<b>Debt securities at amortised cost</b>		
Medium term deposits	87,550	76,036
<b>Total</b>	<b>87,550</b>	<b>76,036</b>
<b>Total financial investments</b>	<b>97,877</b>	<b>85,987</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>130,145</b>	<b>106,270</b>

#### Accounting policy

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

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

#### Financial assets

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

#### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

## C1-2 Financial investments (continued)

### Amortised cost

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

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

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

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

	2023 \$ '000	2022 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>130,145</b>	106,270
Less: Externally restricted cash, cash equivalents and investments	<u>(90,018)</u>	<u>(79,095)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>40,127</b>	27,175
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended loans – general	1,658	2,102
NIRW grant from EPA	–	351
Specific purpose unexpended grants – general fund	<u>13,195</u>	<u>11,794</u>
<b>External restrictions – included in liabilities</b>	<b>14,853</b>	14,247
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	4,818	3,968
Developer contributions – water fund	4,633	3,542
Developer contributions – sewer fund	4,003	2,734
Transport for NSW contributions	–	478
Specific purpose unexpended grants (recognised as revenue) – general fund	4,249	3,145
Water fund	25,714	25,468
Sewer fund	25,300	20,416
Domestic waste management	4,895	3,514
Deposits, Retentions & Bonds	1,503	1,528
Other Contributions	<u>50</u>	<u>55</u>
<b>External restrictions – other</b>	<b>75,165</b>	64,848
<b>Total external restrictions</b>	<b>90,018</b>	79,095

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

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

	<b>2023</b>	2022
	<b>\$ '000</b>	\$ '000
<b>(b) Internal allocations</b>		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>40,127</b>	27,175
Less: Internally restricted cash, cash equivalents and investments	<b>(34,154)</b>	(21,394)
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>5,973</b>	5,781
<b>Internal allocations</b>		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	<b>3,089</b>	3,073
Infrastructure replacement	<b>3,121</b>	4,713
Employees leave entitlement	<b>3,563</b>	3,735
Carry over works	<b>4,000</b>	1,036
Economic Development	<b>5,329</b>	2,468
Waste Management, Landfill & Quarry Rehabilitation	<b>3,799</b>	2,966
Performance Improvement Initiatives	<b>730</b>	1,219
Natural Disasters	<b>700</b>	700
Technology Strategy	<b>594</b>	594
Other	<b>1,022</b>	890
Financial Assistance Grant paid in Advance	<b>8,207</b>	–
<b>Total internal allocations</b>	<b>34,154</b>	21,394

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

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Rates and annual charges	2,321	–	2,145	–
Interest and extra charges	72	–	166	–
User charges and fees	2,518	–	2,138	–
Private works	498	–	148	–
Accrued revenues				
– Interest on investments	1,636	–	263	–
– TfNSW Roads Maintenance Council Contract (RMCC) income accruals	1,757	–	2,914	–
Deferred debtors	–	225	–	261
Government grants and subsidies	2,706	–	1,050	–
Net GST receivable	1,701	–	1,326	–
Other debtors	991	–	852	–
<b>Total</b>	<b>14,200</b>	<b>225</b>	<b>11,002</b>	<b>261</b>
<b>Less: provision for impairment</b>				
Rates and annual charges	(444)	–	(300)	–
User charges and fees	(101)	–	(257)	–
<b>Total provision for impairment – receivables</b>	<b>(545)</b>	<b>–</b>	<b>(557)</b>	<b>–</b>
<b>Total net receivables</b>	<b>13,655</b>	<b>225</b>	<b>10,445</b>	<b>261</b>

	2023 \$ '000	2022 \$ '000
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	557	549
Less Debts written off during the year	(18)	(22)
Add additional provision for impairment in the current year	6	30
<b>Balance at the end of the year</b>	<b>545</b>	<b>557</b>

### Accounting policy

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

### Impairment

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

When estimating ECL, 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.

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

When considering the ECL for rates and annual charges 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.

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.

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the receivables that have been written off are subject to enforcement activity.

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



## C1-5 Inventories

		2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
	Notes				
<b>(i) Inventories at cost</b>					
Real estate for resale	(a)	216	700	1,091	1,147
Stores and materials		924	-	600	-
Cattle stock		658	-	941	-
<b>Total inventories</b>		<b>1,798</b>	<b>700</b>	<b>2,632</b>	<b>1,147</b>

	2023 Current \$ '000	2022 Current \$ '000
<b>(a) Details of real estate for resale</b>		
Residential Land	23	66
Airport Business Park Development	193	1,025
<b>Total real estate for resale</b>	<b>216</b>	<b>1,091</b>

### Accounting policy

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

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

#### Land held for resale

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

No borrowings have been taken out for this development.

## C1-6 Contract assets and Contract cost assets

	2023 Current \$ '000	2022 Current \$ '000
Contract assets	1,732	4,711
<b>Total contract assets and contract cost assets</b>	<b>1,732</b>	<b>4,711</b>

### Contract assets

Contract Asset (AASB 15)	-	2,919
Accrued Income (AASB 1058)	1,732	1,792
<b>Total contract assets</b>	<b>1,732</b>	<b>4,711</b>

#### Significant changes in contract assets

Prior Year AASB 15 Contract Assets revenue related to a TfNSW Roads Maintenance Council contract amount in that year.

### Accounting policy

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

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### **Contract assets**

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

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

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

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

	At 1 July 2022			Asset movements during the reporting period												At 30 June 2023 <sup>2</sup>		
	Gross carrying amount <sup>2</sup> Restated	Accumulated depreciation and impairment <sup>2</sup> Restated	Net carrying amount Restated	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Adjustments and transfers	Other movements - RFS Rural Fire-fighting assets	Tfrs from/(to) real estate assets for sale and inventory	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount <sup>2</sup>	Accumulated depreciation and impairment <sup>2</sup>	Net carrying amount <sup>2</sup>	
																		\$ '000
<b>By aggregated asset class</b>																		
Capital work in progress	30,351	–	30,351	6,971	846	–	–	(10,034)	(18,350)	(7)	–	–	–	–	9,777	–	9,777	
Plant and equipment	31,535	(18,829)	12,706	1,325	85	(350)	(1,780)	–	13	–	–	–	–	31,642	(19,643)	11,999		
Office equipment	5,235	(5,159)	76	53	14	–	(48)	–	69	–	–	–	–	5,371	(5,207)	164		
<b>Land:</b>																		
– Operational land	28,744	–	28,744	–	23	–	–	–	–	–	–	760	–	42,921	–	42,921		
– Community land	30,957	–	30,957	–	–	–	–	–	–	–	–	74	–	45,522	–	45,522		
– Land under roads (post 30/6/08) <sup>2</sup>	856	–	856	–	–	–	–	–	–	–	1	–	–	1,257	–	1,257		
<b>Infrastructure:</b>																		
– Buildings	141,371	(72,102)	69,269	381	125	(183)	(3,578)	–	1,102	–	5,011	840	–	157,690	(80,419)	77,271		
– Other structures	26,541	(5,733)	20,808	762	–	–	(304)	–	204	–	–	–	–	29,239	(6,431)	22,808		
– Roads <sup>2</sup>	278,349	(58,774)	219,575	4,081	623	(1,520)	(6,342)	–	6,563	–	–	2,424	–	307,052	(67,965)	239,087		
– Bridges	55,484	(18,208)	37,276	242	186	(242)	(696)	–	68	–	–	–	(4)	58,896	(19,807)	39,089		
– Footpaths <sup>2</sup>	13,683	(4,718)	8,965	–	–	(61)	(310)	–	92	–	–	51	–	14,589	(5,311)	9,278		
– Bulk earthworks (non-depreciable) <sup>2</sup>	154,583	–	154,583	–	–	–	–	–	–	–	–	391	–	164,586	–	164,586		
– Stormwater drainage <sup>2</sup>	185,687	(60,353)	125,334	–	76	–	(2,230)	–	71	–	–	713	–	198,111	(66,464)	131,647		
– Water supply network	260,672	(90,876)	169,796	12,048	–	–	(3,899)	–	5,298	–	–	763	–	330,545	(151,568)	178,977		
– Sewerage network	149,088	(45,022)	104,066	344	–	–	(1,695)	–	608	–	–	1,075	(69)	156,173	(63,039)	93,134		
– Airport infrastructure	18,854	(4,172)	14,682	76	17	–	(725)	–	2,547	–	–	–	–	22,877	(5,214)	17,663		
– Other infrastructure	–	–	–	–	–	–	1	–	–	–	–	–	–	–	–	–		
<b>Other assets:</b>																		
– Heritage collections	167	(119)	48	–	–	–	(11)	–	–	–	–	–	–	177	(138)	39		
– Other	40,055	(9,962)	30,093	46	776	(8)	(1,320)	–	1,714	–	–	–	–	45,266	(11,995)	33,271		
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>																		
– Landfill & quarry assets	11,504	(7,193)	4,311	–	–	–	(1,209)	–	–	2,865	–	–	–	14,369	(8,402)	5,967		
<b>Total infrastructure, property, plant and equipment</b>	<b>1,463,716</b>	<b>(401,220)</b>	<b>1,062,496</b>	<b>26,329</b>	<b>2,771</b>	<b>(2,364)</b>	<b>(24,146)</b>	<b>(10,034)</b>	<b>(1)</b>	<b>2,858</b>	<b>5,011</b>	<b>7,018</b>	<b>5</b>	<b>1,636,060</b>	<b>(511,603)</b>	<b>1,124,457</b>		

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

(2) Prior years have been restated, refer note G4-1

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

By aggregated asset class	At 1 July 2021 <sup>2</sup>			Asset movements during the reporting period											At 30 June 2022		
	Gross carrying amount <sup>2</sup>	Accumulated depreciation and impairment <sup>2</sup>	Net carrying amount <sup>2</sup>	Additions renewals <sup>1</sup>	Additions new assets Restated	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	Adjustments and transfers	Other movements recognised in P/L	Other movements Additions Prior Period Error Subdivisions Restated	Other movements Revaluation increments to equity prior period subdivisions Restated	Tf/s from/(to) real estate assets (Note C1-5)	Revaluation increments to equity (ARR)	Gross carrying amount <sup>2</sup>	Accumulated depreciation and impairment <sup>2</sup>	Net carrying amount Restated
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	23,053	–	23,053	–	8,726	(291)	–	(1,544)	407	–	–	–	–	–	30,351	–	30,351
Plant and equipment	24,018	(13,159)	10,859	153	804	(267)	(1,187)	–	–	2,344	–	–	–	–	31,535	(18,829)	12,706
Office equipment	5,235	(5,111)	124	–	–	–	(53)	–	5	–	–	–	–	–	5,235	(5,159)	76
<b>Land:</b>																	
– Operational land	25,149	–	25,149	–	–	(187)	–	–	(5)	–	–	–	213	3,574	28,744	–	28,744
– Community land	27,108	–	27,108	–	–	–	–	–	–	–	–	–	–	3,849	30,957	–	30,957
– Land under roads (post 30/6/08) <sup>2</sup>	730	–	730	–	–	–	–	–	–	–	1	–	–	125	856	–	856
<b>Infrastructure:</b>																	
– Buildings	118,233	(59,616)	58,617	1,153	790	(11)	(2,934)	–	59	–	–	–	399	11,196	141,371	(72,102)	69,269
– Other structures	13,048	(4,423)	8,625	9,871	37	(10)	(130)	–	1	–	–	–	–	2,414	26,541	(5,733)	20,808
– Roads <sup>2</sup>	254,844	(49,087)	205,757	3,291	493	–	(5,716)	(169)	(3)	–	–	287	–	15,630	278,349	(58,774)	219,575
– Bridges <sup>2</sup>	49,547	(16,378)	33,169	–	2,221	(56)	(622)	–	–	–	–	–	–	2,564	55,484	(18,208)	37,276
– Footpaths <sup>2</sup>	12,691	(4,106)	8,585	4	–	–	(294)	–	–	–	7	34	–	628	13,683	(4,718)	8,965
– Bulk earthworks (non-depreciable)	143,681	–	143,681	–	–	–	–	(213)	(1)	–	–	52	–	11,064	154,583	–	154,583
– Stormwater drainage <sup>2</sup>	172,036	(54,087)	117,949	–	–	–	(2,083)	–	(1)	–	234	63	–	9,172	185,687	(60,353)	125,334
– Water supply network	244,289	(82,302)	161,987	1,466	493	–	(3,432)	–	–	–	–	–	–	9,282	260,672	(90,876)	169,796
– Sewerage network	140,477	(40,691)	99,786	86	98	–	(1,620)	–	2	–	–	–	–	5,718	149,088	(45,022)	104,066
– Airport infrastructure	15,108	(2,941)	12,167	–	392	–	(579)	–	1	–	–	–	–	2,701	18,854	(4,172)	14,682
<b>Other assets:</b>																	
– Heritage collections	130	(87)	43	–	–	–	(9)	–	2	–	–	–	–	12	167	(119)	48
– Artworks	112	(1)	111	–	–	(111)	–	–	–	–	–	–	–	–	–	–	–
– Other	30,996	(6,985)	24,011	306	74	–	(1,021)	–	–	–	–	–	–	6,723	40,055	(9,962)	30,093
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>																	
– Landfill & Quarry assets	13,767	(5,662)	8,105	–	–	–	(1,530)	–	(2,264)	–	–	–	–	–	11,504	(7,193)	4,311
<b>Total infrastructure, property, plant and equipment <sup>2</sup></b>	<b>1,314,252</b>	<b>(344,636)</b>	<b>969,616</b>	<b>16,330</b>	<b>14,128</b>	<b>(933)</b>	<b>(21,210)</b>	<b>(1,926)</b>	<b>(1,797)</b>	<b>2,344</b>	<b>242</b>	<b>436</b>	<b>612</b>	<b>84,652</b>	<b>1,463,716</b>	<b>(401,220)</b>	<b>1,062,496</b>

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

(2) Opening balances at 1 July 2021 have been restated to reflect subdivisions brought to account. Refer to note G4-1.

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

### Accounting policy

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

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

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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.

#### 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:

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 20	Buildings: masonry	38
Other plant and equipment	5 to 20	Buildings: other	38
		<b>Stormwater assets</b>	
<b>Water and sewer assets</b>		Drains	80 to 120
Dams and reservoirs	80 to 155	Culverts	50 to 80
Bores	20 to 40	Flood control structures	80 to 120
Reticulation pipes: PVC	70 to 100		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
		<b>Other infrastructure assets</b>	
<b>Transportation assets</b>		Bulk earthworks	Infinite
Sealed roads: surface	15 to 30	Swimming pools	43 to 68
Sealed roads: structure	60 to 200	Other open space/recreational assets	10 to 30
Unsealed roads	15 to 20	Other infrastructure	13 to 102
Bridge: concrete	60 to 80		
Bridge: other	50		
Road pavements	60		
Kerb, gutter and footpaths	60		

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

#### Revaluation model

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

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

Increases in the carrying amounts arising on revaluation are credited to the IPPE 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 IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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

### Land under roads

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

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

### Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note C2-1.

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

### Rural Fire Service assets

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

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

## Infrastructure, property, plant and equipment – current year impairments

Council has recognised impairment losses on certain Infrastructure, Property, Plant and Equipment during the reporting period, as disclosed in Note B3-4.

## C1-8 Other

### Other assets

	2023 Current \$ '000	2022 Current \$ '000
Prepayments	844	739
<b>Total other assets</b>	<b>844</b>	<b>739</b>

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

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

	2023 Current \$ '000	2022 Current \$ '000
Total unrestricted assets	844	739
<b>Total other assets</b>	<b>844</b>	<b>739</b>

## C2 Leasing activities

### C2-1 Council as a lessee

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

#### Terms and conditions of leases

##### Buildings

Council leases land and buildings as part of access arrangements and for the provision of services. The leases are generally between 2 to 99 years and some include a renewal option to allow Council to renew the lease. The leases contain an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

##### Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. A new photocopier lease commenced 1st October 2021 for a three year period.

#### (a) Right of use assets

	Photocopier \$ '000	Various Other Property, Plant & Equipment \$ '000	Total \$ '000
<b>2023</b>			
Opening balance at 1 July	202	330	532
Depreciation charge	(70)	(41)	(111)
Other movement	(132)	132	–
<b>Balance at 30 June</b>	<b>–</b>	<b>421</b>	<b>421</b>
<b>2022</b>			
Opening balance at 1 July	–	240	240
Additions to right-of-use assets	272	95	367
Depreciation charge	(70)	(56)	(126)
Other movement	–	51	51
<b>Balance at 30 June</b>	<b>202</b>	<b>330</b>	<b>532</b>

#### (b) Lease liabilities

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Lease liabilities	55	288	143	450
<b>Total lease liabilities</b>	<b>55</b>	<b>288</b>	<b>143</b>	<b>450</b>

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

### (i) 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
<b>2023</b>					
Cash flows	58	68	742	868	343
<b>2022</b>					
Cash flows	150	109	759	1,018	593

### (c) Income Statement

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

	2023 \$ '000	2022 \$ '000
Interest on lease liabilities	22	32
Depreciation of right of use assets	111	126
	<b>133</b>	<b>158</b>

### (d) Statement of Cash Flows

	2023 \$ '000	2022 \$ '000
Total cash outflow for leases	149	150
	<b>149</b>	<b>150</b>

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

Council has a number of leases at significantly below market for land and buildings which are used for:

- community services
- historical purposes

The leases are generally between 3 and 5 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services and other purposes which Council either facilitates or provides, these services are detailed in the leases.

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

### Accounting policy

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-



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

of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

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

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

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

### Exceptions to lease accounting

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

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

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

## C2-2 Council as a lessor

### Operating leases

	2023 \$ '000	2022 \$ '000
<b>(i) Assets held as property, plant and equipment</b>		
Council provides operating leases on Council buildings for the purpose of achieving improved community service provision outcomes, the amounts below relate to operating leases on assets disclosed in C1-7.		
Lease income (excluding variable lease payments not dependent on an index or rate)	855	794
<b>Total income relating to operating leases for Council assets</b>	<b>855</b>	<b>794</b>

### (ii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

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

< 1 year	221	663
1–2 years	199	221
2–3 years	183	199
3–4 years	145	183
4–5 years	140	145
> 5 years	2,513	2,654
<b>Total undiscounted lease payments to be received</b>	<b>3,401</b>	<b>4,065</b>

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

### Accounting policy

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

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

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

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

## C3 Liabilities of Council

### C3-1 Payables

	<b>2023</b>	2022
	<b>Current</b>	Current
	<b>\$ '000</b>	\$ '000
Goods and services – operating expenditure	<b>3,432</b>	3,615
Accrued expenses:		
– Borrowings	<b>129</b>	133
– Salaries and wages	<b>675</b>	843
– Contractors	<b>1,560</b>	2,388
– Other expenditure accruals	<b>916</b>	1,485
Security bonds, deposits and retentions	<b>93</b>	93
NIRW grant from EPA	<b>–</b>	351
Trust	<b>1,530</b>	1,435
Prepaid rates	<b>943</b>	757
<b>Total payables</b>	<b>9,278</b>	<b>11,100</b>

### Accounting policy

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

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

## C3-2 Contract Liabilities

		2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
	Notes				
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	7,344	2,738	8,593	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	–	–	1,119	–
Unexpended operating grants	(i)	1,164	5,303	2,027	–
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	–	–	55	–
<b>Total grants received in advance</b>		<b>8,508</b>	<b>8,041</b>	<b>11,794</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>8,508</b>	<b>8,041</b>	<b>11,794</b>	<b>–</b>

### Notes

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

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 and AASB 1058 being satisfied since the performance obligations are ongoing.

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

	2023 \$ '000	2022 \$ '000
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	799	3,946
Operating grants (received prior to performance obligation being satisfied)	7,584	1,598
Operating contributions (received prior to performance obligation being satisfied)	26	134
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>8,409</b>	<b>5,678</b>

### Significant changes in contract liabilities

The increase in unexpended operating grants predominantly relates to additional grant funding received but not yet expended during the reporting period and the associated recognition of revenue.

### Accounting policy

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

## C3-3 Borrowings

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Loans – secured <sup>1</sup>	3,481	16,924	3,169	20,532
<b>Total borrowings</b>	<b>3,481</b>	<b>16,924</b>	<b>3,169</b>	<b>20,532</b>

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

## C3-3 Borrowings (continued)

(1) Disclosures of liability interest rate risk exposures, fair value disclosures and security can be found in Note E.

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

	2022		Non-cash movements				2023
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	23,701	(3,296)	–	–	–	–	20,405
Lease liability (Note C2-1b)	593	(249)	(1)	–	–	–	343
<b>Total liabilities from financing activities</b>	<b>24,294</b>	<b>(3,545)</b>	<b>(1)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>20,748</b>

	2021		Non-cash movements				2022
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	20,932	(3,001)	5,770	–	–	–	23,701
Lease liability (Note C2-1b)	268	(92)	417	–	–	–	593
<b>Total liabilities from financing activities</b>	<b>21,200</b>	<b>(3,093)</b>	<b>6,187</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>24,294</b>

### (b) Financing arrangements

	2023 \$ '000	2022 \$ '000
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	1,000	1,000
Credit cards/purchase cards	210	210
<b>Total financing arrangements</b>	<b>1,210</b>	<b>1,210</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	–	3
<b>Total drawn financing arrangements</b>	<b>–</b>	<b>3</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	210	207
<b>Total undrawn financing arrangements</b>	<b>1,210</b>	<b>1,207</b>

### Additional financing arrangements information

#### Breaches and defaults

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

#### Security over loans

The general rating income of Council is provided as security for loans.

#### Unused limits and facilities

Council has access to an unused overdraft with a limit of \$1,000,000.

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

### C3-3 Borrowings (continued)

#### Accounting policy

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

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

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

### C3-4 Employee benefit provisions

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Annual leave	2,111	–	2,225	–
Long service leave	4,188	414	4,367	432
Other leave – Accrued leave	141	–	157	–
<b>Total employee benefit provisions</b>	<b>6,440</b>	<b>414</b>	<b>6,749</b>	<b>432</b>

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

	2023 \$ '000	2022 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,815	3,925
	<b>3,815</b>	<b>3,925</b>

#### Description of and movements in provisions

	ELE provisions			Total \$ '000
	Annual leave \$ '000	Long service leave \$ '000	Other employee benefits \$ '000	
<b>2023</b>				
At beginning of year	2,225	4,799	157	7,181
Leave Taken	(1,774)	(791)	(1,999)	(4,564)
Leave Accrued	1,660	583	1,983	4,226
Other	–	11	–	11
Total ELE provisions at end of year	<b>2,111</b>	<b>4,602</b>	<b>141</b>	<b>6,854</b>
<b>2022</b>				
At beginning of year	2,120	5,196	187	7,503
Leave Taken	(1,806)	(345)	(1,760)	(3,911)
Leave Accrued	1,911	(52)	1,730	3,589
Total ELE provisions at end of year	<b>2,225</b>	<b>4,799</b>	<b>157</b>	<b>7,181</b>

#### Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual

## C3-4 Employee benefit provisions (continued)

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settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

### **Short-term obligations**

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

### **Other long-term employee benefit obligations**

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

### **On-costs**

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

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

## C3-5 Provisions

	2023 Current \$ '000	2023 Non-Current \$ '000	2022 Current \$ '000	2022 Non-Current \$ '000
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	4,059	11,380	1,791	10,402
<b>Sub-total – asset remediation/restoration</b>	<b>4,059</b>	<b>11,380</b>	<b>1,791</b>	<b>10,402</b>
<b>Total provisions</b>	<b>4,059</b>	<b>11,380</b>	<b>1,791</b>	<b>10,402</b>

### Description of and movements in provisions

	Other provisions Asset remediation \$ '000	Total \$ '000
<b>2023</b>		
At beginning of year	12,193	12,193
Unwinding of discount	443	443
Remeasured Provision	2,740	2,740
Used Provision	63	63
Total other provisions at end of year	<b>15,439</b>	<b>15,439</b>
<b>2022</b>		
At beginning of year	14,295	14,295
Unwinding of discount	162	162
Used Provision	(2,264)	(2,264)
Total other provisions at end of year	<b>12,193</b>	<b>12,193</b>

### Nature and purpose of provisions

#### Landfill and Quarry remediation

Council notes that although the phytocap method of rehabilitation could lead to greater cost savings, it is only in testing phase with a limited number of councils in NSW. The EPA have not yet provided approval for Council to use phytocap technology so a full capping methodology is applied in valuing the Landfill Rehabilitation Provision at 30 June 2023. Apart from the impact of inflation for the year ended 30 June 2023, no other significant amendments were made to the Landfill Rehabilitation Provision at 30 June 2023.

For Council's Quarry Rehabilitation Provision only the impact of inflation on costs have been included, no other changes were identified during the annual review of the Quarry Rehabilitation Provision at 30 June 2023.

Any changes to these provisions will be reflected in future Financial Statements.

#### Accounting policy

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

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

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

#### Provisions for close-down and restoration, and environmental clean-up costs – landfills and quarries

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

## C3-5 Provisions (continued)

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during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

Refer to the Statement of Changes in Equity for the roll forward of the Accumulated Surplus and Revaluation Reserve from 2022 to 2023 and comparatives for the prior year.



## 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

	<b>General 2023 \$ '000</b>	<b>Water 2023 \$ '000</b>	<b>Sewer 2023 \$ '000</b>
<b>Income from continuing operations</b>			
Rates and annual charges	28,917	3,255	7,199
User charges and fees	17,826	9,586	317
Interest and investment revenue	2,420	863	743
Other revenues	2,233	49	2,154
Grants and contributions provided for operating purposes	34,267	312	–
Grants and contributions provided for capital purposes	17,731	8,396	2,093
Net gains from disposal of assets	1,041	–	–
Other income	855	–	–
<b>Total income from continuing operations</b>	<b>105,290</b>	<b>22,461</b>	<b>12,506</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	23,444	1,888	1,306
Materials and services	39,373	4,198	4,023
Borrowing costs	1,159	545	–
Depreciation, amortisation and impairment of non-financial assets	28,410	4,083	1,798
Other expenses	2,082	22	–
<b>Total expenses from continuing operations</b>	<b>94,468</b>	<b>10,736</b>	<b>7,127</b>
<b>Operating result from continuing operations</b>	<b>10,822</b>	<b>11,725</b>	<b>5,379</b>
<b>Net operating result for the year</b>	<b>10,822</b>	<b>11,725</b>	<b>5,379</b>
<b>Net operating result attributable to each council fund</b>	<b>10,822</b>	<b>11,725</b>	<b>5,379</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(6,909)</b>	<b>3,329</b>	<b>3,286</b>

## D1-2 Statement of Financial Position by fund

	<b>General 2023 \$ '000</b>	<b>Water 2023 \$ '000</b>	<b>Sewer 2023 \$ '000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	32,268	–	–
Investments	38,227	30,347	29,303
Receivables	10,799	2,573	283
Inventories	1,140	–	658
Contract assets and contract cost assets	1,732	–	–
Other	844	–	–
<b>Total current assets</b>	<b>85,010</b>	<b>32,920</b>	<b>30,244</b>
<b>Non-current assets</b>			
Receivables	225	–	–
Inventories	700	–	–
Infrastructure, property, plant and equipment	824,799	200,420	99,238
Right of use assets	421	–	–
<b>Total non-current assets</b>	<b>826,145</b>	<b>200,420</b>	<b>99,238</b>
<b>Total assets</b>	<b>911,155</b>	<b>233,340</b>	<b>129,482</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	9,200	78	–
Income received in advance	(175)	175	–
Contract liabilities	8,082	312	114
Lease liabilities	55	–	–
Borrowings	2,971	510	–
Employee benefit provision	6,440	–	–
Provisions	4,059	–	–
<b>Total current liabilities</b>	<b>30,632</b>	<b>1,075</b>	<b>114</b>
<b>Non-current liabilities</b>			
Contract liabilities	8,041	–	–
Lease liabilities	288	–	–
Borrowings	8,204	8,720	–
Employee benefit provision	414	–	–
Provisions	11,380	–	–
<b>Total non-current liabilities</b>	<b>28,327</b>	<b>8,720</b>	<b>–</b>
<b>Total liabilities</b>	<b>58,959</b>	<b>9,795</b>	<b>114</b>
<b>Net assets</b>	<b>852,196</b>	<b>223,545</b>	<b>129,368</b>
<b>EQUITY</b>			
Accumulated surplus	626,100	205,839	126,780
Revaluation reserves	226,096	17,706	2,588
<b>Council equity interest</b>	<b>852,196</b>	<b>223,545</b>	<b>129,368</b>
<b>Total equity</b>	<b>852,196</b>	<b>223,545</b>	<b>129,368</b>

## D2 Interests in other entities

### D2-1 Unconsolidated structured entities

Council did not consolidate the following structured entities:

#### 1. New England Weeds Authority

New England Weeds Authority (NEWA), is the registered trading name of The New England Tablelands Noxious Plants County Council. NEWA is a single purpose Council which is a Local Control Authority for priority and invasive weeds under the NSW Biosecurity Act, 2015. The present area of operation of NEWA is the local government areas of Armidale Regional, Walcha, Uralla Shire, and Glen Innes Severn (under a Memorandum of Understanding). These Councils are located in the Northern Tablelands region of New South Wales.

The County Council's governance is in accordance with the Local Government Act 1993 (LGA 1993) with the County Council first proclaimed in 1947.

NEWA is funded by contributions from its four Constituent Councils, grants and private works. Each Constituent Council has delegated its Noxious weeds control function to NEWA and contributes in accordance with NEWA's proclamation. NEWA's governing body consists of five Councillors elected by each of the Constituent Councils.

NEWA leases property from Council for office accommodation, parking and storage of chemicals under a month-to-month lease agreement. Council also provides servicing of vehicles owned by NEWA at cost. Management assessed the impact of the NEWA's operations to be insignificant to the financial statements of Council.

#### Nature of risks relating to the Unconsolidated Structured Entity

NEWA is a separately constituted and proclaimed County Council. The proclamation determined the contribution of each participating Council. These contributions are the total financial support required of each Constituent Council.

Council has no further obligations should NEWA become insolvent. As a proclaimed entity of the State of NSW, any additional funding obligations remain with the State.

#### Non-contractual financial support provided

Council did not provide any non contractual support to NEWA.

#### Current intention to provide financial support

Council will continue to provide a contribution to NEWA in accordance with NEWA's proclamation. Council's contribution for the 2023/2024 year is \$278,690 including GST (2022/2023: \$266,078 including GST).

#### 2. New England Regional Art Museum (NERAM)

New England Regional Art Museum (NERAM) is a not for profit company limited by guarantee, and a Charitable Trust which has received endorsed deductible gift recipient status. NERAM is an organisation built with a combination of state and local government funding and community contributions. Council does not hold any ownership interest in NERAM.

NERAM's income is derived from several sources, including a 20 year funding agreement with Council (38%), NSW government (5%), with the balance made up from membership fees, art classes, commercial sponsorship and fundraising.

The 20 year funding agreement commenced on 15 April 2009 at \$265,000 per annum plus GST, indexed at Councils rate peg increase at each anniversary date. The funding agreement is due to expire on 14 April 2028. Under the funding agreement, Council also provides 'in kind' support for building maintenance, up to a capped amount of \$10,000 per annum indexed with CPI each year, on the building that NERAM occupies and leases from Council under a separate lease agreement.

Council has assessed the impact of the organisation's operations to be insignificant to the financial statements of Council.

#### Nature of risks relating to the Unconsolidated Structured Entity

Council provides 38% of funding for NERAM. As a public company limited by guarantee, the organisation is responsible for its own funding, while it may not exist without Council's ongoing support. Council makes 4 quarterly payments to NERAM in accordance with the funding agreement.

The main assets of NERAM are artworks. The nature of the Hinton and Coventry Trust prevent sale and usage of funds to fund operations. The assets and liabilities of NERAM are not considered significant to the financial statements of Council.

Income received by Council relating to the Structured Entity

– Rental Income	12	(11)
Assets in Council's Statement of Financial Position relating to the Structured Entity	7,224	6,310
<b>Net assets in Council's Statement of Financial Position</b>	<b>7,224</b>	<b>6,310</b>

## D2-1 Unconsolidated structured entities (continued)

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<b>Difference – net asset/(net exposure) relating to the Structured Entity:</b>	<b>7,224</b>	6,310
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### Non-contractual financial support provided

Council did not provide any non contractual support to NERAM.

### Current intention to provide financial support

Council's current position is to maintain support and contributions in accordance with the 20 year funding agreement which commenced on 15 April 2009 and concludes on 14 April 2028.

Under the funding agreement, the commencement funding amount is \$265,000 per annum plus GST, increased on each anniversary date by what is commonly referred to as the rate pegging percentage for Council. Council's contribution for the 2023/24 year is estimated at \$388,186 plus GST.

Council also provides 'in kind' support to NERAM in terms of a lease of the building and maintenance of the land upon which NERAM is located, capped at a dollar value of \$10,000 per annum indexed to CPI.

## E Risks and accounting uncertainties

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

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

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

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

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

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

	Carrying value 2023 \$ '000	Carrying value 2022 \$ '000	Fair value 2023 \$ '000	Fair value 2022 \$ '000
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	32,268	20,283	32,268	20,283
Receivables	13,880	10,706	13,336	7,792
Investments				
– Debt securities at amortised cost	87,550	76,036	87,550	76,036
<b>Fair value through profit and loss</b>				
Investments				
– Held for trading	10,327	9,951	10,327	9,951
<b>Total financial assets</b>	<b>144,025</b>	<b>116,976</b>	<b>143,481</b>	<b>114,062</b>
<b>Financial liabilities</b>				
Payables	9,278	11,100	9,278	10,343
Loans/advances	20,405	23,701	20,405	23,701
<b>Total financial liabilities</b>	<b>29,683</b>	<b>34,801</b>	<b>29,683</b>	<b>34,044</b>

Fair value is determined as follows:

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

The risks associated with the financial instruments held are:

- interest rate risk – the risk that movements in interest rates could affect returns
- liquidity risk – the risk that Council will not be able to pay its debts as and when they fall due.
- credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to the Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers before placing any cash and investments.

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

2023                      2022

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

	\$ '000	\$ '000
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	978	860
Impact of a 10% movement in price of investments		
– Equity / Income Statement	10,327	8,599

### (b) Credit risk

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

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

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

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

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

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

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

### Credit risk profile

#### Receivables – rates and annual charges

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

	Not yet overdue \$ '000	overdue rates and annual charges < 5 years \$ '000	≥ 5 years \$ '000	Total \$ '000
<b>2023</b>				
Gross carrying amount	–	2,185	136	2,321
<b>2022</b>				
Gross carrying amount	–	2,051	94	2,145

#### 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			Total \$ '000
			31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
<b>2023</b>						
Gross carrying amount	10,433	1,106	339	1,609	349	13,836
Expected loss rate (%)	0.00%	0.00%	4.26%	0.17%	24.44%	0.74%
<b>ECL provision</b>	<b>–</b>	<b>–</b>	<b>14</b>	<b>3</b>	<b>85</b>	<b>102</b>

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

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts			Total \$ '000
			31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2022						
Gross carrying amount	12,793	335	478	5	218	13,829
Expected loss rate (%)	0.00%	0.00%	7.10%	100.00%	100.00%	1.86%
ECL provision	–	–	34	5	218	257

### (c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in:			Total cash outflows \$ '000	Actual carrying values \$ '000
			≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000		
2023							
Payables	0.00%	93	9,185	–	–	9,278	9,278
Borrowings	5.52%	–	4,543	13,275	8,856	26,674	20,405
<b>Total financial liabilities</b>		<b>93</b>	<b>13,728</b>	<b>13,275</b>	<b>8,856</b>	<b>35,952</b>	<b>29,683</b>
2022							
Payables	0.00%	93	11,007	–	–	11,100	11,100
Borrowings	5.49%	–	4,542	16,284	10,434	31,260	23,701
<b>Total financial liabilities</b>		<b>93</b>	<b>15,549</b>	<b>16,284</b>	<b>10,434</b>	<b>42,360</b>	<b>34,801</b>

### Loan agreement breaches

No breaches of any loan agreements occurred during the year.

## E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

	Fair value measurement hierarchy							
	Date of latest valuation		Level 2 Significant observable inputs <sup>1</sup>		Level 3 Significant unobservable inputs <sup>1</sup>		Total <sup>1</sup>	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>\$ '000</b>						Restated		Restated
		Notes						
<b>Recurring fair value measurements</b>								
<b>Infrastructure, property, plant and equipment</b> <span style="float: right;">C1-7</span>								
Plant and equipment	30/06/20	30/06/20	–	–	11,999	12,706	11,999	12,706
Office equipment	30/06/20	30/06/20	–	–	164	76	164	76
Operational Land	30/06/19	30/06/19	42,921	28,744	–	–	42,921	28,744
Community Land	30/06/19	30/06/19	–	–	45,522	30,957	45,522	30,957
Land Under Roads <sup>1</sup>	30/06/19	30/06/19	–	–	1,257	856	1,257	856
Buildings (specialised and non-specialised)	30/06/18	30/06/18	77,271	69,269	–	–	77,271	69,269
Other structures	13/05/16	13/05/16	–	–	22,808	20,808	22,808	20,808
Roads <sup>1</sup>	30/06/21	30/06/21	–	–	239,087	219,575	239,087	219,575
Bridges	30/06/21	30/06/21	–	–	39,089	37,276	39,089	37,276
Footpaths <sup>1</sup>	30/06/21	30/06/21	–	–	9,278	8,965	9,278	8,965
Bulk earthworks (non-depreciable) <sup>1</sup>	30/06/21	30/06/21	–	–	164,586	154,583	164,586	154,583
Stormwater drainage <sup>1</sup>	30/06/21	30/06/21	–	–	131,647	125,334	131,647	125,334
Water supply network	31/12/22	30/06/17	–	–	178,977	169,796	178,977	169,796
Sewerage network	31/12/22	30/06/17	–	–	93,134	104,066	93,134	104,066
Airport infrastructure	30/06/17	30/06/17	–	–	17,663	14,682	17,663	14,682
Heritage collections	13/05/16	13/05/16	–	–	39	48	39	48
Artworks		13/05/16	–	–	–	–	–	–
Other	13/05/16	13/05/16	–	–	33,271	30,093	33,271	30,093
Landfill & quarry assets	30/06/21	30/06/21	–	–	5,967	4,311	5,967	4,311
<b>Total infrastructure, property, plant and equipment</b>			<b>120,192</b>	<b>98,013</b>	<b>994,488</b>	<b>934,132</b>	<b>1,114,680</b>	<b>1,032,145</b>

(1) 2021/22 amounts have been restated, refer to note G4-1.

### Valuation techniques

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

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



## E2-1 Fair value measurement (continued)

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

#### Plant and equipment, and office equipment – Level 3

Valuation Techniques – Depreciated historic cost. The nature and value of plant and equipment and office equipment recognises that depreciated historic cost is a representation of fair value. Observable inputs - Available market data to assess the replacement cost of the asset. Unobservable inputs - Estimates of useful life and residual value.

#### Operational Land – Level 2

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. Valuation Techniques – at 30 June 2023 the value of the operational land held by council was indexed at the Valuer General's value increment for the Northern Tablelands Region (46.7%). Observable inputs - Valuation information obtained from the NSW Valuer-General and sales evidence of price per square metre of land.

#### Community Land and Land under roads – Level 3

Valuations of all of Council's Community Land and Council-managed land were based on either the Unimproved Capital Value (UCV) provided by the NSW Valuer-General or an average unit rate based on the UCV for similar properties where the Valuer-General did not provide a UCV having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as Level 3.

At 30 June 2020, valuation information was obtained from the NSW Valuer-General and their valuations undertaken at 1 July 2019 for rating purposes. This value has been indexed to reflect change in value, the indexation rate used for 2022/23 was 46.7% being the published increment for VG land values for the Northern Tablelands Region at 1 July 2022.

#### Buildings - Level 2

The approach taken with buildings, estimated the replacement cost of each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected and the unit rates based on square metres could be supported from market evidence (Level 2), other inputs (such as obsolescence) require extensive professional judgement, and impact significantly on the final determination of fair value. In forming valuations of each building, the market to which the asset could be sold in was taken into account and compared back against the cost. Many of the buildings that council owns are specific purpose and valued using current replacement cost approach, and as such, these assets were classified as having been valued using Level 3 valuation inputs.

Buildings were recorded at fair value following the engagement of an external, independent and qualified valuer to determine the fair value of Buildings at 30 June 2018.

#### Transport Assets - Roads, bridges, footpaths, bulk earthworks, stormwater drainage assets – Level 3

Valuation Techniques – Depreciated Replacement Cost.

Due to the specialised nature of Local Government Assets, observable market inputs are often unavailable. The cost approach has been adopted for Council's Transport Assets and deemed level 3. These assets were valued at 30 June 2021, by Australis Asset Advisory Group. The cost approach to valuation involves the following process:

- The fair value is a reflection of gross value (replacement cost) less accumulated depreciation.
- Actual construction cost data was used to establish unit rates and applied to the asset's attributes to determine the gross value
- A sample of assets were inspected to arrive at a condition score. This is applied along with the asset age to determine the remaining useful life.
- Roads were categorised into appropriate groupings such as Sealed and Unsealed.
- The network was broken into segments linked to defining geographical features
- Assets were disaggregated into significant components which exhibit different patterns of consumption (useful lives) i.e. seal, pavement, subbase, earthworks.

Observable inputs - Construction costs used to assess the replacement cost of the asset. For example Seal cost per m<sup>2</sup>, Pavement construction per m<sup>2</sup>, gravel cost.

Unobservable inputs - Estimates of useful life, condition and residual value.

#### Water supply network and Sewerage network – Level 3

Valuation Techniques – Cost Approach Method.

Due to the specialised nature of Local Government Assets observable market inputs are often unavailable. The cost approach has been adopted for Council Water and Sewer deemed level 3 and was applied as part of 31 December 2022 fair value process. This involves the following process:

- Council engaged independent external valuer, to perform a comprehensive revaluation of its water and sewerage supply network assets
- Council used data published in the NSW Reference Rates Manual as published by the Office of Water, assets's condition assessment and observation and asset useful life for Valuation of Water & Sewerage Assets

Unobservable inputs - Estimates of useful life, condition and residual value.

## E2-1 Fair value measurement (continued)

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Water and Sewerage Infrastructure Assets were revalued at 31 December 2022 by an independent, external valuer.

### **Landfill & Quarry assets – reinstatement, rehabilitation and restoration – Level 3**

Valuation Techniques - cost inputs, unit rates, useful life, asset condition, dimensions and specifications.

At the time a landfill site becomes full and the site is required to be closed, there are significant costs associated with the rehabilitation of the site.

A rehabilitation model has been developed. Council's in-house Waste Engineer performs an annual review of the Rehabilitation Model including a detailed review of input costings.

### **Heritage collections, artworks and other assets – Level 3**

Valuation Technique – Depreciated Cost Approach. The depreciated cost of the asset category is considered a close proxy for fair value.

Due to the specialised nature of Local Government Assets observable market inputs are often unavailable. The depreciated cost approach has been adopted for this asset class and deemed level 3. This involves the following process:

- The fair value is a reflection of gross value less accumulated depreciation. Published project and cost data applied to the asset's attributes is used to determine the gross value (replacement cost)
- Age and asset condition is applied to determine the level of depreciation.
- Major assets were disaggregated into significant components which exhibit different patterns of consumption (useful lives).

Observable inputs - Available market data to assess the replacement cost of the asset.

Unobservable inputs - Estimates of useful life, and condition.

Heritage collections, Artworks and Other Assets were recorded at fair value from merged councils which engaged external, independent valuers to determine the fair value at 13 May 2016.

## E2-1 Fair value measurement (continued)

### Fair value measurements using significant observable and unobservable inputs (levels 2 & 3)

A reconciliation of the movements in recurring fair value measurements allocated to Level 2 and 3 of the hierarchy is provided below:

	Operational land		Community land		Buildings		Infrastructure assets		Other assets		Total	
	2023	2022	2023	2022	2023	2022	2023	2022 Restated	2023	2022	2023	2022
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Opening balance</b>	<b>28,744</b>	25,149	<b>30,957</b>	27,108	<b>69,269</b>	58,617	<b>886,034</b>	816,447	<b>17,141</b>	19,353	<b>1,032,145</b>	946,674
<b>Total gains or losses for the period</b>												
Recognised in other comprehensive income – revaluation surplus	<b>13,395</b>	3,574	<b>14,491</b>	3,849	<b>4,304</b>	11,196	<b>22,320</b>	66,456	<b>2</b>	12	<b>54,512</b>	85,087
<b>Other movements</b>												
Transfers from/(to) another asset class	–	213	<b>74</b>	–	–	399	<b>(66)</b>	(1)	–	–	<b>8</b>	611
Other Movements	<b>(1)</b>	(5)	–	–	<b>1,102</b>	59	<b>17,165</b>	242	<b>2,947</b>	87	<b>21,213</b>	383
Purchases (GBV)	<b>23</b>	–	–	–	<b>506</b>	1,943	<b>19,277</b>	18,834	<b>1,477</b>	957	<b>21,283</b>	21,734
Contribution Additions	<b>760</b>	–	–	–	<b>5,851</b>	–	<b>5,418</b>	–	–	–	<b>12,029</b>	–
Disposals (WDV)	–	(187)	–	–	<b>(183)</b>	(11)	<b>(1,831)</b>	(66)	<b>(350)</b>	(489)	<b>(2,364)</b>	(753)
Depreciation and impairment	–	–	–	–	<b>(3,578)</b>	(2,934)	<b>(17,520)</b>	(15,878)	<b>(3,048)</b>	(2,779)	<b>(24,146)</b>	(21,591)
<b>Closing balance</b>	<b>42,921</b>	28,744	<b>45,522</b>	30,957	<b>77,271</b>	69,269	<b>930,797</b>	886,034	<b>18,169</b>	17,141	<b>1,114,680</b>	1,032,145

## E2-1 Fair value measurement (continued)

### 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 contributes to a Defined Benefit Superannuation Plan under the Local Government Superannuation Scheme, named Active Super (formerly The Local Government Superannuation Scheme – Pool B) ("the Scheme"). The Scheme is a defined benefit superannuation plan that has been deemed to be a 'multi-employer fund' for the purposes of AASB119 Employee Benefits, for the following reasons:

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

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

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

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the Scheme.

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

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

\* For the year ended 30 June 2023, for 180 Point Members, Employers are required to contribute 8% of salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits. From 1 July 2023, the required contribution rate increases to 8.5% in line with the increase in the Superannuation Guarantee contribution level.

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2019 to 31 December 2021 and \$20 million per annum for 1 January to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These additional lump sum contributions for past service are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

There is no relief under the Scheme's trust deed for employers to relinquish their defined benefit obligations. Under limited circumstances, an employer may withdraw from the Scheme when there are no active members, on full payment of outstanding

## E3-1 Contingencies (continued)

additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme (Active Super) and recognised as an expense for the year ended 30 June 2023 was \$153,090. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2022.

Council's expected contribution to the Scheme for the next annual reporting period is \$156,192.

The estimated employer reserves in the Scheme for the Pooled Employers at 30 June 2023 is:

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

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

The share of this surplus that is broadly attributed to Council is estimated to be in the order of 0.54% as at 30 June 2023.

Council's share of the surplus 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 any deficiency or gain for any surplus is recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct any future deficiency.

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6% for FY 22/23 2.5% per annum thereafter

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2023.

### (ii) Statewide Mutual

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

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

The future realisation and finalisation of claims incurred but not reported to 30 June 2023 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 Mutual Limited

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

StateCover Mutual Limited is a public 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.

## E3-1 Contingencies (continued)

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

### (iv) Other guarantees

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

### 2. Other liabilities

No other liabilities other than those shown elsewhere have been quantified at this time.

#### (i) Third party claims

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

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

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

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

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

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

### 3. Contingent liabilities

#### (i) Contingent Remediation Work

Council has one site where future potential remediation work may be required to comply with environmental requirements.

The former Armidale Gas Works site, may require certain land and waterway rehabilitation work. Council continues to test and monitor the site for contamination and leaching. At this stage, there is no present obligation for Council to incur costs of remediation. Council continues to work with the relevant authorities to monitor the site. Should the ongoing testing and monitoring indicate leaked contamination and leaching, remediation may be required to further rehabilitate the site.

An amount has been set aside in the forward budget to undertake works on a portion of land, "The Wedge", that may have been affected by the old Armidale Gasworks. It is expected that the cost associated with this work are likely to be approximately \$2.5M. The extent of the remediation required will not be able to be established until the work is carried out.

## ASSETS NOT RECOGNISED

### (i) Infringement notices/fines

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

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

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

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

## F People and relationships

### F1 Related party disclosures

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

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

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

	2023 \$ '000	2022 \$ '000
<b>Compensation:</b>		
Short-term benefits	1,724	1,509
Post-employment benefits	172	104
Other long-term benefits	-	101
Termination benefits	-	31
<b>Total</b>	<b>1,896</b>	<b>1,745</b>

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

Other transactions that occur between KMP and their related parties and Council, as part of Council delivering a public service objective (e.g. access by KMP to use library facilities or Council swimming pools), occur on an arm's length basis, with no additional benefits being provided to KMP over and above those benefits provided to the public.

There are no other disclosures to be made by KMP.

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

	2023 \$ '000	2022 \$ '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	63	57
Councillors' fees	278	211
Interim Administrator fees	-	-
Other Councillors' expenses (including Mayor)	10	37
Temporary Advisor / Financial Controller	-	40
<b>Total</b>	<b>351</b>	<b>345</b>

## F2 Other relationships

### F2-1 Audit fees

	2023 \$ '000	2022 \$ '000
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements (NSW Auditor-General) <sup>1</sup>	199	122
Other Assurance services including acquittal audits (other Audit service providers)	87	76
<b>Total audit fees</b>	<b>286</b>	<b>198</b>

(1) Audit Office fees include \$81,000 in fees related to prior years and not accrued in those years



## G Other matters

### G1-1 Statement of Cash Flows information

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

	2023	2022 <sup>1</sup>
	\$ '000	Restated \$ '000
<b>Net operating result from Income Statement</b>	<b>27,926</b>	25,930
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation <sup>1</sup>	24,257	21,336
(Gain) / loss on disposal of assets	(1,041)	(230)
Non-cash capital grants and contributions <sup>1</sup>	(12,028)	(2,586)
Other movement	–	145
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Revaluation decrements / impairments of IPP&E direct to P&L	10,034	1,926
Unwinding of discount rates on reinstatement provisions	443	162
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(3,198)	747
Increase / (decrease) in provision for impairment of receivables	(12)	8
(Increase) / decrease of inventories	(41)	(377)
(Increase) / decrease of other current assets	(105)	(42)
(Increase) / decrease of contract asset	2,979	(1,373)
Increase / (decrease) in payables	(183)	(838)
Increase / (decrease) in accrued interest payable	(4)	24
Increase / (decrease) in other accrued expenses payable	(737)	1,275
Increase / (decrease) in other liabilities	(898)	1,601
Increase / (decrease) in contract liabilities	4,755	4,942
Increase / (decrease) in employee benefit provision	(327)	(322)
Increase / (decrease) in other provisions	2,803	–
<b>Net cash flows from operating activities</b>	<b>54,623</b>	<b>52,328</b>

(1) Prior years restated, refer note G4-1

Council does not use Non-cash investing and financing activities.

## G2-1 Commitments

### Capital commitments (exclusive of GST)

	2023 \$ '000	2022 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Plant and equipment	1,005	340
Bridges	6,762	–
Netball Court Lighting	–	169
Kempsey Road Restoration	4,592	14,378
Puddledock Pipeline Project	–	9,281
Dumaresq Dam Wall	–	626
Roads	1,922	2,342
Buildings	44	213
Airport Infrastructure	–	28
Public Works Australia	4,291	–
Oaky River Hydro Scheme <sup>1</sup>	3,978	–
Other	162	–
<b>Total commitments</b>	<b>22,756</b>	<b>27,377</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	22,756	27,377
<b>Total payable</b>	<b>22,756</b>	<b>27,377</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	–	1
Externally restricted reserves	21,707	26,695
Internally restricted reserves	1,049	681
<b>Total sources of funding</b>	<b>22,756</b>	<b>27,377</b>

#### Details of capital commitments

For each of the commitments, tenders have been called and orders placed prior to year end, with an expectation of delivery early in the 2023/24 financial year.

(1) As part of the Integrated Water Cycle Management Strategy a water security assessment was conducted. This assessment found that ARC's water security had a significant shortfall of 2,088 ML/year. It was determined by council resolution on 14/12/2022 to approve the purchase of the Oaky River Hydro Scheme. Settlement date for the property is currently February 2024.

## G3-1 Events occurring after the reporting date

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

## G4 Changes from prior year statements

### G4-1 Correction of errors

Following the comprehensive revaluation of water and sewer infrastructure in December 2022 using GIS data, Council identified that assets associated with new subdivisions had not been capitalised in prior years. The adjustments noted herein relate to the capitalisation of new subdivision assets in the following classes - land under roads, roads, footpaths, bulk earthworks and stormwater drainage.

## G4-1 Correction of errors (continued)

Subdivision assets have been broken into two categories - Water and Sewer and Other Infrastructure (land under roads, roads, footpaths, bulk earthworks and stormwater drainage).

**Subdivision assets relating to Water and Sewer** - These assets were revalued in 2023 using GPS technology to map the location of infrastructure (known as GIS or Geographical Information System data) as the basis for the revalued fixed asset register. Whilst the subdivision assets are included in the revaluation, it was impracticable to calculate the prior period error. These assets have been recognised for the first time in the current year.

**Subdivision assets relating to land under roads, roads, footpaths, bulk earthworks and stormwater drainage** - The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2021) and taking the adjustment through to either accumulated surplus and/or IPPE Revaluation Reserve at the relevant date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

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

#### Statement of Financial Position

	Original Balance 1 July 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July 2021 \$ '000
Infrastructure, property, plant and equipment	965,752	3,864	969,616
<b>Total non-current assets</b>	<b>967,901</b>	<b>3,864</b>	<b>971,765</b>
<b>Total assets</b>	<b>1,066,677</b>	<b>3,864</b>	<b>1,070,541</b>
<b>Net assets</b>	<b>1,007,789</b>	<b>3,864</b>	<b>1,011,653</b>
Accumulated Surplus	900,999	3,864	904,863
<b>Total equity</b>	<b>1,007,789</b>	<b>3,864</b>	<b>1,011,653</b>

## G4-1 Correction of errors (continued)

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

## Statement of Financial Position

	Original Balance 30 June 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June 2022 \$ '000
Infrastructure, property, plant and equipment	1,058,023	4,473	1,062,496
<b>Total non-current assets</b>	<b>1,059,963</b>	<b>4,473</b>	<b>1,064,436</b>
<b>Total assets</b>	<b>1,184,760</b>	<b>4,473</b>	<b>1,189,233</b>
<b>Net assets</b>	<b>1,118,198</b>	<b>4,473</b>	<b>1,122,671</b>
Accumulated Surplus	926,756	4,037	930,793
IPPE revaluation reserve	191,442	436	191,878
<b>Total equity</b>	<b>1,118,198</b>	<b>4,473</b>	<b>1,122,671</b>

## G4-1 Correction of errors (continued)

## Income Statement

	Original Balance 30 June 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June 2022 \$ '000
Grants and contributions provided for capital purposes	20,339	242	20,581
<b>Total income from continuing operations</b>	<b>109,435</b>	<b>242</b>	<b>109,677</b>
Depreciation, amortisation and impairment of non-financial assets	23,193	69	23,262
<b>Total expenses from continuing operations</b>	<b>83,678</b>	<b>69</b>	<b>83,747</b>
<b>Net operating result for the year</b>	<b>25,757</b>	<b>173</b>	<b>25,930</b>

## Statement of Comprehensive Income

	Original Balance 30 June 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June 2022 \$ '000
<b>Net operating result for the year</b>	<b>25,757</b>	<b>173</b>	<b>25,930</b>
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	84,652	436	85,088
<b>Total comprehensive income for the year</b>	<b>110,409</b>	<b>609</b>	<b>111,018</b>

## G5 Statement of developer contributions as at 30 June 2023

### G5-1 Summary of developer contributions

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	(Expenditure) & Other Adjustments during year \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Drainage	47	–	–	–	1	–	–	48	–
Roads	996	–	–	–	28	–	–	1,024	–
Traffic facilities	18	–	–	–	1	–	–	19	–
Parking	51	50	–	–	2	–	–	103	–
Open space	340	–	–	–	8	–	–	348	–
Community facilities	54	1	–	–	2	–	–	57	–
Other	8	71	–	–	1	–	–	80	–
Bushfire	1	–	–	–	–	–	–	1	–
Street Trees	94	4	–	–	3	–	–	101	–
<b>S7.11 contributions – under a plan</b>	<b>1,609</b>	<b>126</b>	<b>–</b>	<b>–</b>	<b>46</b>	<b>–</b>	<b>–</b>	<b>1,781</b>	<b>–</b>
<b>S7.12 levies – under a plan</b>	<b>1,948</b>	<b>603</b>	<b>–</b>	<b>–</b>	<b>64</b>	<b>–</b>	<b>–</b>	<b>2,615</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>3,557</b>	<b>729</b>	<b>–</b>	<b>–</b>	<b>110</b>	<b>–</b>	<b>–</b>	<b>4,396</b>	<b>–</b>
S7.4 planning agreements	121	–	–	–	2	–	–	123	–
S64 contributions	6,318	2,152	–	–	210	–	–	8,680	–
Contributions not under any plan	248	–	–	–	7	–	–	255	–
<b>Total contributions</b>	<b>10,244</b>	<b>2,881</b>	<b>–</b>	<b>–</b>	<b>329</b>	<b>–</b>	<b>–</b>	<b>13,454</b>	<b>–</b>

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

## G5-2 Developer contributions by plan

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	(Expenditure) & Other Adjustments during year \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
<b>CONTRIBUTION PLAN</b>									
Drainage	47	-	-	-	1	-	-	48	-
Roads	996	-	-	-	28	-	-	1,024	-
Traffic facilities	18	-	-	-	1	-	-	19	-
Parking	51	50	-	-	2	-	-	103	-
Open space	340	-	-	-	8	-	-	348	-
Community facilities	54	1	-	-	2	-	-	57	-
Bushfire	1	-	-	-	-	-	-	1	-
Street Trees	94	4	-	-	3	-	-	101	-
Other	8	71	-	-	1	-	-	80	-
<b>Total</b>	<b>1,609</b>	<b>126</b>	<b>-</b>	<b>-</b>	<b>46</b>	<b>-</b>	<b>-</b>	<b>1,781</b>	<b>-</b>

## S7.12 Levies – under a plan

<b>CONTRIBUTION PLAN</b>									
Other	1,948	603	-	-	64	-	-	2,615	-
<b>Total</b>	<b>1,948</b>	<b>603</b>	<b>-</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>2,615</b>	<b>-</b>

## G6 Statement of performance measures

### G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts	Indicator	Indicators		Benchmark
	2023	2023	Restated 2022	Restated 2021	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>8,717</b>	<b>7.85%</b>	7.96%	6.93%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>110,996</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>76,417</b>	<b>54.89%</b>	66.78%	68.47%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>139,216</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>54,642</b>	<b>3.89x</b>	2.27x	2.41x	> 1.50x
Current liabilities less specific purpose liabilities	<b>14,048</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>34,678</b>	<b>6.61x</b>	6.70x	6.11x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>5,250</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>1,949</b>	<b>4.69%</b>	5.07%	4.98%	< 10.00%
Rates and annual charges collectable	<b>41,515</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>119,818</b>	<b>16.25 months</b>	17.19 months	15.50 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>7,373</b>				

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

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



## G6-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2023	Restated 2022	2023	2022	2023	2022	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>2.43%</b>	4.40%	<b>23.67%</b>	17.16%	<b>31.56%</b>	23.85%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>50.12%</b>	61.15%	<b>61.23%</b>	83.39%	<b>83.26%</b>	94.69%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>3.89x</b>	2.27x	<b>30.62x</b>	51.24x	<b>265.30x</b>	∞	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>4.60x</b>	4.94x	<b>14.60x</b>	15.52x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>6.27%</b>	5.35%	<b>0.00%</b>	5.45%	<b>0.00%</b>	3.71%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>16.25 months</b>	9.72 months	∞	41.97 months	∞	60.90 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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

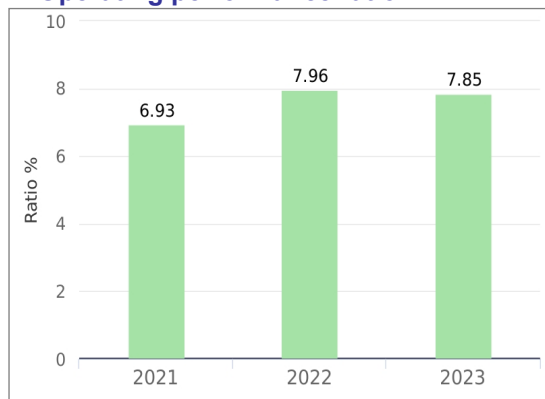
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

**End of the audited financial statements**

## H Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



#### Purpose of operating performance ratio

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

#### Commentary on 2022/23 result

2022/23 ratio 7.85%

This ratio has remained relatively constant as a consequence of all funds being profitable after accounting for one-off impairment charges relating to a major project.

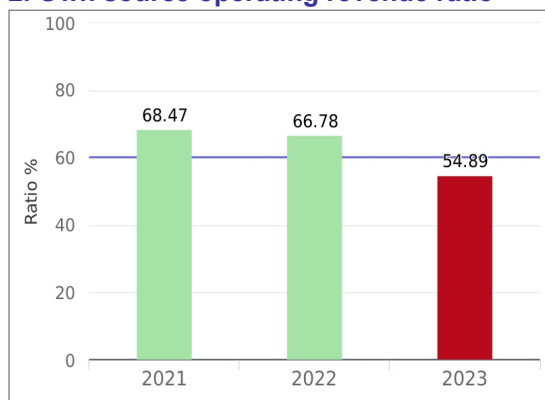
Benchmark: — > 0.00%

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 2022/23 result

2022/23 ratio 54.89%

An increase in grant income, largely a major project, has decreased the proportion of own source revenue by comparison, distorting the ratio unfavourably.

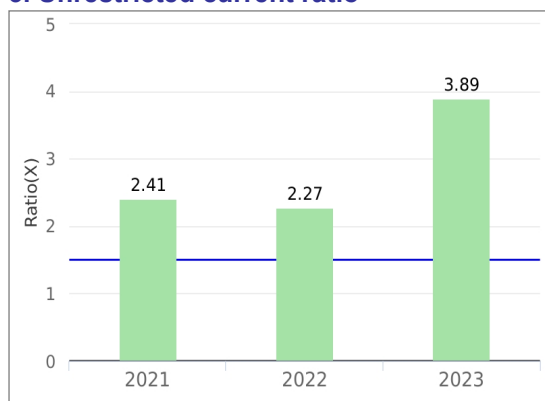
Benchmark: — > 60.00%

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 2022/23 result

2022/23 ratio 3.89x

This ratio has remained above the benchmark and reflects council's ability to pay debts from reserves not restricted for other purposes.

Benchmark: — > 1.50x

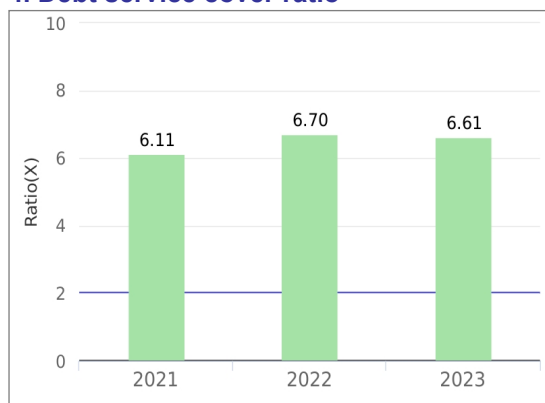
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2022/23 result**

**2022/23 ratio 6.61x**

Ability to service debt remained consistent with previous years.

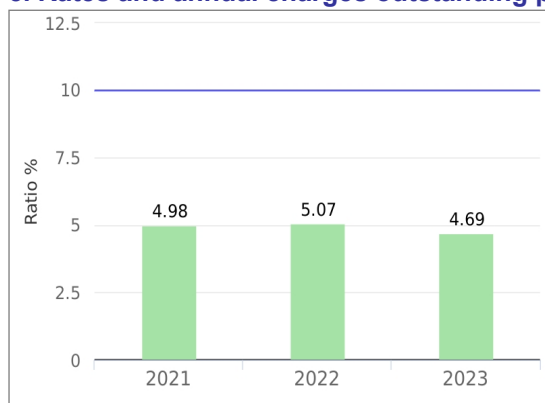
Benchmark: — > 2.00x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



**Purpose of rates and annual charges outstanding percentage**

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

**Commentary on 2022/23 result**

**2022/23 ratio 4.69%**

At below half of the benchmark rate, this ratio provides evidence of the success of both stringent debt recovery procedures employed by Council, in addition to incentivised payment by due date. These efforts minimise the effect of unpaid rates on liquidity.

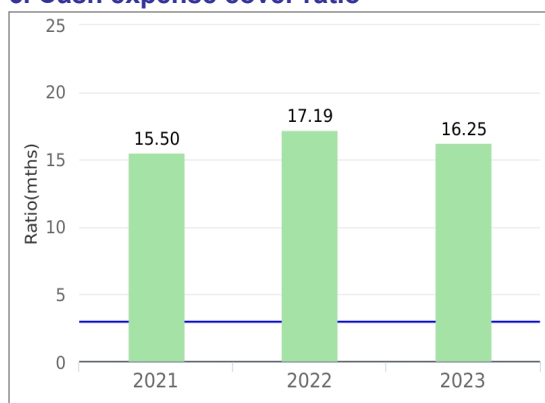
Benchmark: — < 10.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### 6. Cash expense cover ratio



**Purpose of cash expense cover ratio**

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

**Commentary on 2022/23 result**

**2022/23 ratio 16.25 months**

This ratio continues to remain high due to the elevated level of cash held for the Water and Sewer Funds (for future capital works) together with higher than usual unspent capital grants.

Benchmark: — > 3.00months

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

## H1-2 Council information and contact details

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**Principal place of business:**

135 Rusden Street  
Armidale NSW 2350

**Contact details**

**Mailing Address:**

PO Box 75A  
Armidale NSW 2350

**Telephone:** 1300 136 833

**Opening hours:**

8:30am - 4:00pm  
Monday to Friday

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

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

**Officers**

**General Manager**

James Roncon

**Responsible Accounting Officer**

Ann Newsome

**Public Officer**

Simone Mooketsi

**Auditors**

Audit Office of New South Wales  
GPO Box 12  
Sydney NSW 2001

**Elected members**

**Mayor**

Sam Coupland

**Councillors**

Todd Redwood (Deputy Mayor)  
Margaret O'Connor  
Debra O'Brien  
Susan McMichael  
Paul Gaddes  
Dorothy Robinson  
Steven Mephram  
Bradley Widders  
Paul Packham  
Jon Galletly

**Other information**

**ABN:** 39 642 954 203



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Armidale Regional Council

To the Councillors of Armidale Regional Council

### Opinion

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

In my opinion:

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

21 December 2023  
SYDNEY





Cr Sam Coupland  
Mayor  
Armidale Regional Council  
PO Box 75A  
ARMIDALE NSW 2350

Contact: Michael Kharzoo  
Phone no: 02 9275 7188  
Our ref: R008-16585809-49605

21 December 2023

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2023  
Armidale Regional Council**

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

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2023 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

## **SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

### **Issues identified in accounting for Infrastructure Property, Plant and equipment**

During the recent revaluation of water and sewer assets and subsequent audit testing, it was identified there has been ongoing issues with the accuracy of the accounting fixed asset registers in terms of completeness, and tracking and recording of movements. Issues identified include:

- Council had not recorded assets dedicated to Council for the past five years
- there had been no formal reconciliations between the fixed asset registers and the asset management system

This resulted in:

- correction of prior period errors of \$4.5 million to record prior year dedications
- an inability to split a portion of water and sewer valuation adjustments between fair value changes and found or lost assets.

## INCOME STATEMENT

### Operating result

	2023	2022*	Variance
	\$m	\$m	%
Rates and annual charges revenue	39.4	37.6	↑ 4.8
Grants and contributions revenue	62.8	36.4	↑ 72.5
Operating result from continuing operations	27.9	25.9	↑ 7.7
Net operating result before capital grants and contributions	(0.3)	5.3	↓ 105.7

\* The 2022 comparatives have been restated to correct a prior period error. Note G4-1 of the financial statements provides details of the prior period error.

The Council's operating result from continuing operations was a surplus of \$27.9 million, which was \$2.0 million higher than the 2021–22 result.

The net operating result before capital grants and contributions (\$294,000 deficit) was \$5.6 million lower than the 2021–22 result. This was mainly due to:

- a net loss on impairment for Kempsey Road work in progress, due to a change in the agreement, of \$10 million arising from a change in underlying agreements with Transport NSW
- an increase in materials and services of \$16.4 million
- these expenditure increases were partially offset by an increase in grants and contributions provided for operating purposes of \$18.8 million

Rates and annual charges revenue (\$39.4 million) increased by \$1.8 million (4.8 per cent) in 2022–23 due to the rate peg increase of 2.0 per cent as well as increases in annual charges.

Grants and contributions revenue increased \$26.4 million (72.5%) and this was mainly due to:

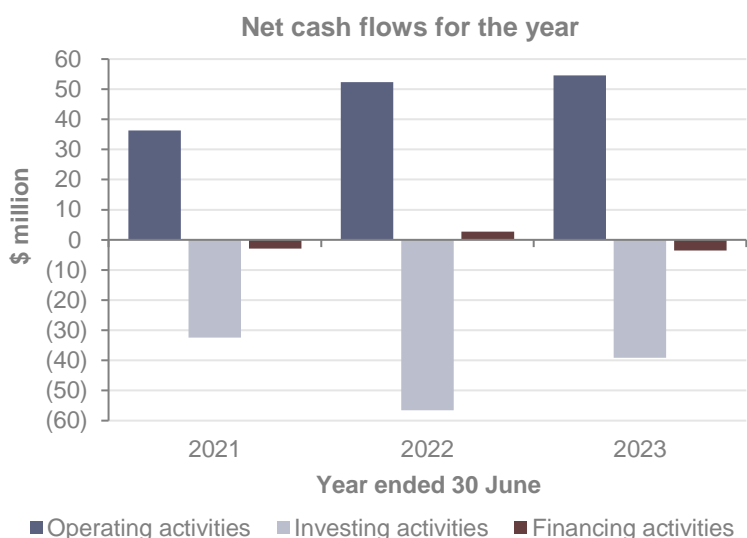
- an increase in financial assistance grant of \$1.4 million as Council received 100 per cent of the full year entitlement for 2023–24 in the current year
- an increase in non-cash infrastructure, plant and equipment contributions of \$9.4 million arising from completed sub-division dedications, transfer of the old court house to Council and Rural Fire Service assets.
- an increase in transport grants of \$3.1 million for other road and bridge repairs
- an increase in grants for storm and flood damage repairs of \$7.9 million, including contributions for Kempsey Road damage works, and capital grants for water asset works of \$6.1 million.

## STATEMENT OF CASH FLOWS

Cash from operating activities increased by \$2.3 million due to an increase in grants and contribution and other income cash receipts received in the year, partially offset by an increase in payments for materials and services during the year.

Cash outflows from investing activities decreased by \$17.6 million due proceeds from the sale of real estate and a reduction in net acquisitions of term deposits.

Cash outflows from financing activities increased by \$6.2 million due to no new borrowings in the current year compared to new borrowings in the 2021–22 year.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>130.1</b>	<b>106.3</b>	Externally restricted cash and investments are restricted in their use by externally imposed requirements. The main reason for the increase is the increase in developer contributions and sewer funds. Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	90.0	79.1	
• Internal allocations	34.2	21.4	At 30 June 2023 Council holds \$6.0 million in unrestricted and unallocated cash, cash equivalents and investments. This is an improvement on 2021–22 (\$5.8 million).

### Debt

At 30 June 2023, Council had:

- \$20.4 million in secured loans (\$23.7 million in 2021–22)
- \$1.0 million in approved overdraft facility with \$Nil drawn down
- \$210,000 in credit card facility with \$Nil 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 and Environment.

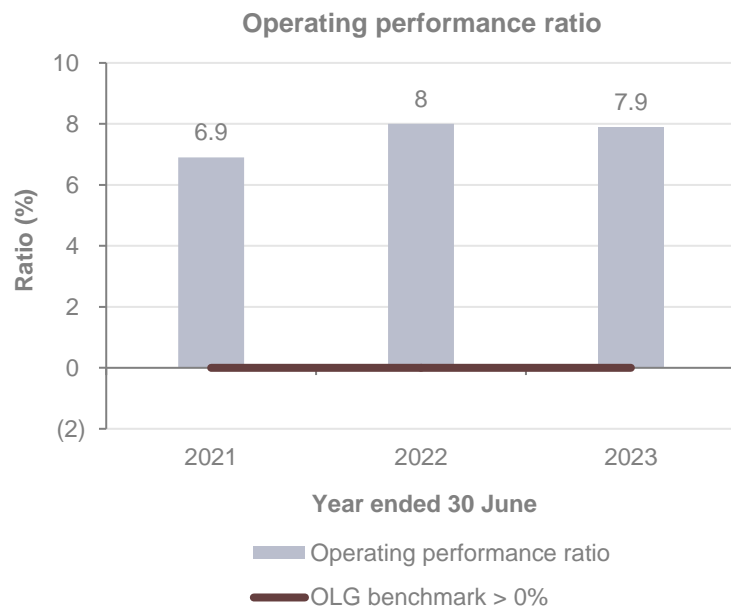
### Operating performance ratio

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

The Council's operating performance ratio of 7.9 per cent exceeded the benchmark for the current reporting period.

The ratio remained relatively stable compared to the prior year.

The 2022 ratio was restated to correct a prior period error.



### Own source operating revenue ratio

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

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

The ratio decreased from prior years and this is mainly attributable to increased grants and contributions.

The 2022 ratio was restated to correct a prior period error.

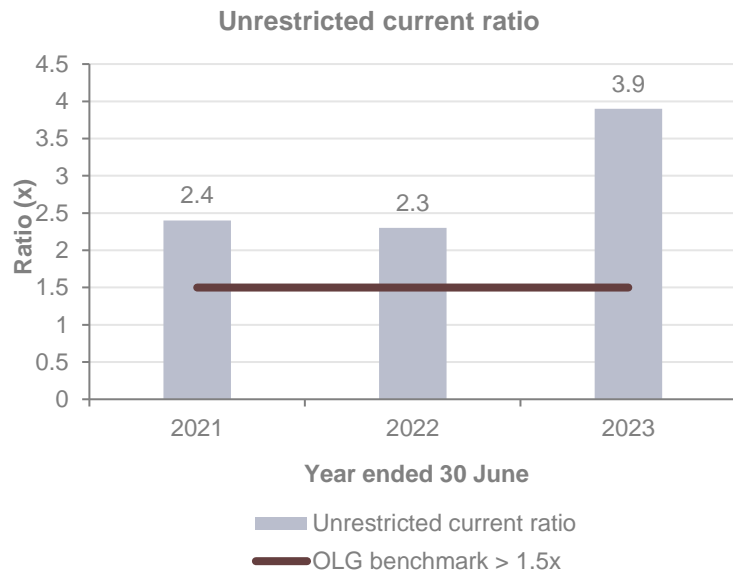


### Unrestricted current ratio

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

The Council's liquidity ratio of 3.9 times exceeded the benchmark for the current reporting period.

The ratio increased compared to the prior year due to increases in unrestricted cash reserves.

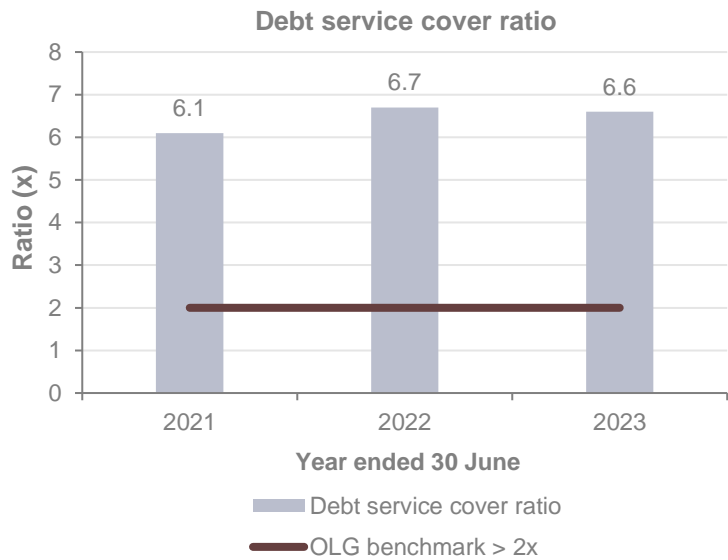


### Debt service cover ratio

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

The Council's debt service cover ratio of 6.6 times exceeded the benchmark for the current reporting period.

The ratio remained relatively stable compared to the prior year.

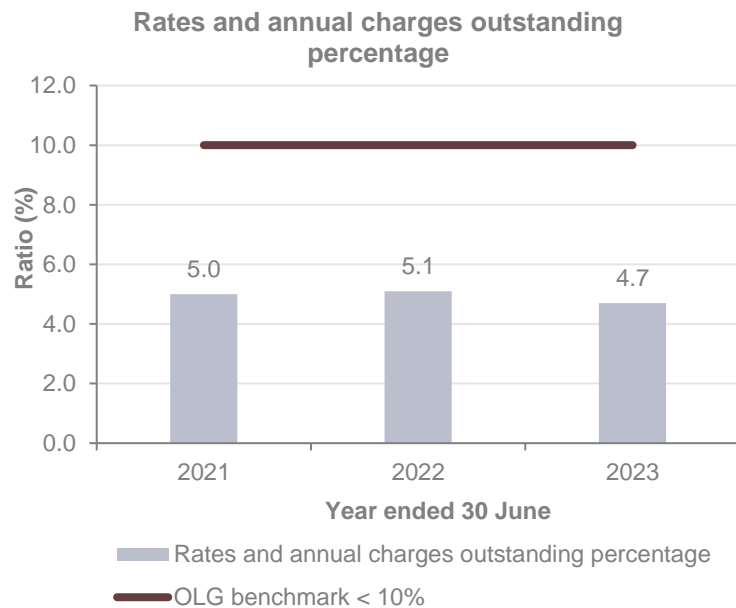


### Rates and annual charges outstanding percentage

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

The Council's rates and annual charges outstanding percentage of 4.7 per cent is within the industry benchmark for the current reporting period.

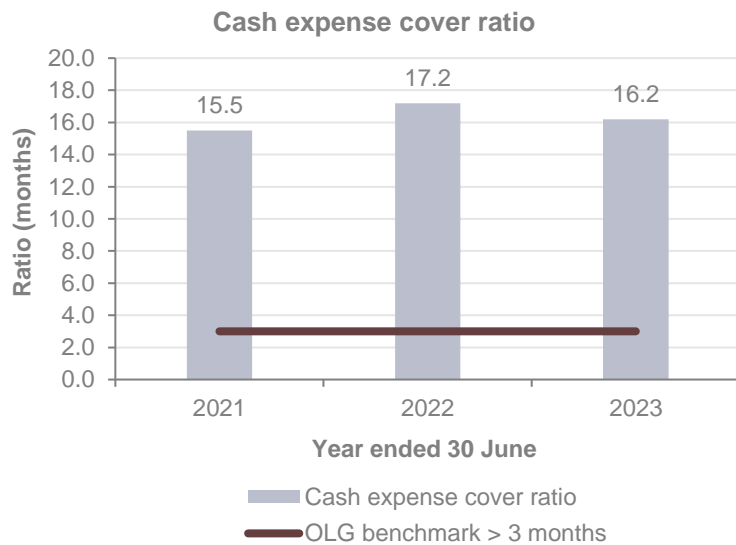
The ratio remained relatively stable compared to the prior year.



### Cash expense cover ratio

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

The Council's cash expense cover ratio was 16.2, which exceeded the benchmark for the current reporting period.



### Infrastructure, property, plant and equipment renewals

Council renewed \$26.3 million of infrastructure, property, plant and equipment during the 2022–23 financial year (2021–22 \$16.3 million).

## OTHER MATTERS

### Legislative compliance

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.



Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

# Armidale Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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*Restore and thrive*





# Armidale Regional Council

## Special Purpose Financial Statements

for the year ended 30 June 2023

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### Background

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

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

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

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

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

## Armidale Regional Council

### Special Purpose Financial Statements

for the year ended 30 June 2023

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

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

- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Planning and Environment, *Water's Regulatory and assurance framework for local water utilities*.

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

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

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

Signed in accordance with a resolution of Council made on 21 December 2023.



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**Sam Coupland**  
**Mayor**  
21 December 2023



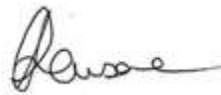
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**James Roncon**  
**General Manager**  
21 December 2023



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**Todd Redwood**  
**Deputy Mayor**  
21 December 2023



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**Ann Newsome**  
**Responsible Accounting Officer**  
21 December 2023

# Armidale Regional Council

## Income Statement of water supply business activity

for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
<b>Income from continuing operations</b>		
Access charges	3,255	3,046
User charges	9,376	8,160
Fees	210	177
Interest and investment income	863	135
Grants and contributions provided for operating purposes	312	(5)
Other income	49	38
<b>Total income from continuing operations</b>	<b>14,065</b>	<b>11,551</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,888	1,760
Borrowing costs	545	380
Materials and services	4,198	3,873
Depreciation, amortisation and impairment	4,083	3,534
Other expenses	22	22
<b>Total expenses from continuing operations</b>	<b>10,736</b>	<b>9,569</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>3,329</b>	<b>1,982</b>
Grants and contributions provided for capital purposes	8,396	2,307
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>11,725</b>	<b>4,289</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>11,725</b>	<b>4,289</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(832)	(496)
<b>Surplus (deficit) after tax</b>	<b>10,893</b>	<b>3,793</b>
<b>Plus accumulated surplus</b>	<b>194,113</b>	<b>189,824</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	832	496
<b>Closing accumulated surplus</b>	<b>205,838</b>	<b>194,113</b>
<b>Return on capital %</b>	<b>1.9%</b>	<b>1.2%</b>
<b>Subsidy from Council</b>	<b>4,183</b>	<b>4,707</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	10,893	3,793
Less: capital grants and contributions (excluding developer contributions)	(6,458)	(1,623)
<b>Surplus for dividend calculation purposes</b>	<b>4,435</b>	<b>2,170</b>
<b>Potential dividend calculated from surplus</b>	<b>2,217</b>	<b>1,085</b>

## Armidale Regional Council

### Income Statement of sewerage business activity

for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
<b>Income from continuing operations</b>		
Access charges	7,199	6,608
User charges	226	161
Liquid trade waste charges	64	66
Fees	27	27
Interest and investment income	743	104
Other income	2,154	1,712
<b>Total income from continuing operations</b>	<b>10,413</b>	<b>8,678</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,306	1,311
Materials and services	4,023	3,593
Depreciation, amortisation and impairment	1,798	1,704
<b>Total expenses from continuing operations</b>	<b>7,127</b>	<b>6,608</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>3,286</b>	<b>2,070</b>
Grants and contributions provided for capital purposes	2,093	487
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>5,379</b>	<b>2,557</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>5,379</b>	<b>2,557</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(822)	(518)
<b>Surplus (deficit) after tax</b>	<b>4,557</b>	<b>2,039</b>
<b>Plus accumulated surplus</b>	<b>121,401</b>	<b>118,844</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	822	518
<b>Closing accumulated surplus</b>	<b>126,780</b>	<b>121,401</b>
<b>Return on capital %</b>	<b>3.3%</b>	<b>1.9%</b>
<b>Subsidy from Council</b>	<b>703</b>	<b>1,941</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	4,558	2,039
Less: capital grants and contributions (excluding developer contributions)	(41)	–
<b>Surplus for dividend calculation purposes</b>	<b>4,517</b>	<b>2,039</b>
<b>Potential dividend calculated from surplus</b>	<b>2,258</b>	<b>1,020</b>

# Armidale Regional Council

## Statement of Financial Position of water supply business activity

as at 30 June 2023

	2023 \$ '000	2022 \$ '000
<b>ASSETS</b>		
<b>Current assets</b>		
Contract assets and contract cost assets	–	244
Investments	30,347	29,010
Receivables	2,573	2,308
<b>Total current assets</b>	<b>32,920</b>	<b>31,562</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	200,420	193,149
<b>Total non-current assets</b>	<b>200,420</b>	<b>193,149</b>
<b>Total assets</b>	<b>233,340</b>	<b>224,711</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	312	104
Payables	78	72
Income received in advance	175	159
Borrowings	510	281
<b>Total current liabilities</b>	<b>1,075</b>	<b>616</b>
<b>Non-current liabilities</b>		
Borrowings	8,720	9,357
<b>Total non-current liabilities</b>	<b>8,720</b>	<b>9,357</b>
<b>Total liabilities</b>	<b>9,795</b>	<b>9,973</b>
<b>Net assets</b>	<b>223,545</b>	<b>214,738</b>
<b>EQUITY</b>		
Accumulated surplus	205,839	194,113
Revaluation reserves	17,706	20,625
<b>Total equity</b>	<b>223,545</b>	<b>214,738</b>

# Armidale Regional Council

## Statement of Financial Position of sewerage business activity

as at 30 June 2023

	2023 \$ '000	2022 \$ '000
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	29,303	23,150
Receivables	283	254
Inventories	658	941
<b>Total current assets</b>	<b>30,244</b>	<b>24,345</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	99,238	109,595
<b>Total non-current assets</b>	<b>99,238</b>	<b>109,595</b>
<b>Total assets</b>	<b>129,482</b>	<b>133,940</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	114	–
<b>Total current liabilities</b>	<b>114</b>	<b>–</b>
<b>Total liabilities</b>	<b>114</b>	<b>–</b>
<b>Net assets</b>	<b>129,368</b>	<b>133,940</b>
<b>EQUITY</b>		
Accumulated surplus	126,780	121,401
Revaluation reserves	2,588	12,539
<b>Total equity</b>	<b>129,368</b>	<b>133,940</b>

## Note – Significant Accounting Policies

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

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1 – business activities with gross operating turnover more than \$2 million

<b>a. Water Supplies</b>	Comprising the whole of the operations and assets of water supply systems. As the total annual operating revenues are greater than \$2,000,000, it is defined as a category 1 "Business Unit".
<b>b. Sewerage Service</b>	Comprising the whole of the operations and assets of the sewer reticulation and treatment system. As the total annual operating revenues are greater than \$2,000,000, it is defined as a category 1 "Business Unit".

### Taxation equivalent charges

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

#### Notional rate applied (%)

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

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

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

## Note – Significant Accounting Policies (continued)

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### Income tax

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

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

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

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

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

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

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

The rate of return is calculated as follows:

#### **Operating result before capital income + interest expense**

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

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

#### (iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with section 4 of DPE – Water’s regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with section 4 of DPE – Water’s regulatory and assurance framework, statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DPE – Water.





**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial statements**  
**Armidale Regional Council**

To the Councillors of Armidale Regional Council

## **Opinion**

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

The Declared Business Activities of the Council are:

- water supply
- sewerage.

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

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

## **Basis for Opinion**

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

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

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:


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

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

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

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

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

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

Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

21 December 2023  
SYDNEY

# Armidale Regional Council

SPECIAL SCHEDULES  
for the year ended 30 June 2023

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*Restore and thrive*



# Armidale Regional Council

## Special Schedules

for the year ended 30 June 2023

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

# Armidale Regional Council

## Permissible income for general rates

	Notes	Calculation 2022/23 \$ '000	Calculation 2023/24 \$ '000
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	19,796	<b>20,326</b>
Plus or minus adjustments <sup>2</sup>	b	128	<b>187</b>
<b>Notional general income</b>	c = a + b	<b>19,924</b>	<b>20,513</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.50%	<b>16.67%</b>
Or plus rate peg amount	i = e x (c + g)	498	<b>3,420</b>
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>20,422</b>	<b>23,933</b>
Plus (or minus) last year's carry forward total	l	(6)	<b>91</b>
Less valuation objections claimed in the previous year	m	–	<b>(1)</b>
<b>Sub-total</b>	n = (l + m)	<b>(6)</b>	<b>90</b>
<b>Total permissible income</b>	o = k + n	<b>20,416</b>	<b>24,023</b>
Less notional general income yield	p	20,326	<b>23,811</b>
<b>Catch-up or (excess) result</b>	q = o – p	<b>90</b>	<b>212</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	1	<b>–</b>
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>91</b>	<b>212</b>

### Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (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

#### Armidale Regional Council

To the Councillors of Armidale Regional Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

### Other Information

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

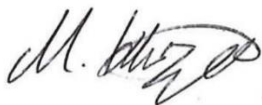
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

21 December 2023  
SYDNEY



# Armidale Regional Council

## Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost				Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard <sup>a</sup> \$ '000	to bring assets agreed level of service set by Council <sup>b</sup> \$ '000	2022/23 Required maintenance <sup>c</sup> \$ '000	2022/23 Actual maintenance \$ '000			1	2	3	4	5
<b>Buildings</b>	Buildings	14,271	28,384	5,475	4,989	77,271	157,690	29.0%	16.0%	37.0%	17.0%	1.0%
	<b>Sub-total</b>	<b>14,271</b>	<b>28,384</b>	<b>5,475</b>	<b>4,989</b>	<b>77,271</b>	<b>157,690</b>	<b>29.0%</b>	<b>16.0%</b>	<b>37.0%</b>	<b>17.0%</b>	<b>1.0%</b>
<b>Other structures</b>	Other structures	762	2	6,801	6,822	22,808	29,239	54.0%	20.0%	26.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>762</b>	<b>2</b>	<b>6,801</b>	<b>6,822</b>	<b>22,808</b>	<b>29,239</b>	<b>54.0%</b>	<b>20.0%</b>	<b>26.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Roads</b>	Roads	11,668	24,564	5,476	4,989	239,087	307,051	57.0%	19.0%	16.0%	8.0%	0.0%
	Bridges	4,020	4,123	111	101	39,089	58,896	8.0%	36.0%	49.0%	7.0%	0.0%
	Footpaths	1,871	2,772	158	143	9,278	14,589	6.0%	47.0%	28.0%	7.0%	12.0%
	Other Road Assets (including Bulk earthworks)	–	–	–	–	164,586	164,586	100.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>17,559</b>	<b>31,459</b>	<b>5,745</b>	<b>5,233</b>	<b>452,040</b>	<b>545,122</b>	<b>63.3%</b>	<b>15.8%</b>	<b>15.1%</b>	<b>5.4%</b>	<b>0.4%</b>
<b>Water supply network</b>	Water supply network	94,701	218,160	3,193	3,199	178,977	330,545	21.0%	29.0%	44.0%	5.0%	1.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>94,701</b>	<b>218,160</b>	<b>3,193</b>	<b>3,199</b>	<b>178,977</b>	<b>330,545</b>	<b>21.0%</b>	<b>29.0%</b>	<b>44.0%</b>	<b>5.0%</b>	<b>1.0%</b>
<b>Sewerage network</b>	Sewerage network	37,482	74,964	2,259	1,695	93,134	156,173	3.0%	13.0%	36.0%	30.0%	18.0%
	<b>Sub-total</b>	<b>37,482</b>	<b>74,964</b>	<b>2,259</b>	<b>1,695</b>	<b>93,134</b>	<b>156,173</b>	<b>3.0%</b>	<b>13.0%</b>	<b>36.0%</b>	<b>30.0%</b>	<b>18.0%</b>
<b>Stormwater drainage</b>	Other	22,436	53,490	606	549	131,647	198,111	35.0%	3.0%	35.0%	26.0%	1.0%
	<b>Sub-total</b>	<b>22,436</b>	<b>53,490</b>	<b>606</b>	<b>549</b>	<b>131,647</b>	<b>198,111</b>	<b>35.0%</b>	<b>3.0%</b>	<b>35.0%</b>	<b>26.0%</b>	<b>1.0%</b>
<b>Other infrastructure assets</b>	Airport Infrastructure	46	–	1,504	1,484	17,663	22,877	61.0%	37.0%	2.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>46</b>	<b>–</b>	<b>1,504</b>	<b>1,484</b>	<b>17,663</b>	<b>22,877</b>	<b>61.0%</b>	<b>37.0%</b>	<b>2.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>187,257</b>	<b>406,459</b>	<b>25,583</b>	<b>23,971</b>	<b>973,540</b>	<b>1,439,757</b>	<b>39.2%</b>	<b>17.2%</b>	<b>29.1%</b>	<b>11.9%</b>	<b>2.6%</b>

(a) In accordance with the 2022 NSW Local Government Code of Accounting Practice and Financial Reporting, the condition level for "satisfactory standard" is Condition 2.

(b) In accordance with the 2022 NSW Local Government Code of Accounting Practice and Financial Reporting, the condition level for "agreed service level set by Council" (where Council does not currently have an agreed service level) is Condition 1 discounted to Condition 2.

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

# Armidale Regional Council

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

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### Infrastructure asset condition assessment 'key'

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

# Armidale Regional Council

## Report on infrastructure assets as at 30 June 2023

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

	Amounts	Indicator	Indicators		Benchmark
	2023	2023	Restated 2022	Restated 2021	
<b>\$ '000</b>					
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>15,810</b>	<b>74.94%</b>	89.20%	26.31%	> 100.00%
Depreciation, amortisation and impairment	<b>21,098</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>187,257</b>	<b>18.60%</b>	11.67%	1.77%	< 2.00%
Net carrying amount of infrastructure assets	<b>1,006,810</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>23,971</b>	<b>93.70%</b>	104.12%	72.10%	> 100.00%
Required asset maintenance	<b>25,583</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>406,459</b>	<b>28.23%</b>	22.02%	5.74%	
Gross replacement cost	<b>1,439,757</b>				

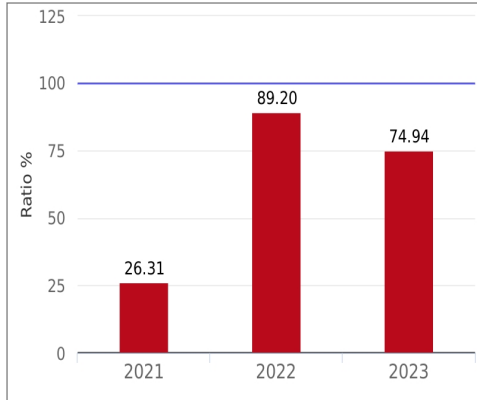
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

# Armidale Regional Council

## Report on infrastructure assets as at 30 June 2023

### Buildings and infrastructure renewals ratio



**Buildings and infrastructure renewals ratio**

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

Commentary on result	
22/23 ratio	74.94%

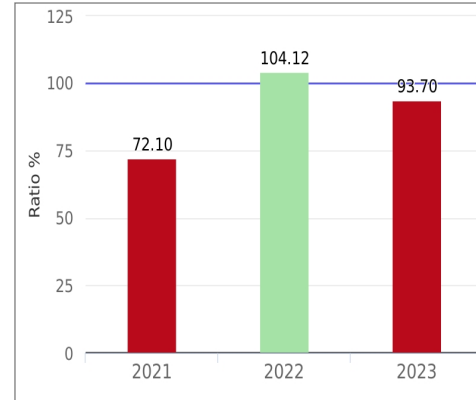
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Asset maintenance ratio



**Asset maintenance ratio**

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

Commentary on result	
22/23 ratio	93.70%

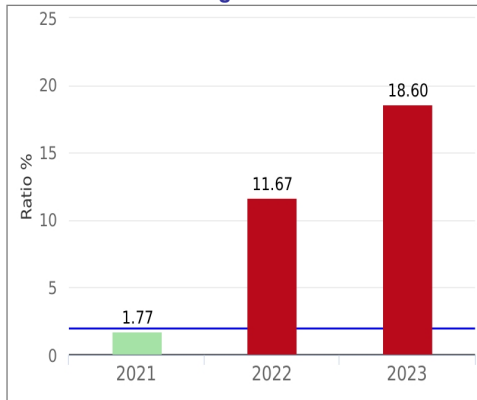
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Infrastructure backlog ratio



**Infrastructure backlog ratio**

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

Commentary on result	
22/23 ratio	18.60%

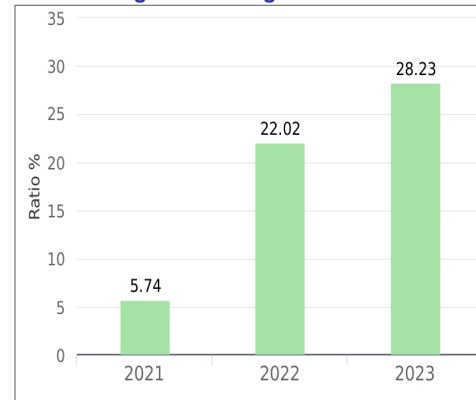
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Cost to bring assets to agreed service level



**Cost to bring assets to agreed service level**

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

Commentary on result	
22/23 ratio	28.23%

# Armidale Regional Council

## Report on infrastructure assets as at 30 June 2023

### Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	Restated 2022	2023	2022	2023	2022	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>							
Depreciation, amortisation and impairment	<b>101.27%</b>	113.43%	<b>29.34%</b>	41.86%	<b>17.82%</b>	5.16%	> 100.00%
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	<b>7.94%</b>	11.15%	<b>52.91%</b>	16.86%	<b>40.25%</b>	6.73%	< 2.00%
<b>Asset maintenance ratio</b>							
Actual asset maintenance							
Required asset maintenance	<b>94.76%</b>	117.03%	<b>100.19%</b>	58.38%	<b>75.03%</b>	92.09%	> 100.00%
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	<b>11.89%</b>	21.65%	<b>66.00%</b>	28.82%	<b>48.00%</b>	12.47%	

(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.



# ANNUAL REPORT 2022-2023

*RESTORE & THRIVE*

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**ARMIDALE**  
Regional Council