

# Tweed Shire Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2023

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*Living and loving the Tweed*



# General Purpose Financial Statements

Year ended 30 June 2023



# Tweed Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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### Overview

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

Civic and Cultural Centre  
10-14 Tumbulgum Road  
Murwillumbah NSW 2484

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

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

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

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

# Tweed Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2023

### Understanding Council's Financial Statements

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#### About the Auditor's Reports

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

In NSW the Auditor provides 2 audit reports:

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

#### About the Councillor and Management Statement

The financial statements must include an opinion by councillors and management as 'presenting fairly' Council's financial results for the year and – ensuring both responsibility for and ownership of the financial statements.

#### About the Notes to the Financial Statements

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

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

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

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

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

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

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

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

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

#### Introduction

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

#### What you will find in the Statements

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

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

#### Who uses the Financial Statements?

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

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

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



# Tweed Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2023

### 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 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 26 October 2023.



Chris Cherry  
**Mayor**  
26 October 2023



Meredith Dennis  
**Deputy Mayor**  
26 October 2023



Troy Green  
**General Manager**  
26 October 2023



Michael Chorlton  
**Responsible Accounting Officer**  
26 October 2023

## Tweed Shire Council

### Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Income from continuing operations</b>				
130,237	Rates and annual charges	B2-1	<b>129,386</b>	125,312
54,012	User charges and fees	B2-2	<b>57,701</b>	50,860
2,191	Other revenues	B2-3	<b>2,678</b>	2,594
19,137	Grants and contributions provided for operating purposes	B2-4	<b>66,302</b>	32,003
8,594	Grants and contributions provided for capital purposes	B2-4	<b>48,991</b>	26,426
6,464	Interest and investment income	B2-5	<b>12,612</b>	4,579
–	Other income	B2-6	<b>1,129</b>	477
<b>220,635</b>	<b>Total income from continuing operations</b>		<b>318,799</b>	242,251
<b>Expenses from continuing operations</b>				
60,393	Employee benefits and on-costs	B3-1	<b>63,514</b>	60,407
59,367	Materials and services	B3-2	<b>105,581</b>	76,996
7,978	Borrowing costs	B3-3	<b>8,712</b>	8,352
47,612	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>58,793</b>	54,457
16,381	Other expenses	B3-5	<b>5,932</b>	7,800
–	Net loss from the disposal of assets	B4-1	<b>6,930</b>	6,469
<b>191,731</b>	<b>Total expenses from continuing operations</b>		<b>249,462</b>	214,481
<b>28,904</b>	<b>Operating result from continuing operations</b>		<b>69,337</b>	27,770
<b>28,904</b>	<b>Net operating result for the year attributable to Council</b>		<b>69,337</b>	27,770
<b>20,311</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>20,346</b>	1,344

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

## Tweed Shire Council

### Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Net operating result for the year – from Income Statement</b>		<b>69,337</b>	27,770
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<b>205,791</b>	163,010
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	<b>8,062</b>	(8,129)
Other comprehensive income – joint ventures and associates	D2-2	<b>1</b>	(1)
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>213,854</b>	154,880
<b>Total other comprehensive income for the year</b>		<b>213,854</b>	154,880
<b>Total comprehensive income for the year attributable to Council</b>		<b>283,191</b>	182,650

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

## Tweed Shire Council

### Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	54,787	31,005
Investments	C1-2	275,444	190,999
Receivables	C1-4	18,391	15,090
Inventories	C1-5	961	854
Contract assets and contract cost assets	C1-6	6,122	3,730
Other	C1-9	604	637
<b>Total current assets</b>		<b>356,309</b>	<b>242,315</b>
<b>Non-current assets</b>			
Investments	C1-2	141,217	215,953
Receivables	C1-4	430	480
Inventories	C1-5	9,830	2,839
Infrastructure, property, plant and equipment (IPPE)	C1-7	3,378,713	3,143,384
Intangible assets	C1-8	1,023	1,323
Right of use assets	C2-1	258	269
Investments accounted for using the equity method	D2-1,D2-2	1,566	1,303
<b>Total non-current assets</b>		<b>3,533,037</b>	<b>3,365,551</b>
<b>Total assets</b>		<b>3,889,346</b>	<b>3,607,866</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	27,985	23,236
Contract liabilities	C3-2	10,604	11,301
Lease liabilities	C2-1	71	59
Borrowings	C3-3	7,708	7,664
Employee benefit provisions	C3-4	20,586	20,759
Provisions	C3-5	192	200
<b>Total current liabilities</b>		<b>67,146</b>	<b>63,219</b>
<b>Non-current liabilities</b>			
Payables	C3-1	681	744
Lease liabilities	C2-1	204	229
Borrowings	C3-3	107,742	113,170
Employee benefit provisions	C3-4	1,751	2,516
Provisions	C3-5	7,081	6,438
<b>Total non-current liabilities</b>		<b>117,459</b>	<b>123,097</b>
<b>Total liabilities</b>		<b>184,605</b>	<b>186,316</b>
<b>Net assets</b>		<b>3,704,741</b>	<b>3,421,550</b>
<b>EQUITY</b>			
Accumulated surplus	C4-1	1,660,316	1,590,978
IPPE revaluation reserve	C4-1	2,044,425	1,830,572
<b>Council equity interest</b>		<b>3,704,741</b>	<b>3,421,550</b>
<b>Total equity</b>		<b>3,704,741</b>	<b>3,421,550</b>

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



## Tweed Shire Council

### Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		1,590,978	1,830,572	3,421,550	1,563,209	1,675,691	3,238,900
Net operating result for the year		69,337	–	69,337	27,770	–	27,770
<b>Net operating result for the period</b>		<b>69,337</b>	<b>–</b>	<b>69,337</b>	<b>27,770</b>	<b>–</b>	<b>27,770</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	205,791	205,791	–	163,010	163,010
– Impairment (loss) reversal relating to IPP&E	C1-7	–	8,062	8,062	–	(8,129)	(8,129)
Joint ventures and associates	D2-2	1	–	1	(1)	–	(1)
<b>Other comprehensive income</b>		<b>1</b>	<b>213,853</b>	<b>213,854</b>	<b>(1)</b>	<b>154,881</b>	<b>154,880</b>
<b>Total comprehensive income</b>		<b>69,338</b>	<b>213,853</b>	<b>283,191</b>	<b>27,769</b>	<b>154,881</b>	<b>182,650</b>
<b>Closing balance at 30 June</b>		<b>1,660,316</b>	<b>2,044,425</b>	<b>3,704,741</b>	<b>1,590,978</b>	<b>1,830,572</b>	<b>3,421,550</b>

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

## Tweed Shire Council

## Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
130,241	Rates and annual charges		<b>130,515</b>	125,365
54,102	User charges and fees		<b>58,758</b>	50,870
6,255	Interest received		<b>9,905</b>	4,622
27,758	Grants and contributions		<b>104,727</b>	50,688
2,167	Other		<b>2,379</b>	1,256
<i>Payments:</i>				
(58,711)	Payments to employees		<b>(64,580)</b>	(62,889)
(59,323)	Payments for materials and services		<b>(114,670)</b>	(80,345)
(7,975)	Borrowing costs		<b>(8,089)</b>	(8,745)
(100)	Bonds, deposits and retentions refunded		<b>(108)</b>	(56)
(16,378)	Other		<b>4,908</b>	2,113
78,036	<b>Net cash flows from operating activities</b>	G1-1	<b>123,745</b>	82,879
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Sale of investments		<b>242,210</b>	256,500
1,558	Proceeds from sale of IPPE		<b>997</b>	1,105
–	Deferred debtors receipts		<b>68</b>	9
<i>Payments:</i>				
(20,747)	Purchase of investments		<b>(243,530)</b>	(274,820)
–	Acquisition of term deposits		<b>(8,032)</b>	(4,522)
(56,909)	Payments for IPPE		<b>(83,018)</b>	(49,526)
–	Purchase of real estate assets		<b>(3,056)</b>	(2,839)
–	Purchase of intangible assets		<b>(96)</b>	(260)
–	Deferred debtors and advances made		<b>(47)</b>	(30)
(140)	Other investing activity payments		<b>–</b>	–
(76,238)	<b>Net cash flows from investing activities</b>		<b>(94,504)</b>	(74,383)
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
6,276	Proceeds from borrowings		<b>2,276</b>	2,366
<i>Payments:</i>				
(7,700)	Repayment of borrowings		<b>(7,660)</b>	(7,134)
–	Principal component of lease payments		<b>(75)</b>	(73)
(1,424)	<b>Net cash flows from financing activities</b>		<b>(5,459)</b>	(4,841)
<b>374</b>	<b>Net change in cash and cash equivalents</b>		<b>23,782</b>	3,655
18,000	Cash and cash equivalents at beginning of year		<b>31,005</b>	27,350
18,374	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>54,787</b>	31,005
406,351	plus: Investments on hand at end of year	C1-2	<b>416,661</b>	406,952
<b>424,725</b>	<b>Total cash, cash equivalents and investments</b>		<b>471,448</b>	437,957

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

# Tweed Shire Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 26 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not-for-profit entity.

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

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

- Income Statement
- Statement of Cash Flows
- Note B5-1 – Material budget variations

and are clearly marked.

#### **Historical cost convention**

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

#### **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 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 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) fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4.

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

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

## A1-1 Basis of preparation (continued)

### 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 Council's Consolidated Fund unless it is required to be held in Council's Trust Fund.

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

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

- General Purpose Operations
- Water Supply
- Sewerage Service
- Tweed Holiday Parks

#### The Trust Fund

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

Trust monies and property subject to Council's control have been included in these reports.

A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge.

#### Goods and Services Tax (GST)

Revenues, expenses and assets other than receivables are recognised excluding 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 inclusive of GST. 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 utilises volunteers for customer service functions at art galleries and museums. As volunteers do not undergo a selection or performance appraisal process, and each volunteer would have differing levels of skills and abilities, the value of their services cannot be measured reliably. Whilst volunteers provide a valuable service, there is no evidence that had those services not been donated, that Council would have purchased those services to a full or partial extent.

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

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

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

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

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

#### New accounting standards adopted during the year

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



## A1-1 Basis of preparation (continued)

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Those newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures are further discussed in Note G4-1.

## 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		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Functions or activities</b>										
Environment management	2,929	2,567	4,187	4,180	(1,258)	(1,613)	2,651	2,448	41,311	46,314
Environment impact	33,685	30,251	23,135	22,890	10,550	7,361	3,255	2,487	27,557	29,979
Water supply and Wastewater services	82,230	72,596	62,952	57,269	19,278	15,327	8,191	5,679	1,388,888	1,296,335
Road and Active Transport network	38,952	19,015	66,615	42,970	(27,663)	(23,955)	38,791	18,624	1,212,434	1,123,855
Safe places	7,305	5,872	11,966	10,330	(4,661)	(4,458)	2,250	705	1,027	2,422
Natural disasters and climate change mitigation	37,149	10,035	9,408	8,173	27,741	1,862	37,077	10,166	255,674	236,703
Caring community	4,344	2,999	4,777	4,311	(433)	(1,312)	2,889	1,973	49,666	29,524
Healthy Active community	11,096	8,354	21,361	19,683	(10,265)	(11,329)	6,592	4,359	310,990	182,713
Vibrant community	12,757	8,868	17,736	14,432	(4,979)	(5,564)	1,295	694	155,121	201,512
Sustainable local economy	360	480	396	532	(36)	(52)	232	407	78,985	115,349
Future planning	87,147	79,435	7,771	9,239	79,376	70,196	12,031	10,579	267,626	239,605
Engagement for a better tomorrow	41	34	8,720	6,335	(8,679)	(6,301)	–	–	23	587
Support services	804	1,745	10,438	14,137	(9,634)	(12,392)	39	308	100,044	102,968
<b>Total functions and activities</b>	<b>318,799</b>	<b>242,251</b>	<b>249,462</b>	<b>214,481</b>	<b>69,337</b>	<b>27,770</b>	<b>115,293</b>	<b>58,429</b>	<b>3,889,346</b>	<b>3,607,866</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:

### **Environment management**

Biodiversity, Bushland, Coastal, Pest animal and Waterways management.

### **Environment impact**

Environmental sustainability, Sustainable agriculture, Resource recovery and Waste disposal.

### **Water supply and Wastewater services**

Water supply, Wastewater services and Tweed Laboratory services.

### **Road and Active Transport network**

Roads and traffic, Footpaths & bike paths

### **Safe places**

Animal management, Building certification, Compliance, Development assessment, Development engineering and subdivision assessment, Environmental health.

### **Natural disasters and climate change mitigation**

Floodplain, Local emergency and Stormwater management,

### **Caring community**

Cemeteries, Community care, Community development

### **Healthy Active community**

Aquatic centres, Parks and gardens, Sporting fields, Lifeguard services, Public toilets.

### **Vibrant community**

Art gallery, Auditoria, Holiday parks, Libraries, Museums, Rail trail, Tourism, Events

### **Sustainable local economy**

Business enterprise, Business support, Employment lands.

### **Future planning**

Financial services, Strategic land use planning

### **Engagement for a better tomorrow**

Communications and engagement, Councillor and Civic business, Contact centre and Customer experience.

### **Support services**

Construction, Work health and safety, Procurement services, Design services, Information technology, Property and legal services, Governance, Internal audit, Human resources, Plant and materials.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2023	2022
<b>Ordinary rates</b>		
Residential	58,613	56,781
Farmland	3,150	3,119
Business	5,966	5,686
Less: pensioner rebates (mandatory)	(1,697)	(1,740)
<b>Rates levied to ratepayers</b>	<b>66,032</b>	<b>63,846</b>
Pensioner rate subsidies received	933	957
<b>Total ordinary rates</b>	<b>66,965</b>	<b>64,803</b>
<b>Special rates</b>		
Koala Beach	91	89
Cobaki Lakes	628	511
Kings Forest	1,179	1,090
<b>Total special rates</b>	<b>1,898</b>	<b>1,690</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	17,702	16,901
Water supply services	7,369	7,121
Sewerage services	32,693	32,239
Waste management services (non-domestic)	3,433	3,301
Less: pensioner rebates (mandatory)	(1,564)	(1,650)
<b>Annual charges levied</b>	<b>59,633</b>	<b>57,912</b>
Pensioner annual charges subsidies received:		
– Water	358	367
– Sewerage	347	354
– Domestic waste management	185	186
<b>Total annual charges</b>	<b>60,523</b>	<b>58,819</b>
<b>Total rates and annual charges</b>	<b>129,386</b>	<b>125,312</b>

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

#### Accounting policy

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

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

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

## B2-2 User charges and fees

\$ '000	Timing	2023	2022
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>			
Domestic waste management services	2	861	771
Water supply services	2	23,636	21,506
Sewerage services	2	3,293	3,349
Waste management services (non-domestic)	2	6,045	5,462
<b>Total specific user charges</b>		<b>33,835</b>	<b>31,088</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Private works – section 67	2	159	42
Section 603 certificates	2	188	235
Town planning	2	1,391	1,452
Animal control	2	120	135
Health approvals	2	792	830
Building	2	1,316	1,436
<b>Total fees and charges – statutory/regulatory</b>		<b>3,966</b>	<b>4,130</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Aerodrome	2	55	47
Caravan parks	2	12,791	9,357
Cemeteries	2	1,103	813
Leaseback fees – Council vehicles	2	397	408
Library and art gallery	2	486	366
Parking fees	2	8	6
Water connection fees	2	345	349
Beach vehicles	2	17	18
Parks and gardens	2	122	103
Pools	2	2,189	1,434
Sewer/drainage	2	496	475
Other	2	1,035	1,564
Sportsgrounds	2	122	70
Tweed laboratory	2	734	632
<b>Total fees and charges – other</b>		<b>19,900</b>	<b>15,642</b>
<b>Total other user charges and fees</b>		<b>23,866</b>	<b>19,772</b>
<b>Total user charges and fees</b>		<b>57,701</b>	<b>50,860</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		57,701	50,860
<b>Total user charges and fees</b>		<b>57,701</b>	<b>50,860</b>

### Accounting policy

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, the customer is required to pay the balance of the booking on arrival. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as membership fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

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

## B2-3 Other revenues

\$ '000	Timing	2023	2022
Fines – parking	2	291	457
Fines – other	2	143	92
Legal fees recovery – rates and charges (extra charges)	2	52	3
Legal fees recovery – other	2	234	1
Diesel rebate	2	180	177
Short-term rent and facilities hire	2	879	664
Insurance claims recoveries	2	238	547
Other	2	661	653
<b>Total other revenue</b>		<b>2,678</b>	<b>2,594</b>
<b>Timing of revenue recognition for other revenue</b>			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		2,678	2,594
<b>Total other revenue</b>		<b>2,678</b>	<b>2,594</b>

### Accounting policy for other revenue

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

Statutory fees are recognised as revenue when the service has been provided or 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.



## B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<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	2,148	4,169	–	–
Financial assistance – local roads component	2	921	1,623	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	9,133	6,401	–	–
Financial assistance – local roads component	2	3,665	2,503	–	–
<b>Amount recognised as income during current year</b>		<b>15,867</b>	<b>14,696</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Water supplies	2	–	49	148	325
Sewerage services	2	–	–	205	–
Bushfire and emergency services	2	234	427	696	–
Community centres	1	–	–	800	–
Library	2	343	320	195	–
Other waste and sustainability improvement	2	–	122	–	–
Art gallery	2	100	103	–	–
Community service	2	863	1,057	–	–
Cycleways/walkways	1	200	–	10,356	657
Street lighting	2	159	474	–	–
Environment (incl. coastal/estuary management)	1/2	1,479	754	1,625	961
Museums	2	90	90	–	–
Positions funded by other govt. dept	2	44	179	–	–
Transport (other roads and bridges funding)	1/2	36,589	5,720	6,209	5,712
Other specific grants	1/2	3,829	3,683	965	5,203
Community services	2	–	531	–	–
Recreation and culture	1	1,936	–	2,793	295
Transport for NSW contributions (regional roads, block grant)	2	2,364	2,317	152	152
Sewerage (excl. section 64 contributions)	2	–	444	–	–
Water supplies (excl. section 64 contributions)	2	–	372	–	–
Other contributions	2	–	665	–	12
Roads	1	2,205	–	5,794	468
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>50,435</b>	<b>17,307</b>	<b>29,938</b>	<b>13,785</b>
<b>Non-cash contributions</b>					
Recreation and culture	2	–	–	–	1,000
Sewerage (excl. section 64 contributions)	2	–	–	1,711	844
Water supplies (excl. section 64 contributions)	2	–	–	567	1,220
Art gallery	2	–	–	456	146
Dedications (other than by s7.11) – land	2	–	–	33	602
Dedications (other than by s7.11) – drainage	2	–	–	176	967
Dedications (other than by s7.11) – land under roads	2	–	–	39	26
Dedications (other than by s7.11) – open space	2	–	–	–	25
Dedications (other than by s7.11) – roads	2	–	–	5,184	2,370
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>8,166</b>	<b>7,200</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>50,435</b>	<b>17,307</b>	<b>38,104</b>	<b>20,985</b>

## B2-4 Grants and contributions (continued)

\$ '000	Timing	<b>Operating 2023</b>	Operating 2022	<b>Capital 2023</b>	Capital 2022
<b>Total grants and non-developer contributions</b>		<b>66,302</b>	32,003	<b>38,104</b>	20,985
<b>Comprising:</b>					
– Commonwealth funding		<b>18,528</b>	19,268	<b>4,264</b>	4,555
– State funding		<b>45,584</b>	12,138	<b>24,800</b>	5,996
– Other funding		<b>2,190</b>	597	<b>9,040</b>	10,434
		<b>66,302</b>	32,003	<b>38,104</b>	20,985

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Developer contributions:</b>						
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>						
<b>Cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	–	–	6,100	3,141
S 64 – water supply contributions		2	–	–	2,561	1,243
S 64 – sewerage service contributions		2	–	–	2,226	1,057
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>10,887</b>	<b>5,441</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>10,887</b>	<b>5,441</b>
<b>Total grants and contributions</b>			<b>66,302</b>	<b>32,003</b>	<b>48,991</b>	<b>26,426</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			4,341	–	28,785	13,785
Grants and contributions recognised at a point in time (2)			61,961	32,003	20,206	12,641
<b>Total grants and contributions</b>			<b>66,302</b>	<b>32,003</b>	<b>48,991</b>	<b>26,426</b>

### 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 2023	Operating 2022	Capital 2023	Capital 2022
<b>Grants</b>				
Unspent funds at 1 July	6,988	3,418	4,202	6,814
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	17,026	5,017	–	–
<b>Add:</b> Funds received and not recognised as revenue in the current year	–	–	3,974	2,580
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(1,628)	(1,447)	–	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	–	–	(2,912)	(5,192)
<b>Unspent funds at 30 June</b>	<b>22,386</b>	<b>6,988</b>	<b>5,264</b>	<b>4,202</b>
<b>Contributions</b>				
Unspent funds at 1 July	–	–	57,233	54,695
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	7,080	3,680
<b>Add:</b> contributions received and not recognised as revenue in the current year	–	–	–	–
<b>Add:</b> contributions recognised as income in the current period obtained in respect of	–	–	–	–

## B2-4 Grants and contributions (continued)

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
a future rating identified by Council for the purpose of establishing a rate	-	-	-	-
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	(1,586)	(1,142)
<b>Unspent contributions at 30 June</b>	<b>-</b>	<b>-</b>	<b>62,727</b>	<b>57,233</b>

### Accounting policy

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

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

The performance obligations vary according to the agreement but include meeting planning and construction milestones for most projects. 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).

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

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

#### Other grants and contributions

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

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

## B2-5 Interest and investment income

\$ '000		2023	2022
<b>Interest on financial assets measured at amortised cost</b>			
– Overdue rates and annual charges (incl. special purpose rates)		401	366
– Cash and investments		12,209	4,211
– Deferred debtors		2	2
Finance income on the net investment in the lease	C2-2b	–	–
<b>Total interest and investment income (losses)</b>		<b>12,612</b>	<b>4,579</b>
<b>Interest and investment income is attributable to:</b>			
<b>Unrestricted investments/financial assets:</b>			
Overdue rates and annual charges (general fund)		220	182
General Council cash and investments		4,715	1,098
<b>Restricted investments/funds – external:</b>			
Development contributions			
– Section 7.11		1,325	502
Water fund operations		1,759	473
Sewerage fund operations		3,450	1,723
Domestic waste management operations		397	280
<b>Restricted investments/funds – internal:</b>			
Internally restricted assets		746	321
<b>Total interest and investment income</b>		<b>12,612</b>	<b>4,579</b>

### Accounting policy

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

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

## B2-6 Other income

\$ '000	Notes	2023	2022
<b>Fair value increment on investments through profit and loss</b>			
Fair value increment on investments through profit and loss		356	–
<b>Total fair value increment on investments through profit and loss</b>	C1-9	<b>356</b>	<b>–</b>
<b>Rental income</b>			
Rental Income		511	347
<b>Total rental income</b>	C2-2	<b>511</b>	<b>347</b>
<b>Net share of interests in joint ventures and associates using the equity method</b>			
Joint ventures	D2-1	262	130
<b>Total other income</b>		<b>1,129</b>	<b>477</b>

## B3 Costs of providing services

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

\$ '000	2023	2022
Salaries and wages	50,819	49,495
Travel expenses	87	71
Employee leave entitlements (ELE)	9,628	8,825
Superannuation	6,433	6,242
Workers' compensation insurance	1,895	1,149
Fringe benefit tax (FBT)	177	155
Payroll tax	1,162	928
Training costs (other than salaries and wages)	551	264
Other	261	162
<b>Total employee costs</b>	<b>71,013</b>	<b>67,291</b>
Less: capitalised costs	(7,499)	(6,884)
<b>Total employee costs expensed</b>	<b>63,514</b>	<b>60,407</b>

#### Accounting policy

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

#### Retirement benefit obligations

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

#### Superannuation plans

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

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

### B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables <sup>1</sup>		92,868	65,909
Audit Fees	F2-1	114	118
Councillor and Mayoral fees and associated expenses	F1-2	269	235
Electricity		5,096	5,201
Insurance		2,585	2,226
Street lighting		846	737
Telephone and communications		445	419
Other expenses		–	1
Legal expenses: planning and development		2,614	1,399
Legal expenses: other		246	351
Expenses from short-term leases		–	5
Expenses from leases of low value assets		498	394
Expenses from Peppercorn leases		–	1
<b>Total materials and services</b>		<b>105,581</b>	<b>76,996</b>

#### Accounting policy

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

(1) The current year increase in raw materials and consumables was driven by flood recovery related expenditure.



### B3-3 Borrowing costs

\$ '000	Notes	2023	2022
<b>(i) Interest bearing liability costs</b>			
Interest on leases		6	6
Interest on overdraft		1	–
Interest on loans		8,056	8,429
<b>Total interest bearing liability costs</b>		<b>8,063</b>	<b>8,435</b>
<b>(ii) Other borrowing costs</b>			
Amortisation of discounts and premiums:			
- Remediation liabilities	C3-5	649	(83)
<b>Total other borrowing costs</b>		<b>649</b>	<b>(83)</b>
<b>Total borrowing costs expensed</b>		<b>8,712</b>	<b>8,352</b>

#### Accounting policy

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

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

\$ '000	Notes	2023	2022
<b>Depreciation and amortisation</b>			
Plant and equipment		3,064	3,200
Office equipment		215	172
Furniture and fittings		149	145
<b>Infrastructure:</b>	C1-7		
– Buildings		3,158	2,695
– Other structures		9	13
– Roads		16,249	14,392
– Bridges		2,517	2,274
– Footpaths		875	782
– Stormwater drainage		3,017	2,708
– Water supply network		11,381	10,899
– Sewerage network		14,537	13,669
– Swimming pools		217	220
– Other open space/recreational assets		1,815	1,758
– Other infrastructure		564	524
Right of use assets	C2-1	73	76
<b>Other assets:</b>			
– Service Concession Asset (Organics Facility)		177	177
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C3-5,C1-7	341	334
– Quarry assets	C3-5,C1-7	39	94
Intangible assets	C1-8	396	325
<b>Total depreciation and amortisation costs</b>		<b>58,793</b>	<b>54,457</b>
<b>Impairment / (reversal of impairment)</b>			
<b>Infrastructure:</b>	C1-7		
– Buildings		(2,455)	2,455
– Roads		(3,392)	3,459
– Bridges		(868)	868
– Footpaths		(36)	36
– Bulk earthworks (non-depreciable)		(715)	715
– Swimming pools		(596)	596
<b>Total gross IPPE impairment / (reversal of impairment)</b>		<b>(8,062)</b>	<b>8,129</b>
Amounts taken through revaluation reserve	C1-7	8,062	(8,129)
<b>Total IPPE impairment charged to Income Statement</b>		<b>–</b>	<b>–</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>58,793</b>	<b>54,457</b>

### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are generally 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 assessed on an annual basis to ensure that the carrying amount is not materially different from fair value. During this assessment, or if events or changes in circumstances indicate that they may be impaired, an impairment loss is captured.

An impairment loss is reversed to ensure the asset carrying amount is reflective of its fair value after asset remediation has occurred.

This impairment assessment process is also applied to intangible assets not yet available for use.

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

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

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

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

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

## B3-5 Other expenses

\$ '000	Notes	2023	2022
<b>Fair value decrement on investments</b>			
Fair value decrement on investments through profit and loss		–	3,758
<b>Total Fair value decrement on investments</b>	C1-2	<b>–</b>	<b>3,758</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		1,188	588
– Waste levy		1,123	330
– Department of Lands levy – holiday parks		621	437
Contributions to Richmond Tweed Regional Library		2,820	2,528
Donations, contributions and assistance to other organisations (Section 356)		180	159
<b>Total other expenses</b>		<b>5,932</b>	<b>7,800</b>

### Accounting policy

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

Impairment expenses are recognised when identified.

## B4 Gains or losses

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

\$ '000	Notes	2023	2022
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		111	–
Less: carrying amount of property assets sold/written off		<u>(704)</u>	<u>(519)</u>
<b>Gain (or loss) on disposal</b>		<b><u>(593)</u></b>	<b><u>(519)</u></b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-7		
Proceeds from disposal – plant and equipment		886	1,105
Less: carrying amount of plant and equipment assets sold/written off		<u>(773)</u>	<u>(1,367)</u>
<b>Gain (or loss) on disposal</b>		<b><u>113</u></b>	<b><u>(262)</u></b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-7		
Less: carrying amount of infrastructure assets sold/written off		<u>(6,450)</u>	<u>(5,688)</u>
<b>Gain (or loss) on disposal</b>		<b><u>(6,450)</u></b>	<b><u>(5,688)</u></b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		242,209	256,500
Less: carrying amount of investments sold/redeemed/matured		<u>(242,209)</u>	<u>(256,500)</u>
<b>Gain (or loss) on disposal</b>		<b><u>–</u></b>	<b><u>–</u></b>
<b>Net gain (or loss) from disposal of assets</b>		<b><u>(6,930)</u></b>	<b><u>(6,469)</u></b>

#### Accounting policy

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

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 16 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Revenues</b>				
Rates and annual charges	130,237	129,386	(851)	(1)% <b>U</b>
User charges and fees	54,012	57,701	3,689	7% <b>F</b>
Other revenues	2,191	2,678	487	22% <b>F</b>
Insurance claims/recoveries were higher than anticipated due to the February 2022 flood natural disaster.				
Operating grants and contributions	19,137	66,302	47,165	246% <b>F</b>
Several unbudgeted grants have been received to contribute towards repairs of flood damaged roads through the Disaster Recovery Funding Arrangements (DRFA) grant funds.				
Capital grants and contributions	8,594	48,991	40,397	470% <b>F</b>
An increase in urban subdivision applications has led to a greater than estimated increase in developer contributions during this period.				
Interest and investment revenue	6,464	12,612	6,148	95% <b>F</b>
Other income	-	1,129	1,129	∞ <b>F</b>
Higher returns on investments were received following the RBA's target cash rate increase from 0.85% at June 2022 to 4.10% at June 2023.				
<b>Expenses</b>				
Employee benefits and on-costs	60,393	63,514	(3,121)	(5)% <b>U</b>
Materials and services	59,367	105,581	(46,214)	(78)% <b>U</b>
Expenditure on materials and services was higher than budget primarily due to the level of flood recovery expenditure required.				
Borrowing costs	7,978	8,712	(734)	(9)% <b>U</b>
Depreciation, amortisation and impairment of non-financial assets	47,612	58,793	(11,181)	(23)% <b>U</b>
Actual depreciation higher due to a review of useful lives of water and sewer assets.				
Other expenses	16,381	5,932	10,449	64% <b>F</b>
Waste levy charges were below budget offset by a fair value decrement to investments not included in the budget.				
Net losses from disposal of assets	-	6,930	(6,930)	∞ <b>U</b>
This mainly includes the written down value of assets replaced for which a budget was not provided.				



## B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	78,036	123,745	45,709	59% <b>F</b>
Predominantly due to the increased level of unbudgeted flood related repair grants received.				
<b>Cash flows from investing activities</b>	(76,238)	(94,504)	(18,266)	24% <b>U</b>
Largely driven by flood related renewals and replacements of infrastructure, property, plant and equipment.				
<b>Cash flows from financing activities</b>	(1,424)	(5,459)	(4,035)	283% <b>U</b>
Due to a \$4m loan borrowing for the Tweed Pound being deferred until the 2023-24 financial year.				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2023	2022
<b>Cash assets</b>		
Cash on hand and at bank	17,419	1,074
Cash equivalent assets		
– Deposits at call	37,368	29,931
<b>Total cash and cash equivalents</b>	<b>54,787</b>	<b>31,005</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	54,787	31,005
<b>Balance as per the Statement of Cash Flows</b>	<b>54,787</b>	<b>31,005</b>

#### Accounting policy

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

#### C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits <sup>1</sup>	267,901	37,901	173,270	124,500
<b>Total</b>	<b>267,901</b>	<b>37,901</b>	<b>173,270</b>	<b>124,500</b>
<b>Equity securities at fair value through profit and loss</b>				
NCD's, FRN's (with maturities > 3 months)	7,543	103,316	17,729	91,453
<b>Total</b>	<b>7,543</b>	<b>103,316</b>	<b>17,729</b>	<b>91,453</b>
<b>Total financial investments</b>	<b>275,444</b>	<b>141,217</b>	<b>190,999</b>	<b>215,953</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>330,231</b>	<b>141,217</b>	<b>222,004</b>	<b>215,953</b>

(1) A shorter term investment position was maintained in the current financial year to take advantage of increased returns.

#### Accounting policy

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

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

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- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

### **Amortised cost**

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

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

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

### **Financial assets through profit or loss**

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value in the Income Statement.

Net gains or losses, including any interest or dividend income, are recognised in the Income Statement.

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>471,448</b>	437,957
Less: Externally restricted cash, cash equivalents and investments	<u>(328,281)</u>	<u>(288,259)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>143,167</b>	149,698
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Other – security deposits	4,605	3,400
Specific purpose unexpended grants – general fund	<u>27,650</u>	<u>11,190</u>
<b>Total External restrictions – included in liabilities</b>	<b>32,255</b>	14,590
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	62,733	57,119
Water fund	4,181	3,635
Water supplies – asset replacement	72,168	70,292
Sewer fund	4,175	3,634
Sewerage services – Banora Point laboratory	1,901	1,529
Sewerage services – asset replacement	121,489	110,004
Domestic waste management	29,061	27,165
Special rate – Koala Beach	<u>318</u>	<u>291</u>
<b>Total External restrictions – other</b>	<b>296,026</b>	273,669
<b>Total external restrictions</b>	<b>328,281</b>	288,259

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	2023	2022
(b) Internal allocations		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>143,167</b>	149,698
Less: Internally restricted cash, cash equivalents and investments	<u>(141,424)</u>	<u>(144,700)</u>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>1,743</b>	4,998

### Internal allocations

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

Tweed Holiday Parks	22,070	18,201
Employees leave entitlement	11,513	11,498
Carry over works	21,726	19,769
Unexpended loans	2,881	4,426
Asset management reserve – infrastructure	17,967	19,307
Community facilities asset management	6,405	9,420
Software and equipment – asset management	4,039	4,838
Access funding	152	139
Art gallery construction	318	280

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

<b>\$ '000</b>	<b>2023</b>	2022
Beach vehicle licence income	161	248
Catchment water quality	564	651
Insurance	500	500
Land development	619	613
Museum donations	16	13
Non-DWM management	26,386	31,048
Plant operations	12,091	12,080
Revolving energy fund	254	248
Road land sale	132	62
7 year plan	4,901	4,686
Voluntary Planning Agreements	8,729	6,673
<b>Total internal allocations</b>	<b>141,424</b>	<b>144,700</b>

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

<b>\$ '000</b>	<b>2023</b>	2022
<b>(c) Unrestricted and unallocated</b>		
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>1,743</b>	<b>4,998</b>

## C1-4 Receivables

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Rates and annual charges	5,824	–	5,156	–
Interest and extra charges	827	–	740	–
User charges and fees	5,750	–	4,948	–
Accrued revenues				
– Interest on investments	4,238	–	1,618	–
Deferred debtors	9	59	10	79
Government grants and subsidies	221	–	1,252	–
Loans to sporting clubs	29	371	27	401
Net GST receivable	1,592	–	1,438	–
<b>Total</b>	<b>18,490</b>	<b>430</b>	<b>15,189</b>	<b>480</b>
<b>Less: provision for impairment</b>				
Doubtful debts	(99)	–	(99)	–
<b>Total provision for impairment – receivables</b>	<b>(99)</b>	<b>–</b>	<b>(99)</b>	<b>–</b>
<b>Total net receivables</b>	<b>18,391</b>	<b>430</b>	<b>15,090</b>	<b>480</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Rates and availability charges	2,967	–	2,857	–
– Other	352	–	242	–
<b>Sewerage services</b>				
– Rates and availability charges	1,755	–	1,741	–
– Other	1,602	–	728	–
<b>Domestic waste management</b>	<b>792</b>	<b>–</b>	<b>762</b>	<b>–</b>
<b>Total external restrictions</b>	<b>7,468</b>	<b>–</b>	<b>6,330</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>10,923</b>	<b>430</b>	<b>8,760</b>	<b>480</b>
<b>Total net receivables</b>	<b>18,391</b>	<b>430</b>	<b>15,090</b>	<b>480</b>

### Accounting policy

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

### Impairment

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

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

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

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

- the other party is unlikely to pay its credit obligations to Council in full, without recourse by 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.

## C1-4 Receivables (continued)

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.

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.

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	–	9,830	–	2,839
Stores and materials	961	–	854	–
<b>Total inventories</b>	<b>961</b>	<b>9,830</b>	<b>854</b>	<b>2,839</b>

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>(a) Details for real estate development</b>				
Industrial/commercial	–	9,830	–	2,839
<b>Represented by:</b>				
Transfers from operational land	–	4,020	–	–
Development costs	–	5,810	–	2,839
<b>Total costs</b>	<b>–</b>	<b>9,830</b>	<b>–</b>	<b>2,839</b>
<b>Total real estate for resale</b>	<b>–</b>	<b>9,830</b>	<b>–</b>	<b>2,839</b>
<b>Movements:</b>				
Real estate assets at beginning of the year	–	2,839	–	–
– Purchases and other costs	–	6,991	–	2,839
<b>Total real estate for resale</b>	<b>–</b>	<b>9,830</b>	<b>–</b>	<b>2,839</b>

### Accounting policy

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

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

#### Land held for resale

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

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.



## C1-6 Contract assets and Contract cost assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	6,122	–	3,730	–
<b>Total contract assets and contract cost assets</b>	<b>6,122</b>	<b>–</b>	<b>3,730</b>	<b>–</b>

### Contract assets

Work relating to infrastructure grants	6,122	–	3,730	–
<b>Total contract assets</b>	<b>6,122</b>	<b>–</b>	<b>3,730</b>	<b>–</b>

### Accounting policy

#### Contract assets

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

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

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

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

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)	WIP transfers	Adjustments and transfers	Revaluation increment / (decrement)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	41,644	–	41,644	36,714	22,871	–	–	–	(20,335)	(2,815)	–	78,079	–	78,079
Plant and equipment	42,522	(18,491)	24,031	3,023	1,615	(774)	(3,064)	–	46	–	–	44,515	(19,638)	24,877
Office equipment	1,701	(1,221)	480	74	574	–	(215)	–	–	–	–	1,903	(990)	913
Furniture and fittings	3,314	(2,690)	624	119	–	–	(149)	–	12	–	–	3,323	(2,717)	606
<b>Land:</b>														
– Operational land	412,254	–	412,254	–	2,502	(217)	–	–	1,102	(3,336)	50,139	462,444	–	462,444
– Community land	81,525	–	81,525	–	–	–	–	–	–	–	–	81,525	–	81,525
– Crown land	83,577	–	83,577	–	–	–	–	–	–	–	143	83,720	–	83,720
– Land under roads (pre 1/7/08)	70,852	–	70,852	–	–	(160)	–	–	–	–	–	70,692	–	70,692
– Land under roads (post 30/6/08)	1,846	–	1,846	–	39	–	–	–	–	–	–	1,885	–	1,885
<b>Infrastructure:</b>														
– Buildings	223,015	(59,028)	163,987	1,109	968	(325)	(3,158)	2,455	107	(2)	310	254,570	(89,119)	165,451
– Other structures	720	(406)	314	–	–	–	(9)	–	–	–	–	720	(415)	305
– Roads	837,743	(164,526)	673,217	8,914	3,493	(3,972)	(16,249)	3,392	8,698	42	39,996	899,780	(182,249)	717,531
– Bridges	224,457	(32,597)	191,860	20	10	(101)	(2,517)	868	604	(604)	11,218	239,258	(37,900)	201,358
– Footpaths	50,624	(22,507)	28,117	141	264	(2)	(875)	36	409	(445)	1,632	54,122	(24,845)	29,277
– Bulk earthworks (non-depreciable)	184,084	(728)	183,356	71	–	(7)	–	715	–	–	10,846	194,998	(17)	194,981
– Stormwater drainage	281,704	(103,397)	178,307	230	1,527	(19)	(3,017)	–	–	–	10,445	300,175	(112,702)	187,473
– Water supply network	734,975	(255,019)	479,956	1,303	1,033	(1,176)	(11,381)	–	3,383	(15)	36,662	792,327	(282,562)	509,765
– Sewerage network	774,372	(310,219)	464,153	3,155	2,469	(988)	(14,537)	–	4,679	–	35,608	841,901	(347,362)	494,539
– Swimming pools	5,182	(4,107)	1,075	–	–	–	(217)	596	–	–	6,542	12,351	(4,355)	7,996
– Other open space/recreational assets	48,436	(19,247)	29,189	116	1,576	(56)	(1,815)	–	511	–	–	50,461	(20,940)	29,521
– Other infrastructure	24,208	(9,685)	14,523	23	–	–	(564)	–	784	–	–	24,978	(10,212)	14,766
<b>Other assets:</b>														
– Service Concession Asset (Organics Facility)	7,067	(177)	6,890	–	–	–	(177)	–	–	–	–	7,066	(353)	6,713
– Artworks	9,029	–	9,029	–	471	(1)	–	–	–	–	2,250	11,749	–	11,749
<b>Reinstatement, rehabilitation and restoration assets</b>														
– Tip assets	4,389	(2,054)	2,335	–	–	–	(341)	–	–	393	–	4,783	(2,396)	2,387
– Quarry assets	948	(705)	243	–	–	–	(39)	–	–	(44)	–	904	(744)	160
<b>Total infrastructure, property, plant and equipment</b>	<b>4,150,188</b>	<b>(1,006,804)</b>	<b>3,143,384</b>	<b>55,012</b>	<b>39,412</b>	<b>(7,798)</b>	<b>(58,324)</b>	<b>8,062</b>	<b>–</b>	<b>(6,826)</b>	<b>205,791</b>	<b>4,518,229</b>	<b>(1,139,516)</b>	<b>3,378,713</b>

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period									At 30 June 2022		
	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)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>															
Capital work in progress	37,822	–	37,822	17,316	13,321	–	–	–	(19,223)	(7,592)	–	–	41,644	–	41,644
Plant and equipment	42,383	(17,073)	25,310	2,254	1,032	(1,366)	(3,200)	–	1	–	–	–	42,522	(18,491)	24,031
Office equipment	1,609	(1,049)	560	–	82	–	(172)	–	10	–	–	–	1,701	(1,221)	480
Furniture and fittings	3,302	(2,545)	757	–	12	–	(145)	–	–	–	–	–	3,314	(2,690)	624
<b>Land:</b>															
– Operational land	337,201	–	337,201	–	1,352	–	–	–	–	22	–	73,679	412,254	–	412,254
– Community land	72,860	–	72,860	–	286	–	–	–	–	–	–	8,379	81,525	–	81,525
– Crown land	73,902	–	73,902	–	–	–	–	–	–	(21)	–	9,696	83,577	–	83,577
– Land under roads (pre 1/7/08)	58,311	–	58,311	–	–	(112)	–	–	–	–	–	12,653	70,852	–	70,852
– Land under roads (post 30/6/08)	1,491	–	1,491	–	25	–	–	–	–	–	–	330	1,846	–	1,846
<b>Infrastructure:</b>															
– Buildings	190,009	(47,961)	142,048	564	1,026	(407)	(2,695)	(2,455)	2,457	–	–	23,449	223,015	(59,028)	163,987
– Other structures	720	(393)	327	–	–	–	(13)	–	–	–	–	–	720	(406)	314
– Roads	746,573	(134,182)	612,391	5,326	4,278	(3,353)	(14,392)	(3,459)	6,087	–	–	66,339	837,743	(164,526)	673,217
– Bridges	202,036	(26,409)	175,627	10	–	(100)	(2,274)	(868)	679	–	–	18,786	224,457	(32,597)	191,860
– Footpaths	44,718	(19,344)	25,374	60	490	(90)	(782)	(36)	294	36	–	2,771	50,624	(22,507)	28,117
– Bulk earthworks (non-depreciable)	165,662	–	165,662	–	515	(48)	–	(715)	–	–	–	17,942	184,084	(728)	183,356
– Stormwater drainage	252,274	(90,497)	161,777	230	1,131	(4)	(2,708)	–	230	–	–	17,651	281,704	(103,397)	178,307
– Water supply network	630,961	(124,574)	506,387	2,542	1,220	(1,032)	(10,899)	–	6,441	–	–	(24,703)	734,975	(255,019)	479,956
– Sewerage network	729,070	(191,043)	538,027	1,273	844	(1,004)	(13,669)	–	2,644	–	–	(63,962)	774,372	(310,219)	464,153
– Swimming pools	5,182	(3,291)	1,891	–	–	–	(220)	(596)	–	–	–	–	5,182	(4,107)	1,075
– Other open space/recreational assets	47,561	(17,606)	29,955	131	574	(93)	(1,758)	–	380	–	–	–	48,436	(19,247)	29,189
– Other infrastructure	24,090	(9,325)	14,765	126	118	38	(524)	–	–	–	–	–	24,208	(9,685)	14,523
<b>Other assets:</b>															
– Other	–	–	–	–	7,067	–	(177)	–	–	–	–	–	7,067	(177)	6,890
– Artworks	8,849	–	8,849	–	180	–	–	–	–	–	–	–	9,029	–	9,029
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>															
– Tip assets	5,190	(1,722)	3,468	–	–	–	(334)	–	–	(799)	–	–	4,389	(2,054)	2,335
– Quarry assets	788	(610)	178	–	–	–	(94)	–	–	159	–	–	948	(705)	243
<b>Total infrastructure, property, plant and equipment</b>	<b>3,682,564</b>	<b>(687,624)</b>	<b>2,994,940</b>	<b>29,832</b>	<b>33,553</b>	<b>(7,571)</b>	<b>(54,056)</b>	<b>(8,129)</b>	<b>–</b>	<b>(8,195)</b>	<b>–</b>	<b>163,010</b>	<b>4,150,188</b>	<b>(1,006,804)</b>	<b>3,143,384</b>

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

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

### Accounting policy

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

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

#### Useful lives of IPPE

Land is not depreciated. Depreciation on other assets is generally 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>Buildings</b>	<b>Years</b>
Office equipment	3 to 10	Buildings - floor	60 to 130
Office furniture	4 to 20	Buildings - envelope	45 to 125
Computer equipment	4	Buildings - roof	40 to 90
Vehicles	2.5 to 3		
Heavy plant/road making equipment	5 to 10	Holiday parks' tents, cabins, villas and buildings *	10 to 40
Other plant and equipment	5 to 10		
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	40 to 180	Drains	100
Reticulation pipes: PVC and other	40 to 80	Culverts	75
Pumps and telemetry	15 to 60		
<b>Transportation assets</b>			
Sealed roads: surface	15 to 30	Bridges - concrete	80 to 100
Concrete/paved road	80	Bridges - other	30 to 100
Road pavement - gravel	10	Footpaths	30 to 60
Road pavement - sealed	60 to 100	Kerb and guttering	80
Road pavement - sub-base	180 to 300	Traffic facilities	20 to 80
<b>Other Infrastructure Assets</b>			
Bulk earthworks	Infinite	Flood control structures	80

\* The IPPE of holiday parks predominantly consists of relocatable structures with high usage. Shorter estimated useful lives and estimated residual values have been adopted for these assets.

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

#### Revaluation Model

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

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

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

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

### **Land under roads**

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

Further detail has been provided in note E2-1 Fair value measurement.

### **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 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.

## Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/23			as at 30/06/22		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Water supply</b>						
WIP	11,878	–	11,878	8,370	–	8,370
Plant and equipment	379	246	133	332	240	92
Office equipment	9	9	–	9	9	–
Furniture and fittings	20	20	–	20	20	–
Land						
– Operational land	64,844	–	64,844	67,046	–	67,046
– Community land	164	–	164	164	–	164
Buildings	4,171	1,318	2,853	3,071	1,058	2,013
Infrastructure	791,600	282,562	509,038	734,248	255,018	479,230
Other assets	728	–	728	728	–	728
<b>Total water supply</b>	<b>873,793</b>	<b>284,155</b>	<b>589,638</b>	<b>813,988</b>	<b>256,345</b>	<b>557,643</b>
<b>Sewerage services</b>						
WIP	5,346	–	5,346	6,731	–	6,731
Plant and equipment	1,164	873	291	1,391	1,083	308
Office equipment	16	16	–	25	25	–
Furniture and fittings	109	92	17	92	91	1
Land						
– Operational land	82,866	–	82,866	69,631	–	69,631
– Community land	280	–	280	280	–	280
Buildings	8,783	2,937	5,846	8,424	2,331	6,093
Infrastructure	841,900	347,361	494,539	774,372	310,219	464,153
<b>Total sewerage services</b>	<b>940,464</b>	<b>351,279</b>	<b>589,185</b>	<b>860,946</b>	<b>313,749</b>	<b>547,197</b>
<b>Domestic waste management</b>						
Plant and equipment	36	29	7	36	26	10
Office equipment	163	62	101	27	27	–
Furniture and fittings	198	198	–	198	198	–
Land						
– Operational land	3,827	–	3,827	3,827	–	3,827
Buildings	1,526	503	1,023	1,526	415	1,111
Other structures	66	66	–	66	66	–
<b>Total domestic waste management</b>	<b>5,816</b>	<b>858</b>	<b>4,958</b>	<b>5,680</b>	<b>732</b>	<b>4,948</b>
<b>Holiday Parks</b>						
– Capital WIP	14	–	14	9	–	9
– Plant & Equipment	8,397	1,498	6,899	8,326	1,266	7,060
– Office Equipment	57	23	34	57	15	42
– Operational Land	42,557	–	42,557	33,569	–	33,569
– Buildings	24,191	8,322	15,869	21,716	4,672	17,044
– Swimming Pools	189	185	4	189	183	6
<b>Total other restrictions</b>	<b>75,405</b>	<b>10,028</b>	<b>65,377</b>	<b>63,866</b>	<b>6,136</b>	<b>57,730</b>
<b>Total restricted infrastructure, property, plant and equipment</b>	<b>1,895,478</b>	<b>646,320</b>	<b>1,249,158</b>	<b>1,744,480</b>	<b>576,962</b>	<b>1,167,518</b>

## C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	5,478	5,628
Accumulated amortisation	(4,155)	(4,240)
<b>Net book value – opening balance</b>	<b>1,323</b>	<b>1,388</b>
<b>Movements for the year</b>		
Other movements	(8)	(17)
Purchases	104	277
Amortisation charges	(396)	(325)
Gross book value written off	(473)	–
Accumulated amortisation charges written off	473	–
<b>Closing values at 30 June</b>		
Gross book value	5,101	5,478
Accumulated amortisation	(4,078)	(4,155)
<b>Total intangible assets – net book value</b>	<b>1,023</b>	<b>1,323</b>

### Accounting policy

#### IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and services. No direct payroll, and payroll related costs of employees' time spent on the project are capitalised. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

## C1-9 Other

### Other assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	604	–	637	–
<b>Total other assets</b>	<b>604</b>	<b>–</b>	<b>637</b>	<b>–</b>

### Externally restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
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### Water

continued on next page ...

## C1-9 Other (continued)

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	20	-	28	-
<b>Total water</b>	<b>20</b>	<b>-</b>	<b>28</b>	<b>-</b>
<b>Sewerage</b>				
Prepayments	29	-	41	-
<b>Total sewerage</b>	<b>29</b>	<b>-</b>	<b>41</b>	<b>-</b>
Total externally restricted assets	49	-	69	-
Total internally restricted assets	-	-	-	-
Total unrestricted assets	555	-	568	-
<b>Total other assets</b>	<b>604</b>	<b>-</b>	<b>637</b>	<b>-</b>



## C2 Leasing activities

### C2-1 Council as a lessee

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

#### Land and buildings

Council leases land and buildings for a variety of purposes, including open space, marine infrastructure, visitor centre, art gallery, car parking, and operational needs; the leases are generally between 1 and 40 years and some of them include an option to continue the lease for an undefined term at either party's discretion.

These leases often contain an annual pricing mechanism, typically based on either fixed increases or CPI movements at each anniversary of the lease inception.

#### Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as servers. The leases are for between 3 and 6 years with no renewal option with fixed payments.

#### (a) Right of use assets

\$ '000	Office Equipment	Land and Buildings	Total
<b>2023</b>			
Opening balance at 1 July	45	224	269
Depreciation charge	–	(73)	(73)
Other movement	–	62	62
<b>Balance at 30 June</b>	<b>45</b>	<b>213</b>	<b>258</b>
<b>2022</b>			
Opening balance at 1 July	78	289	367
Adjustments to right-of-use assets due to re-measurement of lease liability	–	8	8
Depreciation charge	(33)	(43)	(76)
Other movement	–	(30)	(30)
<b>Balance at 30 June</b>	<b>45</b>	<b>224</b>	<b>269</b>

#### (b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	71	204	59	229
<b>Total lease liabilities</b>	<b>71</b>	<b>204</b>	<b>59</b>	<b>229</b>

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

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

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2023</b>					
Cash flows	71	82	122	275	275
<b>2022</b>					
Cash flows	63	87	138	288	288

### (d) Income Statement

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

\$ '000	2023	2022
Interest on lease liabilities	6	6
Depreciation of right of use assets	73	76
Expenses relating to short-term leases	–	5
Expenses relating to low-value leases	498	394
Expenses relating to Peppercorn leases	–	1
	<b>577</b>	<b>482</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	621	400
	<b>621</b>	<b>400</b>

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

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

- Museum Uki
- RFS storage facility Burringbar
- Carparking Murwillumbah

The leases are generally between 3 and 20 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

#### Accounting policy

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

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

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

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

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

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

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

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

### Exceptions to lease accounting

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

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

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

## C2-2 Council as a lessor

### Operating leases

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

– 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	2023	2022
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#### (i) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for the purpose of various community and recreational services. The table below relates to operating leases on assets disclosed in C1-7.

Lease income (excluding variable lease payments not dependent on an index or rate)	511	347
<b>Total income relating to operating leases for Council assets</b>	<b>511</b>	<b>347</b>

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

< 1 year	771	450
<b>Total undiscounted lease payments to be received</b>	<b>771</b>	<b>450</b>

### Accounting policy

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

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

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

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

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

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Interest on leases	3	–	3	–
Prepaid rates	5,089	–	3,863	–
Goods and services – operating expenditure	11,767	–	10,104	1
Goods and services – capital expenditure	5,461	–	4,983	–
Accrued expenses:				
– Borrowings	254	–	280	–
– Salaries and wages	1,283	–	1,296	–
– Other expenditure accruals	203	–	249	–
Security bonds, deposits and retentions	3,925	681	2,458	743
<b>Total payables</b>	<b>27,985</b>	<b>681</b>	<b>23,236</b>	<b>744</b>

#### Payables relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Externally restricted assets</b>				
Water	688	–	865	–
Sewer	1,766	–	625	–
Other – bonds and deposits	3,796	681	2,458	742
<b>Payables relating to externally restricted assets</b>	<b>6,250</b>	<b>681</b>	<b>3,948</b>	<b>742</b>
<b>Internally restricted assets</b>				
Other – Tweed Holiday Parks	121	–	1,274	–
<b>Payables relating to internally restricted assets</b>	<b>121</b>	<b>–</b>	<b>1,274</b>	<b>–</b>
<b>Total payables relating to restricted assets</b>	<b>6,371</b>	<b>681</b>	<b>5,222</b>	<b>742</b>
<b>Total payables relating to unrestricted assets</b>	<b>21,614</b>	<b>–</b>	<b>18,014</b>	<b>2</b>
<b>Total payables</b>	<b>27,985</b>	<b>681</b>	<b>23,236</b>	<b>744</b>

#### Accounting policy

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

#### Payables

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

## C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	2,984	-	4,370	-
<b>User fees and charges received in advance:</b>					
Other		7,620	-	6,931	-
<b>Total contract liabilities</b>		<b>10,604</b>	<b>-</b>	<b>11,301</b>	<b>-</b>

### Notes

(i) Council receives funding to construct infrastructure and other assets. The funds received are under enforceable contracts 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/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	2023	2022
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	3,055	5,066
Operating grants (received prior to performance obligation being satisfied)	-	116
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>3,055</b>	<b>5,182</b>

### Significant changes in contract liabilities

The \$1.4M reduction in unexpended capital grants was mainly the result of \$4.2M of prior year obligations being met during the year and \$2.8M of new grants received in advance.

### Accounting policy

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

### C3-3 Borrowings

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	7,708	107,742	7,664	113,170
<b>Total borrowings</b>	<b>7,708</b>	<b>107,742</b>	<b>7,664</b>	<b>113,170</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.

#### Borrowings relating to restricted assets

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Water	2,189	49,612	2,051	51,802
Borrowings relating to externally restricted assets	2,189	49,612	2,051	51,802
<b>Total borrowings relating to restricted assets</b>	<b>2,189</b>	<b>49,612</b>	<b>2,051</b>	<b>51,802</b>
<b>Total borrowings relating to unrestricted assets</b>	<b>5,519</b>	<b>58,130</b>	<b>5,613</b>	<b>61,368</b>
<b>Total borrowings</b>	<b>7,708</b>	<b>107,742</b>	<b>7,664</b>	<b>113,170</b>

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

\$ '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	120,834	(5,384)	–	–	–	–	115,450
Lease liability (Note C2-1b)	288	(13)	–	–	–	–	275
<b>Total liabilities from financing activities</b>	<b>121,122</b>	<b>(5,397)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>115,725</b>

### C3-3 Borrowings (continued)

	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
<b>\$ '000</b>							
Loans – secured	125,602	(4,768)	–	–	–	–	120,834
Lease liability (Note C2-1b)	383	(73)	–	8	–	(30)	288
<b>Total liabilities from financing activities</b>	<b>125,985</b>	<b>(4,841)</b>	<b>–</b>	<b>8</b>	<b>–</b>	<b>(30)</b>	<b>121,122</b>

#### (b) Financing arrangements

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	<b>1,000</b>	1,000
Credit cards/purchase cards	<b>300</b>	300
<b>Total financing arrangements</b>	<b>1,300</b>	<b>1,300</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	<b>33</b>	23
<b>Total drawn financing arrangements</b>	<b>33</b>	<b>23</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	<b>1,000</b>	1,000
– Credit cards/purchase cards	<b>267</b>	277
<b>Total undrawn financing arrangements</b>	<b>1,267</b>	<b>1,277</b>

#### Breaches and defaults

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

#### Security over loans

Loans are secured over future cash flows of rate revenue.  
Lease liabilities are secured by the underlying leased assets.

#### Bank overdrafts

The bank overdraft facility is secured over future cash flows of rate revenue.

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

#### Accounting policy

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

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

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



## C3-4 Employee benefit provisions

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Annual leave	5,179	–	5,028	–
Sick leave	2,789	810	3,589	1,403
Long service leave	10,818	827	10,455	971
ELE on-costs	1,800	114	1,687	142
<b>Total employee benefit provisions</b>	<b>20,586</b>	<b>1,751</b>	<b>20,759</b>	<b>2,516</b>

### Employee benefit provisions relating to restricted assets

<b>Total employee benefit provisions relating to restricted assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total employee benefit provisions relating to unrestricted assets</b>	<b>20,586</b>	<b>1,751</b>	<b>20,759</b>	<b>2,516</b>
<b>Total employee benefit provisions</b>	<b>20,586</b>	<b>1,751</b>	<b>20,759</b>	<b>2,516</b>

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	14,265	14,947
	<b>14,265</b>	<b>14,947</b>

### Description of and movements in provisions

#### Accounting policy

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

#### Short-term obligations

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

#### Other long-term employee benefit obligations

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

#### On-costs

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

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

## C3-5 Provisions

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	192	7,081	200	6,438
<b>Total provisions</b>	<b>192</b>	<b>7,081</b>	<b>200</b>	<b>6,438</b>
<b>Provisions relating to restricted assets</b>				
<b>Externally restricted assets</b>				
Domestic waste management	–	1,945	–	1,807
Provisions relating to externally restricted assets	–	1,945	–	1,807
<b>Internally restricted assets</b>				
Non-Domestic waste management	–	1,945	–	1,808
<b>Provisions relating to internally restricted assets</b>	<b>–</b>	<b>1,945</b>	<b>–</b>	<b>1,808</b>
<b>Total provisions relating to restricted assets</b>	<b>–</b>	<b>3,890</b>	<b>–</b>	<b>3,615</b>
<b>Total provisions relating to unrestricted assets</b>	<b>192</b>	<b>3,191</b>	<b>200</b>	<b>2,823</b>
<b>Total provisions</b>	<b>192</b>	<b>7,081</b>	<b>200</b>	<b>6,438</b>

## Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
<b>2023</b>		
At beginning of year	6,638	6,638
<b>Changes to provision:</b>		
– Revised discount rate	580	580
– Revised costs	350	350
Unwinding of discount	69	69
Amounts used (payments)	(364)	(364)
Total other provisions at end of year	7,273	7,273
<b>2022</b>		
At beginning of year	7,431	7,431
<b>Changes to provision:</b>		
– Revised discount rate	(393)	(393)
– Revised costs	(642)	(642)
Unwinding of discount	309	309
Amounts used (payments)	(67)	(67)
Total other provisions at end of year	6,638	6,638

## Nature and purpose of provisions

### Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip and quarry as a result of past operations.

## C3-5 Provisions (continued)

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### Accounting policy

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

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

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

### Asset remediation – tips and quarries

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments 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 2023	Water 2023	Sewer 2023
<b>Income from continuing operations</b>			
Rates and annual charges	89,565	7,167	32,654
User charges and fees	28,430	25,177	4,094
Interest and investment revenue	7,403	1,759	3,450
Other revenues	2,374	171	133
Grants and contributions provided for operating purposes	65,381	697	224
Grants and contributions provided for capital purposes	41,720	3,128	4,143
Other income	1,129	–	–
<b>Total income from continuing operations</b>	<b>236,002</b>	<b>38,099</b>	<b>44,698</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	49,913	5,874	7,727
Materials and services	82,296	12,691	10,594
Borrowing costs	4,965	3,747	–
Depreciation, amortisation and impairment of non-financial assets	32,574	11,465	14,754
Other expenses	1,950	1,495	2,487
Net losses from the disposal of assets	4,763	1,180	987
<b>Total expenses from continuing operations</b>	<b>176,461</b>	<b>36,452</b>	<b>36,549</b>
<b>Operating result from continuing operations</b>	<b>59,541</b>	<b>1,647</b>	<b>8,149</b>
<b>Net operating result for the year</b>	<b>59,541</b>	<b>1,647</b>	<b>8,149</b>
<b>Net operating result attributable to each council fund</b>	59,541	1,647	8,149
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>17,821</b>	<b>(1,481)</b>	<b>4,006</b>

## D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	54,444	343	–
Investments	109,944	66,000	99,500
Receivables	11,715	3,319	3,357
Inventories	961	–	–
Contract assets and contract cost assets	6,122	–	–
Other	555	20	29
<b>Total current assets</b>	<b>183,741</b>	<b>69,682</b>	<b>102,886</b>
<b>Non-current assets</b>			
Investments	101,706	10,006	29,505
Receivables	430	–	–
Inventories	9,830	–	–
Infrastructure, property, plant and equipment	2,200,569	588,779	589,365
Investments accounted for using the equity method	1,566	–	–
Intangible assets	993	13	17
Right of use assets	258	–	–
<b>Total non-current assets</b>	<b>2,315,352</b>	<b>598,798</b>	<b>618,887</b>
<b>Total assets</b>	<b>2,499,093</b>	<b>668,480</b>	<b>721,773</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	26,971	688	326
Contract liabilities	10,604	–	–
Lease liabilities	71	–	–
Borrowings	5,519	2,189	–
Employee benefit provision	20,586	–	–
Provisions	192	–	–
Other	(1,440)	–	1,440
<b>Total current liabilities</b>	<b>62,503</b>	<b>2,877</b>	<b>1,766</b>
<b>Non-current liabilities</b>			
Payables	681	–	–
Lease liabilities	204	–	–
Borrowings	58,130	49,612	–
Employee benefit provision	1,751	–	–
Provisions	7,081	–	–
<b>Total non-current liabilities</b>	<b>67,847</b>	<b>49,612</b>	<b>–</b>
<b>Total liabilities</b>	<b>130,350</b>	<b>52,489</b>	<b>1,766</b>
<b>Net assets</b>	<b>2,368,743</b>	<b>615,991</b>	<b>720,007</b>
<b>EQUITY</b>			
Accumulated surplus	1,149,114	225,379	285,823
Revaluation reserves	1,219,629	390,612	434,184
<b>Council equity interest</b>	<b>2,368,743</b>	<b>615,991</b>	<b>720,007</b>
<b>Total equity</b>	<b>2,368,743</b>	<b>615,991</b>	<b>720,007</b>

## D2 Interests in other entities

\$ '000	Council's share of net assets	
	2023	2022
<b>Council's share of net assets</b>		
<b>Net share of interests in joint ventures and associates using the equity method – assets</b>		
Associates	1,566	1,303
<b>Total net share of interests in joint ventures and associates using the equity method – assets</b>	<b>1,566</b>	<b>1,303</b>

### D2-1 Interests in associates

Council has incorporated the following associates into its consolidated financial statements. On 1 July 2017 Council entered into an agreement with other local councils to operate regional library services. Richmond Tweed Regional Library (RTRL) was previously controlled by Lismore City Council. The execution of the new agreement has resulted in RTRL becoming an associate of Council. Council cannot access the assets of RTRL, but is entitled to, on termination of the agreement, equal share of the total equity as at 1 July 2017 and a share of the changes in equity from this date in the same proportion as Council's financial contributions over the duration of the agreement.

#### Summarised financial information for individually immaterial associates

Council has interest in an individually immaterial joint venture - Richmond Tweed Regional Library - that has been accounted for using the equity method.

\$ '000	2023	2022
<b>Individually immaterial associates</b>		
<b>Aggregate carrying amount of individually immaterial associates</b>	1,566	1,303
<b>Aggregate amounts of Council's share of individually immaterial:</b>		
Profit/(loss) from continuing operations	262	129
<b>Total comprehensive income – individually immaterial associates</b>	<b>262</b>	<b>129</b>

#### Accounting policy

Interests in associates are accounted for using the equity method in accordance with *AASB128 Investments in Associates and Joint Ventures*.

Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the Council's share of losses of an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further losses.

The Council's share in the associates gains or losses arising from transactions between itself and its associate are eliminated.

Adjustments are made to the associates accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.

### D2-2 Subsidiaries, joint arrangements and associates not recognised

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

Name of entity/operation	Principal activity/type of entity	2023	2023
		Net profit	Net assets
<b>North East Weight of Loads Group (NEWLOG)</b>	Enforcement of load weights carried by heavy vehicles.	(145)	492

#### Reasons for non-recognition

The above values represent the entire NEWLOG entity position. Council's share of NEWLOG net assets is 11.11%. Council considers this immaterial to the consolidated financial statements.

## 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 risk management program considers the unpredictability of financial markets relating to financial instruments 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.

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 2023	Carrying value 2022	Fair value 2023	Fair value 2022
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	54,787	31,005	54,787	31,005
Receivables	18,821	15,570	18,821	15,570
Investments				
– Debt securities at amortised cost	305,802	297,770	305,802	297,770
<b>Fair value through profit and loss</b>				
Investments				
– Equity securities at fair value through profit and loss	110,859	109,182	110,859	109,182
<b>Total financial assets</b>	<b>490,269</b>	<b>453,527</b>	<b>490,269</b>	<b>453,527</b>
<b>Financial liabilities</b>				
Payables	28,666	23,980	28,666	23,979
Loans/advances	115,450	120,834	120,507	129,266
<b>Total financial liabilities</b>	<b>144,116</b>	<b>144,814</b>	<b>149,173</b>	<b>153,245</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 Financial Services unit manages the cash and investments portfolio.

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

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether their changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.



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

- **Liquidity risk** – the risk that Council will not have sufficient liquid assets 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 concentrating on investments with high credit ratings or capital guarantees.

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

\$ '000	2023	2022
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	3,058	2,980
Impact of a 10% movement in price of investments		
– Equity / Income Statement	11,086	10,918

### (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. Council also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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	overdue rates and annual charges < 5 years	≥ 5 years	Total
<b>2023</b>				
Gross carrying amount	2,173	3,047	604	5,824
2022				
Gross carrying amount	–	4,630	526	5,156

##### Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses,

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

non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2023</b>						
Gross carrying amount	18,061	–	410	153	594	19,218
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ECL provision</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>2022</b>						
Gross carrying amount	13,430	–	247	14	552	14,243
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ECL provision</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

### (c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – the risk that insufficient liquid 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.

Payment terms can (in extenuating circumstances) also be extended and 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.

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

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2023</b>							
Payables	0.00%	4,039	23,946	681	–	28,666	28,666
Borrowings	6.78%	–	15,396	57,182	97,247	169,825	115,450
<b>Total financial liabilities</b>		<b>4,039</b>	<b>39,342</b>	<b>57,863</b>	<b>97,247</b>	<b>198,491</b>	<b>144,116</b>
<b>2022</b>							
Payables	0.00%	3,201	20,035	744	–	23,980	23,980
Borrowings	6.81%	–	15,744	57,779	108,102	181,625	120,834
<b>Total financial liabilities</b>		<b>3,201</b>	<b>35,779</b>	<b>58,523</b>	<b>108,102</b>	<b>205,605</b>	<b>144,814</b>

## E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Financial assets

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).

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2023	2022
		2023	2022	2023	2022	2023	2022
<b>Recurring fair value measurements</b>							
<b>Financial assets</b>							
Financial investments	C1-2						
At fair value through profit and loss		<b>110,859</b>	109,182	–	–	<b>110,859</b>	109,182
<b>Total financial assets</b>		<b>110,859</b>	109,182	–	–	<b>110,859</b>	109,182
<b>Infrastructure, property, plant and equipment</b>							
Operational land	C1-7	<b>462,444</b>	411,410	–	–	<b>462,444</b>	411,410
Community land including Crown land		–	–	<b>165,245</b>	165,102	<b>165,245</b>	165,102
Land under roads		–	–	<b>72,577</b>	72,698	<b>72,577</b>	72,698
Buildings		–	–	<b>165,451</b>	157,268	<b>165,451</b>	157,268
Roads (including bulk earthworks)		–	–	<b>717,531</b>	856,573	<b>717,531</b>	856,573
Bridges		–	–	<b>201,358</b>	191,860	<b>201,358</b>	191,860
Footpaths		–	–	<b>29,277</b>	28,117	<b>29,277</b>	28,117
Stormwater drainage		–	–	<b>187,473</b>	178,307	<b>187,473</b>	178,307
Water supply network		–	–	<b>509,765</b>	479,956	<b>509,765</b>	479,956
Sewerage network		–	–	<b>494,539</b>	454,329	<b>494,539</b>	454,329
<b>Total infrastructure, property, plant and equipment</b>		<b>462,444</b>	411,410	<b>2,543,216</b>	2,584,210	<b>3,005,660</b>	2,995,620

## E2-1 Fair value measurement (continued)

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### Valuation techniques

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

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

#### Financial assets

Council's financial assets are held in a number of forms including cash on hand and at bank, deposits at call, term deposits, floating rate notes and fixed rate bonds. Of these, floating rate notes and fixed rate bonds are fair valued.

These investments are valued by Laminar Group Pty Ltd, using marked to market methodology. Laminar has elected to use the mid-price, that is, the price point that falls halfway between the bid and offer spread to value securities held in portfolios within the Treasury Direct system. Typically when an asset has no bid price or ask price, other level 2 inputs are used to determine the most appropriate fair value, such as quoted prices for similar assets, interest rates, yield curves and credit spreads. Appropriateness may change depending upon market conditions and asset type.

Movements in investments, including fair value movements, are reported to Council monthly.

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

#### Operational Land

Council's operational land includes all of Council's land classified as operational land under the Local Government Act 1993. Land use is extremely varied and includes public parks, drainage reserves, sportsfields, sewer pump stations and other uses.

A comprehensive revaluation is ordinarily completed every five years, the most recent one being performed for 30 June 2023 by APV Valuers and Asset Management.

Values are indexed in others years - only where the percentage indexation results in a material change - as per the latest engloblo land valuations provided for the state valuer.

Where there is an active and liquid market, Fair Value is Market Value being highest and best use. When there is no active and liquid market, assessment is made as to whether there is alternative market evidence such as sales of dissimilar but comparable land. Where there is no observable market evidence, Fair Value is then determined by the cost to acquire it (Current Replacement Cost) rather than the amount for which it could be sold (Market Value).

Operational land has historically been valued at highest and best use; that is at values provided by independent professional valuers. The *Local Government Code of Accounting Practice and Financial Reporting – Appendix F* – references NSW Treasury Policy Paper TPP14-01 which promotes the need to take restrictions on assets into account in determining asset values. Canal land which is predominately under water has been re assessed using Valuer Generals' valuations.

The key unobservable input to the valuation is the rate per square metre. Influencing elements in determining a rate per square metre include market movements, location, size, shape, access, topography, exposure to traffic and facilities, condition (Impairment), use / zoning and flooding risk levels.

This asset class is categorised as Level 2.

#### Community Land

Council's Community Land is land owned by Council and Crown Land administered by Council. It is land intended for public access and use or where other restrictions applied to the land create some obligation to maintain public access. Many of these parcels of land have no practical use other than for parks, reserves and cemeteries. Community Land cannot be sold, cannot be leased or licensed for more than 21 years at a time and must have a plan of management for it.

A revaluation was performed in 2021/22, based on Valuer General issued Unimproved Capital Values (UCV) for properties with a base date of 1 July 2019. Only in a couple of instances where the Valuer has not yet provided a land value, a unit rate per square metre is applied at the same rate as a similar community land parcel within close proximity.

A revaluation is performed every three years following the issue of new values by the Valuer General. Accordingly, it is considered that indexation in the between years is not required.

## E2-1 Fair value measurement (continued)

The key unobservable input to the valuation is the rate per square metre. Influencing elements in determining rate per square metre include market movements, location, size, shape, access, topography, exposure to traffic and facilities, condition (Impairment), use / zoning and flooding risk levels.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

### Land under Roads

Land under Roads is land under roadways, and road reserves, including land under footpaths, nature strips and median strips, as per AASB1051.

Land under Roads was recognised for the first time at 30 June 2011. Council elected to recognise Land under Roads acquired pre 1 July 2008 and post 30 June 2008 as per ASSB 116 - Property, Plant and Equipment. Fair Value for Land under Roads was determined using the Englobo methodology derived from the Local Government Code of Accounting Practice and Financial Reporting. This method applies the total shires road reserve in square metres to the average shires rate calculated from the latest Valuers General Unimproved Capital Values (UCV), with a 90% discount.

A revaluation was performed 2021/22, when the Valuer General issued Unimproved Capital Values (UCV) for properties with a base date of 1 July 2019.

This asset class is categorised as Level 3 as inputs used in the valuation require significant professional judgement and are therefore unobservable.

### Buildings

Buildings are owned or controlled. They are componentised into Floor, Building Envelope, Floor Fit-out, Internal Screens Fit-out, Roof, Mechanical Services, Fire Services and Transportation and Security Services. Building use is extremely varied and includes civic centre administration, depot, community and cultural services such as museums, art galleries, libraries, childcare and aged care, sport and recreation clubhouse amenities and public amenities.

A comprehensive revaluation is ordinarily completed every five years, the most recent one being performed for 30 June 2023 by a registered valuation company.

Values are indexed in others years - only where the percentage indexation results in a material change - as per the Producer Price Index – Non-residential building construction New South Wales published by the Australian Bureau of Statistics.

Where there is an active and liquid market, Fair Value is Market Value being highest and best use. When there is no active and liquid market, assessment is made as to whether there is alternative market evidence; Such as sales of dissimilar but comparable buildings or if the value is driven by its cash generation, a Discounted Cash Flow (DCF) approach is used to determine its fair value. Where there is no observable market evidence, Fair Value is then determined by the cost to acquire it (Depreciated Current Replacement Cost) rather than what you could sell it for (Market Value).

This asset class is categorised as Level 3 with the key unobservable input to the valuation being the Gross Replacement Cost which is influenced by changes in construction costs. Other unobservable inputs are condition changes to any of the buildings components and hence patterns of consumption and remaining useful life. Professional judgement is required to establish the value of a building which is intrinsically linked to the value of the associated land, as combined, they represent fair value of the entire parcel.

The depreciation method used for this asset class is straight line.

### Roads

This asset class comprises the Road Carriageway, Car Parks, Kerb and Gutter, Retaining Walls and Traffic Facilities. The road carriageway consists of the trafficable portion of a road, between but not including the kerb and gutter. The road carriageway is componentised into surface, pavement, pavement sub base and formation and further separated into segments for inspection and valuation.

A valuation of Road assets is undertaken on a five year cycle with values indexed in others years - only where the percentage indexation results in a material change - as per the Producer Price Index – Road and Bridge Construction New South Wales published by the Australian Bureau of Statistics. In accordance with the indice to June 2023 an indexation of 5.9% was applied in 2022/23.

The valuation process commences with a condition assessment of each asset. A condition scale of 1 to 5 is assigned to each asset, with 1 representing excellent condition and 5 representing very poor condition. The condition of Tweed Shire Council's

## E2-1 Fair value measurement (continued)

road segment asset stock is determined by visual inspection in a revaluation year, with the latest condition assessment undertaken in 2020.

Valuations for this asset class were assessed and provided by a registered valuation company. Technical information for the valuation was extracted from Council's asset management system.

Assets were valued using the cost approach. The unit rates are then applied to square or lineal meters as applicable to establish replacement cost at component level. The value of each component is summed to arrive at an overall fair value for an individual asset.

This asset class is categorised Level 3 as extensive professional judgment was required in applying unobservable inputs including the pattern of consumption and remaining service potential. These inputs impacted significantly on the determination of fair value.

The depreciation method used for this asset class is condition based straight-line.

### Bridges

Council's Bridge asset register consists of all pedestrian and vehicle access bridges. Bridge assets are componentised into significant parts with different useful lives and patterns of consumption, including the Sub Structure (abutments and foundations), Super Structure, Rails and Surface (where applicable).

A valuation of Bridge assets is undertaken on a five year cycle with values indexed in others years - only where the percentage indexation results in a material change - as per the Producer Price Index – Road and Bridge Construction New South Wales published by the Australian Bureau of Statistics. In accordance with the indice to June 2023 an indexation of 5.9% was applied in 2022/23.

The valuation process commences with a condition assessment of each asset. Bridges were physically inspected to determine condition. A condition scale of 1 to 5 is assigned to each asset, with 1 representing excellent condition and 5 representing very poor condition. The data collected is used to calculate the remaining service potential of each asset with the latest condition assessment undertaken in 2020.

Valuations for this asset class were assessed and provided by a registered valuation company. Technical information for the valuation was extracted from Council's asset management system.

Assets were valued using the cost approach. The unit rates are then applied to square or lineal meters as applicable to establish replacement cost at component level. The value of each component is summed to arrive at an overall fair value for an individual asset.

This asset class is categorised Level 3 as extensive professional judgment was required in applying unobservable inputs including the pattern of consumption, useful life and remaining life. These inputs impacted significantly on the determination of fair value.

The depreciation method used for this asset class is condition based straight-line.

### Footpaths

This asset class consists of footpaths on road reserves and cycle-ways on Council owned and controlled reserves. Footpaths are segmented to match the adjacent road segment. No further componentisation is undertaken.

A valuation of Footpath assets is undertaken on a five year cycle with values indexed in others years - only where the percentage indexation results in a material change - as per the Producer Price Index – Road and Bridge Construction New South Wales published by the Australian Bureau of Statistics. In accordance with the indice to June 2023 an indexation of 5.9% was applied in 2022/23.

A condition assessment was undertaken by an external provider in 2020 to determine footpath condition ratings. A condition scale of 1 to 5 is assigned to each asset, with 1 representing excellent condition and 5 representing very poor condition. Footpath unit rates were developed by a registered valuation company. Assets were valued using the cost approach.

This asset class is categorised Level 3 as extensive professional judgement based on historical information and experience was applied in determining and remaining useful life. The depreciation method used for this asset class is condition based straight-line.

## E2-1 Fair value measurement (continued)

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### **Drainage Infrastructure**

This asset class consists of pits, pipes, open channels, culverts and headwalls. Pipes are segmented from node to node. No further componentisation is undertaken.

A valuation of Drainage assets is undertaken on a five year cycle with values indexed in others years - only where the percentage indexation results in a material change - as per the Producer Price Index – Road and Bridge Construction New South Wales published by the Australian Bureau of Statistics. In accordance with the indice to June 2023 an indexation of 5.9% was applied in 2022/23.

Fair Values were calculated by a registered valuation company as at 30 June 2020. Assets were valued using the cost approach.

This asset class is categorised Level 3 as extensive professional judgment was required in applying unobservable inputs including the pattern of consumption, useful life, and remaining life. Asset conditions are assumed based on the age of the pipe with some sample testing via CCTV inspections. A condition scale of 1 to 5 is assigned to each asset, with 1 representing excellent condition and 5 representing very poor condition. The depreciation method used for this asset class is condition based straight-line.

### **Water Supply Network**

Assets within this class comprise dams, weirs, reservoirs, water treatment plant, water pumping stations and water pipelines. This asset class is classified as being valued using Level 3 inputs.

The water supply network, was revalued for 1 July 2021. The Gross Current Replacement Value had been assessed on the basis of replacement with a new asset having similar service potential and includes allowances for installation and professional fees. The Gross Current Replacement Value costings were derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, NSW Reference Rates Manual, Rawlinson's (Australian Construction Handbook), Tweed Shire Council and APV internal database of costs. The Fair Value is the Gross Current Replacement Value less accumulated depreciation calculated to reflect the consumed or expired service potential of the asset. The depreciation of the assets was carried out by conducting a condition assessment of each asset at component level. Components have varying useful lives and consumption patterns.

These assets are indexed annually using the rate as determined by NSW DPI Water, being 7.71% for the 2022/23 reporting period. This asset class is classified as being valued using Level 3 inputs.

### **Sewerage Network**

Assets within this class comprise sewer treatment plants, sewer pumping stations, sewer pipelines. This asset class is classified as being valued using Level 3 inputs.

The sewerage network, was revalued for 1 July 2021. The Gross Current Replacement Value had been assessed on the basis of replacement with a new asset having similar service potential and includes allowances for installation and professional fees. The Gross Current Replacement Value costings were derived from reference to costing guides issued by the Australian Institute of Quantity Surveyors, NSW Reference Rates Manual, Rawlinson's (Australian Construction Handbook), Tweed Shire Council and APV internal database of costs. The Fair Value is the Gross Current Replacement Value less accumulated depreciation calculated to reflect the consumed or expired service potential of the asset. The depreciation of the assets was carried out by conducting a condition assessment of each asset at component level. Components have varying useful lives and consumption patterns.

These assets are indexed annually using the rate as determined by NSW DPI Water, being 7.71% for the 2022/23 reporting period.



## E2-1 Fair value measurement (continued)

### Fair value measurements using significant unobservable inputs (level 3)

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

\$ '000	Community Land		Land under Roads		Buildings		Roads	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>165,102</b>	146,762	<b>72,698</b>	59,802	<b>163,987</b>	142,048	<b>673,217</b>	612,391
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	143	18,075	–	12,983	310	23,449	39,996	66,435
<b>Other movements</b>								
Purchases (GBV)	–	286	39	25	2,077	4,047	21,105	15,691
Disposals (WDV)	–	–	(160)	(112)	(325)	(407)	(3,972)	(3,449)
Depreciation and impairment	–	–	–	–	(703)	(5,150)	(12,857)	(17,851)
Other movement	–	(21)	–	–	105	–	42	–
<b>Closing balance</b>	<b>165,245</b>	165,102	<b>72,577</b>	72,698	<b>165,451</b>	163,987	<b>717,531</b>	673,217

\$ '000	Bridges		Footpaths		Stormwater drainage		Water supply network	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>191,860</b>	175,627	<b>28,117</b>	25,374	<b>178,307</b>	161,777	<b>479,956</b>	506,387
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	11,218	17,918	1,632	2,735	10,445	17,651	36,662	(24,703)
<b>Other movements</b>								
Purchases (GBV)	30	689	814	844	1,757	1,591	5,719	10,203
Disposals (WDV)	(101)	(100)	(2)	(90)	(19)	(4)	(1,176)	(1,032)
Depreciation and impairment	(1,649)	(2,274)	(839)	(782)	(3,017)	(2,708)	(11,381)	(10,899)
Other movement	–	–	(445)	36	–	–	(15)	–
<b>Closing balance</b>	<b>201,358</b>	191,860	<b>29,277</b>	28,117	<b>187,473</b>	178,307	<b>509,765</b>	479,956

\$ '000	Sewerage network		Total	
	2023	2022	2023	2022
<b>Opening balance</b>	<b>464,153</b>	538,027	<b>2,417,397</b>	<b>2,368,195</b>
Recognised in other comprehensive income – revaluation surplus	35,608	(63,962)	136,014	70,581
Purchases (GBV)	10,303	4,761	41,844	38,137
Disposals (WDV)	(988)	(1,004)	(6,743)	(6,198)
Depreciation and impairment	(14,537)	(13,669)	(44,983)	(53,333)
Other movement	–	–	(313)	15
<b>Closing balance</b>	<b>494,539</b>	464,153	<b>2,543,216</b>	<b>2,417,397</b>

### 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 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

##### *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.

## E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$654,241,46. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$315,822.00. Council's expected contribution to the plan for the next annual reporting period is \$578,764.56.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 1.58%

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

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

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

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2023.

### 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.

### ASSETS NOT RECOGNISED

#### (i) Infringement notices/fines

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

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

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

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

## F People and relationships

### F1 Related party disclosures

#### F1-1 Key management personnel (KMP)

Key management personnel (KMP) of Council are those councillors and management personnel 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	2023	2022
<b>Compensation:</b>		
Short-term benefits	2,091	2,017
Post-employment benefits	168	157
Other long-term benefits	55	54
<b>Total</b>	<b>2,314</b>	<b>2,228</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	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
<b>2023</b>						
Employee expenses relating to close family members of KMP	1	169	-		-	-
<b>2022</b>						
Employee expenses relating to close family members of KMP	1	164	-		-	-

<sup>1</sup> Close family members of Council's KMP are employed by Council under the relevant pay award on an arm's length basis. There is 1 close family member of KMP currently employed by Council.

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

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	62	55
Councillors' fees	207	180
<b>Total</b>	<b>269</b>	<b>235</b>

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2023	2022
During the year, the following fees were incurred for services provided by the auditors of Council		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	114	115
Other assurance services	-	3
<b>Total fees paid or payable to the Auditor-General</b>	<b>114</b>	<b>118</b>
<b>Total audit fees</b>	<b>114</b>	<b>118</b>

## G Other matters

### G1-1 Statement of Cash Flows information

#### (a) Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
<b>Net operating result from Income Statement</b>	<b>69,337</b>	27,770
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	58,793	54,457
(Gain) / loss on disposal of assets	6,930	6,469
Non-cash capital grants and contributions	(8,166)	(7,200)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	–	3,758
– Investment property	(356)	–
- Unwinding of discount rates on reinstatement provisions	649	(367)
Share of net (profits)/losses of associates/joint ventures using the equity method	(262)	(130)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(3,272)	1,457
(Increase) / decrease of inventories	(107)	(88)
(Increase) / decrease of other current assets	33	(115)
(Increase) / decrease of contract asset	(2,392)	(1,732)
Increase / (decrease) in payables	1,662	3,206
Increase / (decrease) in accrued interest payable	(26)	(26)
Increase / (decrease) in other accrued expenses payable	(59)	505
Increase / (decrease) in other liabilities	2,631	530
Increase / (decrease) in contract liabilities	(697)	(2,431)
Increase / (decrease) in employee benefit provision	(938)	(2,758)
Increase / (decrease) in other provisions	(15)	(426)
<b>Net cash flows from operating activities</b>	<b>123,745</b>	<b>82,879</b>

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

Art gallery	456	146
Development contributions – general	5,433	3,991
Development contributions – water	567	1,220
Development contributions – sewerage	1,711	844
Impairment loss	8,062	(8,129)
<b>Total non-cash investing and financing activities</b>	<b>16,229</b>	<b>(1,928)</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	3,636	181
Plant and equipment	478	289
Infrastructure	37,482	13,304
<b>Total commitments</b>	<b>41,596</b>	<b>13,774</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	41,596	13,774
<b>Total payable</b>	<b>41,596</b>	<b>13,774</b>

#### Details of capital commitments

Capital commitments represent the unfulfilled portion of contracts awarded for asset related capital works, such as roads, water and sewer infrastructure.

## G3-1 Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

## G4 Changes from prior year statements

### G4-1 Changes in accounting estimates

#### Nature and effect of changes in accounting estimates on current year

During the year ended 30 June 2023, management reassessed the depreciation methodology to be applied to its water and sewer assets. Previously these assets were being depreciated based on an estimated pattern of consumption. However, as part of the comprehensive revaluation undertaken over these asset classes during the year, Council determined that the straight-line method of depreciation was considered to be a more appropriate methodology that better reflects the pattern of expected economic consumption of these assets.

## G5 Statement of developer contributions as at 30 June 2023

### G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	324	27	–	–	8	(23)	–	336	–
Roads	29,100	3,068	–	–	675	(409)	–	32,434	–
Traffic facilities	225	16	–	–	5	–	–	246	–
Parking	1,176	193	–	–	28	(366)	–	1,031	–
Open space	16,894	1,534	–	–	388	(432)	–	18,384	–
Community facilities	6,321	591	–	–	147	(65)	–	6,994	–
Other	1,929	523	–	–	49	(464)	–	2,037	–
Path/cycleways	847	113	–	–	20	(25)	–	955	–
Street trees	303	7	–	–	7	(1)	–	316	–
<b>S7.11 contributions – under a plan</b>	<b>57,119</b>	<b>6,072</b>	<b>–</b>	<b>–</b>	<b>1,327</b>	<b>(1,785)</b>	<b>–</b>	<b>62,733</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>57,119</b>	<b>6,072</b>	<b>–</b>	<b>–</b>	<b>1,327</b>	<b>(1,785)</b>	<b>–</b>	<b>62,733</b>	<b>–</b>
<b>Total contributions</b>	<b>57,119</b>	<b>6,072</b>	<b>–</b>	<b>–</b>	<b>1,327</b>	<b>(1,785)</b>	<b>–</b>	<b>62,733</b>	<b>–</b>

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

### G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
<b>CONTRIBUTION PLAN NUMBER 1</b>									
Open space	5,854	49	–	–	130	(2)	–	6,031	–
<b>Total</b>	<b>5,854</b>	<b>49</b>	<b>–</b>	<b>–</b>	<b>130</b>	<b>(2)</b>	<b>–</b>	<b>6,031</b>	<b>–</b>
<b>CONTRIBUTION PLAN NUMBER 2</b>									
Drainage	69	17	–	–	2	(1)	–	87	–
<b>Total</b>	<b>69</b>	<b>17</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>(1)</b>	<b>–</b>	<b>87</b>	<b>–</b>
<b>CONTRIBUTION PLAN NUMBER 3</b>									
Community facilities	2	–	–	–	–	–	–	2	–
<b>Total</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>–</b>
<b>CONTRIBUTION PLAN NUMBER 4</b>									

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## G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
Roads	28,991	3,068	-	-	673	(409)	-	32,323	-	
<b>Total</b>	<b>28,991</b>	<b>3,068</b>	<b>-</b>	<b>-</b>	<b>673</b>	<b>(409)</b>	<b>-</b>	<b>32,323</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 5</b>										
Open space	972	68	-	-	22	(46)	-	1,016	-	
<b>Total</b>	<b>972</b>	<b>68</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>(46)</b>	<b>-</b>	<b>1,016</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 6</b>										
Street trees	303	7	-	-	7	(1)	-	316	-	
<b>Total</b>	<b>303</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>(1)</b>	<b>-</b>	<b>316</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 7</b>										
Drainage	255	10	-	-	6	(22)	-	249	-	
Open space	966	15	-	-	21	(1)	-	1,001	-	
<b>Total</b>	<b>1,221</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>(23)</b>	<b>-</b>	<b>1,250</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 11</b>										
Community facilities (libraries)	1,508	211	-	-	37	(60)	-	1,696	-	
<b>Total</b>	<b>1,508</b>	<b>211</b>	<b>-</b>	<b>-</b>	<b>37</b>	<b>(60)</b>	<b>-</b>	<b>1,696</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 12</b>										
Traffic facilities – bus shelters (other)	225	16	-	-	5	-	-	246	-	
<b>Total</b>	<b>225</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>246</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 13</b>										
Other (cemeteries)	145	30	-	-	4	(44)	-	135	-	
<b>Total</b>	<b>145</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>(44)</b>	<b>-</b>	<b>135</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 14</b>										
Roads (mebbin springs)	109	-	-	-	2	-	-	111	-	
<b>Total</b>	<b>109</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>111</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 15</b>										
Community facilities	3,141	324	-	-	72	(5)	-	3,532	-	
<b>Total</b>	<b>3,141</b>	<b>324</b>	<b>-</b>	<b>-</b>	<b>72</b>	<b>(5)</b>	<b>-</b>	<b>3,532</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 16</b>										
Other (surf lifesaving)	116	4	-	-	3	-	-	123	-	
<b>Total</b>	<b>116</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>123</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 18</b>										
Other (council admin fees)	1,668	489	-	-	42	(420)	-	1,779	-	

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## G5-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
<b>Total</b>	<b>1,668</b>	<b>489</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>(420)</b>	<b>-</b>	<b>1,779</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 19</b>										
Open space	91	69	-	-	3	-	-	163	-	
Community facilities	1,625	102	-	-	37	-	-	1,764	-	
Path/cycleways	124	-	-	-	3	-	-	127	-	
<b>Total</b>	<b>1,840</b>	<b>171</b>	<b>-</b>	<b>-</b>	<b>43</b>	<b>-</b>	<b>-</b>	<b>2,054</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 21</b>										
Open space	7	(7)	-	-	-	-	-	-	-	
Community facilities	45	(46)	-	-	1	-	-	-	-	
<b>Total</b>	<b>52</b>	<b>(53)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 22</b>										
Path/cycleways (shire wide cycleways)	723	113	-	-	17	(25)	-	828	-	
<b>Total</b>	<b>723</b>	<b>113</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>(25)</b>	<b>-</b>	<b>828</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 23</b>										
Parking (shire wide car parking)	1,176	193	-	-	28	(366)	-	1,031	-	
<b>Total</b>	<b>1,176</b>	<b>193</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>(366)</b>	<b>-</b>	<b>1,031</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 25</b>										
Open space (salt open space)	1,759	-	-	-	23	-	-	1,782	-	
<b>Total</b>	<b>1,759</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>1,782</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 26</b>										
Open space (shirewide)	5,765	1,159	-	-	156	(306)	-	6,774	-	
<b>Total</b>	<b>5,765</b>	<b>1,159</b>	<b>-</b>	<b>-</b>	<b>156</b>	<b>(306)</b>	<b>-</b>	<b>6,774</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 27</b>										
Open space	646	59	-	-	15	(2)	-	718	-	
<b>Total</b>	<b>646</b>	<b>59</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>(2)</b>	<b>-</b>	<b>718</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 28</b>										
Open space	835	122	-	-	18	(75)	-	900	-	
<b>Total</b>	<b>835</b>	<b>122</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>(75)</b>	<b>-</b>	<b>900</b>	<b>-</b>	
Open space	(1)	-	-	-	-	-	-	(1)	-	
<b>Total</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	

## G6 Statement of performance measures

### G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022      2021		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>26,658</b>	<b>9.90%</b>	5.30%	6.96%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>269,190</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>202,888</b>	<b>63.76%</b>	75.87%	74.02%	> 60.00%
Total continuing operating revenue inclusive of all grants and contributions <sup>1</sup>	<b>318,181</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>161,728</b>	<b>8.87x</b>	0.92x	0.80x	> 1.50x
Current liabilities less specific purpose liabilities	<b>18,232</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>94,163</b>	<b>5.73x</b>	4.77x	1.90x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>16,447</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>6,651</b>	<b>4.90%</b>	4.50%	4.16%	< 10.00%
Rates and annual charges collectable	<b>135,735</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>360,589</b>	<b>22.74</b>	25.11	23.08	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>15,856</b>	<b>months</b>	months	months	months

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

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

## G6-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>11.34%</b>	3.37%	<b>(0.86)%</b>	(2.17)%	<b>12.31%</b>	13.40%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>54.50%</b>	68.63%	<b>89.96%</b>	90.19%	<b>90.23%</b>	94.10%	> 60.00%
Total continuing operating revenue inclusive of all grants and contributions <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>8.87x</b>	0.92x	<b>24.22x</b>	14.42x	<b>58.26x</b>	114.68x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>5.59x</b>	4.41x	<b>2.57x</b>	2.27x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>5.05%</b>	4.60%	<b>5.88%</b>	4.18%	<b>4.28%</b>	4.30%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>13.10 months</b>	14.57 months	<b>33.96 months</b>	39.10 months	<b>73.34 months</b>	71.27 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G6-1 above.

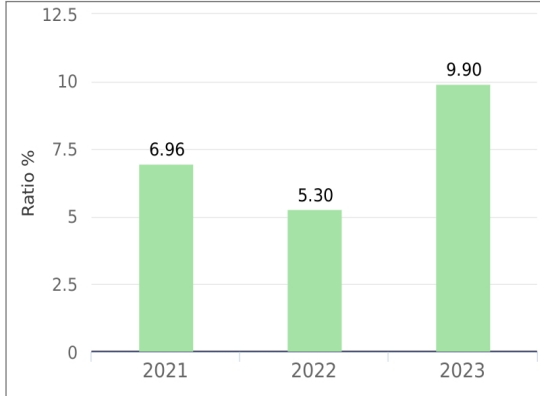
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

**End of the audited financial statements**

## H Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



#### Purpose of operating performance ratio

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

#### Commentary on 2022/23 result

**2022/23 ratio 9.90%**

The ratio increased in the current year, largely due to the increased level of flood related repair grants received. Due to timing and the quantity of work required, the related repair expenditure was not spent at balance date.

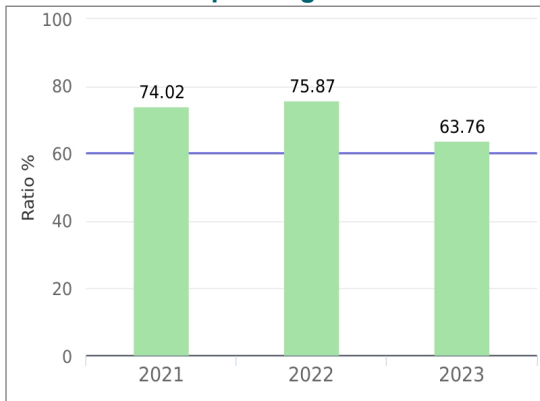
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



#### Purpose of own source operating revenue ratio

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

#### Commentary on 2022/23 result

**2022/23 ratio 63.76%**

Unpredicted significant flood events created a relatively higher reliance on flood related grant income during 2023.

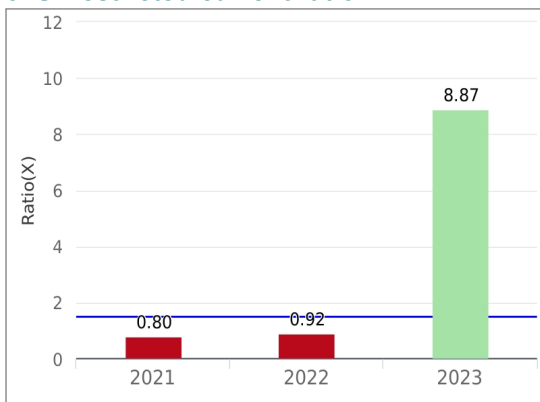
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



#### Purpose of unrestricted current ratio

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

#### Commentary on 2022/23 result

**2022/23 ratio 8.87x**

The ratio improved during the year due to an increase in unrestricted current versus non-current investments held at balance date. This was achieved, in part, through a restructure of the investment portfolio during the year for underperforming non-current term deposits against market rates. It was also the result of treasury management responding to market conditions and yield curve trends during 2023.

Benchmark: — > 1.50x

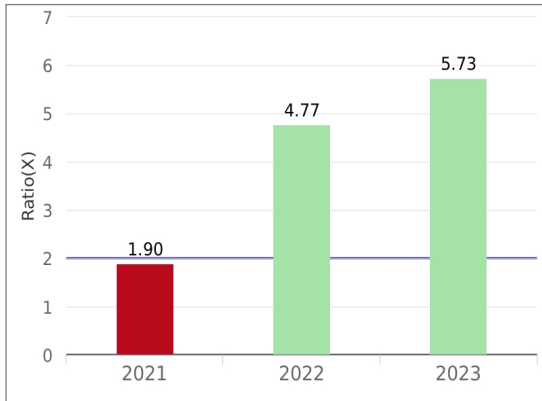
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

## 4. Debt service cover ratio



**Purpose of debt service cover ratio**

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

**Commentary on 2022/23 result**

**2022/23 ratio 5.73x**

This ratio improved in line with the increased operating result for the year, assisted by increased grant income.

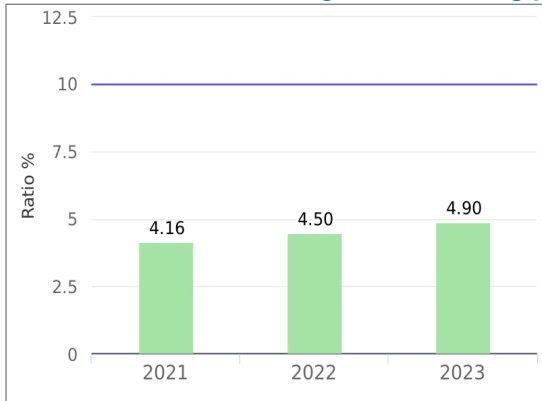
Benchmark: — > 2.00x

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 2022/23 result**

**2022/23 ratio 4.90%**

Due to increased cost of living pressures, the ratio has increased from prior years. However, the ratio remains well below the benchmark.

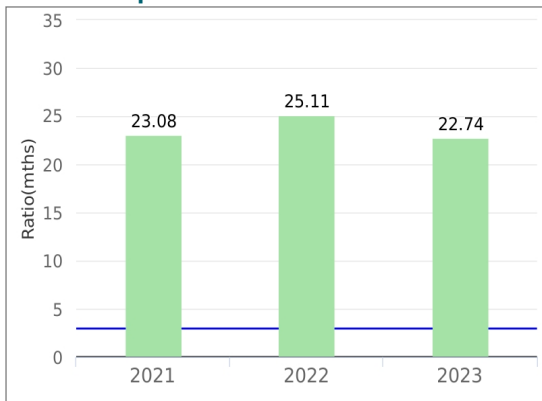
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## 6. Cash expense cover ratio



**Purpose of cash expense cover ratio**

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

**Commentary on 2022/23 result**

**2022/23 ratio 22.74 months**

The ratio remains well above the 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

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**Principal place of business:**

Civic & Cultural Centre  
10-14 Tumbulgum Road  
Murwillumbah NSW 2484

**Contact details**

**Mailing Address:**

PO Box 816  
Murwillumbah NSW 2484

**Telephone:** 02 6670 2400

**Opening hours:**

9:00am - 4:00pm  
Monday to Friday  
Closed Public Holidays

**Internet:** [www.tweed.nsw.gov.au](http://www.tweed.nsw.gov.au)

**Email:** [tsc@tweed.nsw.gov.au](mailto:tsc@tweed.nsw.gov.au)

**Officers**

**General Manager**  
Troy Green

**Responsible Accounting Officer**

Michael Chorlton

**Auditor**

Audit Office of New South Wales

**Elected members**

**Mayor**  
Chris Cherry

**Councillors**

Reece Byrnes  
Rhiannon Brinsmead  
Meredith Dennis  
Nola Firth  
James Owen  
Warren Polglase

**Other information**

**ABN:** 90 178 732 496



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

To the Councillors of Tweed Shire Council

## Opinion

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

In my opinion:

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

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

## Basis for Opinion

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

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

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



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

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

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

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

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Quentin Wong  
Delegate of the Auditor-General for New South Wales

30 October 2023  
SYDNEY



Cr Chris Cherry  
Mayor  
Tweed Shire Council  
PO Box 816  
MURWILLUMBAH NSW 2484

Contact: Quentin Wong  
Phone no: 02 9275 7454  
Our ref: R008-16585809-47046

30 October 2023

Dear Mayor

## Report on the Conduct of the Audit for the year ended 30 June 2023 Tweed Shire Council

I have audited the general purpose financial statements (GPFS) of Tweed Shire Council (the Council) for the year ended 30 June 2023 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2023 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

### INCOME STATEMENT

#### Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	129.4	125.3	3.3
Grants and contributions revenue	115.3	58.4	97.4
Materials and Services	105.6	77.0	37.1

Operating result from continuing operations	69.3	27.8	149.3
Net operating result before capital grants and contributions	20.3	1.3	1,461.5

Rates and annual charges revenue (\$129.4 million) increased by \$4.1 million (3.3 per cent) in 2022–23. The IPART approved rate peg was 1.7 per cent.

Grants and contributions revenue (\$115.3 million) increased by \$56.9 million (97.4 per cent) in 2022–23 primarily due to increase of \$34.3 million in operating grants and increase of \$22.6 million in capital grants.

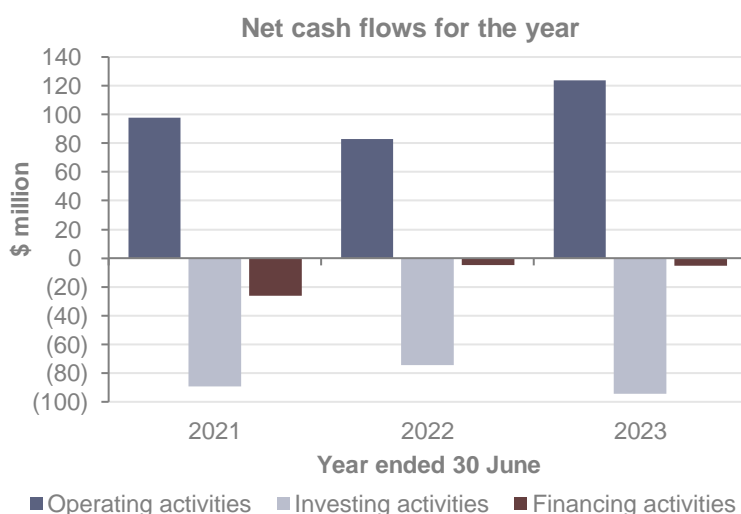
The Council's operating result from continuing operations of \$69.3 million (including depreciation, amortisation and impairment expense of \$58.8 million) was \$41.5 million higher than the 2021–22 result. The increase in operating result is largely attributed to the following:

- increase of \$56.9 million in grants and contributions revenue
- increase of \$6.8 million in user charges and fees revenue
- increase of \$8.0 million in interest and investment income
- increase of \$28.6 million in material and service expenditure

The net operating result before capital grants and contributions of \$20.4 million was \$19.1 million higher than the 2021–22 result.

## STATEMENT OF CASH FLOWS

- Net cash provided by operating activities increased by \$40.8 million. This is largely due to an increase in grants and contributions received.
- Net cash used in investing activities increased by \$20.1 million. This is largely due to increased payments of \$33.6 million for infrastructure, property, plant & equipment, which is offset through a net decrease in financial investments of \$17.0 million.
- Net cash used in financing activities increased by \$0.6 million. This is largely due to increased repayment of borrowings of \$0.5 million.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>471.4</b>	<b>438.0</b>	Externally restricted balances mainly comprise of developer contributions, water supplies and sewerage services. The Council's external restricted balance has increased by \$40 million mainly due to increase in sewerage services, unexpended grants and developer contributions.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	328.3	288.3	
• Internal allocations	141.4	144.7	Internal allocations are determined by Council policies or decisions, which are subject to change. Internally allocated cash and investments have decreased by \$3.3 million primarily due to decrease in non-DWM management by \$4.6 million.

### Debt

At 30 June 2023, Council had

- \$115.5 million in secured loans (\$120.8 million in 2021–22)
- \$1.0 million in bank overdraft facility with nil drawn down
- \$0.3 million in credit card facility with \$0.033 million used.

## PERFORMANCE

### Performance measures

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

#### Operating performance ratio

The Council met the benchmark for the current reporting period.

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



### Own source operating revenue ratio

The Council met the benchmark for the current reporting period.

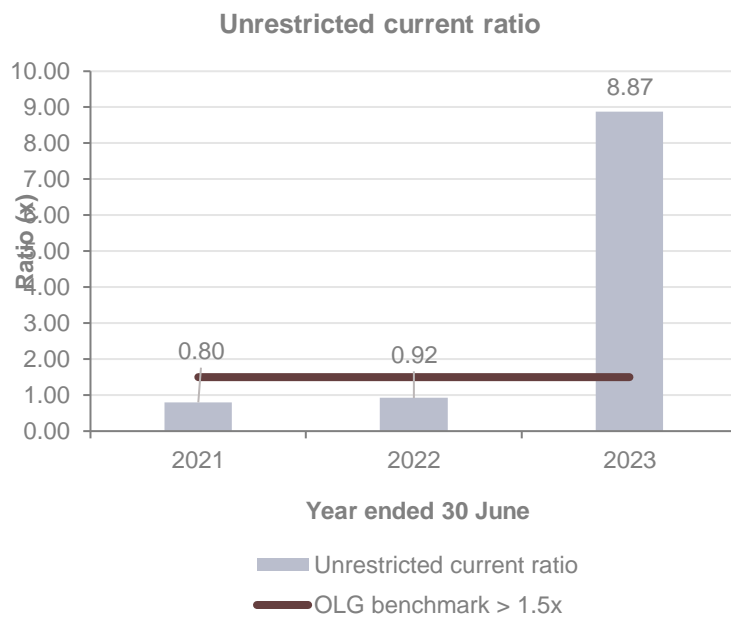
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

The Council met the benchmark for the current reporting period.

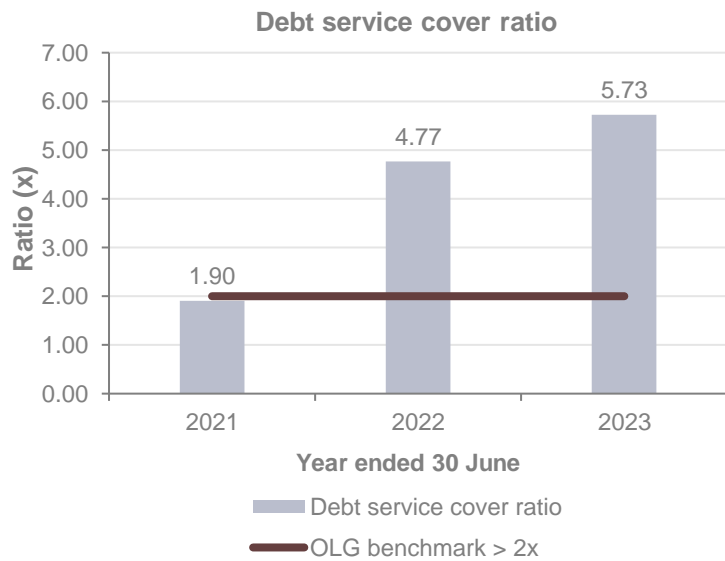
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

The Council met the benchmark for the current reporting period.

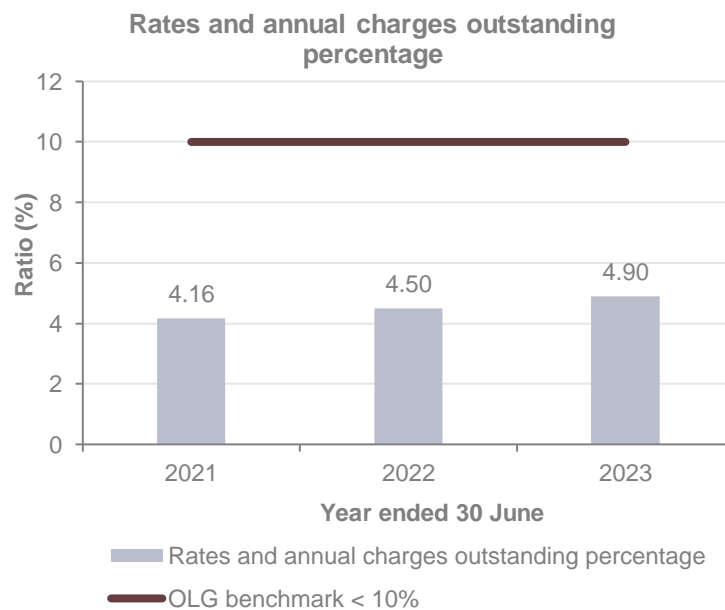
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



### Rates and annual charges outstanding percentage

The Council met the benchmark for the current reporting period.

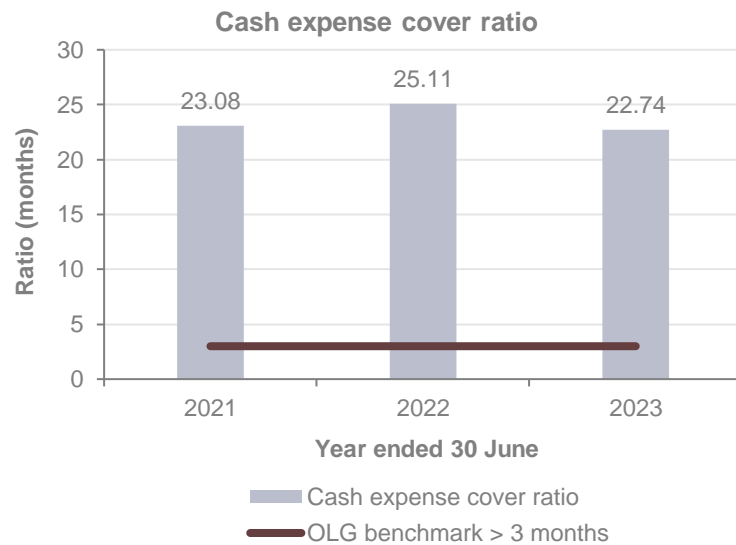
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



### Cash expense cover ratio

The Council met the benchmark for the current reporting period.

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



### Infrastructure, property, plant and equipment renewals

Council renewed \$55.0 million of infrastructure, property, plant and equipment during the 2022–23 financial year, compared with \$29.8 million in the prior year. This was mainly spent on roads and the continuing repair of assets damaged by natural disasters. A further \$39.4 million was spent on new assets, compared to \$33.6 million in the prior year.

### Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

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

Quentin Wong

Delegate of the Auditor-General for New South Wales



*Contact and connect*

**02 6670 2400**

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PO Box 816 Murwillumbah NSW 2484



# Special Purpose Financial Statements

Year ended 30 June 2023



# Tweed Shire Council

## Special Purpose Financial Statements

for the year ended 30 June 2023

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### Background

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

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

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

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

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



# Tweed Shire Council

## Special Purpose Financial Statements

for the year ended 30 June 2023

### 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:

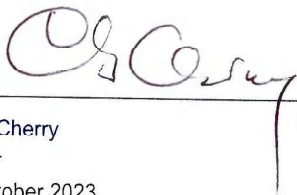
- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections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

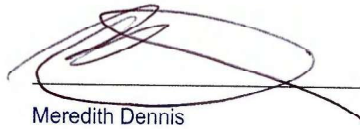
- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

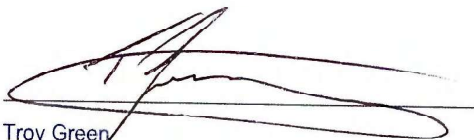
Signed in accordance with a resolution of Council made on 26 October 2023.



Chris Cherry  
**Mayor**  
26 October 2023



Meredith Dennis  
**Deputy Mayor**  
26 October 2023



Troy Green  
**General Manager**  
26 October 2023



Michael Chorlton  
**Responsible Accounting Officer**  
26 October 2023

## Tweed Shire Council

### Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	7,167	6,856
User charges	25,177	22,848
Interest and investment income	1,759	473
Grants and contributions provided for operating purposes	697	758
Other income	171	133
<b>Total income from continuing operations</b>	<b>34,971</b>	<b>31,068</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	5,874	5,365
Borrowing costs	3,747	3,882
Materials and services	12,691	10,049
Depreciation, amortisation and impairment	11,465	10,965
Net loss from the disposal of assets	1,180	1,032
Calculated taxation equivalents	1,261	1,311
Debt guarantee fee (if applicable)	259	269
Other expenses	1,495	1,482
<b>Total expenses from continuing operations</b>	<b>37,972</b>	<b>34,355</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(3,001)</b>	<b>(3,287)</b>
Grants and contributions provided for capital purposes	3,128	2,538
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>127</b>	<b>(749)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>127</b>	<b>(749)</b>
<b>Surplus (deficit) after tax</b>	<b>127</b>	<b>(749)</b>
<b>Plus accumulated surplus</b>	<b>223,845</b>	<b>223,445</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	1,261	1,311
– Debt guarantee fees	259	269
<b>Less:</b>		
– Tax equivalent dividend paid	(113)	(112)
<b>Return on capital %</b>	<b>0.1%</b>	<b>0.1%</b>
<b>Subsidy from Council</b>	<b>22,805</b>	<b>19,815</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	127	(749)
Less: capital grants and contributions (excluding developer contributions)	(567)	(1,295)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>–</b>

## Tweed Shire Council

### Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	32,654	32,183
Liquid trade waste charges	3,293	3,350
Fees	801	702
Interest and investment income	3,450	1,725
Grants and contributions provided for operating purposes	224	432
Other income	133	25
<b>Total income from continuing operations</b>	<b>40,555</b>	<b>38,417</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	7,727	7,243
Materials and services	10,594	9,332
Depreciation, amortisation and impairment	14,754	13,875
Net loss from the disposal of assets	987	1,004
Calculated taxation equivalents	1,624	1,365
Other expenses	2,487	2,819
<b>Total expenses from continuing operations</b>	<b>38,173</b>	<b>35,638</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>2,382</b>	<b>2,779</b>
Grants and contributions provided for capital purposes	4,143	1,951
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>6,525</b>	<b>4,730</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>6,525</b>	<b>4,730</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(596)	(695)
<b>Surplus (deficit) after tax</b>	<b>5,929</b>	<b>4,035</b>
<b>Plus accumulated surplus</b>	<b>277,782</b>	<b>271,796</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	1,624	1,365
– Corporate taxation equivalent	596	695
<b>Less:</b>		
– Tax equivalent dividend paid	(108)	(107)
<b>Return on capital %</b>	<b>0.4%</b>	<b>0.5%</b>
<b>Subsidy from Council</b>	<b>21,193</b>	<b>17,248</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	5,930	4,035
Less: capital grants and contributions (excluding developer contributions)	(1,917)	(894)
<b>Surplus for dividend calculation purposes</b>	<b>4,013</b>	<b>3,141</b>
<b>Potential dividend calculated from surplus</b>	<b>2,006</b>	<b>1,571</b>

## Tweed Shire Council

### Income Statement of holiday parks

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>Income from continuing operations</b>		
Fees	12,241	8,946
Interest and investment income	528	37
Other income	294	295
<b>Total income from continuing operations</b>	<b>13,063</b>	<b>9,278</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	631	674
Materials and services	3,118	2,034
Depreciation, amortisation and impairment	541	499
Net loss from the disposal of assets	114	–
Calculated taxation equivalents	628	621
Other expenses	5,371	4,282
<b>Total expenses from continuing operations</b>	<b>10,403</b>	<b>8,110</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>2,660</b>	<b>1,168</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,660</b>	<b>1,168</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>2,660</b>	<b>1,168</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(665)	(292)
<b>Surplus (deficit) after tax</b>	<b>1,995</b>	<b>876</b>
<b>Plus accumulated surplus</b>	<b>33,218</b>	<b>33,534</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	628	621
– Corporate taxation equivalent	665	292
<b>Less:</b>		
– Dividend paid	(1,259)	(2,105)
<b>Return on capital %</b>	<b>4.1%</b>	<b>2.0%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>945</b>

## Tweed Shire Council

### Income Statement of commercial waste

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>Income from continuing operations</b>		
Annual charges	3,689	3,534
User charges	8,240	6,521
Other income	5	5
<b>Total income from continuing operations</b>	<b>11,934</b>	<b>10,060</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	763	538
Borrowing costs	196	5
Materials and services	5,955	5,294
Depreciation, amortisation and impairment	205	192
Calculated taxation equivalents	54	43
Other expenses	596	207
<b>Total expenses from continuing operations</b>	<b>7,769</b>	<b>6,279</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>4,165</b>	<b>3,781</b>
Grants and contributions provided for capital purposes	–	105
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>4,165</b>	<b>3,886</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>4,165</b>	<b>3,886</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(1,041)	(945)
<b>Surplus (deficit) after tax</b>	<b>3,124</b>	<b>2,941</b>
<b>Plus accumulated surplus</b>	<b>32,587</b>	<b>28,659</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	54	43
– Corporate taxation equivalent	1,041	945
<b>Return on capital %</b>	<b>63.9%</b>	<b>61.9%</b>



## Tweed Shire Council

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

as at 30 June 2023

\$ '000	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	343	1,927
Investments	66,000	37,000
Receivables	3,319	3,099
Other	20	28
<b>Total current assets</b>	<b>69,682</b>	<b>42,054</b>
<b>Non-current assets</b>		
Investments	10,006	35,000
Infrastructure, property, plant and equipment	588,779	557,643
Intangible assets	13	19
<b>Total non-current assets</b>	<b>598,798</b>	<b>592,662</b>
<b>Total assets</b>	<b>668,480</b>	<b>634,716</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	688	865
Borrowings	2,189	2,051
<b>Total current liabilities</b>	<b>2,877</b>	<b>2,916</b>
<b>Non-current liabilities</b>		
Borrowings	49,612	51,802
<b>Total non-current liabilities</b>	<b>49,612</b>	<b>51,802</b>
<b>Total liabilities</b>	<b>52,489</b>	<b>54,718</b>
<b>Net assets</b>	<b>615,991</b>	<b>579,998</b>
<b>EQUITY</b>		
Accumulated surplus	225,379	223,844
Revaluation reserves	390,612	356,154
<b>Total equity</b>	<b>615,991</b>	<b>579,998</b>

## Tweed Shire Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	–	1,167
Investments	99,500	68,000
Receivables	3,357	2,469
Other	29	41
<b>Total current assets</b>	<b>102,886</b>	<b>71,677</b>
<b>Non-current assets</b>		
Investments	29,505	46,000
Infrastructure, property, plant and equipment	589,365	547,197
Intangible assets	17	25
<b>Total non-current assets</b>	<b>618,887</b>	<b>593,222</b>
<b>Total assets</b>	<b>721,773</b>	<b>664,899</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft	1,440	–
Payables	326	625
<b>Total current liabilities</b>	<b>1,766</b>	<b>625</b>
<b>Total liabilities</b>	<b>1,766</b>	<b>625</b>
<b>Net assets</b>	<b>720,007</b>	<b>664,274</b>
<b>EQUITY</b>		
Accumulated surplus	285,823	277,783
Revaluation reserves	434,184	386,491
<b>Total equity</b>	<b>720,007</b>	<b>664,274</b>

## Tweed Shire Council

### Statement of Financial Position of holiday parks

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	16,768	12,931
Investments	5,302	5,270
Receivables	153	–
Other	2	58
<b>Total current assets</b>	<b>22,225</b>	<b>18,259</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	65,377	57,730
<b>Total non-current assets</b>	<b>65,377</b>	<b>57,730</b>
<b>Total assets</b>	<b>87,602</b>	<b>75,989</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	7,730	6,342
<b>Total current liabilities</b>	<b>7,730</b>	<b>6,342</b>
<b>Total liabilities</b>	<b>7,730</b>	<b>6,342</b>
<b>Net assets</b>	<b>79,872</b>	<b>69,647</b>
<b>EQUITY</b>		
Accumulated surplus	35,247	33,218
Revaluation reserves	44,625	36,429
<b>Total equity</b>	<b>79,872</b>	<b>69,647</b>

## Tweed Shire Council

### Statement of Financial Position of commercial waste

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	778	363
Investments	35,386	31,048
<b>Total current assets</b>	<b>36,164</b>	<b>31,411</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	6,820	6,117
<b>Total non-current assets</b>	<b>6,820</b>	<b>6,117</b>
<b>Total assets</b>	<b>42,984</b>	<b>37,528</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	417	404
<b>Total current liabilities</b>	<b>417</b>	<b>404</b>
<b>Non-current liabilities</b>		
Provisions	3,192	2,371
<b>Total non-current liabilities</b>	<b>3,192</b>	<b>2,371</b>
<b>Total liabilities</b>	<b>3,609</b>	<b>2,775</b>
<b>Net assets</b>	<b>39,375</b>	<b>34,753</b>
<b>EQUITY</b>		
Accumulated surplus	36,806	32,588
Revaluation reserves	2,569	2,165
<b>Total equity</b>	<b>39,375</b>	<b>34,753</b>

## Note – Significant Accounting Policies

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

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

- a. Tweed Water  
Supply of water
- b. Tweed Sewerage  
Sewerage Services
- c. Tweed Holiday Parks  
Holiday/Caravan parks
- d. Commercial Waste  
Non-domestic solid waste collection and disposal

#### Category 2

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

Nil

### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

## Note – Significant Accounting Policies (continued)

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

### Notional rate applied (%)

Corporate income tax rate – 25%

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,001 up to \$5,925,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$5,925,000 a premium marginal rate of **2.0%** applies.

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

In accordance with the Department of Industry (DoI) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

### Income tax

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

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

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

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

#### (i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

#### (ii) Return on investments (rate of return)

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

## Note – Significant Accounting Policies (continued)

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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:

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### Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.00% at 30 June 2023.

#### (iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial statements**  
**Tweed Shire Council**

To the Councillors of Tweed Shire Council

## **Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of Tweed Shire Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2023, the Statement of Financial Position of each Declared Business Activity as at 30 June 2023 and Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water supply
- Sewerage
- Holiday parks
- Commercial waste.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2023, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code).

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

## **Basis for Opinion**

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

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

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

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

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

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



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

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

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

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Quentin Wong', with a long horizontal flourish underneath.

Quentin Wong  
Delegate of the Auditor-General for New South Wales

30 October 2023  
SYDNEY

*Contact and connect*

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# Special Schedules

Year ended 30 June 2023



# Tweed Shire Council

## Special Schedules

for the year ended 30 June 2023

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## Tweed Shire Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	68,688	<b>69,926</b>
Plus or minus adjustments <sup>2</sup>	b	(259)	<b>280</b>
<b>Notional general income</b>	c = a + b	<b>68,429</b>	<b>70,206</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	1.70%	<b>6.35%</b>
Or plus rate peg amount	i = e x c	1,163	<b>4,458</b>
<b>Sub-total</b>	k = (c + i)	<b>69,592</b>	<b>74,664</b>
Plus (or minus) last year's carry forward total	l	403	<b>69</b>
<b>Sub-total</b>	n = l	<b>403</b>	<b>69</b>
<b>Total permissible income</b>	o = k + n	<b>69,995</b>	<b>74,733</b>
Less notional general income yield	p	69,926	<b>74,664</b>
<b>Catch-up or (excess) result</b>	q = o - p	<b>69</b>	<b>69</b>
<b>Carry forward to next year <sup>4</sup></b>	t	<b>69</b>	<b>69</b>

#### Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (4) 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 Local Government Act 1993. 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

#### Tweed Shire Council

To the Councillors of Tweed Shire Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Tweed Shire Council (the Council) for the year ending 30 June 2024.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code) and is in accordance with the books and records of the Council.

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

### Other Information

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

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Schedule**

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

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

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

My objectives are to:

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

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

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



Quentin Wong  
Delegate of the Auditor-General for New South Wales

30 October 2023  
SYDNEY



## Tweed Shire Council

## Report on Infrastructure Assets

as at 30 June 2023

Asset Class	Asset Category	Estimated cost				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	2022/23 Required maintenance <sup>a</sup>	2022/23 Actual maintenance			1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
<b>Buildings</b>	Buildings – non-specialised	4,384	4,384	1,636	7,396	159,407	238,086	22.0%	6.0%	46.0%	24.0%	2.0%	
	Other	–	–	–	–	6,044	–	0.0%	0.0%	0.0%	0.0%	0.0%	
	<b>Sub-total</b>	<b>4,384</b>	<b>4,384</b>	<b>1,636</b>	<b>7,396</b>	<b>165,451</b>	<b>238,086</b>	<b>22.0%</b>	<b>6.0%</b>	<b>46.0%</b>	<b>24.0%</b>	<b>2.0%</b>	
<b>Other structures</b>	Other structures	134	134	123	452	305	720	50.0%	5.0%	5.0%	31.0%	9.0%	
	<b>Sub-total</b>	<b>134</b>	<b>134</b>	<b>123</b>	<b>452</b>	<b>305</b>	<b>720</b>	<b>50.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>31.0%</b>	<b>9.0%</b>	
<b>Roads</b>	Sealed roads	843	843	8,378	27,054	581,413	778,390	49.0%	20.0%	14.0%	12.0%	5.0%	
	Unsealed roads	–	–	133	537	43,543	10,288	42.0%	24.0%	13.0%	16.0%	5.0%	
	Bridges	–	–	80	433	201,359	239,258	93.0%	7.0%	0.0%	0.0%	0.0%	
	Footpaths	75	75	678	453	29,686	54,122	11.0%	36.0%	53.0%	0.0%	0.0%	
	Bulk earthworks	–	–	–	–	194,981	194,998	50.0%	21.0%	14.0%	10.0%	5.0%	
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%	
	Kerb and gutter	1,095	1,095	346	116	62,149	78,709	74.0%	13.0%	8.0%	4.0%	1.0%	
	Street furniture	25	25	12	227	19,616	21,468	95.0%	3.0%	1.0%	0.0%	1.0%	
	Car parks	149	149	45	2	10,400	12,818	81.0%	7.0%	9.0%	3.0%	0.0%	
<b>Sub-total</b>	<b>2,187</b>	<b>2,187</b>	<b>9,672</b>	<b>28,822</b>	<b>1,143,147</b>	<b>1,390,051</b>	<b>57.6%</b>	<b>17.8%</b>	<b>12.5%</b>	<b>8.5%</b>	<b>3.6%</b>		

## Tweed Shire Council

## Report on Infrastructure Assets (continued)

as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance <sup>a</sup>	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Water supply network	Other	37,160	37,160	4,912	4,978	509,765	791,000	56.0%	22.0%	11.0%	8.0%	3.0%
	<b>Sub-total</b>	<b>37,160</b>	<b>37,160</b>	<b>4,912</b>	<b>4,978</b>	<b>509,765</b>	<b>791,000</b>	<b>56.0%</b>	<b>22.0%</b>	<b>11.0%</b>	<b>8.0%</b>	<b>3.0%</b>
Sewerage network	Other	43,768	43,768	6,193	5,301	494,539	841,901	31.0%	38.0%	20.0%	7.0%	4.0%
	<b>Sub-total</b>	<b>43,768</b>	<b>43,768</b>	<b>6,193</b>	<b>5,301</b>	<b>494,539</b>	<b>841,901</b>	<b>31.0%</b>	<b>38.0%</b>	<b>20.0%</b>	<b>7.0%</b>	<b>4.0%</b>
Stormwater drainage	Stormwater drainage	21,344	21,344	1,155	1,654	187,473	300,175	17.0%	23.0%	48.0%	2.0%	10.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>21,344</b>	<b>21,344</b>	<b>1,155</b>	<b>1,654</b>	<b>187,473</b>	<b>300,175</b>	<b>17.0%</b>	<b>23.0%</b>	<b>48.0%</b>	<b>2.0%</b>	<b>10.0%</b>
Open space / recreational assets	Swimming pools	131	131	83	82	7,995	12,161	0.0%	55.0%	1.0%	44.0%	0.0%
	Recreation other structures	3,796	3,796	1,014	898	29,522	50,461	54.0%	20.0%	7.0%	13.0%	6.0%
	<b>Sub-total</b>	<b>3,927</b>	<b>3,927</b>	<b>1,097</b>	<b>980</b>	<b>37,517</b>	<b>62,622</b>	<b>43.5%</b>	<b>26.8%</b>	<b>5.8%</b>	<b>19.0%</b>	<b>4.9%</b>
Other infrastructure assets	Other	1,097	1,097	71	66	14,766	24,978	63.0%	5.0%	22.0%	4.0%	6.0%
	<b>Sub-total</b>	<b>1,097</b>	<b>1,097</b>	<b>71</b>	<b>66</b>	<b>14,766</b>	<b>24,978</b>	<b>63.0%</b>	<b>5.0%</b>	<b>22.0%</b>	<b>4.0%</b>	<b>6.0%</b>
<b>Total – all assets</b>		<b>114,001</b>	<b>114,001</b>	<b>24,859</b>	<b>49,649</b>	<b>2,552,963</b>	<b>3,649,533</b>	<b>45.3%</b>	<b>23.1%</b>	<b>19.0%</b>	<b>8.7%</b>	<b>3.9%</b>

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

## Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

## Tweed Shire Council

### Report on Infrastructure Assets

as at 30 June 2023

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

\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022	2021	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>16,688</b>	<b>35.51%</b>	48.09%	65.11%	> 100.00%
Depreciation, amortisation and impairment	<b>46,992</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>114,001</b>	<b>4.33%</b>	3.95%	1.53%	< 2.00%
Net carrying amount of infrastructure assets	<b>2,631,042</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>49,649</b>	<b>199.72%</b>	91.25%	98.90%	> 100.00%
Required asset maintenance	<b>24,859</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>114,001</b>	<b>3.12%</b>	2.88%	1.22%	
Gross replacement cost	<b>3,649,533</b>				

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

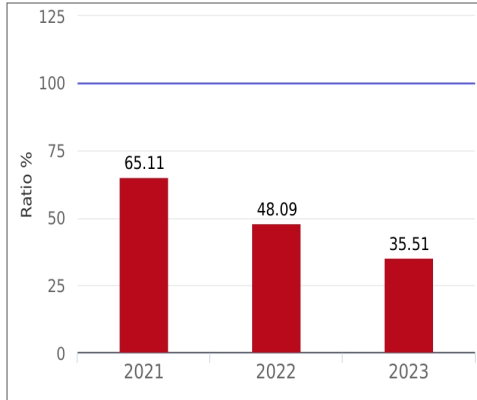
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

# Tweed Shire Council

## Report on Infrastructure Assets

as at 30 June 2023

### Buildings and infrastructure renewals ratio



**Buildings and infrastructure renewals ratio**

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

**Commentary on result**

**22/23 ratio 35.51%**

The 2022 flood events had a significant impact on Council's renewal program for the year as funding and resourcing continues to be focused on maintenance works.

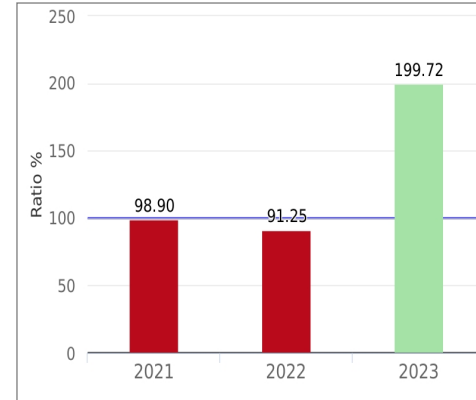
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Asset maintenance ratio



**Asset maintenance ratio**

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

**Commentary on result**

**22/23 ratio 199.72%**

Extensive maintenance works were required subsequent to the 2022 flood events.

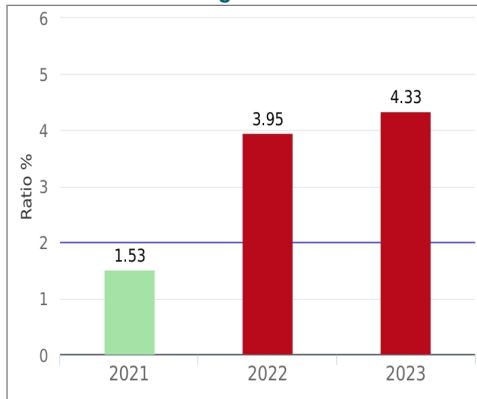
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Infrastructure backlog ratio



**Infrastructure backlog ratio**

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

**Commentary on result**

**22/23 ratio 4.33%**

This ratio is based on the assessed condition of infrastructure which has been negatively impacted by the 2022 flood events.

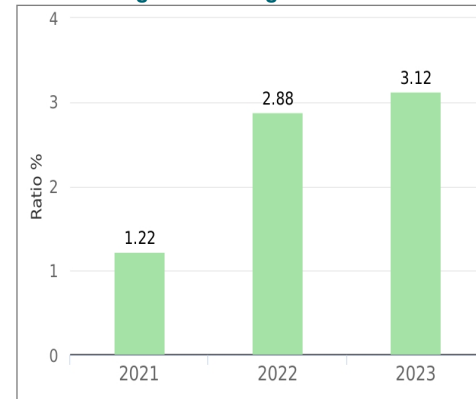
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Cost to bring assets to agreed service level



**Cost to bring assets to agreed service level**

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

**Commentary on result**

**22/23 ratio 3.12%**

There has been a continued focus on maintenance works to damages resulting from the 2022 flood events.

## Tweed Shire Council

### Report on Infrastructure Assets

as at 30 June 2023

#### Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>							
Depreciation, amortisation and impairment	<b>37.24%</b>	53.60%	<b>37.76%</b>	50.75%	<b>31.24%</b>	32.75%	> 100.00%
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	<b>2.03%</b>	1.94%	<b>7.29%</b>	7.04%	<b>8.85%</b>	7.28%	< 2.00%
<b>Asset maintenance ratio</b>							
Actual asset maintenance							
Required asset maintenance	<b>286.24%</b>	124.89%	<b>101.34%</b>	83.04%	<b>85.60%</b>	77.59%	> 100.00%
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	<b>1.64%</b>	1.56%	<b>4.70%</b>	4.60%	<b>5.20%</b>	4.45%	

(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.

*Contact and connect*

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