

# ANNUAL FINANCIAL STATEMENTS

2023/24



# TAMWORTH REGIONAL COUNCIL

## General Purpose Financial Statements

for the year ended 30 June 2024



Tamworth Regional Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Overview

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

474 Peel Street  
TAMWORTH NSW 2340

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.

All press releases, financial statements and other information are publicly available on our website: [www.tamworth.nsw.gov.au](http://www.tamworth.nsw.gov.au).



## Tamworth Regional Council

### General Purpose Financial Statements

for the year ended 30 June 2024

### Statement by Councillors and Management

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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 10 September 2024.



Russell Webb  
Mayor  
10 September 2024



Judy Coates  
Councillor  
10 September 2024



Paul Bennett  
General Manager  
10 September 2024



Sherrill Young  
Responsible Accounting Officer  
10 September 2024

## Tamworth Regional Council

### Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
	<b>Income from continuing operations</b>			
83,610	Rates and annual charges	B2-1	<b>84,523</b>	80,458
46,525	User charges and fees	B2-2	<b>55,118</b>	48,859
1,374	Other revenues	B2-3	<b>3,401</b>	3,293
21,691	Grants and contributions provided for operating purposes	B2-4	<b>28,255</b>	37,747
22,847	Grants and contributions provided for capital purposes	B2-4	<b>35,701</b>	47,332
7,103	Interest and investment income	B2-5	<b>9,978</b>	6,906
3,052	Other income	B2-6	<b>2,767</b>	1,742
186,202	<b>Total income from continuing operations</b>		<b>219,743</b>	226,337
	<b>Expenses from continuing operations</b>			
62,766	Employee benefits and on-costs	B3-1	<b>59,942</b>	57,668
45,736	Materials and services	B3-2	<b>67,478</b>	66,966
3,609	Borrowing costs	B3-3	<b>4,257</b>	4,212
42,156	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>48,911</b>	44,395
4,268	Other expenses	B3-5	<b>4,968</b>	9,510
–	Net loss from the disposal of assets	B4-1	<b>1,272</b>	4,442
158,535	<b>Total expenses from continuing operations</b>		<b>186,828</b>	187,193
<b>27,667</b>	<b>Operating result from continuing operations</b>		<b>32,915</b>	39,144
<b>27,667</b>	<b>Net operating result for the year</b>		<b>32,915</b>	39,144
27,667	Net operating result attributable to Council		<b>32,935</b>	39,140
–	Net operating result attributable to non-controlling interests		<b>(20)</b>	4
<b>4,820</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(2,786)</b>	(8,188)

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

## Tamworth Regional Council

### Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
<b>Net operating result for the year – from Income Statement</b>		<b>32,915</b>	39,144
<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	C1-8	<b>154,452</b>	270,838
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-8	<b>521</b>	(1,374)
Revaluation surplus - Intangible Assets	C1-10	<b>321</b>	–
Transfer Intangible Assets to IPPE	C1-10	<b>(160)</b>	–
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>155,134</b>	269,464
<b>Total other comprehensive income for the year</b>		<b>155,134</b>	269,464
<b>Total comprehensive income for the year</b>		<b>188,049</b>	308,608
 Total comprehensive income attributable to Council		<b>188,069</b>	308,604
Total comprehensive income attributable to non-controlling interests		<b>(20)</b>	4

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

## Tamworth Regional Council

### Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	33,205	15,262
Investments	C1-2	142,993	144,986
Receivables	C1-4	21,262	18,821
Inventories	C1-5	20,321	19,718
Contract assets and contract cost assets	C1-6	10,892	16,084
Non-Current assets classified as held for sale	C1-7	50	50
Other		614	470
<b>Total current assets</b>		<b>229,337</b>	<b>215,391</b>
<b>Non-current assets</b>			
Investments	C1-2	29,963	35,912
Receivables	C1-4	663	424
Infrastructure, property, plant and equipment (IPPE)	C1-8	2,495,767	2,326,290
Investment property	C1-9	25,155	18,763
Intangible assets	C1-10	2,979	2,854
Right of use assets	C2-1	4,570	4,696
<b>Total non-current assets</b>		<b>2,559,097</b>	<b>2,388,939</b>
<b>Total assets</b>		<b>2,788,434</b>	<b>2,604,330</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	17,990	21,327
Contract liabilities	C3-2	17,799	14,536
Lease liabilities	C2-1	1,431	1,423
Borrowings	C3-3	9,602	9,363
Employee benefit provisions	C3-4	12,301	11,699
Provisions	C3-5	2	2,007
<b>Total current liabilities</b>		<b>59,125</b>	<b>60,355</b>
<b>Non-current liabilities</b>			
Lease liabilities	C2-1	3,279	3,410
Borrowings	C3-3	65,135	71,389
Employee benefit provisions	C3-4	400	337
Provisions	C3-5	19,107	15,500
<b>Total non-current liabilities</b>		<b>87,921</b>	<b>90,636</b>
<b>Total liabilities</b>		<b>147,046</b>	<b>150,991</b>
<b>Net assets</b>		<b>2,641,388</b>	<b>2,453,339</b>
<b>EQUITY</b>			
Accumulated surplus		1,426,981	1,394,046
IPPE revaluation reserve	C4-1	1,213,742	1,058,608
<b>Council equity interest</b>		<b>2,640,723</b>	<b>2,452,654</b>
<b>Non-controlling equity interests</b>	D2-1	<b>665</b>	<b>685</b>
<b>Total equity</b>		<b>2,641,388</b>	<b>2,453,339</b>

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

Tamworth Regional Council

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024				2023			
		Accumulated surplus	IPPE revaluation reserve	Non-controlling interest	Total equity	Accumulated surplus	IPPE revaluation reserve	Non-controlling interest	Total equity
Opening balance at 1 July		1,394,046	1,058,608	685	2,453,339	1,354,906	789,144	681	2,144,731
Restated opening balance		1,394,046	1,058,608	685	2,453,339	1,354,906	789,144	681	2,144,731
Net operating result for the year		32,935	–	(20)	32,915	39,140	–	4	39,144
Net operating result for the period		32,935	–	(20)	32,915	39,140	–	4	39,144
Other comprehensive income									
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	154,452	–	154,452	–	270,838	–	270,838
Gain (loss) on revaluation of Intangible Assets	C1-10	–	321	–	321	–	–	–	–
Gain (loss) on Transfer of Intangible Assets to IPPE	C1-10	–	(160)	–	(160)	–	–	–	–
– Impairment (loss) reversal relating to IPP&E	C1-8	–	521	–	521	–	(1,374)	–	(1,374)
Other comprehensive income		–	155,134	–	155,134	–	269,464	–	269,464
Total comprehensive income		32,935	155,134	(20)	188,049	39,140	269,464	4	308,608
Closing balance at 30 June		1,426,981	1,213,742	665	2,641,388	1,394,046	1,058,608	685	2,453,339

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



# Tamworth Regional Council

## Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
83,610	Rates and annual charges		<b>82,765</b>	80,511
49,399	User charges and fees		<b>57,672</b>	50,922
7,103	Interest received		<b>8,951</b>	5,597
48,980	Grants and contributions		<b>60,929</b>	62,724
–	Bonds, deposits and retentions received		<b>1,496</b>	1,298
11,141	Other		<b>15,686</b>	14,633
<b>Payments:</b>				
(62,803)	Payments to employees		<b>(59,414)</b>	(56,975)
(59,087)	Payments for materials and services		<b>(84,683)</b>	(72,442)
(3,363)	Borrowing costs		<b>(3,556)</b>	(3,769)
–	Bonds, deposits and retentions refunded		<b>(1,447)</b>	(989)
(4,694)	Other		<b>(3,606)</b>	(3,918)
70,286	<b>Net cash flows from operating activities</b>	G1-1	<b>74,793</b>	77,592
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
526	Sale of investments		<b>145,456</b>	60,602
5,028	Sale of real estate assets		<b>4,954</b>	4,830
–	Proceeds from sale of IPPE		<b>5,686</b>	952
<b>Payments:</b>				
–	Purchase of investments		<b>(137,514)</b>	(90,000)
(87,772)	Payments for IPPE		<b>(67,020)</b>	(76,052)
–	Purchase of real estate assets		<b>(809)</b>	(4,064)
–	Purchase of intangible assets		<b>(35)</b>	(80)
(82,218)	<b>Net cash flows from investing activities</b>		<b>(49,282)</b>	(103,812)
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
21,295	Proceeds from borrowings		<b>3,523</b>	–
<b>Payments:</b>				
(9,363)	Repayment of borrowings		<b>(9,538)</b>	(9,272)
–	Principal component of lease payments		<b>(1,553)</b>	(1,647)
11,932	<b>Net cash flows from financing activities</b>		<b>(7,568)</b>	(10,919)
–	<b>Net change in cash and cash equivalents</b>		<b>17,943</b>	(37,139)
15,262	Cash and cash equivalents at beginning of year		<b>15,262</b>	52,401
15,262	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>33,205</b>	15,262
146,648	plus: Investments on hand at end of year	C1-2	<b>172,956</b>	180,898
161,910	<b>Total cash, cash equivalents and investments</b>		<b>206,161</b>	196,160

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

# Tamworth Regional Council

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# Tamworth Regional Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 10 September 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policy information related to these consolidated financial statements are set out below. Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993* (Act) and *Local Government (General) Regulation 2021* (Regulation), and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

#### **Historical cost convention**

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

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

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

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

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

- (i) estimated fair values of investment properties, especially with regards to the Pilot Training Facility where valuations have been made difficult due to limited observable inputs due to the specialised nature of its operations refer Note C1-9 and E2-1.
- (ii) estimated fair values of infrastructure, property, plant and equipment. Particular reference is made to Council's main administration building located at 437 Peel Street, Tamworth. This building was found to have asbestos particles present in the heating /cooling systems for levels 1,2 and 3. Council needs to undertake further assessment of the contamination to fully determine the extent of the problem and its impact on remediation costs and the buildings future. For this reason it is difficult to determine the value of the building with any reliability – refer Note C1-8 and C1-8c.
- (iii) estimated tip remediation provisions – refer Note C3-5
- (iv) 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 classification of land leased at the Tamworth Global Gateway Park as an Investment Property in accordance with AASB 140 refer note C1-9 as opposed to Operational Land within Property Plant & Equipment AASB 116, refer note C1-8.

### **Monies and other assets received by Council**

#### **The Consolidated Fund**

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

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

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

## A1-1 Basis of preparation (continued)

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- General Purpose Operations
- Water Supply
- Sewerage Service
- Domestic Waste Management
- Central Northern Regional Libraries

### The Trust Fund

Council does not maintain a separate and distinct Trust Fund as required by the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended); instead separate and distinct cash funded liability accounts are maintained within Council's Consolidated Fund. These specific liability accounts take the place of trust accounts and are used to account for all money and assets 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.

### 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 does not recognise services provided by volunteers in its income statement due to the cost of trying to reliably capture and assign a value to the many services volunteers in our community provide. The value would not be material and would not be provided by Council if not supplied by volunteers.

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

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2024 reporting period.

Council has elected not to apply any of these pronouncements before its operative date in the annual reporting period beginning 1 July 2023.

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 standards which were mandatorily effective for the first time at 30 June 2024. None of these standards had a significant impact on reported position or performance.



B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Total assets held (current and non-current)	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Functions or activities</b>										
Our Water Security	62,188	57,313	45,818	45,345	16,370	11,968	6,567	8,401	839,951	788,444
A Liveable Built Environment	8,396	10,495	17,037	16,124	(8,641)	(5,629)	6,129	8,479	154,033	105,259
Prosperity and Innovation	8,770	3,249	14,263	13,288	(5,493)	(10,039)	1,098	2,477	150,753	144,136
Resilient and Diverse Communities	3,282	3,967	12,000	10,981	(8,718)	(7,014)	2,446	2,903	58,547	49,152
Connecting our Region and its Citizens	43,794	53,330	59,107	60,844	(15,313)	(7,514)	26,957	36,872	1,123,298	1,064,698
Working with and Protecting Our Environment	27,410	24,535	23,157	20,394	4,253	4,141	5,768	4,856	343,992	319,387
Celebrate our Cultures and Heritage	2,497	2,007	7,212	6,263	(4,715)	(4,256)	271	399	15,417	22,072
A Strong and Vibrant Identity	7,026	9,393	3,279	3,231	3,747	6,162	2,222	4,607	171	14,991
Open and Collaborative Leadership	2,735	2,197	9,269	9,692	(6,534)	(7,495)	367	131	102,272	96,191
General Purpose Income	57,959	58,820	–	–	57,959	58,820	12,131	15,954	–	–
<b>Total functions and activities</b>	<b>224,057</b>	<b>225,306</b>	<b>191,142</b>	<b>186,162</b>	<b>32,915</b>	<b>39,144</b>	<b>63,956</b>	<b>85,079</b>	<b>2,788,434</b>	<b>2,604,330</b>

## B1-2 Components of functions or activities

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

### Our Water Security (Focus Area 1)

- A region with a safe and secure water supply
- A region that prioritises water conservation and water sustainability
- Efficient and fit for purpose waste water management
- Our urban planning, design and operations use sustainable water and waste water approaches

### A Liveable Built Environment (Focus Area 2)

- The right growth in the right locations
- Vibrant city and town centres
- More diverse and affordable housing
- Providing high quality lifestyle, recreational and community facilities such as library's, pools, park, sports facilities, arts centres and cemeteries

### Prosperity and Innovation (Focus Area 3)

- Be an attractive region for new and existing businesses to invest
- Our industries are successful and create opportunities for other initiatives/business in the down stream economy
- Our community has access to higher education and skills development
- The Tamworth region is Country Australia's leading and most vibrant destination with a sustainable and dynamic visitor economy

### Resilient and Diverse Communities (Focus Area 4)

- Our towns, villages and communities grow and prosper
- Our community has improved outcomes and access to community and social services that are inclusive and meet their needs and expectations
- Meet the 17 targets of the "Closing the Gap" national agreement for our community
- Improve the health outcomes for all residents
- Be a safer and more resilient community

### Connect Our Region and its Citizens (Focus Area 5)

- A thriving aviation hub supporting travel and investment in our region
- A safe and efficient transport network
- Expanded public transport options to meet the needs of our community now and in the future
- Improved access to active transport options for movement between places
- Our community is enabled by technology

### Working With and Protecting Our Environment (Focus Area 6)

- Increase the take up and use of affordable and clean energy across the region
- A region where sustainable design of facilities, infrastructure and development are the rule not the exception
- Reduce our waste and manage it responsibly
- We care for our natural environmental (including flora, fauna and habitat)

### Celebrate Our Cultures and Heritage (Focus Area 7)

- Enhance our lives through the lived experience of arts and culture
- Our Aboriginal community's history and culture is protected and celebrated
- Our region's heritage assets are protected and celebrated

### A Strong and Vibrant Identity (Focus Area 8)

- Be known for country music and so much more
- Tell the world who we are and what we have
- Show who we are when people arrive by land or air to our towns and region

### Open and Collaborative Leadership (Focus Area 9)

- Conduct council business with transparency and accountability
- Our financial position is strong and able to meet our current and future obligations to our community
- Everyone in our community feels informed, heard and understood
- Our workforce is agile and future ready
- Build strategic partnerships and advocate to other levels of government to ensure our community needs are met and concerns heard

### General Purpose Income

- Income that cannot be directly attributed to a specific function

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2024	2023
<b>Ordinary rates</b>		
Residential	28,814	27,488
Farmland	6,488	6,296
Mining	20	20
Business	7,257	6,806
Less: pensioner rebates (mandatory)	(803)	(820)
<b>Rates levied to ratepayers</b>	<b>41,776</b>	<b>39,790</b>
Pensioner rate subsidies received	487	403
<b>Total ordinary rates</b>	<b>42,263</b>	<b>40,193</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	11,200	10,395
Stormwater management services	637	628
Water supply services	8,685	7,891
Sewerage services	20,926	20,736
Waste management services (non-domestic)	1,206	1,123
Less: pensioner rebates (mandatory)	(992)	(997)
<b>Annual charges levied</b>	<b>41,662</b>	<b>39,776</b>
Pensioner annual charges subsidies received:		
– Water	207	170
– Sewerage	187	153
– Domestic waste management	204	166
<b>Total annual charges</b>	<b>42,260</b>	<b>40,265</b>
<b>Total rates and annual charges</b>	<b>84,523</b>	<b>80,458</b>

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

#### Material accounting policy information

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

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

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

## B2-2 User charges and fees

\$ '000	Timing	2024	2023
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>			
Water supply services	1	14,968	11,277
Sewerage services	1	3,421	3,352
<b>Total specific user charges</b>		<b>18,389</b>	<b>14,629</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Planning and building regulation	2	2,021	1,826
Private works – section 67	1	823	780
Regulatory/ statutory fees	2	477	492
<b>Total fees and charges – statutory/regulatory</b>		<b>3,321</b>	<b>3,098</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Aerodrome	2	4,801	4,063
Cemeteries	2	434	445
Community Services	2	363	495
Parking fees	2	386	420
Transport for NSW (state roads not controlled by Council)	1	10,895	10,261
Swimming centres	2	372	313
Country music festival	2	1,815	1,688
Hire charge council facilities	2	3,211	3,194
Sewerage services	1	961	1,199
Sporting facilities	2	628	634
Waste/recycling depot	2	8,666	7,662
Venue ticket sales	2	254	130
Other	2	622	628
<b>Total fees and charges – other</b>		<b>33,408</b>	<b>31,132</b>
<b>Total other user charges and fees</b>		<b>36,729</b>	<b>34,230</b>
<b>Total user charges and fees</b>		<b>55,118</b>	<b>48,859</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		31,068	26,869
User charges and fees recognised at a point in time (2)		24,050	21,990
<b>Total user charges and fees</b>		<b>55,118</b>	<b>48,859</b>

### Material accounting policy information

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for Council in relation to refunds or returns.

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

## B2-3 Other revenues

\$ '000	Timing	2024	2023
Fines	2	289	384
Commissions and agency fees	2	482	495
Insurance claims recoveries	2	–	103
Sales – general	2	757	631
Antenna leases	1	420	373
Insurance rebate	2	171	168
Consultancy services	1	764	647
Sponsorship income	2	47	15
Other	2	471	477
<b>Total other revenue</b>		<b>3,401</b>	<b>3,293</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	1,183	1,020
Other revenue recognised at a point in time (2)	2,218	2,273
<b>Total other revenue</b>	<b>3,401</b>	<b>3,293</b>

### Material accounting policy information for other revenue

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

Statutory fees are recognised as revenue when the service has been provided, the payment is received, whichever occurs first. Fines are recognised as revenue when the payment is received.

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

Parking fees and fines are recognised as revenue when payment for the penalty is received.



## B2-4 Grants and contributions

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	439	1,810	–	–
Financial assistance – local roads component	2	251	1,363	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component <sup>1</sup>	2	6,654	7,447	–	–
Financial assistance – local roads component <sup>1</sup>	2	4,787	5,334	–	–
<b>Amount recognised as income during current year</b>		<b>12,131</b>	<b>15,954</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Bushfire and emergency services	1	610	769	–	–
Water supplies	2	11	402	121	67
Community care	1	716	771	–	–
Environmental programs	1	48	10	–	–
Library Heritage and cultural	2	589	2,514	13	188
Local Infrastructure Renewal Scheme	2	–	15	–	–
Noxious Weed Control	2	163	109	–	–
Fundraising Contributions	1	3	6	–	–
Training	1	64	382	–	–
Park Upgrades	2	3	3	369	1,509
Stormwater	1	–	–	3	330
Street lighting	1	177	174	–	–
Tamworth Global Gateway Park	1	–	–	–	350
Shared Paths/Cycleways	1	–	45	1,541	1,425
Transport (airport)	1	166	671	3	772
Transport Other	1	342	124	5,522	3,308
Transport (other roads and bridges funding)	1	6,336	9,228	8,314	17,159
Waste Facilities	1	3	–	101	–
Other specific grants	1	1,295	463	1,006	295
Organic Recycling Facility	1	–	–	551	73
Transport (roads to recovery)	1	2,289	2,657	–	–
Other councils – joint works/services	1	638	645	–	–
Transport for NSW contributions (regional roads, block grant)	1	2,538	2,627	–	–
Other contributions	1	42	76	–	–
Capital works	1	1	–	543	1,570
Sewage Services	1	90	–	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>16,124</b>	<b>21,691</b>	<b>18,087</b>	<b>27,046</b>

**B2-4 Grants and contributions (continued)**

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>Non-cash contributions</b>					
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	2	–	–	<b>11,796</b>	13,368
Tourism	2	–	102	–	–
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>102</b>	<b>11,796</b>	<b>13,368</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>16,124</b>	<b>21,793</b>	<b>29,883</b>	<b>40,414</b>
<b>Total grants and non-developer contributions</b>		<b>28,255</b>	<b>37,747</b>	<b>29,883</b>	<b>40,414</b>
<b>Comprising:</b>					
– Commonwealth funding		<b>15,297</b>	20,023	<b>1,651</b>	5,387
– State funding		<b>11,882</b>	16,850	<b>15,726</b>	20,077
– Other funding		<b>1,076</b>	874	<b>12,506</b>	14,950
		<b>28,255</b>	<b>37,747</b>	<b>29,883</b>	<b>40,414</b>

(1) A payment in advance of the 2024-2025 Financial Assistance Grant from the Commonwealth Government was received in June 2024 and is reported as 2023-2024 income although it relates to 2024-2025 financial year.

**Developer contributions**

\$ '000	Notes	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>						
	G4					
<b>Cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	–	–	<b>1,424</b>	2,073
S 7.12 – fixed development consent levies		2	–	–	<b>754</b>	860
S 64 – water supply contributions		2	–	–	<b>2,718</b>	2,830
S 64 – sewerage service contributions		2	–	–	<b>922</b>	1,155
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>5,818</b>	<b>6,918</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>5,818</b>	<b>6,918</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>5,818</b>	<b>6,918</b>
<b>Total grants and contributions</b>			<b>28,255</b>	<b>37,747</b>	<b>35,701</b>	<b>47,332</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			<b>15,358</b>	21,311	<b>17,584</b>	27,046
Grants and contributions recognised at a point in time (2)			<b>12,897</b>	16,436	<b>18,117</b>	20,286
<b>Total grants and contributions</b>			<b>28,255</b>	<b>37,747</b>	<b>35,701</b>	<b>47,332</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:

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	3,482	3,154	10,071	15,576
<b>Add:</b> Funds received and not recognised as revenue in the current year	4,315	1,963	7,166	6,218
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(1,912)	(1,635)	(5,956)	(11,723)
<b>Unspent funds at 30 June</b>	<b>5,885</b>	<b>3,482</b>	<b>11,281</b>	<b>10,071</b>
<b>Contributions</b>				
Unspent funds at 1 July	45,792	47,518	–	–
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	8,058	8,569	–	–
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(6,669)	(10,295)	–	–
<b>Unspent contributions at 30 June</b>	<b>47,181</b>	<b>45,792</b>	<b>–</b>	<b>–</b>

### Material accounting policy information

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

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

The performance obligations vary according to the agreement but include completion of obligations for the Urban Release Access Project and Regional Tourism Strategies. 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.

#### 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).

## B2-4 Grants and contributions (continued)

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, however 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

\$ '000	2024	2023
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	535	316
– Cash and investments	9,443	6,590
<b>Total interest and investment income (losses)</b>	<b>9,978</b>	<b>6,906</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	433	253
General Council cash and investments	3,275	2,542
<b>Restricted investments/funds – external:</b>		
Developer contributions		
– Section 7.11	587	323
– Section 64	1,617	1,212
Water fund operations	1,027	889
Sewerage fund operations	3,039	1,687
<b>Total interest and investment income</b>	<b>9,978</b>	<b>6,906</b>

### Material accounting policy information

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

## B2-6 Other income

\$ '000	Notes	2024	2023
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties		637	–
<b>Total fair value increment on investment properties</b>	C1-9	<b>637</b>	<b>–</b>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income - Investment Properties		1,208	808
Lease income - Other Property		922	934
<b>Total Investment properties</b>		<b>2,130</b>	<b>1,742</b>
<b>Total rental income</b>	C2-2	<b>2,130</b>	<b>1,742</b>
<b>Total other income</b>		<b>2,767</b>	<b>1,742</b>

## B3 Costs of providing services

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

\$ '000	2024	2023
Salaries and wages	45,121	42,332
Employee leave entitlements (ELE)	10,278	10,300
Superannuation	5,565	5,015
Workers' compensation insurance	1,925	2,558
Fringe benefit tax (FBT)	277	242
Payroll tax	401	360
Other	367	331
<b>Total employee costs</b>	<b>63,934</b>	<b>61,138</b>
Less: capitalised costs	(3,992)	(3,470)
<b>Total employee costs expensed</b>	<b>59,942</b>	<b>57,668</b>
Number of 'full-time equivalent' employees (FTE) at year end	592	581

#### Material accounting policy information

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

\$ '000	Notes	2024	2023
Raw materials and consumables		46,201	46,728
Contractor costs		10,543	10,090
Audit Fees	F2-1	191	201
Councillor and Mayoral fees and associated expenses	F1-2	461	472
Advertising		480	475
Electricity and heating		3,497	3,556
Insurance		2,619	2,395
Street lighting		908	678
Sustainability rebates		47	48
Telephone and communications		329	307
Travel expenses		867	926
Training costs (other than salaries and wages)		768	848
Other expenses		65	100
<b>Legal expenses:</b>			
– Legal expenses: planning and development		38	19
– Legal expenses: other		245	40
Expenses from leases of low value assets		219	83
<b>Total materials and services</b>		<b>67,478</b>	<b>66,966</b>
<b>Total materials and services</b>		<b>67,478</b>	<b>66,966</b>

### Material accounting policy information

Material and service expenses are recognised on an accruals basis when Council has an obligation for the expenses.

## B3-3 Borrowing costs

\$ '000	Notes	2024	2023
<b>(i) Interest bearing liability costs</b>			
Interest on leases		109	105
Interest on loans		3,444	3,853
<b>Total interest bearing liability costs</b>		<b>3,553</b>	<b>3,958</b>
Less: capitalised costs <sup>1</sup>		(11)	(217)
<b>Total interest bearing liability costs expensed</b>		<b>3,542</b>	<b>3,741</b>
<b>(ii) Other borrowing costs</b>			
Discount adjustments relating to movements in provisions (other than ELE)		–	–
– Remediation liabilities	C3-5	715	471
<b>Total other borrowing costs</b>		<b>715</b>	<b>471</b>
<b>Total borrowing costs expensed</b>		<b>4,257</b>	<b>4,212</b>

(1) Tamworth Global Gateway Park

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

\$ '000	Notes	2024	2023
<b>Depreciation and amortisation</b>			
Plant and equipment		4,587	3,741
Office equipment		10	10
Furniture and fittings		179	309
Land improvements (depreciable)		512	424
<b>Infrastructure:</b>	C1-8		
– Buildings – non-specialised		2,803	1,927
– Buildings – specialised		454	505
– Other structures		421	441
– Roads		10,592	10,142
– Bridges		3,919	3,529
– Footpaths		809	734
– Stormwater drainage		3,358	2,936
– Water supply network		7,644	6,077
– Sewerage network		6,311	5,805
– Swimming pools		181	180
– Other open space/recreational assets		1,893	2,154
– Airport Infrastructure		2,624	2,971
Right of use assets	C2-1	1,556	1,639
<b>Other assets:</b>			
– Library books		314	313
– Other		275	208
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C3-5,C1-8	925	696
– Quarry assets	C3-5,C1-8	4	2
Intangible assets	C1-10	71	79
<b>Total gross depreciation and amortisation costs</b>		<b>49,442</b>	<b>44,822</b>
Less: capitalised costs		(531)	(427)
<b>Total depreciation and amortisation costs</b>		<b>48,911</b>	<b>44,395</b>
<b>Impairment / revaluation decrement of IPPE</b>			
Operational Land	C1-8c	–	669
<b>Infrastructure:</b>			
– Roads	C1-8c	(521)	705
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>(521)</b>	<b>1,374</b>
Amounts taken through revaluation reserve	C1-8c	521	(1,374)
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>–</b>	<b>–</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>48,911</b>	<b>44,395</b>

### 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.

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

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

which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

### B3-5 Other expenses

\$ '000	Notes	2024	2023
<b>Impairment of receivables</b>			
Other		498	114
<b>Total impairment of receivables</b>	C1-4	<b>498</b>	<b>114</b>
<b>Fair value decrement on investment properties</b>			
Fair value decrement on investment properties		–	5,402
<b>Total fair value decrement on investment properties</b>	C1-9	<b>–</b>	<b>5,402</b>
<b>Other</b>			
Contributions/levies to other levels of government		1,957	1,852
Emergency services levy (includes FRNSW, SES, and RFS levies)		1,863	1,537
Donations, contributions and assistance to other organisations (Section 356)		650	605
<b>Total other</b>		<b>4,470</b>	<b>3,994</b>
<b>Total other expenses</b>		<b>4,968</b>	<b>9,510</b>

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

<b>\$ '000</b>	<b>Notes</b>	<b>2024</b>	<b>2023</b>
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		<b>3,900</b>	–
Less: carrying amount of property assets sold/written off		<b>(3,241)</b>	–
<b>Gain (or loss) on disposal</b>		<b>659</b>	–
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-8		
Proceeds from disposal – plant and equipment		<b>1,786</b>	952
Less: carrying amount of plant and equipment assets sold/written off		<b>(1,254)</b>	(716)
<b>Gain (or loss) on disposal</b>		<b>532</b>	236
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-8		
Less: carrying amount of infrastructure assets sold/written off		<b>(6,778)</b>	(9,050)
<b>Gain (or loss) on disposal</b>		<b>(6,778)</b>	(9,050)
<b>Gain (or loss) on disposal of real estate assets held for sale</b>			
	C1-5		
Proceeds from disposal – real estate assets		<b>4,954</b>	4,830
Less: carrying amount of real estate assets sold/written off		<b>(639)</b>	(458)
<b>Gain (or loss) on disposal</b>		<b>4,315</b>	4,372
<b>Net gain (or loss) from disposal of assets</b>		<b>(1,272)</b>	(4,442)

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted on 29 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
<b>Revenues</b>				
<b>User charges and fees</b>	<b>46,525</b>	<b>55,118</b>	<b>8,593</b>	<b>18% F</b>
User charges and fees generated better than anticipated income for Council during the 2023/2024 financial year. The most significant contributor was increased work for the State Government on state roads which generated an additional \$4.5M in income. Other contributors were \$1.4M in increased income from water usage, \$760k from increased income from the hire of Council owned facilities and \$467k from user charges associated with the supply of sewer services.				
<b>Other revenues</b>	<b>1,374</b>	<b>3,401</b>	<b>2,027</b>	<b>148% F</b>
The budget variance for other revenues is due to an incorrect classification of Rental Income as Other Revenue in Councils budget. The line items in the financial reports that make up Other Revenue were incorrectly classified as Other Income in the budget Income Statement. If the line items had been correctly classified the Other Revenue Budget would have been \$3,052. Improvements between budget and actual are due to increased consultancy fees of \$128k and \$200k of improved sales in event related activities.				
<b>Operating grants and contributions</b>	<b>21,691</b>	<b>28,255</b>	<b>6,564</b>	<b>30% F</b>
It is always difficult to predict with accuracy Council's grant income for any given year. One of the more significant operating grant variations was an additional \$3.8M for emergency road repairs, there was also \$680k favourable increase in flood repair grant income and \$166k in income for airport security screening. The remaining variation is due to numerous smaller community grants.				
<b>Capital grants and contributions</b>	<b>22,847</b>	<b>35,701</b>	<b>12,854</b>	<b>56% F</b>
The favourable increase in capital grants and contributions of 12.8M is for the most part due to \$11.7M in developer subdivision contributions which are a non cash dedication. Other significant contributions include \$500k in water S64 contributions and a \$380k contribution to capital works at a local tennis court.				
<b>Interest and investment revenue</b>	<b>7,103</b>	<b>9,978</b>	<b>2,875</b>	<b>40% F</b>
Interest and investment revenue had a favourable variation of 40% due to improvements on interest rates available on investments. At the time of preparing the budget it was anticipated that the returns on Council's investments would average 4% but the actual average return for the year was 4.81%. This better than anticipated return combined with increased investment holdings has resulted in the favourable outcome.				
<b>Expenses</b>				
<b>Materials and services</b>	<b>45,736</b>	<b>67,478</b>	<b>(21,742)</b>	<b>(48)% U</b>
The variation in the spend on materials and services to Councils original budget is due to increased funding of \$6.5M for the purpose of satisfying the funding requirements of additional operational grants and contributions that were recieved. Increased private works taken on under the Transport for NSW Program of \$4.5M, contribution of \$1.5M for the construction of the rail intermodal which was classified as capital but is operational. Likewise \$680k of information technology costs were classified as capital which for accounting purposes are operational. There was also an additional \$400k spent on Councils fleet running costs when compared to the original budget.				
<b>Other expenses</b>	<b>4,268</b>	<b>4,968</b>	<b>(700)</b>	<b>(16)% U</b>
The main contributors to the unfavourable increase in other expenses were an increase in the doubtful debts expense of \$482k, \$144k in load based licences for sewer and \$86k on Emergency Services Levies.				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2024	2023
<b>Cash assets</b>		
Cash on hand and at bank	27,580	15,262
Cash equivalent assets		
– Deposits at call	5,625	–
<b>Total cash and cash equivalents</b>	<b>33,205</b>	<b>15,262</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	33,205	15,262
<b>Balance as per the Statement of Cash Flows</b>	<b>33,205</b>	<b>15,262</b>

#### Material accounting policy information

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

#### C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Financial assets at fair value through the profit and loss</b>				
Floating Rate Notes	–	16,946	4,986	16,912
Fixed Rate Bonds	993	5,017	–	–
<b>Total</b>	<b>993</b>	<b>21,963</b>	<b>4,986</b>	<b>16,912</b>
<b>Debt securities at amortised cost</b>				
Term deposits - fixed rate	142,000	8,000	140,000	19,000
<b>Total</b>	<b>142,000</b>	<b>8,000</b>	<b>140,000</b>	<b>19,000</b>
<b>Total financial investments</b>	<b>142,993</b>	<b>29,963</b>	<b>144,986</b>	<b>35,912</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>176,198</b>	<b>29,963</b>	<b>160,248</b>	<b>35,912</b>

#### Material accounting policy information

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

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for 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)

## C1-2 Financial investments (continued)

Financial assets are not reclassified subsequent to their initial recognition.

### Amortised cost

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

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

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

### Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments of floating rate notes and fixed rate bonds in the Statement of Financial Position.

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>206,161</b>	196,160
Less: Externally restricted cash, cash equivalents and investments	(182,247)	(166,593)
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>23,914</b>	29,567
<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	1,793	403
Specific purpose unexpended loans – water	–	1,970
Specific purpose unexpended loans – sewer	1,526	1,649
Specific purpose unexpended grants – general fund	16,375	12,610
Specific purpose unexpended grants – water fund	14	145
Specific purpose unexpended grants – sewer fund	777	798
<b>External restrictions – included in liabilities</b>	<b>20,485</b>	17,575
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	14,847	12,190
Developer contributions – water fund	15,565	18,276
Developer contributions – sewer fund	16,769	15,316
Water fund	17,603	17,082
Sewer fund	68,545	60,678
Deposits, retentions and bonds	3,055	2,983
Waste management	25,378	22,493
<b>External restrictions – other</b>	<b>161,762</b>	149,018
<b>Total external restrictions</b>	<b>182,247</b>	166,593



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

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

\$ '000	2024	2023
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#### (b) Internal allocations

##### Cash, cash equivalents and investments not subject to external restrictions

23,914 29,567

Less: Internally restricted cash, cash equivalents and investments (22,421) (28,746)

**Unrestricted and unallocated cash, cash equivalents and investments 1,493 821**

##### Internal allocations

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

Airport	2,214	1,659
Asset management provisions	2,001	1,589
Car parking	812	850
Central Northern Regional Library	861	815
Community care facilities	576	1,013
Cultural facilities	336	378
Developer contribution plans – prior need	3,013	2,711
Drainage levy	1,680	1,599
Economic affairs	4,119	4,179
Employee provisions	2,290	2,058
FAG (General purpose component)	6,654	7,447
FAG (Roads component)	5,575	7,343
Governance provisions	2,899	2,420
Internal loan from reserves - Cemetery Extension <sup>1</sup>	(1,293)	(1,352)
Internal loan from reserves - IT Workstations <sup>1</sup>	(166)	(324)
Internal loan from reserves - Pilot Training Facility <sup>1</sup>	(10,000)	(10,000)
Internal loan from reserves – Drainage works <sup>1</sup>	(501)	(735)
Internal loan from reserves – Street light replacement <sup>1</sup>	(209)	(409)
Natural disasters provisions	338	293
On site sewer management	1	6
Parks and sporting facilities	769	742
Pilot Training Facility <sup>1</sup>	(5,615)	(3,909)
Plant replacement	4,942	2,214
Quarry remediation	315	315
Quarry renewal	105	105
Regional Development	3,116	3,840
Special Rate Variation Asset Renewal	4,106	4,923
Sustainability projects	463	202
Transport provisions	4,590	7,008
Westdale Land	(11,570)	(8,234)
<b>Total internal allocations</b>	<b>22,421</b>	<b>28,746</b>

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

(1) Loan between discretionary General Fund internal reserves as approved by Council

\$ '000	2024	2023
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#### (c) Unrestricted and unallocated

**Unrestricted and unallocated cash, cash equivalents and investments 1,493 821**

## C1-4 Receivables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Rates and annual charges	7,024	365	5,288	388
Interest and extra charges	957	–	909	–
User charges and fees	10,868	–	9,226	–
Accrued revenues				
– Interest on investments	3,067	–	2,083	–
– Other income accruals	46	–	1,347	–
Government grants and subsidies	189	–	189	–
Net GST receivable	229	–	1,015	–
Insurance claim	15	–	80	–
Contributions	–	–	4	–
Other debtors	220	298	94	36
<b>Total</b>	<b>22,615</b>	<b>663</b>	<b>20,235</b>	<b>424</b>
<b>Less: provision for impairment</b>				
Rates and annual charges	(368)	–	(401)	–
Interest and extra charges	(152)	–	(147)	–
User charges and fees	(833)	–	(866)	–
<b>Total provision for impairment – receivables</b>	<b>(1,353)</b>	<b>–</b>	<b>(1,414)</b>	<b>–</b>
<b>Total net receivables</b>	<b>21,262</b>	<b>663</b>	<b>18,821</b>	<b>424</b>

\$ '000	2024	2023
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	1,414	1,468
+ new provisions recognised during the year	498	113
– amounts already provided for and written off this year	(71)	(97)
– amounts provided for but recovered during the year	(488)	(70)
<b>Balance at the end of the year</b>	<b>1,353</b>	<b>1,414</b>

### Material accounting policy information

#### Recognition and measurement

Receivables are recognised at fair value less provision for impairment. Receivables are generally due for settlement within 30 days.

Non-current other receivables includes lease income payable for the TGGP intermodal site of \$264k, with the first lease payment not due until the tenth anniversary of the commencement date. Refer to Note C2-2 Council as Lessor. Lease income is to be recognised on a straight line basis over the lease term of 20 years.

#### Impairment

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

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

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. Rates and annual charges outstanding are secured against the property. Impairment of rates and annual charges secured against a property is recognised when the amount outstanding is more than the estimated value of the property.

For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

## C1-4 Receivables (continued)

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

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

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

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over one (1) year past due, whichever occurs first.

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

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

## C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>(i) Inventories at cost</b>				
Tamworth Global Gateway Park Industrial Land	18,356	–	18,186	–
Stores and materials	1,965	–	1,532	–
<b>Total inventories</b>	<b>20,321</b>	<b>–</b>	<b>19,718</b>	<b>–</b>

### (i) Other disclosures

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>(a) Details for real estate development</b>					
Tamworth Global Gateway Park Industrial Land		18,356	–	18,186	–
<b>Total real estate for resale</b>		<b>18,356</b>	<b>–</b>	<b>18,186</b>	<b>–</b>

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

#### Represented by:

Acquisition costs	14,614	–	14,994	–
Development costs	3,709	–	3,169	–
Borrowing costs	33	–	23	–
<b>Total costs</b>	<b>18,356</b>	<b>–</b>	<b>18,186</b>	<b>–</b>
<b>Total real estate for resale</b>	<b>18,356</b>	<b>–</b>	<b>18,186</b>	<b>–</b>

#### Movements:

Real estate assets at beginning of the year	18,186	–	26,694	–
– Purchases and other costs	644	–	4,064	–
– Transfers in from (out to) Note C1-8	–	–	(12,114)	–
– WDV of sales (expense)	(474)	–	(458)	–
<b>Total real estate for resale</b>	<b>18,356</b>	<b>–</b>	<b>18,186</b>	<b>–</b>

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### (b) Current inventories 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;

\$ '000	2024	2023
Tamworth Global Gateway Park Industrial Land	17,036	16,368
	<b>17,036</b>	<b>16,368</b>

### Material accounting policy information

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

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

#### 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.

#### Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

## C1-6 Contract assets and Contract cost assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Contract assets	10,892	–	16,084	–
<b>Total contract assets and contract cost assets</b>	<b>10,892</b>	<b>–</b>	<b>16,084</b>	<b>–</b>

### Contract assets

Revenue from Grants where Obligations satisfied	10,892	–	16,084	–
<b>Total contract assets</b>	<b>10,892</b>	<b>–</b>	<b>16,084</b>	<b>–</b>

### Material accounting policy information

#### 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.

#### Contract cost asset – costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

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

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Non-current assets held for sale</b>				
Land	50	–	50	–
<b>Total non-current assets held for sale</b>	<b>50</b>	<b>–</b>	<b>50</b>	<b>–</b>
<b>Total non-current assets classified as held for sale</b>				
	<b>50</b>	<b>–</b>	<b>50</b>	<b>–</b>

Reconciliation of non-current assets held for sale and disposal groups – i.e. discontinued operations

\$ '000	2024 Assets 'held for sale'	2023 Assets 'held for sale'
Opening balance	50	50
<b>Balance still unsold after 12 months:</b>	<b>50</b>	<b>50</b>
<b>Closing balance of held for sale non-current assets and operations</b>	<b>50</b>	<b>50</b>

C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period							At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment reversal (recognised in equity)	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	79,238	–	79,238	20,896	25,138	–	–	–	(51,671)	–	73,602	–	73,602
Plant and equipment	57,063	(27,571)	29,492	7,801	546	(1,229)	(4,587)	–	693	–	61,102	(28,386)	32,716
Office equipment	156	(79)	77	–	–	–	(10)	–	–	–	156	(88)	68
Furniture and fittings	6,272	(5,344)	928	–	11	–	(179)	–	–	–	6,283	(5,523)	760
Land:													
– Operational land	165,730	(1,864)	163,866	–	1,088	(1,962)	–	–	(7,471)	40,323	197,708	(1,864)	195,844
– Community land	47,020	–	47,020	–	–	(10)	–	–	–	10,145	57,155	–	57,155
– Land under roads (post 30/6/08)	3,714	–	3,714	–	267	–	–	–	–	200	4,181	–	4,181
Land improvements – depreciable	17,853	(6,845)	11,008	–	394	(32)	(512)	–	1,419	818	20,913	(7,818)	13,095
Infrastructure:													
– Buildings – non-specialised	216,580	(65,645)	150,935	211	–	(1,187)	(2,803)	–	3,176	8,017	229,373	(71,023)	158,350
– Buildings – specialised	54,465	(11,357)	43,108	–	–	–	(454)	–	–	2,333	57,444	(12,457)	44,987
– Other structures	21,899	(12,031)	9,868	15	–	–	(421)	–	29	660	23,468	(13,318)	10,150
– Roads	3,276	(1,535)	1,741	–	–	(9)	(50)	–	62	91	3,487	(1,652)	1,835
– Bridges	382,172	(134,729)	247,443	–	–	–	(3,919)	–	2,520	13,160	405,298	(146,094)	259,204
– Footpaths	51,931	(20,253)	31,678	16	383	(1)	(809)	–	619	1,661	55,729	(22,180)	33,549
- Transport Ancillary	35,207	(11,297)	23,910	–	25	(3)	(433)	–	2,010	1,261	39,126	(12,357)	26,769
– Stormwater drainage	363,471	(108,621)	254,850	–	4,952	(59)	(3,358)	–	1,082	12,751	387,850	(117,634)	270,216
– Water supply network	549,195	(248,995)	300,200	–	1,253	(78)	(7,644)	–	10,039	14,837	588,168	(269,560)	318,608
– Sewerage network	415,565	(140,314)	275,251	2,695	2,007	(200)	(6,311)	–	1,775	13,607	442,620	(153,797)	288,823
– Swimming pools	11,587	(7,439)	4,148	61	–	(15)	(181)	–	1	276	12,391	(8,102)	4,289
– Other open space/recreational assets	74,440	(27,113)	47,327	194	–	(13)	(1,893)	–	2,903	3,174	82,523	(30,831)	51,692
- Kerb and Gutter	91,783	(30,338)	61,445	–	938	–	(930)	–	433	3,255	98,088	(32,947)	65,141
- Minor Culverts	94,314	(20,500)	73,814	–	–	(21)	(943)	–	1,032	3,960	100,434	(22,592)	77,842
- Causeways	18,166	(8,950)	9,216	–	205	(156)	(227)	–	61	483	19,160	(9,578)	9,582
- Roads Local Sealed	352,756	(92,947)	259,809	5,009	2,472	(3,681)	(5,225)	268	15,386	13,704	388,011	(100,269)	287,742
- Roads Local Unsealed	96,074	(27,690)	68,384	895	–	(1,225)	(1,683)	93	1,237	3,585	101,053	(29,767)	71,286
- Roads Regional Sealed	76,567	(19,673)	56,894	524	–	(1,262)	(959)	160	8,835	3,178	87,916	(20,548)	67,368
- Roads Regional Unsealed	1,221	(271)	950	–	–	–	(27)	–	–	50	1,287	(314)	973
- Carparks	8,763	(2,252)	6,511	73	–	(54)	(115)	–	75	344	9,321	(2,488)	6,833
- Airport Infrastructure	70,193	(28,064)	42,129	–	–	–	(2,624)	–	–	2,121	73,962	(32,336)	41,626
Other assets:													
– Library books	3,351	(2,623)	728	–	263	–	(314)	–	–	–	3,614	(2,937)	677
– Art collection	3,804	–	3,804	–	–	–	–	–	–	–	3,804	–	3,804
– Other	9,469	(2,599)	6,870	–	55	–	(275)	–	–	458	10,182	(3,073)	7,109
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Quarry assets	234	(166)	68	–	–	–	(4)	–	111	–	345	(171)	174
– Tip assets	21,303	(11,437)	9,866	–	–	–	(925)	–	775	–	22,079	(12,362)	9,717
Total infrastructure, property, plant and equipment	3,404,832	(1,078,542)	2,326,290	38,390	39,997	(11,197)	(47,815)	521	(4,869)	154,452	3,667,833	(1,172,066)	2,495,767

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



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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss (recognised in equity - ARR)	Adjustments and transfers	Revaluation increments to equity (ARR)		Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	98,572	–	98,572	30,304	34,372	(3,184)	–	–	(80,826)	–		79,238	–	79,238
Plant and equipment	54,569	(25,527)	29,042	3,755	794	(716)	(3,741)	–	357	–		57,063	(27,571)	29,492
Office equipment	156	(69)	87	–	–	–	(10)	–	–	–		156	(79)	77
Furniture and fittings	6,183	(5,034)	1,149	71	18	–	(309)	–	–	–		6,272	(5,344)	928
<b>Land:</b>														
– Operational land <sup>2</sup>	99,595	(1,195)	98,400	–	2,403	–	–	(669)	3,881	59,849		165,730	(1,864)	163,866
– Community land	29,470	–	29,470	–	–	–	–	–	–	17,550		47,020	–	47,020
– Land under roads (post 30/6/08)	2,590	–	2,590	–	319	–	–	–	–	805		3,714	–	3,714
Land improvements – depreciable	16,526	(5,967)	10,559	50	152	–	(424)	–	(38)	709		17,853	(6,845)	11,008
<b>Infrastructure:</b>														
– Buildings – non-specialised	139,064	(49,288)	89,776	1,458	294	(6)	(1,927)	–	5,609	55,731		216,580	(65,645)	150,935
– Buildings – specialised	37,137	(4,937)	32,200	–	–	–	(505)	–	–	11,413		54,465	(11,357)	43,108
– Other structures	20,391	(10,865)	9,526	24	35	–	(441)	–	152	573		21,899	(12,031)	9,868
– Roads	3,093	(1,401)	1,692	–	–	–	(49)	–	–	97		3,276	(1,535)	1,741
– Bridges	352,890	(129,365)	223,525	–	–	(92)	(3,529)	–	14,537	13,002		382,172	(134,729)	247,443
– Footpaths	46,903	(18,577)	28,326	60	952	(179)	(734)	–	1,623	1,630		51,931	(20,253)	31,678
– Stormwater drainage	313,650	(97,925)	215,725	–	4,567	(68)	(2,936)	–	20,906	16,656		363,471	(108,621)	254,850
– Water supply network	470,073	(227,619)	242,454	29	1,845	(989)	(6,077)	–	25,961	36,978		549,195	(248,995)	300,200
– Sewerage network	380,705	(124,850)	255,855	–	4,559	(542)	(5,805)	–	1,864	19,320		415,565	(140,314)	275,251
– Swimming pools	14,968	(9,151)	5,817	53	8	–	(180)	–	(1,954)	403		11,587	(7,439)	4,148
– Other open space/recreational assets	68,830	(23,458)	45,372	18	136	(19)	(2,154)	–	882	3,090		74,440	(27,113)	47,327
- Transport Ancillary	31,515	(10,321)	21,194	–	–	(18)	(366)	–	1,870	1,231		35,207	(11,297)	23,910
- Kerb and Gutter	85,058	(27,785)	57,273	–	1,136	–	(861)	–	561	3,334		91,783	(30,338)	61,445
- Minor Culverts	88,569	(18,473)	70,096	–	–	(9)	(886)	–	523	4,090		94,314	(20,500)	73,814
- Causeways	17,328	(8,312)	9,016	14	–	(117)	(216)	–	–	520		18,166	(8,950)	9,216
- Roads Local Sealed	322,507	(83,782)	238,725	2,974	2,915	(1,685)	(4,857)	(452)	8,367	13,822		352,756	(92,947)	259,809
- Roads Local Unsealed	91,316	(24,718)	66,598	597	–	(704)	(1,840)	(93)	–	3,827		96,074	(27,690)	68,384
- Roads Regional Sealed	71,854	(18,645)	53,209	1,584	–	(1,438)	(914)	(160)	1,524	3,091		76,567	(19,673)	56,894
- Roads Regional Unsealed	1,153	(230)	923	–	–	–	(26)	–	–	53		1,221	(271)	950
- Carparks	8,274	(1,999)	6,275	–	–	–	(127)	–	–	363		8,763	(2,252)	6,511
- Airport Infrastructure	64,734	(23,526)	41,208	1,633	–	–	(2,971)	–	–	2,260		70,193	(28,064)	42,129
<b>Other assets:</b>														
– Library books	3,078	(2,310)	768	–	273	–	(313)	–	–	–		3,351	(2,623)	728
– Other	8,588	(2,217)	6,371	–	265	–	(208)	–	–	441		9,469	(2,599)	6,870
– Art collection	3,804	–	3,804	–	–	–	–	–	–	–		3,804	–	3,804
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>														
– Tip assets	16,320	(10,741)	5,579	–	–	–	(696)	–	4,983	–		21,303	(11,437)	9,866
– Quarry assets	171	(164)	7	–	–	–	(2)	–	63	–		234	(166)	68
<b>Total infrastructure, property, plant and equipment</b>	<b>2,969,634</b>	<b>(968,451)</b>	<b>2,001,183</b>	<b>42,624</b>	<b>55,043</b>	<b>(9,766)</b>	<b>(43,104)</b>	<b>(1,374)</b>	<b>10,845</b>	<b>270,838</b>		<b>3,404,832</b>	<b>(1,078,542)</b>	<b>2,326,290</b>

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

(2) Restated refer to Note G4-1

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

### Material accounting policy information

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

Infrastructure, property, plant and equipment is initially measured 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.

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

Water, sewerage and stormwater network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Planning, Industry and Environment – Water. Transportation Assets are indexed at each reporting period utilising the Producer Price Index, Australia - Road and Bridge Construction, New South Wales published by the Australian Bureau of Statistics.

Land and Council's Art Collection are 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>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
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 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	20	Bulk earthworks	20
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	20
Bridge: other	50	Other infrastructure	20
Road pavements	60		
Kerb, gutter and footpaths	40		

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

#### Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

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

#### Crown reserves

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

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

## C1-8c Infrastructure, property, plant and equipment – current year impairments

\$ '000	Notes	2024	2023
<b>(i) Impairment losses recognised direct to equity (ARR):</b>			
Building and Operational Land 437 Peel St, Tamworth. Fair Value impaired due to asbestos contamination in building situated on that land . <sup>1</sup>	C1-8	–	669
Roads impaired due to Flood Damage - September 2022 <sup>2</sup>	C1-8	–	705
<b>Total impairment losses</b>		<b>–</b>	<b>1,374</b>
<b>(iv) Reversals of impairment losses previously recognised direct to equity (ARR):</b>			
Roads impaired due to Flood Damage - September 2022 repaired during 2023/24. <sup>2</sup>		(521)	–
<b>Total impairment reversals</b>		<b>(521)</b>	<b>–</b>
<b>Impairment of assets – direct to equity (ARR)</b>		<b>(521)</b>	<b>1,374</b>

(1) Council has impaired the Ray Walsh House (RWH) administration building and associated land parcels due to asbestos contamination in RWH. Work is currently being undertaken to remediate the site and determine the full extent of the contamination. Initial estimates for remediation are in the vicinity of \$7 million. As such Council has recognised this as the impairment expense as it constitutes the best estimate available to Council at this time. Council undertook a comprehensive revaluation of the asset class in the 2022-23 financial year.

(2) A number of transport infrastructure items were damaged during flooding events in September 2022. Subsequent to this event a significant number of these items have been repaired however there are still some items requiring repair and these items remain impaired as at 30 June 2024.

## C1-9 Investment properties

\$ '000	2024	2023
<b>Owned investment property</b>		
Investment property on hand at fair value	<b>25,155</b>	18,763
<b>Total owned investment property</b>	<b>25,155</b>	<b>18,763</b>
<b>Owned investment property</b>		
<b>At fair value</b>		
Opening balance at 1 July	<b>18,763</b>	30,615
Net gain/(loss) from fair value adjustments	<b>637</b>	(5,402)
Transfers from/(to) owner-occupied property (Note C1-8)	<b>5,755</b>	(6,450)
<b>Closing balance at 30 June</b>	<b>25,155</b>	<b>18,763</b>

### Material accounting policy information

Investment properties principally comprise of freehold office buildings as well as leased land. Investment properties are held for long-term rental yields at sites not occupied by the Council. These properties are leased to commercial entities and do not provide community or social services.

The value of the Pilot Training Facility had been heavily discounted in 2022/23 due to the lack of a medium to long term tenant. Users of these financial reports should adopt a higher degree of caution to this value than would normally be the case.

## C1-10 Intangible assets

Intangible assets are as follows:

\$ '000	2024	2023
<b>Digital &amp; Licensing Assets</b>		
<b>Opening values at 1 July</b>		
Gross book value	924	844
Accumulated amortisation	(639)	(560)
<b>Net book value – opening balance</b>	<b>285</b>	<b>284</b>
<b>Movements for the year</b>		
Purchases	81	80
Amortisation charges	(71)	(79)
<b>Closing values at 30 June</b>		
Gross book value	1,004	924
Accumulated amortisation	(709)	(639)
<b>Total Digital &amp; Licensing – net book value</b>	<b>295</b>	<b>285</b>
<b>Water Licences</b>		
<b>Opening values at 1 July</b>		
Gross book value	2,569	2,569
<b>Net book value – opening balance</b>	<b>2,569</b>	<b>2,569</b>
<b>Movements for the year</b>		
Purchases	29	–
Revaluation	321	–
Transfer to IPPE	(160)	–
Gross book value disposals	(75)	–
<b>Closing values at 30 June</b>		
Gross book value	2,684	2,569
<b>Total Water Licences – net book value</b>	<b>2,684</b>	<b>2,569</b>
<b>Total intangible assets – net book value</b>	<b>2,979</b>	<b>2,854</b>

### Material accounting policy information

#### Water Licences

Costs incurred in acquiring water licences (excluding town water licences) that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to water licences. As a tradeable item water licences were revalued at 30 April 2024 by suitably qualified Council staff, with Fair Value assessment at 30 June 2024 confirming those values.

## C2 Leasing activities

### C2-1 Council as a lessee

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

#### Terms and conditions of leases

##### Buildings

Council leases buildings for their Entertainment Venues and Tourism Promotion functions. The leases are less than 5 years and they include a renewal option to allow Council to renew for up to twice the noncancellable lease term at their discretion. The building leases contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

Council also leases two buildings used as the corporate offices for a number of Divisions. The leases are for 3 years and they include a renewal option to allow Council to renew for 1 year and a further option of 1 year. These building leases contain an annual pricing mechanism based on a fixed increase at each anniversary of the lease inception.

##### Plant and Equipment

Council is currently a party to a waste collection contract in which Council directs the use of the collection vehicles. Under this agreement Council has a right-of-use asset for 9 dedicated collection vehicles with the contract running for a period of 7 years, with a 7 year extension option.

##### IT Equipment

Council currently has a lease for IT Equipment (printers), which is for a period of 4 years.

##### Extension options

Council has options for lease extensions in its building leases and waste collection contract to provide flexibility and certainty to Council operations. The extension options are at Council's discretion.

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

#### (a) Right of use assets

\$ '000	Buildings	Plant and Equipment	IT Equipment	Total
<b>2024</b>				
Opening balance at 1 July	1,511	2,401	784	4,696
Additions to right-of-use assets	630	–	–	630
Adjustments to right-of-use assets due to re-measurement of lease liability	800	–	–	800
Depreciation charge	(870)	(480)	(206)	(1,556)
<b>Balance at 30 June</b>	<b>2,071</b>	<b>1,921</b>	<b>578</b>	<b>4,570</b>
<b>2023</b>				
Opening balance at 1 July	1,400	2,881	412	4,693
Additions to right-of-use assets	1,140	–	502	1,642
Depreciation charge	(1,029)	(480)	(130)	(1,639)
<b>Balance at 30 June</b>	<b>1,511</b>	<b>2,401</b>	<b>784</b>	<b>4,696</b>

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

### (b) Lease liabilities

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Lease liabilities	1,431	3,279	1,423	3,410
<b>Total lease liabilities</b>	<b>1,431</b>	<b>3,279</b>	<b>1,423</b>	<b>3,410</b>

### (c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2024</b>					
<b>Cash flows</b>	<b>1,431</b>	<b>3,279</b>	<b>–</b>	<b>4,710</b>	<b>4,710</b>
<b>2023</b>					
<b>Cash flows</b>	<b>1,423</b>	<b>3,410</b>	<b>–</b>	<b>4,833</b>	<b>4,833</b>

### (d) Income Statement

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

\$ '000	2024	2023
Interest on lease liabilities	109	105
Depreciation of right of use assets	1,556	1,639
Expenses relating to leases of low-value assets	219	83
	<b>1,884</b>	<b>1,827</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	1,661	1,753
	<b>1,661</b>	<b>1,753</b>

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

Council does not believe that it has many leases in place that are at significantly below market value and accordingly are not individually material from a statement of financial position or performance perspective. Typically these leases would be for community groups undertaking community specific services or projects.

### Material accounting policy information

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.

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



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

### 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.

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties and /or plant and equipment; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

- investment property – where the asset is held predominantly for rental or capital growth purposes (refer note C1-9)
- property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-8).

\$ '000	2024	2023
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#### (i) Assets held as investment property

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

Lease income (excluding variable lease payments not dependent on an index or rate)	1,208	808
Lease income relating to variable lease payments not dependent on an index or a rate	922	934
<b>Total income relating to operating leases for investment property assets</b>	<b>2,130</b>	<b>1,742</b>

#### Operating lease expenses

Direct operating expenses that generated rental income	877	564
<b>Total expenses relating to operating leases</b>	<b>877</b>	<b>564</b>

#### (ii) Assets held as property, plant and equipment

##### Other leased assets expenses

Other	634	654
<b>Total expenses relating to other leases assets</b>	<b>634</b>	<b>654</b>

#### (iii) Maturity analysis of contractual lease income

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

< 1 year	2,291	609
1–2 years	1,206	157
2–3 years	1,249	63
3–4 years	1,177	11
4–5 years	466	12
> 5 years	6,549	57
<b>Total undiscounted lease payments to be received</b>	<b>12,938</b>	<b>909</b>

### Material accounting policy information

In November 2023, Council entered an Operating Lease arrangement for the site of the Tamworth Global Gateway Park Rail Intermodal. In accordance with the lease the tenant has undertaken construction works necessary for a rail intermodal; at the end of the lease term the intermodal facility will be transferred to Council. As a lease incentive commercial rent is not payable until the 10th anniversary of the lease commencement date. Lease income is being recognised on a straight line basis over the lease term refer to Note C1-4 for the corresponding receivable.

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Goods and services – operating expenditure	7,968	–	11,560	–
Accrued expenses:				
– Borrowings	226	–	240	–
– Salaries and wages	2,107	–	2,052	–
– Other expenditure accruals	605	–	671	–
Prepaid rates	2,859	–	2,871	–
Security bonds, deposits and retentions	2,508	–	2,459	–
Ticket monies held	625	–	605	–
Other	1,092	–	869	–
<b>Total payables</b>	<b>17,990</b>	<b>–</b>	<b>21,327</b>	<b>–</b>

#### Payables

Payable liabilities for goods and services unpaid at the end of the financial year are usually payable within 30 days of recognition.

## C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	11,769	–	10,561	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	6,030	–	3,975	–
<b>Total grants received in advance</b>		<b>17,799</b>	<b>–</b>	<b>14,536</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>17,799</b>	<b>–</b>	<b>14,536</b>	<b>–</b>

### Notes

(i) Council has received funding for a number of projects including Skywalk Construction, Port Stephens Cutting Upgrade, Regional Local Road Repair Program, No. 1 Oval Pavillion Upgrade and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 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

\$ '000	2024	2023
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	10,561	11,825
Operating grants (received prior to performance obligation being satisfied)	2,992	1,447
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>13,553</b>	<b>13,272</b>

### C3-3 Borrowings

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Loans – secured <sup>1</sup>	9,602	65,135	9,363	71,389
<b>Total borrowings</b>	<b>9,602</b>	<b>65,135</b>	<b>9,363</b>	<b>71,389</b>

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

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

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

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	80,752	(6,015)	–	–	–	–	74,737
Lease liability (Note C2-1b)	4,833	(1,553)	630	800	–	–	4,710
<b>Total liabilities from financing activities</b>	<b>85,585</b>	<b>(7,568)</b>	<b>630</b>	<b>800</b>	<b>–</b>	<b>–</b>	<b>79,447</b>

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	90,024	(9,272)	–	–	–	–	80,752
Lease liability (Note C2-1b)	4,838	(1,648)	1,643	–	–	–	4,833
<b>Total liabilities from financing activities</b>	<b>94,862</b>	<b>(10,920)</b>	<b>1,643</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>85,585</b>

#### (b) Financing arrangements

\$ '000	2024	2023
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##### Total facilities

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

Bank overdraft facilities <sup>1</sup>	1,000	1,000
Credit cards/purchase cards	620	620
<b>Total financing arrangements</b>	<b>1,620</b>	<b>1,620</b>

##### Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards	118	9
<b>Total drawn financing arrangements</b>	<b>118</b>	<b>9</b>

##### Undrawn facilities

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

– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	502	611
<b>Total undrawn financing arrangements</b>	<b>1,502</b>	<b>1,611</b>

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

### C3-4 Employee benefit provisions

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Annual leave	5,501	–	5,154	–
Long service leave	6,800	400	6,545	337
<b>Total employee benefit provisions</b>	<b>12,301</b>	<b>400</b>	<b>11,699</b>	<b>337</b>

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	9,841	9,359
	<b>9,841</b>	<b>9,359</b>

#### Description of and movements in provisions

\$ '000	ELE provisions		
	Annual leave	Long service leave	Total
<b>2024</b>			
At beginning of year	5,154	6,882	12,036
Additional provisions	3,965	1,656	5,621
Amounts used (payments)	(3,641)	(1,336)	(4,977)
Remeasurement effects	23	(2)	21
<b>Total ELE provisions at end of year</b>	<b>5,501</b>	<b>7,200</b>	<b>12,701</b>
<b>2023</b>			
At beginning of year	4,794	6,671	11,465
Additional provisions	3,700	1,579	5,279
Amounts used (payments)	(3,460)	(1,491)	(4,951)
Remeasurement effects	120	123	243
<b>Total ELE provisions at end of year</b>	<b>5,154</b>	<b>6,882</b>	<b>12,036</b>

#### Material accounting policy information

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

##### Short-term obligations

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

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

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

##### On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods. These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

## C3-5 Provisions

\$ '000	2024 Current	2024 Non-Current	2023 Current	2023 Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	2	19,107	2,007	15,500
<b>Sub-total – asset remediation/restoration</b>	<b>2</b>	<b>19,107</b>	<b>2,007</b>	<b>15,500</b>
<b>Total provisions</b>	<b>2</b>	<b>19,107</b>	<b>2,007</b>	<b>15,500</b>

## Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
<b>2024</b>		
At beginning of year	17,507	17,507
<b>Changes to provision:</b>		
– Revised costs	887	887
<b>Unwinding of discount</b>	<b>715</b>	<b>715</b>
Total other provisions at end of year	19,109	19,109
<b>2023</b>		
At beginning of year	12,073	12,073
<b>Changes to provision:</b>		
– Revised costs	4,963	4,963
Unwinding of discount	471	471
Total other provisions at end of year	17,507	17,507

## Nature and purpose of provisions

### Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate council owned tips and quarries.

### Material accounting policy information

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

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

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

### Asset remediation – tips and quarries

#### Restoration

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

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

#### Rehabilitation

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

## C3-5 Provisions (continued)

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

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

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

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

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



## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

\$ '000	General 2024	Water 2024	Sewer 2024
<b>Income from continuing operations</b>			
Rates and annual charges	55,461	8,791	20,949
User charges and fees	35,677	16,459	4,519
Interest and investment revenue	4,295	1,907	4,138
Other revenues	3,171	70	175
Grants and contributions provided for operating purposes	29,170	20	106
Grants and contributions provided for capital purposes	29,261	3,849	2,628
Net gains from disposal of assets	–	430	–
Other income	2,849	–	–
<b>Total income from continuing operations</b>	<b>159,884</b>	<b>31,526</b>	<b>32,515</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	54,050	3,269	2,623
Materials and services	44,546	16,431	9,861
Borrowing costs	2,252	850	1,517
Depreciation, amortisation and impairment of non-financial assets	34,820	7,686	6,405
Other expenses	4,567	261	170
Net losses from the disposal of assets	1,502	–	200
<b>Total expenses from continuing operations</b>	<b>141,737</b>	<b>28,497</b>	<b>20,776</b>
<b>Operating result from continuing operations</b>	<b>18,147</b>	<b>3,029</b>	<b>11,739</b>
<b>Net operating result for the year</b>	<b>18,147</b>	<b>3,029</b>	<b>11,739</b>
<b>Net operating result attributable to each council fund</b>	18,167	3,029	11,739
<b>Net operating result attributable to non-controlling interests</b>	(20)	–	–
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(11,114)</b>	<b>(820)</b>	<b>9,111</b>

## D1-2 Statement of Financial Position by fund

\$ '000	General 2024	Water 2024	Sewer 2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	33,205	–	–
Investments	39,751	28,359	74,883
Receivables	14,301	4,448	5,713
Inventories	20,321	–	–
Contract assets and contract cost assets	10,892	–	–
Other	614	–	–
Non-current assets classified as held for sale	50	–	–
<b>Total current assets</b>	<b>119,134</b>	<b>32,807</b>	<b>80,596</b>
<b>Non-current assets</b>			
Investments	12,406	4,823	12,734
Receivables	663	–	4,800
Infrastructure, property, plant and equipment	1,788,974	366,810	339,983
Investment property	25,155	–	–
Intangible assets	294	1,296	1,389
Right of use assets	4,570	–	–
<b>Total non-current assets</b>	<b>1,832,062</b>	<b>372,929</b>	<b>358,906</b>
<b>Total assets</b>	<b>1,951,196</b>	<b>405,736</b>	<b>439,502</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	17,087	572	331
Contract liabilities	17,008	14	777
Lease liabilities	1,431	–	–
Borrowings	7,619	1,803	3,380
Employee benefit provision	12,301	–	–
Provisions	2	–	–
<b>Total current liabilities</b>	<b>55,448</b>	<b>2,389</b>	<b>4,488</b>
<b>Non-current liabilities</b>			
Lease liabilities	3,279	–	–
Borrowings	33,552	18,716	17,667
Employee benefit provision	400	–	–
Provisions	19,107	–	–
<b>Total non-current liabilities</b>	<b>56,338</b>	<b>18,716</b>	<b>17,667</b>
<b>Total liabilities</b>	<b>111,786</b>	<b>21,105</b>	<b>22,155</b>
<b>Net assets</b>	<b>1,839,410</b>	<b>384,631</b>	<b>417,347</b>
<b>EQUITY</b>			
Accumulated surplus	995,766	190,105	241,110
Revaluation reserves	842,979	194,526	176,237
<b>Council equity interest</b>	<b>1,838,745</b>	<b>384,631</b>	<b>417,347</b>
<b>Non-controlling interests</b>	<b>665</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>	<b>1,839,410</b>	<b>384,631</b>	<b>417,347</b>

D1-3 Details of internal loans

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

Details of individual internal loans <sup>1</sup>	Land Acquisition
Borrower (by purpose)	General - land acquisition
Lender (by purpose)	Sewer
Date of Minister's approval	11/06/2021
Date raised	01/03/2021
Term years	5
Dates of maturity	28/02/2026
Rate of interest (%)	Variable
Amount originally raised (\$'000)	16,000
Total repaid during year (principal and interest) (\$'000)	3,620
Principal outstanding at end of year (\$'000)	8,000

(1) For additional information regarding the purpose of this loan refer to item 9.1 of the business papers for the council meeting held 8/9/20 which are available from council's website.

D2 Interests in other entities

D2-1 Subsidiaries

Council’s consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described below.

Name of Operation/Entity	Principal activity
Central Northern Regional Libraries	Provision of library resources & services for its member Councils

Interests in Subsidiary	Ownership 2024	Ownership 2023	Principal place of business	Voting rights 2024	Voting rights 2023
Council’s interest in Subsidiary	62%	62%		62%	62%
Non-controlling interest in Subsidiary	38%	38%		38%	38%

**The nature and extent of significant restrictions relating to the Subsidiary**  
All of subsidiary funds are held in Councils bank account, use of these funds is governed by a budget set annually. Assets are predominantly library resources which are distributed and exchanged between members as and when required. No dividends or distributions are paid.

**The nature of risks associated with Council’s interests in the Subsidiary**  
Withdrawal of government grant funding would expose Council to a loss, however it is to be expected that member Councils would be notified in a timely manner to prevent this from happening.

**Other disclosures**  
Councils financial support of the subsidiary will continue indefinitely into the future. The level of financial support is linked to the Councils average population numbers and available grant funding.

**Reporting dates of Subsidiary**  
Reporting dates of the subsidiary are in line with that of Tamworth Regional Council.

Summarised financial information for the Subsidiary

\$ '000	2024	2023
<b>Summarised statement of comprehensive income</b>		
Revenue	1,721	1,679
Expenses	(1,773)	(1,668)
<b>Profit for the period</b>	<b>(52)</b>	<b>11</b>
<b>Total comprehensive income</b>	<b>(52)</b>	<b>11</b>
Non-controlling interest share - 38%	(20)	4
<b>Summarised statement of financial position</b>		
Current assets	1,075	830
Non-current assets	888	986
<b>Total assets</b>	<b>1,963</b>	<b>1,816</b>
Current liabilities	214	14
<b>Total liabilities</b>	<b>214</b>	<b>14</b>
<b>Net assets</b>	<b>1,749</b>	<b>1,802</b>
Non-controlling interest share - 38%	665	685

D2-1 Subsidiaries (continued)

\$ '000	2024	2023
<b>Summarised statement of cash flows</b>		
Cash flows from operating activities	245	108
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>245</b>	<b>108</b>

## E Risks and accounting uncertainties

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

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

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

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

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

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2024	Carrying value 2023	Fair value 2024	Fair value 2023
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	33,205	15,262	33,205	15,262
Receivables	21,696	18,230	21,696	18,230
Investments				
– Term Deposits	150,000	159,000	150,000	159,000
<b>Fair value through profit and loss</b>				
Investments				
– Floating Rate Notes & Fixed Rate Bonds	22,956	21,898	22,956	21,898
Contract Assets	10,892	16,084	10,892	16,084
<b>Total financial assets</b>	<b>238,749</b>	<b>230,474</b>	<b>238,749</b>	<b>230,474</b>
<b>Financial liabilities</b>				
Payables	17,990	21,327	17,990	21,327
Loans/advances	74,737	80,752	74,737	80,752
Contract Liabilities	17,800	19,604	17,800	19,604
Lease Liabilities	4,711	4,833	4,711	4,833
<b>Total financial liabilities</b>	<b>115,238</b>	<b>126,516</b>	<b>115,238</b>	<b>126,516</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 measure at amortised cost 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) **at fair value through other comprehensive income** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio.

Council has an Investment Policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government Regulations.

The risks associated with the financial instruments held are:

- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.

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

- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
  - **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.
- Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

(a) Market risk – interest rate and price risk

\$ '000	2024	2023
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	2,007	1,996
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

(b) Credit risk

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

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

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

There are no significant concentrations of credit risk other than Council has significant credit risk exposures in its local area given the nature of Council activities.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	overdue	< 5 years	≥ 5 years	
2024				
Gross carrying amount	–	7,024	365	7,389
2023				
Gross carrying amount	–	5,288	388	5,676

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 prescribed by AASB 9, which permits the use of the lifetime expected loss provision at inception. To measure

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

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 as at 30 June 2024 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2024						
Gross carrying amount	21,141	1,511	1,349	366	2,414	26,781
Expected loss rate (%) <sup>1</sup>	0.00%	2.00%	5.50%	3.20%	36.00%	3.68%
ECL provision	—	30	74	12	869	985
2023						
Gross carrying amount	20,812	6,280	1,404	321	2,250	31,067
Expected loss rate (%) <sup>1</sup>	0.00%	2.10%	5.40%	3.30%	35.30%	3.26%
ECL provision	—	132	76	11	794	1,013

(1) The ECL provision differs to the amount shown in Note C1-4 Receivables, due to an impairment provision for rates receivables, the land parcels allowed for are likely to recoup less than the outstanding property debt due to size, accessibility, and location.

### (c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk – 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 maintaining an adequate cash buffer.

Overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. 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.

	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
\$ '000							
2024							
Payables	0.00%	2,508	12,623	–	–	15,131	17,990
Borrowings	4.41%	–	12,795	44,467	32,545	89,807	74,737
Total financial liabilities		2,508	25,418	44,467	32,545	104,938	92,727
2023							
Payables	0.00%	2,459	16,234	–	–	18,693	21,327
Borrowings	4.39%	–	12,975	45,025	40,266	98,266	80,752
Total financial liabilities		2,459	29,209	45,025	40,266	116,959	102,079



## E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

During the reporting period, Council has also fair value measured the following assets on a non-recurring basis:

- Non-current assets classified as ‘held for sale’

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					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023
Investment property	C1-9						
6 Burruulu Close		6,330	–	–	–	6,330	–
561 Peel Street		1,500	1,507	–	–	1,500	1,507
218 Peel Street		1,475	1,406	–	–	1,475	1,406
Pilot Training Facility	C1-9	–	–	15,850	15,850	15,850	15,850
Total investment property		9,305	2,913	15,850	15,850	25,155	18,763
Infrastructure, property, plant and equipment	C1-8						
Plant and equipment		–	–	32,716	29,492	32,716	29,492
Office equipment		–	–	67	77	67	77
Furniture and fittings		–	–	760	928	760	928
Land – operational		195,844	163,865	–	–	195,844	163,865
Land under roads (post 30/6/08)		–	–	4,181	3,714	4,181	3,714
Land improvements – depreciable		–	–	13,095	11,008	13,095	11,008
Buildings		21,245	25,585	182,092	168,459	203,337	194,044
Other structures		–	–	66,132	61,343	66,132	61,343
Roads and Carparks		–	–	436,038	394,290	436,038	394,290
Bridges and Other Transport Infrastructure		–	–	472,087	447,506	472,087	447,506
Stormwater drainage		–	–	270,217	254,850	270,217	254,850
Water supply network		–	–	318,607	300,200	318,607	300,200
Sewerage network		–	–	288,823	275,251	288,823	275,251
Library books		–	–	677	728	677	728
Art collection		–	–	3,804	3,804	3,804	3,804
Other assets		–	–	7,109	6,870	7,109	6,870
Land – community		–	–	57,155	47,020	57,155	47,020
Airport Infrastructure		–	–	41,626	42,129	41,626	42,129
Total infrastructure, property, plant and equipment		217,089	189,450	2,195,186	2,047,669	2,412,275	2,237,119

## E2-1 Fair value measurement (continued)

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023
Non-current assets classified as held for sale		C1-7					
Land		50	50	–	–	50	50
Total NCA's classified as held for sale		50	50	–	–	50	50

### 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:

#### Investment property

Investment properties (other than the Pilot Training Facility) were valued using Level 2 inputs as at 30 April, 2024 Preston Rowe Paterson, registered valuer NSW No 186. Observable inputs used in determining the valuation include net rentals in order to provide a rate per m2 this value was then used in conjunction with sales of comparable properties. Unobservable inputs include a limited number of sales evidence on the open market.

In the case of the Pilot Training Facility a valuation was undertaken as at 30 April, 2024 by Preston Rowe Paterson, registered valuer NSW No 186. Due to the specialised nature of the property and the impact of zoning it was difficult to undertake a valuation utilising observable inputs, though limited information was available with regards to previous short term rentals and negotiation with potential tenants. The value adopted for 30 June 2024 is \$15.8M which is the same value adopted for 30 June 2023.

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

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

##### Plant & Equipment, Office Equipment, Furniture & Fittings, Land Improvements, Heritage, Library, Other

All of the above asset categories are valued at cost but are disclosed at fair value in the notes, as such no observable or unobservable inputs were used in determining fair value. This is in accordance with Appendix E of the Local Government Code of Accounting Practice and Financial Reporting 2023/24. As such valuation has been deemed to be made using Level 3 inputs.

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

#### Operational Land

Operational land was valued using level 2 inputs at 1 January, 2023 by Preston Rowe Paterson, registered valuer NSW No 186. The land was valued at market value (highest and best use) after identifying all elements that would be considered by buyers and sellers including the land's description, area and dimensions, planning and other constraints on development.

Operational Land was indexed in 2023/24 utilising the Gross Land Value movement published by the Valuer General New South Wales.

Valuations are carried out every five years unless significant movement in similar markets would suggest that a valuation needs to be conducted sooner.

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

#### Community Land

Community land is valued in accordance with the Local Government Code of Accounting Practice and Financial Reporting 2023/24, Appendix E; as such community land has been valued using the NSW Valuer General's valuations. For this reason Council is unable to provide neither observable nor unobservable valuation techniques and valuation is being reported at Level 3.

Changes in the NSW Valuer General's valuations will result in a higher or lower fair value measurement.

## E2-1 Fair value measurement (continued)

Community Land was indexed in 2023/24 utilising the Gross Land Value movement published by the Valuer General New South Wales.

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

### Land Under Roads

Councils recognised land under roads have had Fair Value derived using the Englobo methodology in accordance with the Local Government Code of Accounting Practice and Financial Reporting 2023/24, Appendix E. Using this method there are no observable inputs and the only unobservable input is that of the average site value for each council on a \$ per m2. This average site value is determined using values from NSW Valuer General valuations.

Changes in the NSW Valuer General's valuations will result in a higher or lower fair value measurement.

There has been no change to the valuation process during the reporting period, with values amended to reflect the latest Valuer General's valuations.

### Buildings – Specialised and Non Specialised

Non-specialised and specialised buildings were valued as at 1 January, 2023 using external valuer Preston Rowe Paterson, registered valuer NSW No 186 using the cost and market approaches.

Council values Buildings using Level 2 and 3 inputs. The unobservable Level 3 inputs used include Gross Replacement Cost, Asset Condition, Useful Life and Asset Components.

Building Assets IPP&E is indexed annually utilising the Producer Price Index, Australia – Building Construction, New South Wales published by the Australian Bureau of Statistics, unless there has been a comprehensive revaluation undertaken in that year.

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

### Other Structures

Other structures have been valued using the depreciated replacement cost approach where it has been economical to do so taking into account a range of factors including condition, location and construction material. Valuations are undertaken by suitably qualified Council staff from the relevant functional areas. For assets where the cost of valuing the asset exceeds the benefit or the asset value is immaterial in relation to the whole asset class Council has as per the Local Government Code of Accounting Practice and Financial Reporting used the depreciated historical cost as a representation of fair value. All assets within this class have been valued using Level 3 valuation inputs.

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

### Roads, Bridges, Footpaths and Stormwater Drainage

Council's transport infrastructure assets are grouped into various classes, and where necessary further broken down into components. For example roads are broken down into various components including kerb and gutter, wearing course, structure and earthworks. All valuations for these asset classes were undertaken using Council engineers and industry consultants. Valuations were derived using unit rates. These unit rates were calculated for the various asset components using costs from recent works carried out across the Tamworth Regional Council area where possible and Rawlinson's Construction Handbook Edition 32 2014 where recent local costs were not available. Sampling was conducted in various locations to assess asset condition and this information was then extrapolated to determine the fair value of asset components using the depreciated cost method. Fair value was determined using Level 3 valuation inputs for this asset class.

Roads and Carparks were revalued during 2020/21. Bridges, Footpaths, Kerb & Gutter, Minor Culverts, Causeways and Transport Ancillary assets were revalued in-house during the 2019/20 reporting period. Stormwater assets were revalued during the 2018/19 reporting period.

Transport IPP&E are indexed annually utilising the Producer Price Index, Australia – Road and Bridge Construction, New South Wales published by the Australian Bureau of Statistics, unless there has been a comprehensive revaluation undertaken in that year.

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

E2-1 Fair value measurement (continued)

Water and Sewer Networks

The water and sewer network of Council is also broken down into components where necessary by Councils engineering staff who conduct the valuation of these assets in house. Sampling of the condition of assets is taken using cameras and site inspections. The results of this condition assessment is used in conjunction with unit rates taken from the NSW Reference Rates Manual as published by the Department of Planning, Industry and Environment - Water to determine the depreciated replacement cost of the various assets that make up these two networks. For those items not covered by the NSW Reference Rates Manual the historical cost is indexed every year by the annual index rate which is also included in the NSW Reference Rates Manual.

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

Art Collection

Tamworth Regional Council's art collection had fair value determined using a valuation as at 30 June, 2014. The valuation was carried out by external valuer Helen Maxwell who is an approved valuer of Art, Australian Government Cultural Gifts and Cultural Bequests. This method of ascertaining fair valuation is in accordance with Appendix E of Local Government Code of Accounting Practice and Financial Reporting 2023/24.

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

Other Open Space/Recreational Assets

Other Open Space and recreational assets have been valued using the depreciated replacement cost approach where it has been economical to do so taking into account a range of factors including condition, location and construction material. Valuations are undertaken by suitably qualified Council staff from the relevant functional areas. For assets where the cost of valuing the asset exceeds the benefit or the asset value is immaterial in relation to the whole asset class Council has as per the Local Government Code of Accounting Practice and Financial Reporting 2023/24, Appendix E, used the depreciated historical cost as a representation of fair value. All assets within this class have been valued using Level 3 valuation inputs.

Other Open Space/Recreation Assets are indexed annually utilising the Producer Price Index, Australia – Non-Residential Building Construction, New South Wales published by the Australian Bureau of Statistics, unless there has been a comprehensive revaluation undertaken in that year.

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

Airport Infrastructure

Airport Infrastructure was valued as at 31 March 2022 using external valuers J J Ryan Consulting Pty Ltd. Fair value was determined using Level 3 valuation inputs for this asset class.

Airport Infrastructure IPP&E is indexed annually utilising the Producer Price Index, Australia – Road and Bridge Construction, New South Wales published by the Australian Bureau of Statistics, unless there has been a comprehensive revaluation undertaken in that year.

Fair value measurements using significant unobservable inputs (level 3)

Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

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

Valuation technique/s		Unobservable inputs
Infrastructure, property, plant and equipment		
Plant & Equipment	Depreciated Historical Cost	<ul style="list-style-type: none"><li>• Gross Replacement Cost</li><li>• Remaining Useful Life</li><li>• Residual Value</li></ul>
Office Equipment	Depreciated Historical Cost	<ul style="list-style-type: none"><li>• Gross Replacement Cost</li><li>• Remaining useful life</li></ul>
Furniture & Fittings	Depreciated Historical Cost	<ul style="list-style-type: none"><li>• Gross Replacement Cost</li><li>• Remaining useful life</li></ul>
Land Community	NSW Valuer General Valuations	<ul style="list-style-type: none"><li>• Land Value</li></ul>
Land Under Roads	Englobo Method	<ul style="list-style-type: none"><li>• Land Value</li></ul>

## E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Land Improvements	Depreciated Replacement Cost	• Gross Replacement Cost
	Depreciated Historical Cost	• Remaining Useful Life
Buildings	External Valuation	• Gross Replacement Cost
		• Remaining Useful Life
		• Residual Value
		• Sale of Comparable Properties
Other Structures	Depreciated Replacement Cost	• Gross Replacement Cost
	Depreciated Historical Cost	• Remaining Useful Life
		• Residual Value
Roads, Bridges, Footpaths	Depreciated Replacement Cost	• Gross Replacement Cost
		• Remaining Useful Life
Stormwater Drainage	Depreciated Replacement Cost	• Gross Replacement Cost
		• Remaining Useful Life
Water Network	Depreciated Replacement Cost	• Gross Replacement Cost
		• Remaining Useful Life
Sewer Network	Depreciated Replacement Cost	• Gross Replacement Cost
		• Remaining Useful Life
Other Assets	Depreciated Replacement Cost	• Gross Replacement Cost
		• Remaining Useful Life
Art Collections	External Valuation	• Insurance valuation
Library Books	Depreciated Historical Cost	• Gross Replacement Cost
		• Remaining Useful Life
Airport Infrastructure	External Valuation	• Gross Replacement Cost
		• Remaining Useful Life
		• Residual Value

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

\$ '000	Level 3 asset class	
	2024	2023
<b>Opening balance</b>	<b>2,047,669</b>	1,780,955
<b>Total gains or losses for the period</b>		
Recognised in other comprehensive income – revaluation surplus	<b>118,987</b>	197,461
<b>Other movements</b>		
Transfers from/(to) another asset class	<b>53,386</b>	86,626
Purchases (GBV)	<b>31,265</b>	32,990
Disposals (WDV)	<b>(9,235)</b>	(6,583)
Depreciation and impairment	<b>(46,886)</b>	(43,780)
<b>Closing balance</b>	<b>2,195,186</b>	2,047,669

### Highest and best use

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

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

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

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

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

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

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

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

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

\* For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

The adequacy of contributions is assessed at each triennial actuarial investigation, the next of which is due effective 30 June 2024, and monitored annually between triennials.

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

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

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

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up. There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$315,691.45. The last formal valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2023. Council's expected contribution to the plan for the next annual reporting period is \$214,744.46.

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

## E3-1 Contingencies (continued)

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

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

The share of any funding surplus or deficit that can be attributed to Council is 0.92%.

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

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

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

\* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, will be completed by December 2024.

### (ii) Statewide Limited

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

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

### (iii) StateCover Limited

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

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

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

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

### (iv) Bank Guarantees

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, as at reporting date these amounts are:

Tamworth Rugby Club Inc. Drawn February 2008, for \$260,000. Balance as at 30/6/2024 is \$159,601.43  
At June 30, 2024 Councils guarantee is limited to \$159,601.43

Tamworth Gymnastics Club. Drawn in 2019/20 Financial year. Balance as at 30/6/2024 is \$67,786.65  
Councils guarantee is limited to \$84,881.51

Council does not expect to incur any loss from these guarantees.



## E3-1 Contingencies (continued)

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### (v) Other guarantees

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

## 2. Other liabilities

### (i) Third party claims

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

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

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

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

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

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

## ASSETS NOT RECOGNISED

### (i) Land under roads

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

### (ii) Infringement notices/fines

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

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

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



F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2024	2023
<b>Compensation:</b>		
Short-term benefits	2,242	1,794
Post-employment benefits	212	169
Other long-term benefits	55	84
<b>Total</b>	<b>2,509</b>	<b>2,047</b>

Other transactions with KMP and their related parties

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

Nature of the transaction		Value of transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref					
<b>2024</b>						
Employee expenses for close family members of KMP	1	126	–	Local Government Award	–	–
Contractor expenses for close family members of KMP	2	6	–	14 day creditor payment terms	–	–
<b>2023</b>						
Employee expenses for close family members of KMP	1	333	–	Local Government Award	–	–
Contractor expenses for close family members of KMP	2	1	–	14 day creditor payment terms	–	–

1 There were 2 close family member's of council's KMP employed by council under the relevant state award on an arm's length basis.  
2 There were 2 creditors paid under creditor payment terms for services provided that had an association with council's KMP.

## F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	64	63
Councillors' fees	235	228
Other Councillors' expenses (including Mayor)	162	181
<b>Total</b>	<b>461</b>	<b>472</b>

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2024	2023
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	141	144
<b>Remuneration for audit and other assurance services</b>	<b>141</b>	<b>144</b>
<b>Non NSW Auditor-General audit firms</b>		
<b>(i) Audit and other assurance services</b>		
Other audit and assurance services – internal auditors	50	57
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>50</b>	<b>57</b>
<b>Total audit fees</b>	<b>191</b>	<b>201</b>

## G Other matters

### G1-1 Statement of Cash Flows information

#### (a) Reconciliation of Operating Result

\$ '000	2024	2023
<b>Net operating result from Income Statement</b>	<b>32,915</b>	39,144
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	48,911	44,395
(Gain) / loss on disposal of assets	1,272	4,442
Non-cash capital grants and contributions	(11,796)	(13,470)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	(637)	5,402
Unwinding of discount rates on reinstatement provisions	715	471
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(2,619)	(3,675)
Increase / (decrease) in provision for impairment of receivables	(61)	(54)
(Increase) / decrease of inventories	(433)	106
(Increase) / decrease of other current assets	(144)	90
(Increase) / decrease of contract asset	5,192	(4,103)
Increase / (decrease) in payables	(3,592)	1,672
Increase / (decrease) in accrued interest payable	(14)	(28)
Increase / (decrease) in other accrued expenses payable	(11)	862
Increase / (decrease) in other liabilities	280	854
Increase / (decrease) in contract liabilities	3,263	(4,050)
Increase / (decrease) in employee benefit provision	665	571
Increase / (decrease) in other provisions	887	4,963
<b>Net cash flows from operating activities</b>	<b>74,793</b>	<b>77,592</b>

#### (b) Non-cash investing and financing activities

Other dedications	11,796	13,470
<b>Total non-cash investing and financing activities</b>	<b>11,796</b>	<b>13,470</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2024	2023
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

#### Property, plant and equipment

Airport Infrastructure	96	—
Buildings	636	1,696
Information Technology	—	125
Parks & Recreation	456	1,193
Plant & Equipment	2,604	5,148
Roads, Bridges & Footpaths	4,326	3,671
Tamworth Global Gateway Park (TGGP)	441	3,544
Waste Infrastructure	556	401
Water & Sewer Infrastructure	1,962	9,190
<b>Total commitments</b>	<b>11,077</b>	<b>24,968</b>

#### These expenditures are payable as follows:

Within the next year	11,077	24,968
<b>Total payable</b>	<b>11,077</b>	<b>24,968</b>

#### Sources for funding of capital commitments:

Externally Restricted Reserves	2,399	5,212
Future Grants & Contributions	4,094	6,646
Internally restricted reserves	4,466	8,544
Loans	—	495
Section 64 Contributions	118	4,071
<b>Total sources of funding</b>	<b>11,077</b>	<b>24,968</b>

## G3-1 Events occurring after the reporting date

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

## G4 Statement of developer contributions

### G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024
		Cash	Non-cash Land	Non-cash Other				
Roads	5,432	765	–	–	261	(13)	–	6,445
Parking	234	–	–	–	11	–	–	245
Open space	569	46	–	–	27	–	–	642
Community facilities	127	1	–	–	6	(12)	–	122
Rural Fire Service	311	23	–	–	15	–	–	349
Studies	175	–	–	–	9	(11)	–	173
Garbage Disposal – Nundle	4	–	–	–	–	–	–	4
Mines & Extractive Industry – Parry	893	246	–	–	43	–	–	1,182
Rural Traffic Generating – Parry	3	–	–	–	–	–	–	3
Cycleways	53	1	–	–	2	–	–	56
Tamworth Regional S94 Direct Plan	570	304	–	–	28	(136)	–	766
Tamworth Regional S94 Indirect Plan	3,669	754	–	–	177	–	–	4,600
<b>S7.11 contributions – under a plan</b>	<b>12,040</b>	<b>2,140</b>	<b>–</b>	<b>–</b>	<b>579</b>	<b>(172)</b>	<b>–</b>	<b>14,587</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>12,040</b>	<b>2,140</b>	<b>–</b>	<b>–</b>	<b>579</b>	<b>(172)</b>	<b>–</b>	<b>14,587</b>
S7.11 not under plans	148	37	–	–	7	66	–	258
S7.4 planning agreements	2	–	–	–	–	–	–	2
S64 contributions	33,592	3,677	–	–	1,617	(6,552)	–	32,334
<b>Total contributions</b>	<b>45,782</b>	<b>5,854</b>	<b>–</b>	<b>–</b>	<b>2,203</b>	<b>(6,658)</b>	<b>–</b>	<b>47,181</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.

### G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024
		Cash	Non-cash Land	Non-cash Other				
CONTRIBUTION PLAN								
Parking	234	–	–	–	11	–	–	245
Garbage Disposal – Nundle	4	–	–	–	–	–	–	4
Mines & Extractive Industry – Parry	893	246	–	–	43	–	–	1,182

## G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024
		Cash	Non-cash Land	Non-cash Other				
Rural Traffic Generating – Parry	3	–	–	–	–	–	–	3
Tamworth Regional S7.11 Indirect Plan	3,669	754	–	–	177	–	–	4,600
<b>Total</b>	<b>4,803</b>	<b>1,000</b>	<b>–</b>	<b>–</b>	<b>231</b>	<b>–</b>	<b>–</b>	<b>6,034</b>
<b>CONTRIBUTION PLAN – ROADS</b>								
Roads – Hills Plain East	3	–	–	–	–	–	–	3
Roads – Manilla	14	–	–	–	1	–	–	15
Roads – Parry	250	–	–	–	11	–	–	261
Roads – Tamworth Urban	662	3	–	–	32	–	–	697
Hills Plains Roads	4,503	762	–	–	217	(13)	–	5,469
<b>Total</b>	<b>5,432</b>	<b>765</b>	<b>–</b>	<b>–</b>	<b>261</b>	<b>(13)</b>	<b>–</b>	<b>6,445</b>
<b>CONTRIBUTION PLAN – OPEN SPACE</b>								
Drainage Hills Plains	5	–	–	–	–	–	–	5
Open Space – Tamworth	21	–	–	–	1	–	–	22
Open Space – Tamworth Urban	252	5	–	–	12	–	–	269
Hills Plains Open Space & Recreation	291	41	–	–	14	–	–	346
<b>Total</b>	<b>569</b>	<b>46</b>	<b>–</b>	<b>–</b>	<b>27</b>	<b>–</b>	<b>–</b>	<b>642</b>
<b>CONTRIBUTION PLAN – COMMUNITY FACILITIES</b>								
Community Facilities – Hills Plain	3	–	–	–	–	–	–	3
Community Facilities – Tamworth	29	–	–	–	1	–	–	30
Community Facilities – Tamworth Urban	95	1	–	–	5	(12)	–	89
<b>Total</b>	<b>127</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>6</b>	<b>(12)</b>	<b>–</b>	<b>122</b>
<b>CONTRIBUTION PLAN – RURAL FIRE SERVICE</b>								
Rural Fire Service – Barraba	21	–	–	–	1	–	–	22
Rural Fire Service – Manilla	7	–	–	–	–	–	–	7
Rural Fire Service – Nundle	10	–	–	–	1	–	–	11
Rural Fire Service – Parry	273	23	–	–	13	–	–	309
<b>Total</b>	<b>311</b>	<b>23</b>	<b>–</b>	<b>–</b>	<b>15</b>	<b>–</b>	<b>–</b>	<b>349</b>
<b>CONTRIBUTION PLAN – STUDIES</b>								
Studies – Hills Plain East	35	–	–	–	2	(11)	–	26
Studies – Tamworth Urban	140	–	–	–	7	–	–	147
<b>Total</b>	<b>175</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9</b>	<b>(11)</b>	<b>–</b>	<b>173</b>

### CONTRIBUTION PLAN – CYCLEWAYS

continued on next page ...

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024
		Cash	Non-cash Land	Non-cash Other				
Tamworth Urban Cycleway	44	1	–	–	2	–	–	47
Cycleways – Tamworth	9	–	–	–	–	–	–	9
<b>Total</b>	<b>53</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>56</b>
<b>CONTRIBUTION PLAN – TAMWORTH REGIONAL S7.11 DIRECT PLAN</b>								
Tamworth Regional (Roads)	(316)	203	–	–	(15)	(68)	–	(196)
Tamworth Regional (Open Space & Rec)	664	67	–	–	32	–	–	763
Tamworth Regional (Plan Preparation)	222	34	–	–	11	(68)	–	199
<b>Total</b>	<b>570</b>	<b>304</b>	<b>–</b>	<b>–</b>	<b>28</b>	<b>(136)</b>	<b>–</b>	<b>766</b>

G4-3 Contributions not under plans

Payments Arising From Developer Consents

Drainage	67	–	–	–	3	–	–	70
Roads	106	–	–	–	5	–	–	111
Subdivision Works	(25)	37	–	–	(1)	66	–	77
<b>Total</b>	<b>148</b>	<b>37</b>	<b>–</b>	<b>–</b>	<b>7</b>	<b>66</b>	<b>–</b>	<b>258</b>

G4-4 S7.4 planning agreements

S7.4 planning agreements

S7.4 Planning Agreements	2	–	–	–	–	–	–	2
<b>Total</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2</b>

G4-5 S64 contributions

S64 contributions

Water	18,276	2,745	–	–	880	(6,336)	–	15,565
Sewer	15,314	932	–	–	737	(216)	–	16,767
<b>Total</b>	<b>33,590</b>	<b>3,677</b>	<b>–</b>	<b>–</b>	<b>1,617</b>	<b>(6,552)</b>	<b>–</b>	<b>32,332</b>

## G5 Statement of performance measures

### G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023      2022		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1, 2</sup>	(1,653)	(0.90)%	0.99%	0.37%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	183,405				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	155,150	70.81%	62.41%	59.59%	> 60.00%
Total continuing operating revenue <sup>1</sup>	219,106				
3. Unrestricted current ratio					
Current assets less all external restrictions	49,856	2.05x	2.12x	2.48x	> 1.50x
Current liabilities less specific purpose liabilities	24,276				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	51,515	3.36x	3.33x	3.22x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	15,348				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	7,826	8.59%	7.00%	6.68%	< 10.00%
Rates and annual charges collectable	91,095				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	206,161	15.10 months	15.80 months	18.77 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	13,650				

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

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



G5-2 Statement of performance measures by fund

\$ '000	General Indicators		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses	(7.72)%	(1.38)%	(4.52)%	(17.65)%	31.15%	27.10%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions	63.01%	55.07%	87.73%	81.02%	91.59%	83.07%	> 60.00%
Total continuing operating revenue							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.05x	2.12x	13.73x	7.82x	17.96x	16.23x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation	2.08x	4.03x	8.57x	1.23x	11.36x	3.24x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	8.88%	7.30%	8.69%	7.01%	7.78%	6.23%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	8.37 months	8.73 months	17.17 months	20.28 months	57.73 months	56.43 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

**End of the audited financial statements**

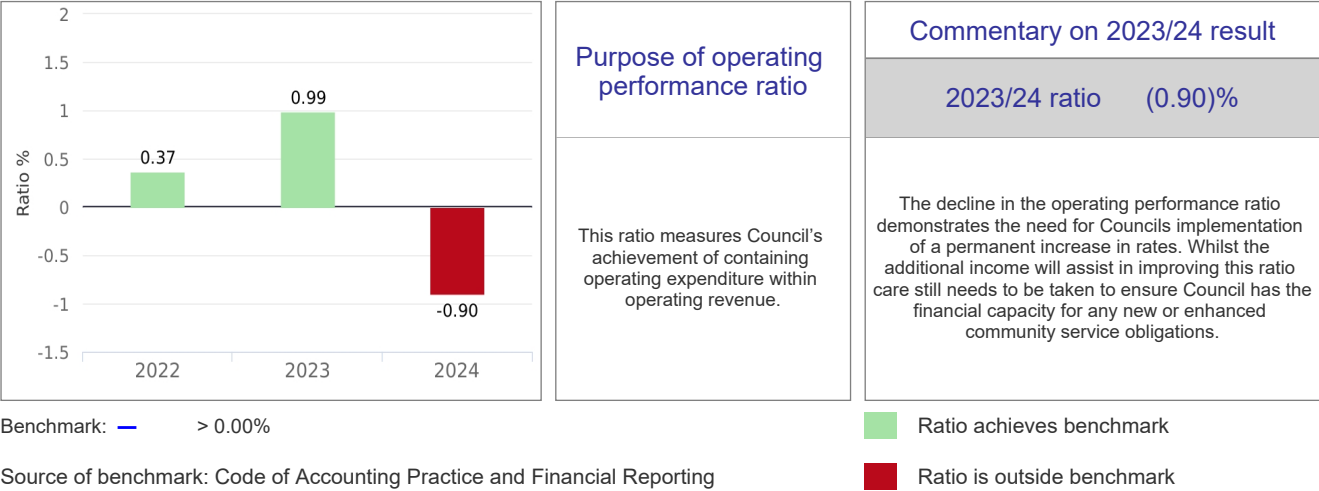
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Additional Council disclosures (unaudited)

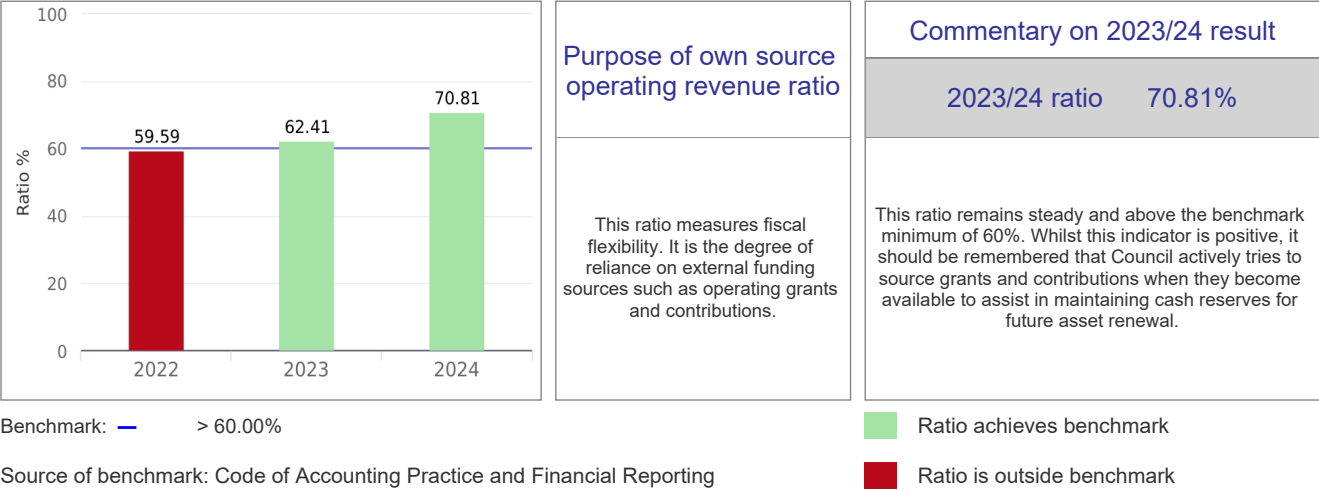
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Statement of performance measures – consolidated results (graphs)

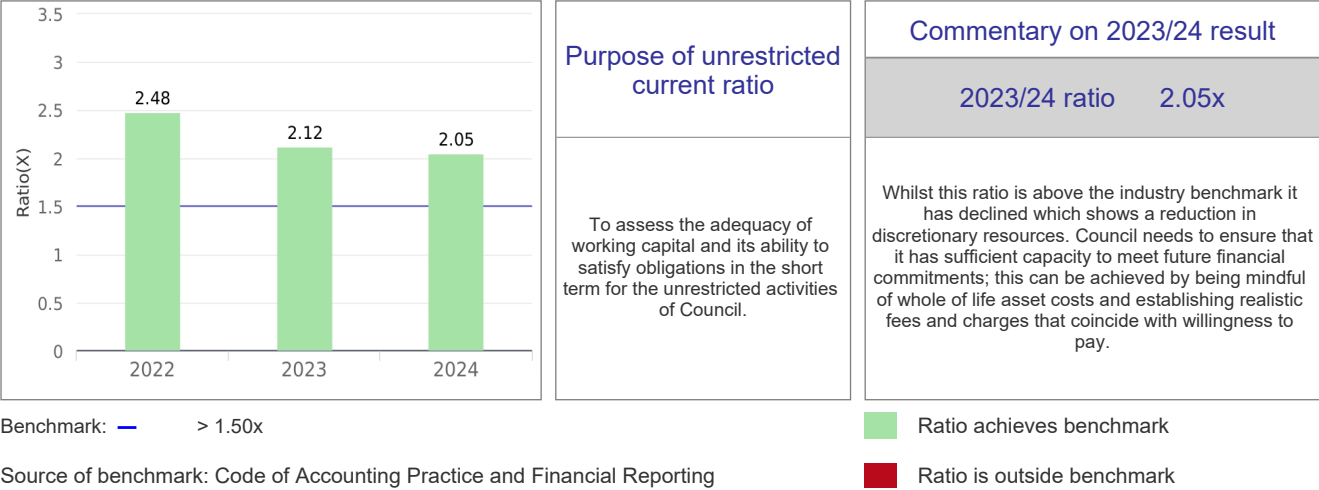
1. Operating performance ratio



2. Own source operating revenue ratio

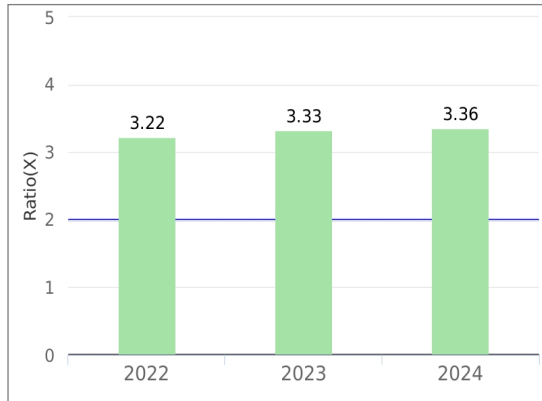


3. Unrestricted current ratio



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

### 4. Debt service cover ratio



#### Purpose of debt service cover ratio

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

#### Commentary on 2023/24 result

2023/24 ratio 3.36x

Council continues to maintain borrowings at a sustainable level and is above the acceptable benchmark set by the Office of Local Government.

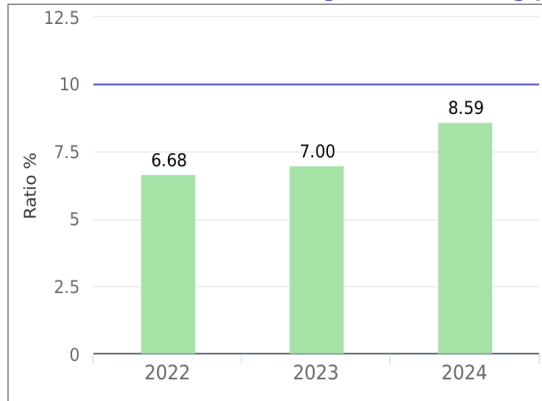
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



#### Purpose of rates and annual charges outstanding percentage

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

#### Commentary on 2023/24 result

2023/24 ratio 8.59%

Whilst this ratio remains below the benchmark set for a rural Council the increase is concerning. Additional work needs to be undertaken in accordance with Councils Ratepayer Hardship and Pensioner Policies.

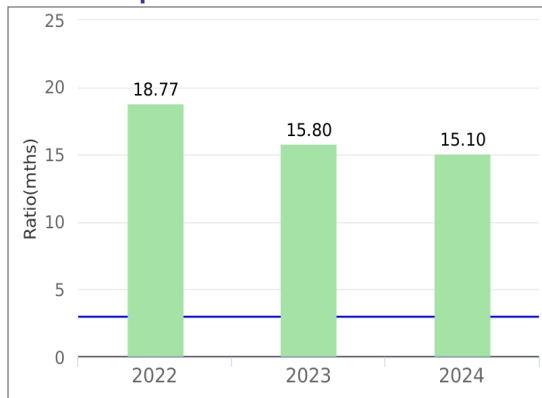
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 6. Cash expense cover ratio



#### Purpose of cash expense cover ratio

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

#### Commentary on 2023/24 result

2023/24 ratio 15.10 months

A decline in this ratio is not unexpected given the impact of inflationary pressures as well as the increase in Council's outstanding rates and annual charges percentage shown above. Despite the decline the ratio is still well above the industry benchmark.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

**Principal place of business:**  
474 Peel Street  
TAMWORTH NSW 2340

**Contact details**

**Mailing Address:**  
PO Box 555  
TAMWORTH NSW 2340

**Opening hours:**

**Tamworth Regional Council Customer Service**  
474 Peel Street Tamworth NSW 2340

Office hours (in-person):  
Monday to Friday - 8:30am - 4:00pm \*excluding public holidays

Office hours (phone or email):  
Monday to Friday - 8:30am - 5:00pm \*excluding public holidays

**Barraba Branch Office**  
108 Queen Street Barraba NSW 2347  
Phone: 02 6782 1105  
Office hours (phone or email):  
Monday to Friday - 8:30am - 12pm; 1:00pm - 4:00pm  
\*excluding public holidays

**Manilla Branch Office**  
210 Manilla Street Manilla NSW 2346  
Phone: 02 6761 0200  
Office hours (phone or email):  
Monday to Friday - 8:30am - 12pm; 1:00pm - 4:00pm  
\*excluding public holidays

**Nundle Branch Office**  
58 Jenkins Street Nundle NSW 2340  
Phone: 1300 733 625  
Office hours (phone or email): \*excluding public holidays  
Monday, Tuesday, Friday - 10.30am - 2.30pm  
Wednesday - 2pm - 6pm  
Thursday - CLOSED  
Saturday - 10.30am - 2.30pm

**Telephone:** 02 6767 5555

**Internet:** [www.tamworth.nsw.gov.au](http://www.tamworth.nsw.gov.au)  
**Email:** [trc@tamworth.nsw.gov.au](mailto:trc@tamworth.nsw.gov.au)

H1-2 Council information and contact details (continued)

Officers

General Manager  
Paul Bennett

Responsible Accounting Officer  
Sherrill Young

Auditors

Auditor-General NSW  
GPO Box 12  
Sydney NSW 2001

Elected members

Mayor

Russell Webb

Judy Coates, Deputy Mayor

Phil Betts, Councillor

Bede Burke, Councillor

Steve Mears, Councillor

Mark Rodda, Councillor

Brooke Southwell, Councillor

Marc Sutherland, Councillor

Helen Tickle, Councillor

Other information

ABN: 52 631 074 450



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Tamworth Regional Council

To the Councillors of Tamworth Regional Council

### Opinion

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

In my opinion:

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

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

### Basis for Opinion

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

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

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

I have fulfilled my other ethical responsibilities in accordance with 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 believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Financial Statements

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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



A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](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 Note H 'Additional Council disclosures (unaudited)'
- 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.



Jan-Michael Perez  
Delegate of the Auditor-General for New South Wales

30 October 2024  
SYDNEY



Cr Russell Webb  
Mayor  
Tamworth Regional Council  
PO Box 555  
Tamworth NSW 2340

Contact: Jan-Michael Perez  
Phone no: 02 9275 7115  
Our ref: R008-2124742775-7409 / 1792

30 October 2024

Dear Mayor Webb

**Report on the Conduct of the Audit**  
**for the year ended 30 June 2024**  
**Tamworth Regional Council**

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

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

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

**INCOME STATEMENT**

**Operating result**

	2024	2023	Variance
	\$m	\$m	%
Rates and annual charges revenue	84.5	80.5	5.1
Grants and contributions revenue	64.0	85.1	(24.8)
Operating result from continuing operations	32.9	39.1	(15.9)
Net operating result before capital grants and contributions	(2.8)	(8.2)	(66.0)

Rates and annual charges revenue (\$84.5 million) increased by \$4.1 million (5.1 per cent) in 2023–24 mainly due to a rate increase of 3.7 per cent and increases to domestic waste management services and water supply services.

Grants and contributions revenue (\$64 million) decreased by \$21.1 million (24.8 per cent) in 2023–24 mainly on account of lower operational and capital grants (particularly roads and bridges funding and financial assistance grants) as well as decreased developer contributions recognised during the year.

Council’s operating result from continuing operations (\$32.9 million including depreciation, amortisation and impairment expense of \$48.9 million) was \$6.2 million lower than the 2022–23 result. Increases in rates, annual charges and user fees were offset by reductions in grant and contributions revenue; higher depreciation charges and higher employee benefit costs.

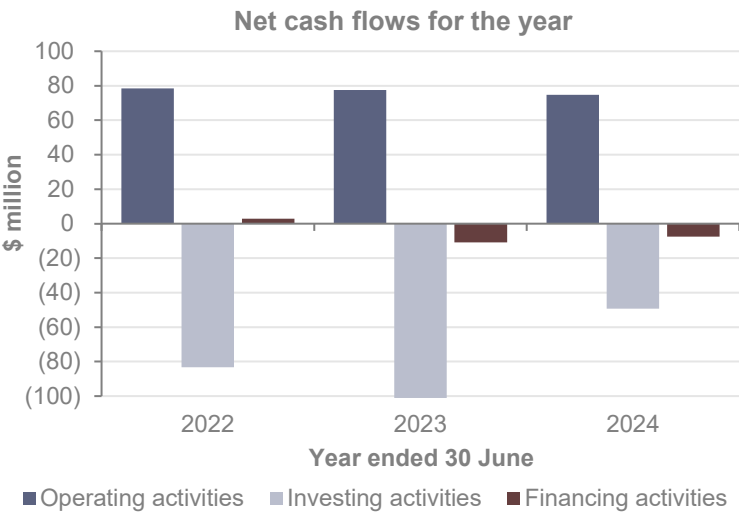
The net operating result before capital grants and contributions (\$2.8 million) was \$5.4 million higher than the 2022–23 result mainly on account of the lower proportion of grants and contributions received relative to the prior year.

STATEMENT OF CASH FLOWS

Net cashflows from operating activities were predominantly impacted by higher inflows mainly from user charges and fees which were offset by higher payments to employees and payments for materials and services – leading to a decrease of \$2.8 million in net operating cash flows for the year then ended 30 June 2024.

Net cash outflows from investing activities decreased by \$54.5 million mainly due to an increase in the sale of financial investments and lower purchases of infrastructure, property, plant and equipment when compared with the prior year.

Net cash outflows from financing activities decreased by \$3.4 million. This was because the repayment of existing borrowings were offset by new borrowings totalling \$3.5 million in the current year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	206.2	196.2	Externally restricted balances comprise mainly of specific purpose unexpended grants, water, sewer, and waste funds.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	182.2	166.6	At 30 June 2024 the Council holds \$1.5 million in unrestricted and unallocated cash, cash equivalents and investments, higher than the \$821,000 in 2022–23.
• Internal allocations	22.4	28.7	

## Debt

At 30 June 2024, Council had:

- \$74.7 million in secured loans (\$80.8 million in 2022-23)
- \$1.0 million in borrowing facility with no funds withdrawn as at 30 June 2024
- \$620,000 in credit card facility with \$118,000 used.

## PERFORMANCE

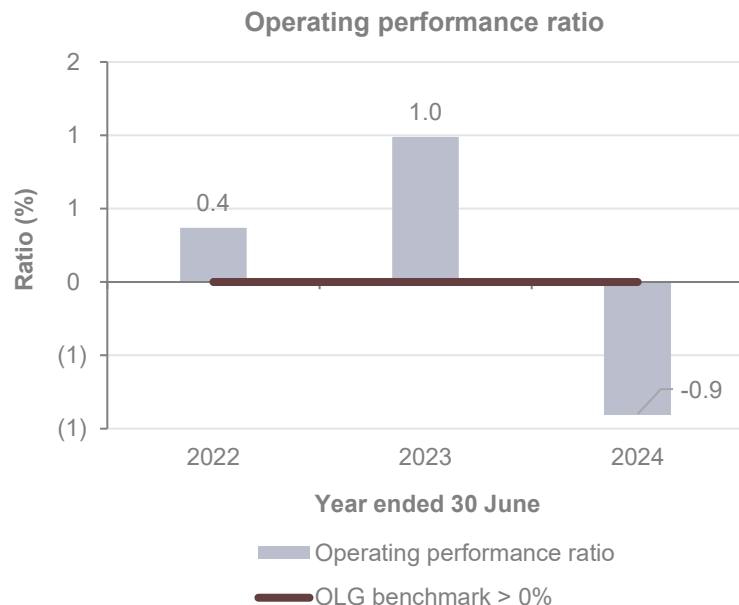
### Performance measures

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

#### Operating performance ratio

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.

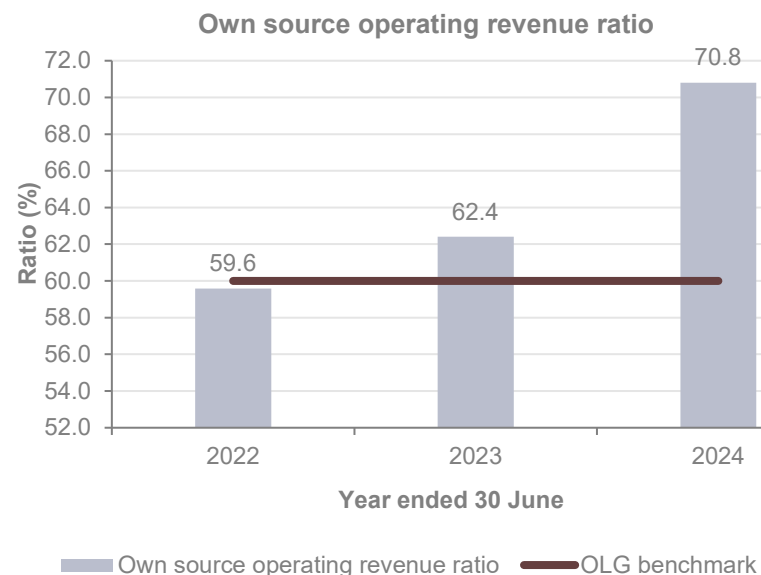
The Council did not meet the OLG benchmark for the current reporting period. The higher operating expense over the operating revenue, resulted in a negative ratio for the current financial year 2023–24.



#### 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.

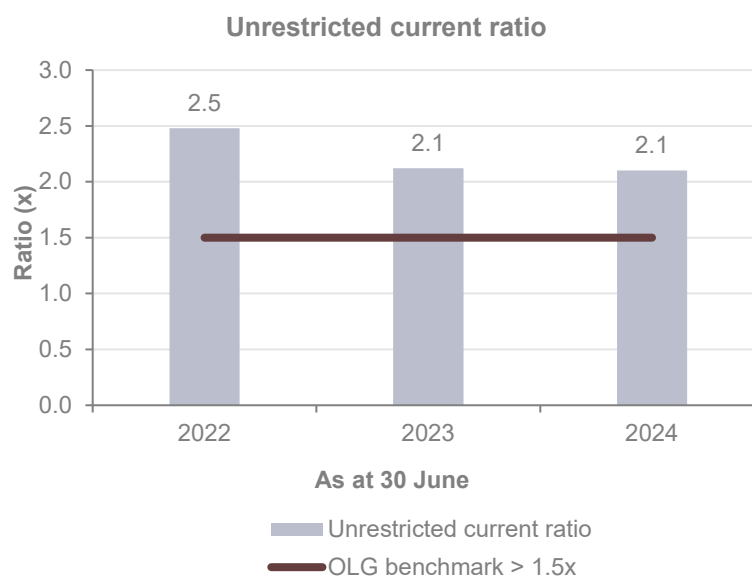
The Council met the benchmark for the current reporting period. The result was mainly driven by higher user charges and fees relative to the amount of grants and contributions recognised in the current year.



## 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.

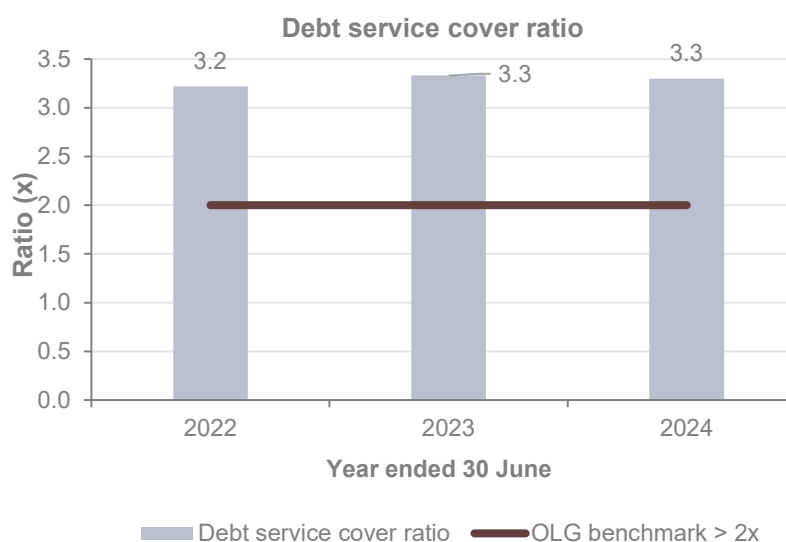
The Council met the benchmark for the current reporting period.



## Debt service cover ratio

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

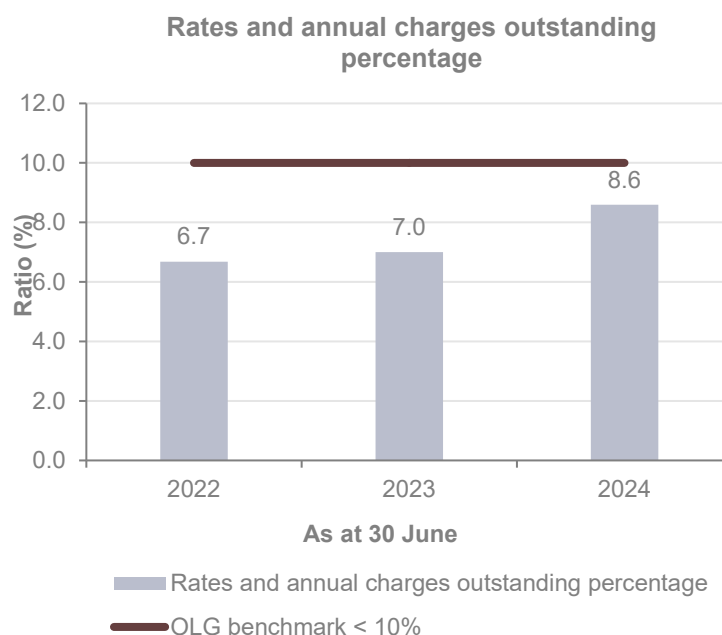
The Council met the benchmark for the current reporting period.



## Rates and annual charges outstanding percentage

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

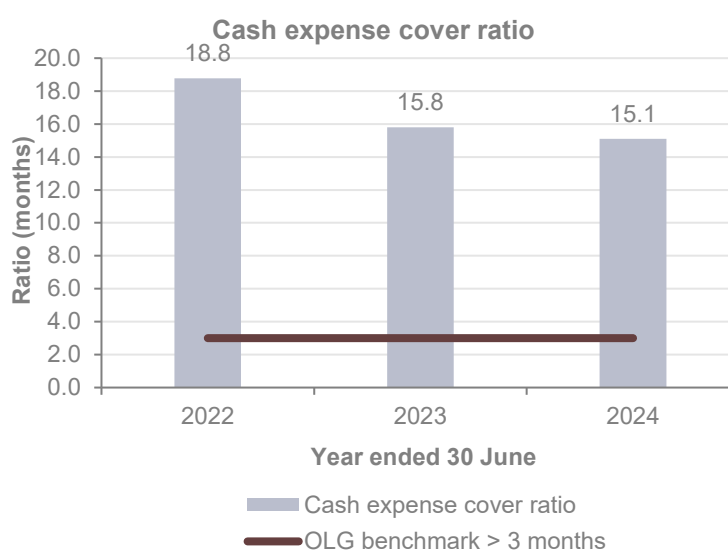
The Council met the benchmark for the current reporting period.



## 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 met the benchmark for the current reporting period.



## Infrastructure, property, plant and equipment renewals

Council renewed \$38.4 million of infrastructure, property, plant and equipment during the 2023–24 financial year (2022–23 \$42.6 million). A further \$40.0 million was spent on new assets across variety of asset classes during the current year.

## OTHER MATTERS

### Legislative compliance

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

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



Jan-Michael Perez  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

# TAMWORTH REGIONAL COUNCIL

## Special Purpose Financial Statements

for the year ended 30 June 2024





## Tamworth Regional Council

### Special Purpose Financial Statements

for the year ended 30 June 2024

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#### Background

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

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

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

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

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

## Tamworth Regional Council

### Special Purpose Financial Statements

for the year ended 30 June 2024

### Statement by Councillors and Management

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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 10 September 2024.



Russell Webb  
Mayor  
10 September 2024



Judy Coates  
Councillor  
10 September 2024



Paul Bennett  
General Manager  
10 September 2024



Sherrill Young  
Responsible Accounting Officer  
10 September 2024

## Tamworth Regional Council

### Income Statement of water supply business activity

for the year ended 30 June 2024

\$ '000	2024	2023
<b>Income from continuing operations</b>		
Access charges	8,791	7,940
User charges	15,767	12,283
Fees	692	554
Interest and investment income	1,907	1,639
Grants and contributions provided for operating purposes	20	458
Net gain from the disposal of assets	430	–
Other income	70	48
<b>Total income from continuing operations</b>	<b>27,677</b>	<b>22,922</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	3,269	3,260
Borrowing costs	850	908
Materials and services	14,930	15,233
Depreciation, amortisation and impairment	7,686	6,160
Water purchase charges	1,501	1,382
Net loss from the disposal of assets	–	989
Calculated taxation equivalents	500	437
Debt guarantee fee (if applicable)	107	115
Other expenses	261	24
<b>Total expenses from continuing operations</b>	<b>29,104</b>	<b>28,508</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(1,427)</b>	<b>(5,586)</b>
Grants and contributions provided for capital purposes	3,849	4,805
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,422</b>	<b>(781)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>2,422</b>	<b>(781)</b>
<b>Surplus (deficit) after tax</b>	<b>2,422</b>	<b>(781)</b>
<b>Plus accumulated surplus</b>	<b>187,149</b>	<b>187,450</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	500	437
– Debt guarantee fees	107	115
<b>Less:</b>		
– Tax equivalent dividend paid	(73)	(72)
<b>Closing accumulated surplus</b>	<b>190,105</b>	<b>187,149</b>
<b>Return on capital %</b>	<b>(0.2)%</b>	<b>(1.4)%</b>
<b>Subsidy from Council</b>	<b>16,350</b>	<b>18,531</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	2,422	(781)
Less: capital grants and contributions (excluding developer contributions)	(3,849)	(4,805)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>–</b>

## Tamworth Regional Council

### Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
<b>Income from continuing operations</b>		
Access charges	20,949	20,722
User charges	3,455	3,381
Liquid trade waste charges	960	1,199
Fees	104	151
Interest and investment income	4,138	2,410
Grants and contributions provided for operating purposes	106	56
Other income	175	73
<b>Total income from continuing operations</b>	<b>29,887</b>	<b>27,992</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,623	2,273
Borrowing costs	1,517	1,724
Materials and services	9,861	10,326
Depreciation, amortisation and impairment	6,405	5,858
Net loss from the disposal of assets	200	542
Calculated taxation equivalents	754	599
Debt guarantee fee (if applicable)	113	129
Other expenses	170	224
<b>Total expenses from continuing operations</b>	<b>21,643</b>	<b>21,675</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>8,244</b>	<b>6,317</b>
Grants and contributions provided for capital purposes	2,628	5,637
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>10,872</b>	<b>11,954</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>10,872</b>	<b>11,954</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(2,061)	(1,579)
<b>Surplus (deficit) after tax</b>	<b>8,811</b>	<b>10,375</b>
<b>Plus accumulated surplus</b>	<b>229,438</b>	<b>216,823</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	754	599
– Debt guarantee fees	113	129
– Corporate taxation equivalent	2,061	1,579
<b>Less:</b>		
– Tax equivalent dividend paid	(68)	(67)
<b>Closing accumulated surplus</b>	<b>241,109</b>	<b>229,438</b>
<b>Return on capital %</b>	<b>2.9%</b>	<b>2.5%</b>
<b>Subsidy from Council</b>	<b>4,858</b>	<b>4,692</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	8,811	10,375
Less: capital grants and contributions (excluding developer contributions)	(2,628)	(5,637)
<b>Surplus for dividend calculation purposes</b>	<b>6,183</b>	<b>4,738</b>
<b>Potential dividend calculated from surplus</b>	<b>3,092</b>	<b>2,369</b>

## Tamworth Regional Council

### Income Statement of Airport

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
<b>Income from continuing operations</b>		
Fees	4,886	4,220
Grants and contributions provided for operating purposes	166	671
Fair Value Increment on Investment Property	–	820
Other income	54	49
<b>Total income from continuing operations</b>	<b>5,106</b>	<b>5,760</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	837	888
Borrowing costs	96	104
Materials and services	2,957	2,473
Depreciation, amortisation and impairment	3,066	3,313
Calculated taxation equivalents	267	216
Debt guarantee fee (if applicable)	10	11
Other expenses	139	8
<b>Total expenses from continuing operations</b>	<b>7,372</b>	<b>7,013</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(2,266)</b>	<b>(1,253)</b>
Grants and contributions provided for capital purposes	3	772
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(2,263)</b>	<b>(481)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(2,263)</b>	<b>(481)</b>
<b>Surplus (deficit) after tax</b>	<b>(2,263)</b>	<b>(481)</b>
<b>Plus accumulated surplus</b>	<b>23,324</b>	<b>23,578</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	267	216
– Debt guarantee fees	10	11
<b>Closing accumulated surplus</b>	<b>21,338</b>	<b>23,324</b>
<b>Return on capital %</b>	<b>(2.4)%</b>	<b>(1.3)%</b>
<b>Subsidy from Council</b>	<b>6,020</b>	<b>4,619</b>

## Tamworth Regional Council

### Income Statement of Waste

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
<b>Income from continuing operations</b>		
Annual charges	12,378	11,446
Fees	8,813	7,974
Grants and contributions provided for operating purposes	14	56
Other income	57	57
<b>Total income from continuing operations</b>	<b>21,262</b>	<b>19,533</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,285	2,276
Borrowing costs	736	504
Materials and services	13,945	12,928
Depreciation, amortisation and impairment	2,881	1,835
Net loss from the disposal of assets	25	–
Calculated taxation equivalents	79	99
Other expenses	21	–
<b>Total expenses from continuing operations</b>	<b>19,972</b>	<b>17,642</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>1,290</b>	<b>1,891</b>
Grants and contributions provided for capital purposes	652	73
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,942</b>	<b>1,964</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,942</b>	<b>1,964</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(323)	(473)
<b>Surplus (deficit) after tax</b>	<b>1,619</b>	<b>1,491</b>
<b>Plus accumulated surplus</b>	<b>26,093</b>	<b>24,030</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	79	99
– Corporate taxation equivalent	323	473
<b>Closing accumulated surplus</b>	<b>28,114</b>	<b>26,093</b>
<b>Return on capital %</b>	<b>5.2%</b>	<b>6.6%</b>

## Tamworth Regional Council

### Income Statement of Pilot Training Facility

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
<b>Income from continuing operations</b>		
Fees	93	12
Grants and contributions provided for operating purposes	–	8
Rental Income	820	653
<b>Total income from continuing operations</b>	<b>913</b>	<b>673</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	124	98
Borrowing costs	693	404
Materials and services	1,415	810
Debt guarantee fee (if applicable)	42	44
Fair Value Decrement on Investment Property	–	6,495
<b>Total expenses from continuing operations</b>	<b>2,274</b>	<b>7,851</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(1,361)</b>	<b>(7,178)</b>
Grants and contributions provided for capital purposes	–	5
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(1,361)</b>	<b>(7,173)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(1,361)</b>	<b>(7,173)</b>
<b>Surplus (deficit) after tax</b>	<b>(1,361)</b>	<b>(7,173)</b>
<b>Plus accumulated surplus</b>	<b>(8,969)</b>	<b>(1,840)</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Debt guarantee fees	42	44
<b>Closing accumulated surplus</b>	<b>(10,288)</b>	<b>(8,969)</b>
<b>Subsidy from Council</b>	<b>668</b>	<b>6,774</b>

## Tamworth Regional Council

### Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
<strong>ASSETS</strong>		
<strong>Current assets</strong>		
Investments	28,359	30,591
Receivables	4,448	3,226
Contract assets and contract cost assets	—	20
<strong>Total current assets</strong>	<strong>32,807</strong>	<strong>33,837</strong>
<strong>Non-current assets</strong>		
Investments	4,823	6,882
Infrastructure, property, plant and equipment	366,810	344,599
Intangible assets	1,296	1,183
<strong>Total non-current assets</strong>	<strong>372,929</strong>	<strong>352,664</strong>
<strong>Total assets</strong>	<strong>405,736</strong>	<strong>386,501</strong>
<strong>LIABILITIES</strong>		
<strong>Current liabilities</strong>		
Contract liabilities	14	217
Payables	572	2,414
Borrowings	1,803	1,698
<strong>Total current liabilities</strong>	<strong>2,389</strong>	<strong>4,329</strong>
<strong>Non-current liabilities</strong>		
Borrowings	18,716	20,587
<strong>Total non-current liabilities</strong>	<strong>18,716</strong>	<strong>20,587</strong>
<strong>Total liabilities</strong>	<strong>21,105</strong>	<strong>24,916</strong>
<strong>Net assets</strong>	<strong>384,631</strong>	<strong>361,585</strong>
<strong>EQUITY</strong>		
Accumulated surplus	190,105	187,149
Revaluation reserves	194,526	174,436
<strong>Total equity</strong>	<strong>384,631</strong>	<strong>361,585</strong>



## Tamworth Regional Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2024

\$ '000	2024	2023
<strong>ASSETS</strong>		
<strong>Current assets</strong>		
Investments	74,883	64,072
Receivables	5,713	5,521
Contract assets and contract cost assets	–	62
<strong>Total current assets</strong>	<strong>80,596</strong>	<strong>69,655</strong>
<strong>Non-current assets</strong>		
Investments	12,734	14,369
Receivables	4,800	8,000
Infrastructure, property, plant and equipment	339,983	316,744
Intangible assets	1,389	1,386
<strong>Total non-current assets</strong>	<strong>358,906</strong>	<strong>340,499</strong>
<strong>Total assets</strong>	<strong>439,502</strong>	<strong>410,154</strong>
<strong>LIABILITIES</strong>		
<strong>Current liabilities</strong>		
Payables	331	320
Contract liabilities	777	798
Borrowings	3,380	3,174
<strong>Total current liabilities</strong>	<strong>4,488</strong>	<strong>4,292</strong>
<strong>Non-current liabilities</strong>		
Borrowings	17,667	21,047
<strong>Total non-current liabilities</strong>	<strong>17,667</strong>	<strong>21,047</strong>
<strong>Total liabilities</strong>	<strong>22,155</strong>	<strong>25,339</strong>
<strong>Net assets</strong>	<strong>417,347</strong>	<strong>384,815</strong>
<strong>EQUITY</strong>		
Accumulated surplus	241,110	229,438
Revaluation reserves	176,237	155,377
<strong>Total equity</strong>	<strong>417,347</strong>	<strong>384,815</strong>

## Tamworth Regional Council

### Statement of Financial Position of Airport

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	986	—
Receivables	1,400	1,302
Contract assets and contract cost assets	—	645
<b>Total current assets</b>	<b>2,386</b>	<b>1,947</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	89,538	86,328
Investment property	2,345	2,345
<b>Total non-current assets</b>	<b>91,883</b>	<b>88,673</b>
<b>Total assets</b>	<b>94,269</b>	<b>90,620</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	295	137
Bank overdraft	—	349
Borrowings	199	190
<b>Total current liabilities</b>	<b>494</b>	<b>676</b>
<b>Non-current liabilities</b>		
Borrowings	1,686	1,884
<b>Total non-current liabilities</b>	<b>1,686</b>	<b>1,884</b>
<b>Total liabilities</b>	<b>2,180</b>	<b>2,560</b>
<b>Net assets</b>	<b>92,089</b>	<b>88,060</b>
<b>EQUITY</b>		
Accumulated surplus	21,338	23,324
Revaluation reserves	70,751	64,736
<b>Total equity</b>	<b>92,089</b>	<b>88,060</b>

## Tamworth Regional Council

### Statement of Financial Position of Waste

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
<strong>ASSETS</strong>		
<strong>Current assets</strong>		
Investments	20,591	17,615
Receivables	2,339	2,251
Other	–	6
<strong>Total current assets</strong>	<strong>22,930</strong>	<strong>19,872</strong>
<strong>Non-current assets</strong>		
Right of use assets	1,921	2,401
Investments	3,688	4,118
Infrastructure, property, plant and equipment	39,024	36,378
<strong>Total non-current assets</strong>	<strong>44,633</strong>	<strong>42,897</strong>
<strong>Total assets</strong>	<strong>67,563</strong>	<strong>62,769</strong>
<strong>LIABILITIES</strong>		
<strong>Current liabilities</strong>		
Payables	781	353
Lease liabilities	480	472
Contract liabilities	518	1,215
Provisions	2	2,007
<strong>Total current liabilities</strong>	<strong>1,781</strong>	<strong>4,047</strong>
<strong>Non-current liabilities</strong>		
Lease liabilities	1,491	1,971
Provisions	18,551	15,073
<strong>Total non-current liabilities</strong>	<strong>20,042</strong>	<strong>17,044</strong>
<strong>Total liabilities</strong>	<strong>21,823</strong>	<strong>21,091</strong>
<strong>Net assets</strong>	<strong>45,740</strong>	<strong>41,678</strong>
<strong>EQUITY</strong>		
Accumulated surplus	28,114	26,093
Revaluation reserves	17,626	15,585
<strong>Total equity</strong>	<strong>45,740</strong>	<strong>41,678</strong>

Tamworth Regional Council

Statement of Financial Position of Pilot Training Facility

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	172	52
<b>Total current assets</b>	<b>172</b>	<b>52</b>
<b>Non-current assets</b>		
Investment property	13,505	13,505
<b>Total non-current assets</b>	<b>13,505</b>	<b>13,505</b>
<b>Total assets</b>	<b>13,677</b>	<b>13,557</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	94	96
Borrowings - External	411	400
Monies Owed to General Fund	5,715	3,874
<b>Total current liabilities</b>	<b>6,220</b>	<b>4,370</b>
<b>Non-current liabilities</b>		
Borrowings - Internal <sup>1</sup>	10,000	10,000
Borrowings - External	7,745	8,156
<b>Total non-current liabilities</b>	<b>17,745</b>	<b>18,156</b>
<b>Total liabilities</b>	<b>23,965</b>	<b>22,526</b>
<b>Net assets</b>	<b>(10,288)</b>	<b>(8,969)</b>
<b>EQUITY</b>		
Retained earnings	(10,288)	(8,969)
<b>Total equity</b>	<b>(10,288)</b>	<b>(8,969)</b>

(1) Internal loan from General Fund internal restrictions

## Note – Material accounting policy information

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

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

##### 1. Tamworth Regional Council Combined Water Supplies

Maintain water infrastructure assets and supply water to the area of Tamworth Regional Council.

##### 2. Tamworth Regional Council Combined Sewerage Service

Maintain and operate sewerage reticulation and treatment system servicing the area of Tamworth Regional Council.

##### 3. Tamworth Regional Airport

Maintain and operate the Tamworth Regional Airport facility.

##### 4. Tamworth Regional Council Waste Management

Maintain and operate waste facilities and services within the Tamworth Regional Council area.

#### Category 2

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

##### 1. Tamworth Regional Pilot Training Facility

Maintain and operate the Tamworth Regional Pilot Training Facility

### 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.

## Note – Material accounting policy information (continued)

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% (22/23 25%)**

Land tax – the first \$1,075,000 of combined land values attracts **0%**. For the combined land values in excess of \$1,075,000 up to \$6,571,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$6,571,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with DCCEEW's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the regulatory and assurance framework as a 'dividend for tax equivalents', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to DCCEEW's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

### Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 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 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 and 2 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.

Note – Material accounting policy information (continued)

(ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses ‘would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field’.

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with DCCEEW’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 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with DCCEEW’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 DCCEEW.



## INDEPENDENT AUDITOR'S REPORT

### Report on the special purpose financial statements

#### Tamworth Regional Council

To the Councillors of Tamworth Regional Council

### Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Tamworth 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 2024, the Statement of Financial Position of each Declared Business Activity as at 30 June 2024 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage
- Airport
- Waste
- Pilot Training Facility.

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

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

### Basis for Opinion

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

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

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

I have fulfilled my other ethical responsibilities in accordance with 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 believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Emphasis of Matter - Basis of Accounting**

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](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 dark ink, appearing to read 'JMP', is positioned above the printed name and title.

Jan-Michael Perez  
Delegate of the Auditor-General for New South Wales

30 October 2024  
SYDNEY

# TAMWORTH REGIONAL COUNCIL

## Special Schedules

for the year ended 30 June 2024



Tamworth Regional Council

Special Schedules  
for the year ended 30 June 2024

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# Tamworth Regional Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	41,246	42,730
Plus or minus adjustments <sup>2</sup>	b	—	435
<b>Notional general income</b>	c = a + b	<b>41,246</b>	<b>43,165</b>
<b>Permissible income calculation</b>			
Percentage increase	d	3.70%	18.50%
Plus percentage increase amount <sup>3</sup>	f = d x (c + e)	1,526	7,986
<b>Sub-total</b>	g = (c + e + f)	<b>42,772</b>	<b>51,151</b>
Plus (or minus) last year's carry forward total	h	(42)	3
Less valuation objections claimed in the previous year	i	(1)	(4)
<b>Sub-total</b>	j = (h + i)	<b>(43)</b>	<b>(1)</b>
<b>Total permissible income</b>	k = g + j	<b>42,729</b>	<b>51,150</b>
Less notional general income yield	l	42,730	51,106
<b>Catch-up or (excess) result</b>	m = k - l	<b>(1)</b>	<b>44</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	n	4	—
Adjustment Due to Conservation Agreements		—	—
<b>Carry forward to next year <sup>5</sup></b>	p = m + n + o	<b>3</b>	<b>44</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. Amendments have been made to the 2023/24 amounts that were reported in the Permissible Income for General Rates for the year ended 30 June 2023. This was due to a discrepancy in the workpapers provided by the Office of Local Government providing an incorrect amount of catch-up.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) 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

#### Tamworth Regional Council

To the Councillors of Tamworth Regional Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

I have fulfilled my other ethical responsibilities in accordance with 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 believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Emphasis of Matter - Basis of Accounting

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

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

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](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.



Jan-Michael Perez  
Delegate of the Auditor-General for New South Wales

30 October 2024  
SYDNEY



Tamworth Regional Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance <sup>a</sup>	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings – non-specialised	–	–	4,193	3,965	158,349	229,373	15.0%	59.0%	15.0%	8.0%	3.0%
	Buildings – specialised	–	–	629	623	44,988	57,444	78.0%	21.0%	1.0%	0.0%	0.0%
	Sub-total	–	–	4,822	4,588	203,337	286,817	27.6%	51.4%	12.2%	6.4%	2.4%
Other structures	Other structures	–	–	1,734	2,014	10,150	23,468	25.0%	56.0%	18.0%	1.0%	0.0%
	Sub-total	–	–	1,734	2,014	10,150	23,468	25.0%	56.0%	18.0%	1.0%	0.0%
Roads	Sealed roads	–	–	18,383	17,570	355,110	475,927	66.0%	12.0%	12.0%	7.0%	3.0%
	Unsealed roads	–	–	1,033	1,142	72,259	102,340	71.0%	13.0%	16.0%	0.0%	0.0%
	Bridges	–	–	258	228	259,204	405,298	49.0%	47.0%	3.0%	0.0%	1.0%
	Footpaths	–	–	513	335	33,548	55,729	58.0%	15.0%	19.0%	5.0%	3.0%
	Other road assets	–	–	1,144	1,149	188,002	269,616	67.0%	24.0%	4.0%	1.0%	4.0%
	Sub-total	–	–	21,331	20,424	908,123	1,308,910	61.0%	25.5%	8.2%	3.0%	2.3%
Water supply network	Water supply network	–	–	7,479	6,079	318,608	588,168	28.0%	45.0%	21.0%	6.0%	0.0%
	Sub-total	–	–	7,479	6,079	318,608	588,168	28.0%	45.0%	21.0%	6.0%	0.0%
Sewerage network	Sewerage network	–	–	5,697	3,702	288,823	442,620	62.0%	18.0%	17.0%	3.0%	0.0%
	Sub-total	–	–	5,697	3,702	288,823	442,620	62.0%	18.0%	17.0%	3.0%	0.0%
Stormwater drainage	Stormwater drainage	–	–	1,067	1,036	270,216	387,850	66.0%	29.0%	1.0%	4.0%	0.0%
	Sub-total	–	–	1,067	1,036	270,216	387,850	66.0%	29.0%	1.0%	4.0%	0.0%
Open space / recreational assets	Swimming pools	–	–	648	710	4,290	12,391	3.0%	7.0%	7.0%	39.0%	44.0%
	Open Space Assets	–	–	5,637	5,435	51,691	82,523	63.0%	17.0%	11.0%	5.0%	4.0%
	Sub-total	–	–	6,285	6,145	55,981	94,914	55.2%	15.7%	10.5%	9.4%	9.2%
Airport Infrastructure Assets	Airport	–	–	412	493	41,626	73,962	3.0%	63.0%	33.0%	1.0%	0.0%
	Sub-total	–	–	412	493	41,626	73,962	3.0%	63.0%	33.0%	1.0%	0.0%
Total – all assets		–	–	48,827	44,481	2,096,864	3,206,709	50.9%	31.6%	12.0%	4.1%	1.4%

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

Tamworth Regional Council

Report on infrastructure assets as at 30 June 2024 (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

## Tamworth Regional Council

### Report on infrastructure assets as at 30 June 2024

#### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023      2022		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals <sup>1</sup>	30,589	74.59%	101.68%	75.66%	> 100.00%
Depreciation, amortisation and impairment	41,009				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	—	0.00%	0.39%	0.38%	< 2.00%
Net carrying amount of infrastructure assets	2,170,468				
Asset maintenance ratio					
Actual asset maintenance	44,481	91.10%	92.06%	87.76%	> 100.00%
Required asset maintenance	48,827				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	—	0.00%	0.00%	0.00%	
Gross replacement cost	3,280,311				

(\*) 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.

Tamworth Regional Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio							
Asset renewals <sup>1</sup>	88.55%	130.31%	45.50%	44.31%	50.49%	34.16%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	0.00%	0.00%	0.00%	0.92%	0.00%	1.82%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	97.33%	98.76%	81.28%	78.18%	64.98%	56.56%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Gross replacement cost							

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.