



Warrumbungle Shire Council

2022/23 Annual Report

Released November 2023



MAYOR'S MESSAGE



The road to recovery has been a prominent theme for the Warrumbungle Shire Local Government Area throughout 2022/23. Over the past few years it has seemed that we have faced battle after battle with natural disasters, which has been out of Council's control. However, moving forward and delivering positive outcomes for our communities is what has been the focus.

With high motivation to achieve progress, Council has been on the road to recovery, in particular after another extraordinary event hit our Shire with the La Nina weather pattern sweeping across New South Wales causing extensive damage to roads and infrastructure right across the Warrumbungle Shire.

Nonetheless, with funding from government bodies great progress has been made throughout 2022/23 and while still facing a long road to recovery Council has pulled together and managed some incredible achievements this term.

Major repairs to the vast road network has been the primary focus for 2022/23 however works on upgrading sporting facilities, swimming pools and community assets has been evident right across the Shire this year. But it is not always the big million-dollar project. It is also about the everyday business of running the region and creating opportunities and supporting communities, which has happened while these big projects are rolling out. Warrumbungle Shire has worked closely with our neighbouring Councils to roll out an amazing region wide Real Country economic campaign drawing people to come and visit our region and see the amazing prospects on offer and giving our local communities a chance to have their say in what they would like to see for our region moving forward. There has been a major increase in events right across the region this year bringing communities together and supporting our local economy, which has been wonderful to see.

Funding has been coming into the region at an extraordinary pace again this financial year, with both federal and state governments supporting us while we have navigated through these unique events.

All of this incredible work, while embracing challenges, is a credit to the committed staff at Warrumbungle Shire Council.

While this Annual Report details the year we have had, the exciting prospect is that we have more to come. The future is bright.

AMBROSE DOOLAN
MAYOR

GENERAL MANAGER'S MESSAGE



2022/23 has been a year of both achievements and challenges for Warrumbungle Shire Council. Major investments have been made in the Warrumbungle communities through Council's capital works program and funded projects, however the year has been dominated by the impacts of damaging major weather events affecting infrastructure right across the Shire.

A number of major projects have been delivered in 2022/23. With the generous support of the Australian Government, over \$3 million has been invested into various local roads and community infrastructure projects through the Australian Government's Local Roads and Community Infrastructure Program Phase 3. The projects are in full swing and have allowed various projects across multiple

towns across the Shire to commence, improving road networks and community infrastructure, benefiting our community members.

The NSW Government has also made a number of grant funding opportunities available. In particular, Council was successful in obtaining nearly \$1 million through the Stronger Country Communities Program to complete much needed upgrades to sporting facilities and outdoor pools across the Shire and \$1.5 million through Resources for Regions for upgrades and expansions to the sporting ovals in Coolah, Coonabarabran and Mendooran, and investigation into the redevelopment of Coonabarabran Public Swimming Pool. This funding aims to boost the wellbeing of communities in regional areas by providing new or upgraded social and sporting infrastructure, or community programs that have strong local support.

These projects have been delivered while dealing with the largest Natural Disaster claims that Council has ever submitted to the NSW Government for funding assistance with the repair of roads and infrastructure damage across the Shire, after major natural disaster flooding events. The estimated costs of repairs have resulted in massive claims for assistance with road repairs of over \$13 million. The claim packages were put together in geographical order, and works are being tackled in priority order. Works have been progressing well throughout 2022/23, with the repairs being evident Shire wide.

Looking towards the future, Council secured funding to prepare a Disaster Resilience Strategy which will be led by community input assisting Council moving forward with works programs and funding applications to address these issues immediately affecting our communities in a Natural Disaster.

It has been a privilege working in partnership with the Mayor, councillors, the Executive Leadership Team and staff of the Warrumbungle Shire Council to produce some wonderful outcomes, projects and strategies for our local communities. I am pleased to present the 2022/23 Annual Report.

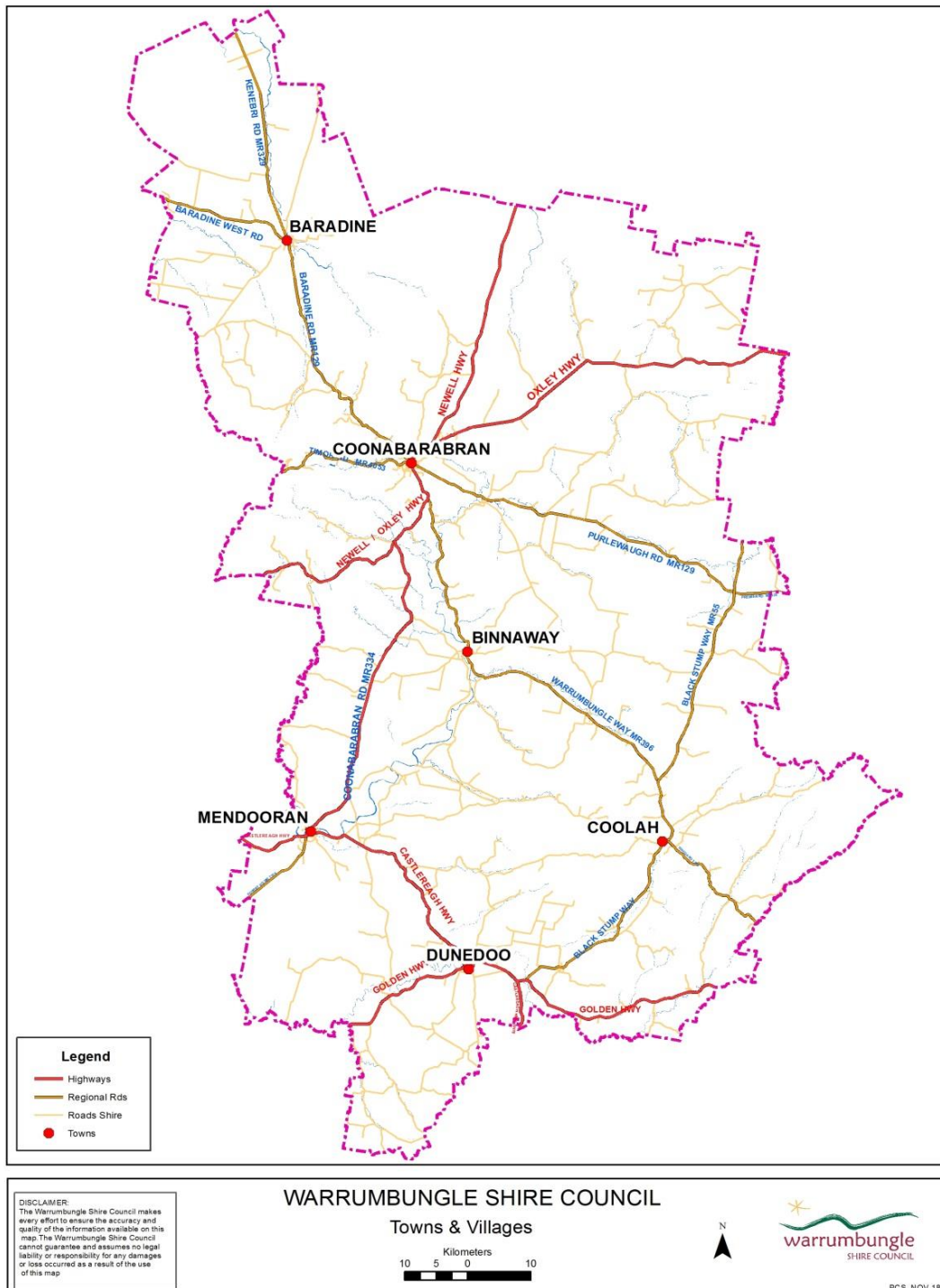
ROGER BAILEY
GENERAL MANAGER

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OUR COMMUNITY

The Warrumbungle Shire local government area is positioned mid-way between Brisbane and Melbourne on the Newell Highway. Taking in the towns of Baradine, Binnaway, Coolah, Coonabarabran, Dunedoo and Mendooran, our local government area is shown below.



COMMUNITY SNAPSHOT



9,225

TOTAL POPULATION

Baradine 586
Binnaway 399
Coolah 722
Coonabarabran 2,387
Dunedoo 725
Mendooran 275



985

ABORIGINAL AND TORRES STRAIT ISLANDER POPULATION



55.9%

EMPLOYED FULL TIME

31.7%

EMPLOYED PART TIME



50

MEDIAN AGE



5,920

RATED PROPERTIES

2,601 designated farmland or rural

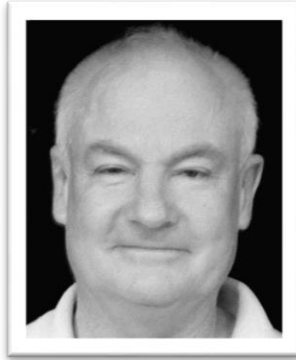


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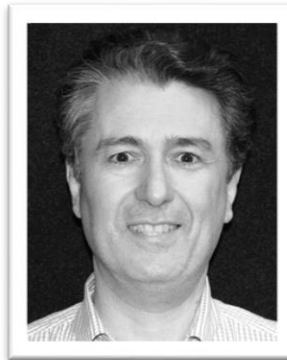
MEDIAN WEEKLY INCOME

** Sourced from 2021 Census data.

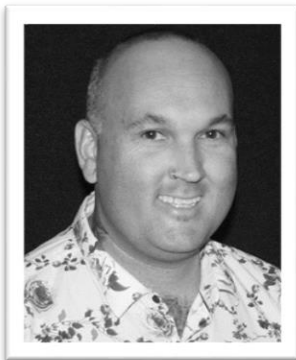
COUNCILLORS



**Mayor
Ambrose Doolan**



**Deputy Mayor
Aniello Iannuzzi**



Kodi Brady



Dale Hogden



Zoe Holcombe



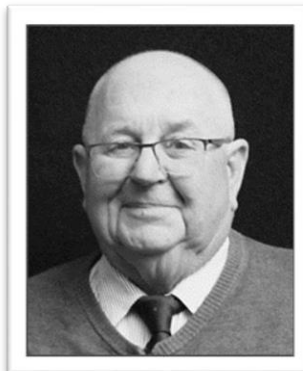
Carlton Kopke



Jason Newton



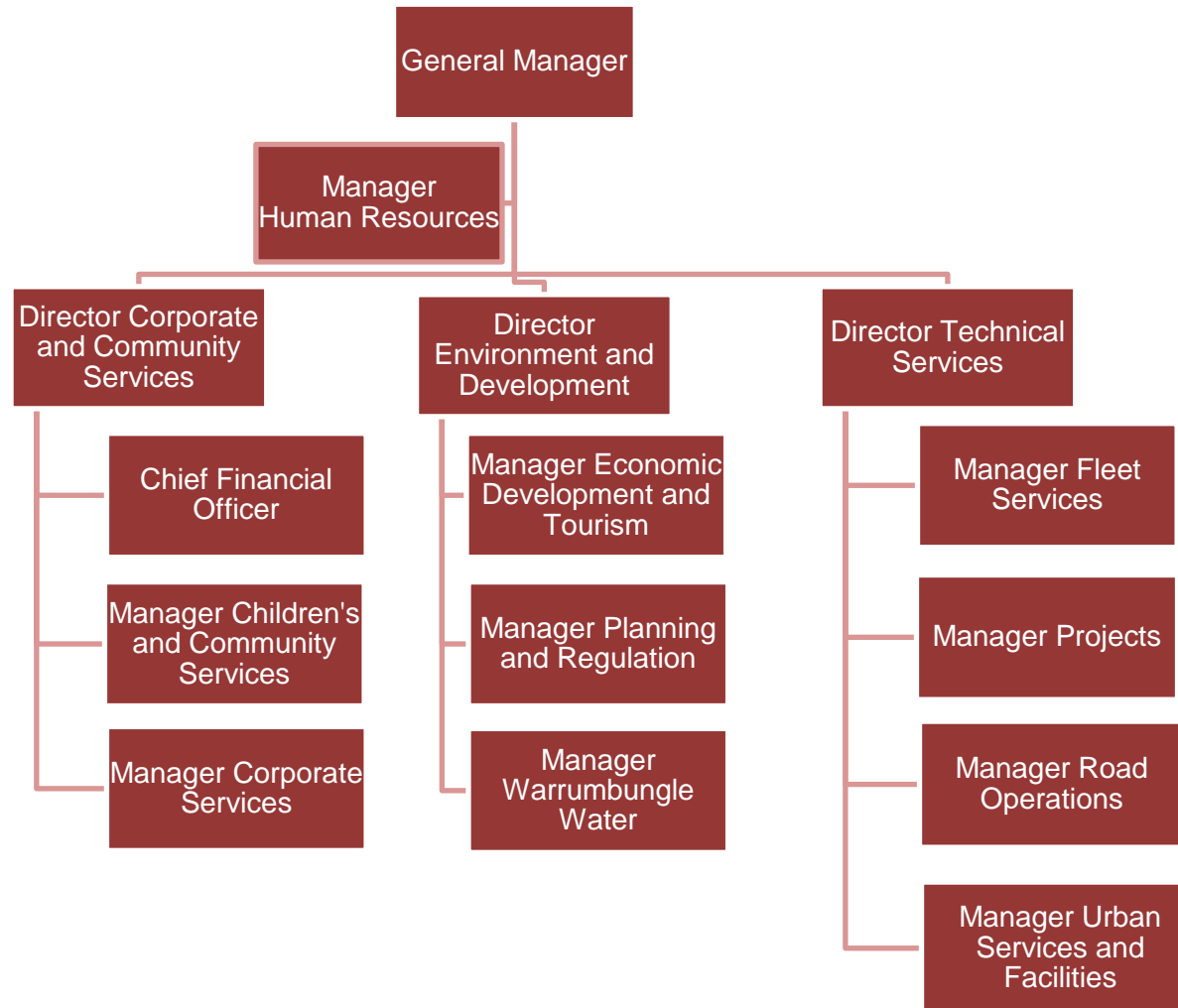
Kathryn Rindfleish



Denis Todd

ORGANISATION

Warrumbungle Shire Council is managed by a General Manager with three Directorates. Council's organisation structure is shown below.



VISION, MISSION AND VALUES

VISION

Excellence in Local Government

MISSION

Council will provide

- Quality, cost effective services that will enhance our community's lifestyle, environment, opportunity and prosperity;
- Infrastructure and services which meet the social and economic needs and aspirations of the community now and in the future;
- Effective leadership and good governance, by encouraging teamwork, through a dedicated responsible well-trained workforce.

VALUES

✓ **Honesty**

Frank and open discussion, taking responsibility for our actions

✓ **Integrity**

Behaving in accordance with our values

✓ **Fairness**

Consideration of the facts and a commitment to two-way communication

✓ **Compassion**

Working for the benefit and care of our community and the natural environment

✓ **Respect**

To ourselves, colleagues, the organisation and the community listening actively and responding truthfully

✓ **Transparency**

Open and honest interactions with each other and our community

✓ **Passion**

Achievement of activities with energy, enthusiasm and pride

✓ **Trust**

Striving to be dependable, reliable and delivering outcomes in a spirit of goodwill

✓ **Opportunity**

To be an enviable workplace creating pathways for staff development

GUIDING PRINCIPLES

Council is guided by section 8 of the *Local Government Act 1993* (NSW), which contains a set of principles to provide guidance to enable councils to carry out their functions in a way that facilitates local communities that are strong, healthy and prosperous.

Local Government Act 1993, section 8A 'Guiding principles for councils':

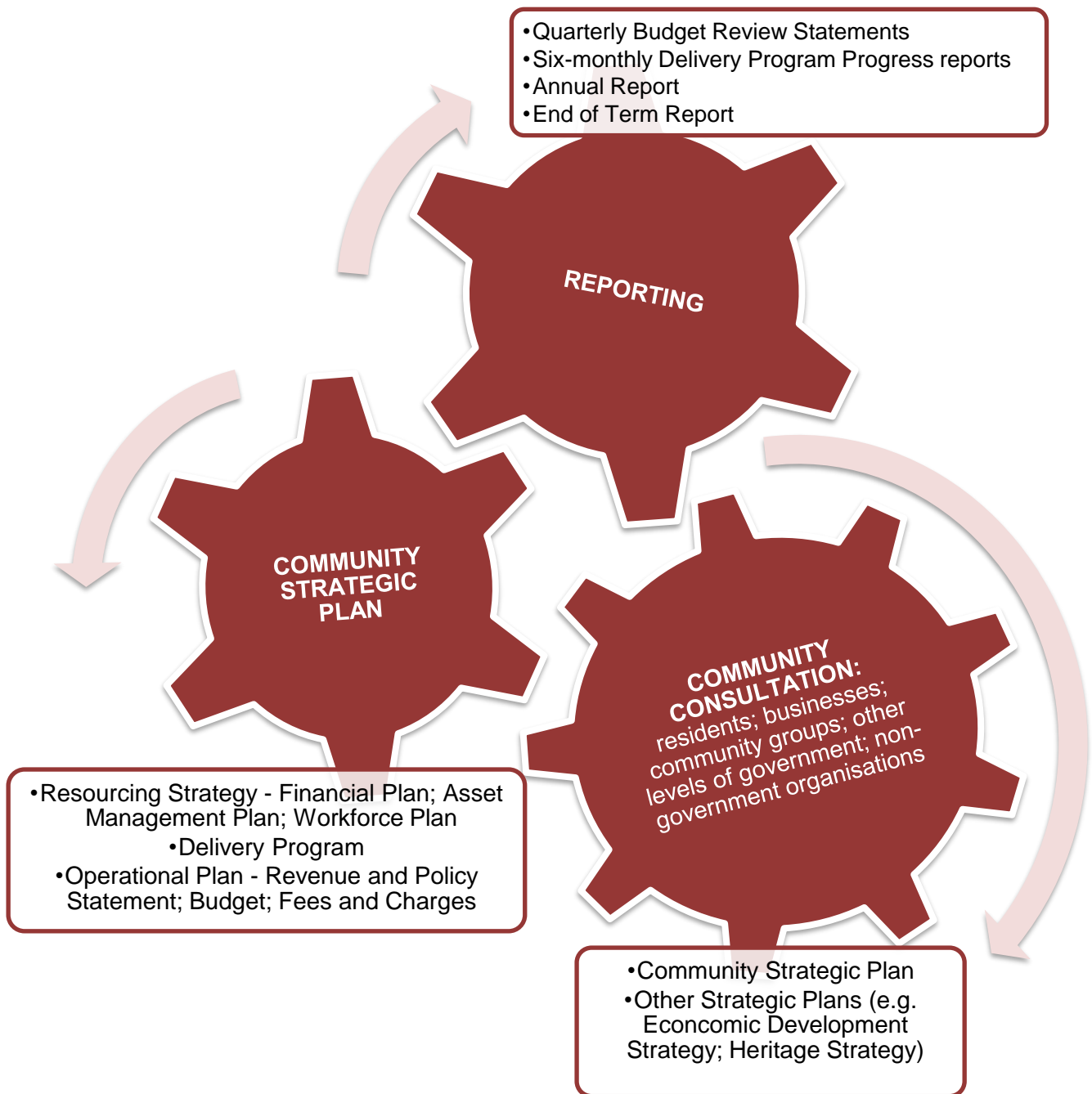
- (1) Exercise of functions generally. The following general principles apply to the exercise of functions by councils:
 - (i) Councils should provide strong and effective representation, leadership, planning and decision-making.
 - (ii) Councils should carry out functions in a way that provides the best possible value for residents and ratepayers.
 - (iii) Councils should plan strategically, using the integrated planning and reporting framework, for the provision of effective and efficient services and regulation to meet the diverse needs of the local community.
 - (iv) Councils should apply the integrated planning and reporting framework in carrying out functions so as to achieve desired outcomes and continuous improvements.
 - (v) Councils should work cooperatively with other councils and the State government to achieve desired outcomes for the local community.
 - (vi) Councils should manage lands and other assets so that current and future local community needs can be met in an affordable way.
 - (vii) Councils should work with others to secure appropriate services for local community needs.
 - (viii) Councils should act fairly, ethically and without bias in the interests of the local community.
 - (ix) Councils should be responsible employers and provide a consultative and supporting working environment for staff.

- (2) Decision-making. The following principles apply to decision-making by councils (subject to any other applicable law):
 - (a) Councils should recognise diverse local community needs and interests.
 - (b) Councils should consider social justice principles.
 - (c) Councils should consider the long term and cumulative effects of actions on future generations.
 - (d) Councils should consider the principles of ecologically sustainable development.
 - (e) Council decision-making should be transparent and decision-makers are to be accountable for decisions and omissions.

- (3) Community participation. Councils should actively engage with their local communities through the use of the integrated planning and reporting framework and other measures.

INTEGRATED PLANNING AND REPORTING FRAMEWORK

All councils in NSW are required to operate within the Integrated Planning and Reporting (IP&R) Framework. This framework aims to facilitate a strong and sustainable local government system by ensuring all councils have in place strategic plans, underpinned by community priorities and supported by appropriate resources. Warrumbungle Shire Council's IP&R is illustrated below.



COMMUNITY PRIORITIES

The Warrumbungle Shire Community Strategic Plan 2022-2037 (the Plan) was developed following community engagement. The Plan's vision describes the importance of our sense of community spirit, our children and our homes. The community's plan for the future will support the growth, resilience and health of our people, our neighbourhoods, the environment and local economy.

The Plan identifies four key areas of interest to the community's needs and aspirations:

1 CARING FOR THE ENVIRONMENT

We value our pristine, healthy, natural environment with clean water resources and diverse flora and fauna. We enjoy the close proximity to National Parks and large areas of forest and bushland. We love that we are surrounded by wide open spaces and spectacular mountain landscapes. We enjoy the peace and quiet, our temperate climate with four distinct seasons, the fresh, unpolluted air and clear night skies.

GOAL: the good health of our natural environment and biodiversity is preserved and enhanced.



2 CIVIC LEADERSHIP

To look after the Warrumbungle community, a great deal of work happens behind the scenes to ensure there are planned, resourced, efficient and transparent systems in place to enable our community to function and prosper.

The community expects responsible and transparent decision-making with a focus on public conversations and ownership.

GOAL: Leadership will foster collaborative approaches to the governance of our area across all levels of government, to focus on delivering results against our agreed strategic outcomes in the most cost-effective way. The community will be at the heart of decision-making and service delivery.

3 STRENGTHENING THE LOCAL ECONOMY

Our community has access to positive choices for investment, employment and study. This includes supporting our predominantly agricultural economy while also strengthening and diversifying the economy by targeting new and innovative industries.

Our solid local tourism industry is based on local attractions including three National Parks, Siding Spring Observatory and a range of tailored facilities and amenities. The contribution of our varied agricultural industry is highly valued, made possible by good climate and rainfall, productive soils, clean water supplies and ready access to markets.

GOAL: A strong and sustainable economy provides our community with localised employment opportunities and ease of access to markets, goods and services.



4 SUPPORTING COMMUNITY LIFE

Our communities are strong, resilient and inclusive, and provide support and assistance to those in need. We enjoy the freedoms that are afforded through our safe, friendly and caring community. Our local government area is a great place to raise a family and we value the contributions and participation of our younger people who are provided opportunities to support their development. Our diverse community is reflected through a wide range of arts and cultural activities, festivals and events.

People within the local government area have opportunities to participate in a diverse range of locally based sports catering for people of all ages, activity levels and interests. Our rural setting provides children with opportunities to play in and explore their natural environment and our communities have easy access to a wide range of active and passive recreational pursuits.

GOAL: To maintain a community where people are welcomed, healthy and connected, with opportunities to prosper in their individual pursuits. Active community participation is supported by cultural and recreational facilities and inclusive services that cater to all residents.



COUNCIL HIGHLIGHTS

Warrumbungle Shire Council's implementation of its Delivery Program through the 2022/23 Operational Plan included the following highlights.

CARING FOR THE ENVIRONMENT

Compliance Services

Council's Compliance Officers hosted free microchipping days throughout June across the Shire. This free service ensures that all companion animals can be identified and returned to their owners if they become lost.

Council staff are on-call for stock on roads and serious dog attacks. Throughout the year staff attended 12 dog attacks and 24 calls for stock on roads. Staff contacted the suspected owner of the stock and advised that the stock was on the road and instructed the owners to check fences to ensure that stock cannot escape as they are a danger to road users.

Staff have been kept busy with overgrown block complaints being received as well as the routine patrols which are used to identify overgrown blocks. Letters were written to the owners of the land as a number of the owners do not reside within the Shire and only visit on occasions.

Council's Building Certifier undertakes inspections to ensure private swimming pools meet the requirements of pool safety legislation. Inspections are carried out upon request and compliance certificate are issued for complying barrier fences.

Noxious Weeds

Council continues to maintain its membership with Castlereagh Macquarie County Council with all weed control matters being handled on Council behalf by the County Council.

Environmental Health Services

74 inspections were carried out on food premises and mobile food vans throughout the Shire to ensure food safety requirements are in place and food is safe to consume.

Weekly or fortnightly water sampling is undertaken on all town supplies to ensure water is safe for consumption. Chemistry sampling was also undertaken every six months.

Council maintains Alcohol Free Zones throughout the urban areas of the Shire. Council staff undertake regular inspections to ensure the Alcohol-Free Zone signage is current and in the correct position.

Warrumbungle Waste

Council's landfill site at Coonabarabran and the transfer stations located at Baradine, Binnaway, Coolah, Dunedoo, Mendooran and Ulamambri remain operational. The transfer stations are opened over various days throughout the week to ensure residents have access for the disposal of household waste and recycling.

Council undertakes a weekly general waste collection and fortnightly recycling collection for residents who pay for the collection service.

The Container Deposit Scheme over the counter collection points at Coonabarabran and Dunedoo provide residents with the opportunity to cash in their used containers through the Return and Earn program. This program is designed to reduce the number of containers

going into landfill with 2,367,879 containers being cashed in over the 2022/2023 financial year helping to reduce the amount of waste going to landfill.

An environmental risk assessment was undertaken on the Coonabarabran Landfill, a number of risk priorities were highlighted through the E-RAMP Report and staff will be working on ensuring that risks at the Coonabarabran Landfill site are mitigated.

Warrumbungle Water and Sewer

Potable water is supplied to residents in Baradine, Binnaway, Bugaldie, Coolah, Coonabarabran, Dunedoo, Kenebri and Mendooran; non-potable services are supplied to residents in Merrygoen and along the raw water feed main on Timor Road, Coonabarabran.

Across Warrumbungle Water's 10 water supply schemes there are around 3,300 service connections. To provide these services, there are 23 groundwater bores, four river wells, one dam, one weir, eight water treatment plants, 23 reservoirs including treatment plant clear water tanks and 169 km of water mains including head works, transfer and reticulation mains.

Council supplied 930ML of water across the 10 water supply schemes. Of this 910ML were treated by Council's water treatment infrastructure and supplied as potable water to customers through reticulation networks across the local government area. Council also replaced a total of 390 water meters to continue accurate charging for customers. In total Council expended \$2.55 million on the maintenance and operation of the 10 water supply schemes operated by Warrumbungle Water.

To improve water quality Council commissioned the new telemetry system, the system facilitates online supervision and monitoring of water infrastructure. Council also completed eight water mains replacement projects replacing a total of 2km of existing water mains with new water mains across operational areas. These projects were strategically targeted to improve the quality of reticulated water to connected customers. Council also conducted planning and design works to deliver upgrades to both the Binnaway and Baradine Water Supply Schemes to further improve water quality in these schemes. A bore condition assessment of Council's 23 water bores was finalised with strategic plans developed to refurbish selected assets to further improve water quality and water security. Council also delivered upgrades to the water disinfection systems in both Coolah and Dunedoo converting both systems from liquid chlorine to chlorine gas to further improve water quality. In total Council invested \$1.8 million in capital upgrades to the Warrumbungle Water network.

Sewage services are provided to residents in Baradine, Coolah, Coonabarabran and Dunedoo. In all, there are 2,357 connections. Infrastructure to support these connections includes nine pumping stations, four sewage treatment plants and 83 km of sewer main.

Council collected and treated 411ML of wastewater before discharge to the environment. Council continued to conduct preventative maintenance on all assets inclusive of sewerage treatment plants, reticulation mains and pumping stations to ensure continuous and effective performance of the four sewerage schemes. Council expended a total of \$1.3 million on operational and maintenance activities to continue to supply public sanitation and environmental protection services.

Council delivered upgrades to pump stations in Coonabarabran, upgrading existing pumps to ensure the continuous and effective transport of sewerage within the scheme. The Mendooran Sewerage Scheme Options Study was finalised and completed. Planning works progressed towards delivering upgrades to Dunedoo, Coolah and Coonabarabran Sewerage Treatment Plants with planning works for the Dunedoo and Coonabarabran Sewerage

Treatment Plants nearing completion. Planning works continued towards the delivery of a concept design and business case for the Binnaway Sewerage Scheme. A new inlet works was also constructed at the Baradine Sewerage Treatment Plant to improve treatment capabilities at the facility. The Telemetry network was also commissioned which provides online monitoring and supervisory control of sewerage assets within the Warrumbungle Sewer network.





CIVIC LEADERSHIP

Financial Services

The 2022/23 financial year was extremely busy, with many challenges, including staff shortages in key areas, especially around statutory reporting. Having said this, the 2022/23 Annual Financial Statements were prepared by 21 September 2022, an improvement on 2021/22 year.

Council's result is pleasing with a \$6.848M net operating surplus before grants and contributions. This compares favourably to the 2021/22 result of \$3.045M surplus before grants and contributions.

There were some significant achievements made by Council's Finance team in the 2022/23 financial year, including:

- Completion of Council's 2022/23 financial statements by 21 September 2023;
- No lost time injuries or WHS incidents within the Finance team in 2022/23;
- Completion of IP & R requirements.

Governance

Developing strategic relationships with other levels of government is a community objective for Council in an effort to ensure that the Warrumbungle local government area receives an equitable allocation of resources. Relationships with all levels of government have continued to be developed and maintained. Council is proactive in communication with various Federal and State Ministers and Members of Parliament, as well as with other councils. Membership and participation in State and regional bodies such as Local Government NSW, the Australian Local Government Association and Mining and Energy Related Councils is maintained, reinforcing strong connections and networking opportunities.

The community has identified that an important function of Council is to encourage and support local business and industry in creating local employment, and to advocate for long-term creation and retention of high-quality services. Council is active in advocacy of local business and industry. In particular during the reporting period, Council has been involved in a range of stakeholder forums on developments in the Renewable Energy Zones that impact the Warrumbungle LGA, and has continued to be involved with the Inland Rail project, which will pass through the northern end of the local government area. Support is also given to small businesses through engagement with the NSW Government Small Business Commissioner, hosting small business workshops and other events like the touring Small Business Bus, and meeting with various industry representatives.

Community involvement in the decision-making process is promoted through Community Consultation Meetings, advisory committees and public forums. Combined, these represented at least 65 opportunities for community participation in the reporting period.

Customer Service

The Customer Service team continued to deliver on their commitment that Council customers will receive efficient and responsive service. The front counter teams are regularly recognised for their professional and friendly service.



Cemetery Services

Council manages and maintains 12 cemeteries. Activities include management of a database of interments, liaison with funeral directors, excavation of burial sites, maintenance of grounds and fences at each cemetery.

Native Grove Cemetery entry and internal roads were upgraded this year and a number of dangerous trees were removed.

Communications and IT

The Communications area was impacted by staffing shortage in key areas; however, the communications released to inform people of Council activities averaged over 85 items per month. A variety of media methods are used and Council's social media presence continues to increase, with reach and audience increasing around 293% on last year.

This year the IT server storage was significantly upgraded, including two new servers and moving the old server from Coonabarabran to Coolah, which improves redundancy in the case of business interruption. Additionally, a telecommunications upgrade was completed.

Design Services Management

The design team investigates, designs and prepares drawings for roadworks, drainage, kerbing and guttering and footpath works. They also provide rural road addressing services across the Shire and GIS services to the organisation.

The team also provides project management services for grant funded projects. Two projects that were delivered this year include the Stop and Play Park at Neilson Park Coonabarabran and the Jump the Stump skate park at Bowen Oval Coolah.



Environment and Development Management

The Environment and Development Services Directorate this year has had a recurrent budget variance of negative 27% due to savings from staff vacancies with Warrumbungle Waste operating in a cost-effective manner with an increase in the waste services costs in line with CPI in the reporting period.

Many capital and key projects have been completed on time and within budget during the reporting period. Some projects have been delayed due to vacant positions.

Council was actively involved in meetings with developers associated with the Central West Orana Renewable Energy Zone, and has prepared a number of submissions in response to draft SEARs and Environmental Impact Statements for a variety of wind farms and solar farms. These are available to the community to view on the Warrumbungle Shire Council website.

Discussions with Inland Rail representatives has occurred during the reporting period, with regular update meetings being held between ARTC/Inland Rail and Council representatives. Council continues to advocate for local benefits, seeking a construction camp for Baradine and legacy infrastructure as a result of the rail line.

Council continued to run a local heritage program, with funding received from NSW Heritage Office to undertake a heritage adviser service, and provide a local heritage fund. Both services have proven to be beneficial for owners of heritage items across the Shire, with heritage advice being regularly sought, as well as seven successful small heritage grants being allocated during the reporting period.

Human Resources

Council's voluntary turnover decreased slightly to 13.59% in 2022/2023 compared to 14.59% in 2021/2022, with an average total turnover of 13.76% for the previous five years. Council staff had an average tenure of 9.77 years (calculated at 30 June 2023), compared to the average tenure of 10.35 years in the previous year.

The number of lost time injury claims (LTI) remained steady in 2022/2023 compared to the previous year, and the LTI days for 2023 are currently the lowest in the previous four years. Claims from 2019/2020 had the most LTI days of recent years and continued to impact Council's workers compensation premium until the end of 2022/2023.

Learning and development recovered from most of the challenges of the COVID-19 pandemic which had impacted the previous two years, and a wide variety of training was delivered to staff across the organisation. All staff completed Cyber Security Awareness training in June 2023. In addition, all staff have now been provided with access to Council's learning management system, GO1, which allows them access to online courses for personal and professional development.



In continuing Council's commitment to support local youth through apprenticeship and traineeship programs, three School-Based Trainees were appointed in early 2023, in Horticulture, Tourism and Automotive Services. This was in addition to the two School-Based Traineeships that commenced in early 2022, one in Business Administration and Finance. During the year Council also hosted:

- one trainee in Children's Services
- one trainee in Warrumbungle Water
- two Apprentice Plumbers
- one Civil Construction Apprentice

Council also continues to provide work experience placements for local students when possible.

Council participated in the inaugural Careers Expo conducted by Centacare in September 2022 as well as providing a recruitment presentation to students attending the 2022 Prefects Luncheon.

Property Management

Council's property portfolio, excluding public halls and medical centres, includes two administration offices, seven residential properties, three preschools and a range of community buildings. Council has management responsibility for 75 Crown Reserves. The development of a formal Plan of Management for each Crown Reserve continued throughout 2022/23 with the draft Crown Reserves Generic Plan of Management lodged with the Department of Planning, Industry and Environment – Crown Lands on 29 May 2023.

Risk Management

Risk mitigation throughout the year includes membership of Statewide Mutual, providing access to regional insurance and risk management support. Regionally, Council participates in the Orana Risk and Safety Management Group.

Fleet Services

Fleet Services has 799 plant items distributed across six works depots. Some of the items are 76 light vehicles, 38 trucks, 56 road plant (graders, loaders, backhoes, excavators, rollers etc), 46 self-propelled mowers and 64 trailers. In addition, there are 92 RFS vehicles for which we provide maintenance and registration services. Our capital expenditure was lower this year than planned due to supply delays. The fleet replacement program in 2022/23 was \$1.26M and significant plant purchased this year included a new gravel truck and backhoe loader, two medium sized trucks and 17 light vehicles.



Light vehicle purchases have been hybrid where available as these provide a reduced operational cost (low fuel cost and high resale). In total there are eight hybrids in the fleet.

Where the operating conditions allow, battery operated small plant is also being rolled out. Feedback from staff and the wider community has been positive, particularly with the reduced operating noise.

Workshops

There are workshops located in Coolah and Coonabarabran which support the fleet across all depots. Each workshop is also equipped with a truck configured to cover mobile servicing and breakdowns.

Building Control

Council's Building Certifier issued 16 Construction Certificates and 2 Complying Development Certificates in the 2022/2023 financial year. Council also undertook a number of Critical Stage Inspections and Plumbing Inspections for dwellings and sheds being constructed throughout the shire. These inspections ensure that all building and plumbing works meet the current requirement of the National Construction Code and the Australian Standards and the structure is being built in line with the approved plans.

Assessment and inspection are carried out on all new applications for OSSMS by Council's Building Certifier.

Council's Building Certifier is an Authorised Officer to undertake Swimming Pool Inspections on a yearly basis for tourist and visitor accommodation and for any property being sold or rented.

Town Planning

Council staff assessed 43 Development Applications worth \$10,521,431 throughout the Shire in the 2022/2023 financial year. Council staff processed 632 Planning Certificates; a requirement for sale of property and other legal matters, all certificates were dispatched within the required timeframes.

A review of the Development Control Plan (DCP) was undertaken to ensure that the plan is current to any planning legislation requirements and any new guidelines that have been released. New sections were added into the plan to ensure that Planning for Bushfire Protection matters are taken into consideration when applying for development within bushfire prone land. Changes to agritourism were also included in the plan to reflect the requirements for location such as vegetation and landscaping, water supply, hazards, waste management, biosecurity, traffic and access, signage and ongoing operations. A new

section for Farm Stay Accommodation and Farm Gate and Farm Experience Premises was also included to outline the requirements for any of these types of development. The DCP is a guide to be used when applying for development approval and to provide the applicant with information of what is required when applying for development consent.

Compliance Services - Alcohol-Free Zones

Council maintains Alcohol Free Zones throughout the urban areas of the Shire. Compliance Officers undertake regular inspections to ensure the Alcohol-Free Zone signage is current and in the correct position. Signs are replaced if they are old or unreadable.

Compliance Services – Compliance Certificates

Building Certifiers undertake inspections to ensure private pools meet the requirements of pool safety legislation. Inspections are carried out upon request and compliance certificates are issued for complying barrier fences.

Emergency Services Management

The Local Emergency Management Committee (LEMC) met on four occasions throughout the year with meetings well attended by representatives from: NSW Police; Fire and Rescue NSW; Rural Fire Service; Ambulance; State Emergency Service; Volunteer Rescue Authority and from the Regional Emergency Management Committee.

Council participates in the Bush Fire Management Committee which prepares plans for managing bush fire risks.





STRENGTHENING THE LOCAL ECONOMY

Tourism and Economic Development

During 2022/2023 the Coonabarabran Visitor Information Centre (VIC) successfully maintained its Level 1 accreditation as part of the Accredited VIC Network (AVIC). This achievement underscores the VIC's commitment to providing exemplary services and information to visitors and local residents alike.

Infrastructure at the VIC has received noteworthy improvements, including the modernisation of its retail space to better showcase local produce and souvenirs. Additionally, the facility added a specialised water dispensing unit, specifically tailored to meet the needs of caravanners and travellers.

The VIC takes great pride in supporting local businesses. It currently features an extensive selection of 90 products sourced from 14 businesses located within the Warrumbungle Region. This initiative not only enhances the visitor experience but also injects economic vitality into the local community.

In terms of disseminating information, the VIC has been proactive. A total of 91 mail-outs were executed during this period, in addition to fulfilling monthly brochure orders for business operators in the area. Tailored promotional packs have been distributed at events and conferences to spotlight the region's attractions and to disseminate visitor information.

The VIC welcomed approximately 21,606 visitors. Furthermore, its bathroom facilities were utilised a remarkable 77,197 times, indicating the centre's importance as a community and traveller resource.

The Inland Rail Interface Improvement Program was finalised during the reporting period with the Business Case finalised and adopted by Council. This program sees the incorporation of a rail siding on the rail line to assist with the movement of grain and commodities to market

In the 2022/23 the Town Entrance Signage Project was commenced with the goal of rejuvenating outdated or damaged town signs across the Warrumbungle Shire. The Economic Development and Tourism (EDT) Advisory Committee has been instrumental in providing advice on the design, materials, and textual content for the new entrance signs. Ongoing consultations have been carried out to refine the project details. The towns benefiting from this initiative include Baradine, Coonabarabran, Binnaway, Mendooran, Coolah, and Dunedoo.

Warrumbungle Shire Council hosted a series of BizHQ workshops in March 2023, primarily conducted in Coonabarabran and Coolah. These workshops were designed to empower local businesses by enhancing their online presence. Focusing on equipping participants with a comprehensive understanding of essential online tools, the initiative aimed to provide actionable insights for navigating the digital landscape.

In partnership with the Gilgandra Shire Council, the Warrumbungle Shire Council has commenced preparing a Regional Drought Resilience Plan. This initiative is jointly funded by the Australian Government's Future Drought Fund and the NSW Government. The plan will be finalised over the next financial year.

Tourism and Economic Promotion

The Coonabarabran Visitor Information Centre (VIC) experienced growth in visitor engagement. A total of 21,606 visits were recorded, representing a 37.82% increase

compared to 15,669 visits in the previous year. This surge is indicative of the centre's effectiveness in promoting regional attractions and offering valuable resources to tourists and local residents alike and surge coming out COVID19 lockdowns.

The 'Real Country' tourism initiative, a collaborative effort involving the Warrumbungle, Gilgandra, and Coonamble Local Government Areas, commenced during the reporting period and will see development of a Business Case and Strategy to promote the region.

Council actively promotes the region through media, both online and in print. Specific target audiences include the caravanning community and older travellers. As well as those who visit the region to experience our National Parks, Siding Springs Observatory and other attractions.





SUPPORTING COMMUNITY LIFE

Horticulture

Council owns and maintains 19 park areas throughout the Shire and there are eight sets of playground equipment. Some of the maintenance activities in these areas include grass cutting, watering, weeding, tree pruning, amenities cleaning and maintenance, monitoring and maintenance of playground equipment, and general horticultural tasks associated with numerous garden beds.

The annual cost of parks and gardens maintenance activities in 2022/23 was \$0.86m.



Street Cleaning

Council owns and operates a street sweeper that sweeps gutters in each of the six towns within the Shire. Working on a three-week schedule, gutters are swept in accordance with the following schedule: Coonabarabran 3 days a week; 0.5 days per week in Coolah and Dunedoo; and 0.3 days per week in Baradine, Binnaway and Mendooran. The cost of street cleaning in 2022/23 was \$0.22m.

Public Amenities

Council staff maintain 18 public toilet blocks across the Shire and cleans 15 of them. Three are serviced by volunteers and/or contractors. The toilets generally opened at dawn and closed at dusk, however there are some toilets that are opened 24 hours 7 days a week. The toilets are cleaned at various times during the week, a total of 70 times each week. The cost to clean and maintain these toilets in 2022/23 was \$0.32m.

Town and Village Streets

There are six urban areas in the Warrumbungle Shire Local Government Area: Baradine, Binnaway, Coolah, Coonabarabran, Dunedoo and Mendooran. Within these areas there is a total of 139km of roads. Some of the maintenance activities carried out by Council for these roads include emptying of street bins, street garden and tree maintenance, stormwater infrastructure maintenance and cleaning, and road and footpath maintenance.

The total cost of these maintenance activities in 2022/23 was \$0.96m.

Resealing of a number of town streets in Baradine, Binnaway, Coolah, Coonabarabran, Dunedoo was completed this year.

Village Streets

Mowing, maintenance grading and tree maintenance was undertaken in the streets of villages across the Shire including; Kenebri, Bugaldie, Ulamambri, Merrygoen, Neilrex, Uarbry and Leadville.



Community Care

Warrumbungle Community Care (WCC) provides a range of programs across the Shire to assist the frail aged, people with a disability and their carers. Programs include: Community Transport (vehicles and wheelchair accessible bus), Meals on Wheels, In-home Respite, Social Support and Home Maintenance. WCC is also an Approved Home Care Package provider (HCP), allowing WCC staff to provide in-home domestic and personal care individually tailored to client needs.

The range of services support people to continue to live independently in their own homes with WCC providing services to over 900 clients across the Shire. These services are provided by a dedicated and passionate team of six permanent staff, five part-time/casual staff and a team of approximately 190 volunteers.

In 2022/23 financial year Warrumbungle Community Care provided the following services:

Service	Outputs
Meals on Wheels	14,703 meals
Social Support	4,575 hours
Respite	301 hours
Home Maintenance	1,720 hours
CHSP transport	4,387 trips
NDIS transport	32 trips
CTP transport	2,347 trips
HRT (Health Related Transport)	86 trips
DVA Transport	43 trips
Taxi Vouchers (Coonabarabran)	4,433 vouchers



WCC is a multi-award-winning service, who proudly won the 2022 NSW Local Government Award for Excellence (pop: under 150,000) for their Meal Voucher Program.

WCC also host and coordinate the Warrumbungle Community Services EXPOs held in both ends of the Shire, and regular “Information Days” in all towns across the Shire, in partnership with several services.

WCC have “pop-up” offices fortnightly in Dunedoo and Baradine Libraries to assist clients and the local community.

The Meals on Wheels program has branched out into selling frozen meals to the General Public which is a great advertising and promotional tool for this service.



Community Development

Community Development Coordinators (CDCs) provide a point of contact for Council in the local towns, seek funding on behalf of their district Development Group or Progress Association, and help coordinate and promote local events.

In 2022/2023, the Community Development Coordinators held regular meetings with each other allowing for a sharing of ideas and projects across the Shire. A highlight included the “Connected” project allowing students from all 11 schools in Warrumbungle Shire to connect through youth workshops led by facilitator Az Hamilton from “Just Motivation” and play the “World’s Largest Game of TAG You’re It!” by looking for ways to be generous in their community, undertaking ‘TAGs’ (Timely Acts of Generosity).

Children’s Services

Warrumbungle Children’s Services help support community life through the delivery of Early Childhood Education and Care and Out of School Hours (OOSH) Care with a number of services including Preschool, Long Day Care and Mobile Services.

Covid-19 restrictions lifting in 2023 enabled Children’s Services to resume many of their community programs and hold a number of events including the Active Lorikeets Program with Community Health, Healthy Harold visits, the PALS program with Centacare, a Book Fair and Parade, Transition to School programs and National Simultaneous Storytime. Highlights have included Family Information Nights, and excursions to the Crystal Kingdom, Sorry Day March, Little People Fun Day and the puppet show, “A Little Bit of Blue”.

In 2022/2023, six new early childhood professionals joined the Children’s Services team with diverse and extensive experience in education, which has supported quality uplift across the services. The National partnership agreements on Universal Access to early childhood education has enabled more funding opportunities to support children’s access to preschool programs with new fee relief payments also assisting families.



Connect Five Children's Services

Connect Five Children's Services is externally funded by the NSW Department of Education under Start Strong Pathways. The Start Strong Pathways program helps provide educational support for young children prior to preschool enrolment and helps promote the importance of early childhood education to parents. Connect Five Children's Services delivers this program through play sessions and licensed care to families in nine communities across four Shires – Warrumbungle, Coonamble, Walgett and Gilgandra.

In 2022/2023 Connect Five planned 45 Play Sessions a term at nine different venues with 620 attendances. During 2023, Connect Five increased play sessions at Coonabarabran from 3 hours to 6 hours, and moved Hollywood farm-based venues to the community of Come by Chance. Connect Five also offers a mobile Toy Library providing toys and equipment for enhancing children's learning and is an essential service for isolated and disadvantaged families.



Yuluwirri Kids/Connect Five – Monkey Room

This Mobile Preschool, in conjunction with Connect Five Children's Services supports Yuluwirri Kids waiting lists for children aged 3-5 years who want to attend Preschool. This is funded by NSW Government Mobile Preschool Funding for children enrolled in mobile preschools in regional and remote NSW. Monkey Room operates from the Robertson St venue at Coonabarabran. In 2022 Monkey Room changed its operating days to Monday and Friday in line with community demand and had attendance levels of over 93%.

Yuluwirri Kids Preschool and Long Day Care

Yuluwirri Kids is a 57-place licensed Preschool and Long Day Care Centre that opened on 2 February 2009. The Centre offers 27 preschool places and 30 Long Day Care places a day. NSW Department of Education Start Strong Preschool funding supports families with the delivery of free preschool for 600 hours in the two years before school.

Yuluwirri operates an indoor/outdoor pedagogy with age group programming and learning spaces following the National Early Years Learning Framework. The age group programming allows the centre to meet the changing age numbers each year. In 2022/2023, Preschool utilisation was 3,544 sessions and Long Day Care utilisation was 6,207 sessions, equating to 66% utilisation for Preschool and 85% for Long Day Care.

Coonabarabran After School and Vacation Care (Coonabarabran OOSH)

The Out of School Hours (OOSH) service provides After School Care during school terms and Vacation Care during School Holidays. Coonabarabran After School Care operates five days a week from 3.00pm to 5.30pm caring for children who are attending school in years K – 6 and implementing a play-based program in line with the National Framework for School Aged Care in Australia. After School Care had 1,146 bookings during the year. Vacation Care provides kindergarten and primary school children with fun, varied and engaging recreation-based activities during school holidays. Vacation Care operates for at least 35 days a year and had 274 bookings.

Libraries

Macquarie Regional Library (MRL) provides a range of services and collections to the communities across the Warrumbungle local government area. The library provides services and collections at each of the three libraries of Coolah, Coonabarabran, Dunedoo, and limited services to Baradine, Binnaway and Mendooran.

In 2022/2023 MRL services once again included:

- Maintenance of a service for housebound members and members in aged care.
- Involvement in celebration weeks such as Simultaneous Storytime, National Youth Week, Law Week, Library and Information Week.
- Promotion of events and activities in local towns.
- School Holidays Programs and activities.
- Engagement with local schools, childcare, story time and homework sessions.
- Regular reading and craft sessions.
- Hosting meetings of local groups including local book clubs, craft groups and gardening groups.
- Hosting information sessions and other activities for people of all ages.

With the lifting of Covid-19 restrictions, MRL has seen significant increases for library usage with a 72% increase in new memberships and a 50% increase in visits. Highlights also included the early literacy programs, “1000 Books Before School” and the “Dolly Parton Imagination Library”.

Youth Services and Community Connections

Throughout 2022/2023 the Targeted Earlier Invention (TEI) Community Connections Program administered by the Community Services Connections Officer (CSCO) continued to collaborate and co-ordinate with stakeholders across the Shire to develop and deliver opportunities for young people. The TEI program comprises of Community Sector planning and coordination, community outreach, social participation and community support and advocacy.

Ongoing support and information sharing were coordinated by the CSCO through the Warrumbungle Interagency Committee and other networks including the Warrumbungle Domestic Violence Committee; School Holiday Planning Groups; Coona Yarn, Support, Connect, Suicide Prevention Network; and the Warrumbungle Local Drug Action Team (LDAT).

Highlights included community campaigns, events and activities such as Pride in the Park, NAIDOC Week, Little People Fun Day and Mental Health and Wellbeing Awareness campaigns.

School Holiday activities continued in collaboration with other service providers including Centacare, MacKillop, Barnardos and Mission Australia. Primary and High School craft and game activities were offered at the Coonabarabran Sport & Recreation Centre and Base Zero Mobile Rock-Climbing events in Mendooran, Dunedoo, Coolah, Binnaway and Baradine. 2022 Youth Week activities were held in April with crafts, cooking, library events and Colour Runs in each town, and the annual Mendooran Youth vs Police vs Teachers Touch Football Gala.



Public Halls

Council owns public halls in Baradine, Binnaway, Coolah, Coonabarabran, Dunedoo, Goolhi, Mendooran and Purlawaugh. The Coonabarabran Sport and Recreation building is also categorised as a hall for reporting purposes.

Use of Binnaway and Purlawaugh was low this period due to a lack of volunteer management committees to assist with bookings.



Ovals and other Sporting Facilities

There are sporting ovals in each town and netball courts in Coolah, Coonabarabran and Dunedoo.

The completion of the new modern amenities building at Robertson Oval in Dunedoo was welcomed by the Dunedoo community and user groups this period. The project was started in September 2021 and was completed in August 2022, with the entire project valued at \$1,716,550. \$1,591,954 was provided by the Australian Government, with Warrumbungle Shire Council contributing \$124,596 from general funds.



Public Swimming Pools

Council operates six outdoor seasonal swimming pools that are located at Baradine, Binnaway, Coolah, Coonabarabran, Dunedoo and Mendooran. The swimming season traditionally runs from October to April each year.

Opening dates for the pools varied from mid-October to late November and all pools closed the day before Good Friday. From time to time operational hours and the daily timetable was disrupted due to staff shortages.

Recorded attendances and subsequent revenue dropped substantially in the 2022/23 season compared to previous years. The revenue from entry fees was \$57,471 and the operating expenditure was \$578,576 which included wages, chemicals, utilities as well as minor repairs and maintenance.

Council received grant funding of \$511,476 to complete Shire-wide swimming pool upgrades. Works include installation of continuous disinfectant dosing systems at Baradine, Binnaway and Coonabarabran Pools.



Aerodromes

There are aerodromes at Baradine, Coolah and Coonabarabran. Coonabarabran is the only Civil Aviation and Safety Authority (CASA) certified aerodrome of the three. Maintenance tasks undertaken by Council include grass slashing, weekly inspections and maintenance of the bitumen surface on the runway at Coonabarabran.

The annual cost of aerodrome maintenance in 2022/23 was \$0.12M

Local Roads and Infrastructure

Council has an extensive road network of 2,518km of which 1,543km is unsealed. Council also undertakes roadworks under contract for TfNSW on 186km of state roads, including sections of the Golden Highway, Newell Highway (urban areas only) and Castlereagh Highway.

In November and December 2021, storms and significant rainfall caused extensive damage to the road network and a natural disaster was declared. Over 1,780 defects were identified with the value of the restoration work estimated to be over \$12 million. Restoration works include grading 440km of unsealed roads, pavement and surface repair of 500km of sealed roads, bulk filling of gravel and rock at 43 locations, reshaping of 6.5km of table drains and repair of 12 major causeways, culverts and bridges. Council submitted nine works packages that have been assessed and \$10,568,493 approved including emergency and immediate restoration (emergent) for the November 2021 event. \$1,261,741 has been submitted for the September 2022 event. These funds must be expended by 30 June 2025.

Over \$2.3 million of natural disaster emergent and restoration works on more than 90 regional, local and urban roads has been completed.

Despite the Natural Disaster events and subsequent rain events, Council was still able to achieve a number of works, including:

- 433km of maintenance grading on 60 unsealed roads incorporating 197km that was flood damaged
- 5,150 potholes repaired on local and urban roads
- Resealed 12km of regional roads including Purlewaugh Road, Warrumbungles Way, Vinegaroy Road and Black Stump Way.

Delivered \$4.6 million of Road Maintenance Council Contracts (RMCC) works for the NSW Government including:

- Heavy Patching Program on Golden Highway, Castlereagh Highway and Coonabarabran Road including Natural Disaster Recovery and Reseal preparation
- Maintenance on the Newell Highway, Castlereagh Highway, Golden Highway and Coonabarabran Road.
- Heavy Patching on the Newell Highway Coonabarabran
- Line marking Sullivan Street, Dunedoo Level Crossing

Replaced 5 concrete causeways:

- Cobborah Road
- Avonside Road
- Napier Lane
- Wyuna Road
- Flags Rockedgiel Road

Replaced one timber bridge with a concrete bridge on Warkton Road, Coonabarabran – ‘John Knight Bridge’.

Rehabilitated 1.2km of regional roads on the Black Stump Way.

Medical Facilities

Council owns buildings in Coonabarabran, Mendooran and Dunedoo that are leased for provision of medical services. These premises were maintained and met the professional service level expected by the medical practitioners operating in each of the buildings.

Warrumbungle Waste

Council’s landfill site at Coonabarabran and the transfer stations located at Baradine, Binnaway, Coolah, Dunedoo, Mendooran and Ulamambri remain operational. The transfer stations are opened over various days throughout the week to ensure residents have access for the disposal of household waste and recycling.

Council undertakes a weekly general waste collection and fortnightly recycling collection for residents who pay for the collection service.

The Container Deposit Scheme over the counter collection points at Coonabarabran and Dunedoo provide residents with the opportunity to cash in their used containers through the Return and Earn program. This program is designed to reduce the number of containers going into landfill with 2,367,879 containers being cashed in over the 2022/2023 financial year helping reduce the amount of waste going to landfill.

An Environmental Risk Assessment was undertaken on the Coonabarabran landfill, a number of risk priorities were highlighted through the E-RAMP Report and staff will be working on ensuring that risks at the Coonabarabran landfill site are mitigated.



Environmental Health Services

Assessment and inspections are carried out on all new applications for OSSMS. Council's Building Certifier has undergone training to ensure that the assessment and inspections are carried out in accordance with the current standards. Existing on-site sewage management systems are inspected as required on an ad-hoc basis.

FINANCIAL SNAPSHOT

Original unaudited budget 2023 \$ '000		Actual 2023 \$ '000	Actual 2022 \$ '000
	Income from continuing operations		
15,105	Rates and annual charges	15,156	14,722
6,207	User charges and fees	9,323	6,411
959	Other revenues	2,155	2,894
15,795	Grants and contributions provided for operating purposes	25,765	18,080
13,967	Grants and contributions provided for capital purposes	6,680	9,499
196	Interest and investment income	1,047	267
-	Other income	18	46
856	Net gain from the disposal of assets	-	412
53,085	Total income from continuing operations	60,144	52,331
	Expenses from continuing operations		
15,934	Employee benefits and on-costs	15,921	14,086
6,930	Materials and services	14,317	13,181
58	Borrowing costs	248	120
13,344	Depreciation, amortisation and impairment of non-financial assets	11,337	10,990
5,507	Other expenses	1,748	1,410
600	Net loss from the disposal of assets	3,045	-
42,373	Total expenses from continuing operations	46,616	39,787
10,712	Operating result from continuing operations	13,528	12,544
10,712	Net operating result for the year attributable to Council	13,528	12,544
(3,255)	Net operating result for the year before grants and contributions provided for capital purposes	6,848	3,045

STATUTORY REPORTING

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DELIVERY PROGRAM IMPLEMENTATION

Within 5 months after the end of each year, a council must prepare a report (its “**annual report**”) for that year reporting as to its achievements in implementing its delivery program and the effectiveness of the principal activities undertaken in achieving the objectives at which those principal activities are directed.

Council’s achievements in implementing its *Delivery Program 2022/23* are detailed above at ‘Council Highlights’.

AUDITED FINANCIAL REPORTS

A copy of the council’s audited financial reports prepared in accordance with the *Local Government Code of Accounting Practice and Financial Reporting* published by the Department, as in force from time to time.

Copies of Council’s financial statements are provided as attachments to this Annual Report (Attachments 1-3).

RATES AND CHARGES WRITTEN OFF

The Council’s Annual Report must include the amount of rates and charges written off during the year.

Rates and charges written off by Warrumbungle Shire Council in 2022/23:

Description	Amount (\$)
Rates	\$205.96

OVERSEAS VISITS

Details (including the purpose) of overseas visits undertaken during the year by councillors, council staff or other persons while representing the council (including visits sponsored by other organisations).

Councillors and Staff were not involved in any overseas travel during the year.

PAYMENT OF EXPENSES AND PROVISION OF FACILITIES TO COUNCILLORS

Details of the total cost during the year of the payment of the expenses of, and the provision of facilities to, councillors in relation to their civic functions (as paid by the council, reimbursed to the councillor or reconciled with the councillor), including separate details on the total cost of each of the following:

- (i) the provision during the year of dedicated office equipment allocated to councillors on a personal basis, such as laptop computers, mobile telephones and landline telephones and facsimile machines installed in councillors' homes (including equipment and line rental costs and internet access costs but not including call costs);
- (ii) telephone calls made by councillors, including calls made from mobile telephones provided by the council and from landline telephones and facsimile services installed in councillors' homes;
- (iii) the attendance of councillors at conferences and seminars;
 - a. the provision of induction training for councillors, supplementary induction training for mayors and professional development programs for mayors and other councillors;
- (iv) other training of mayors and councillors and the provision of skill development for mayors and councillors;
- (v) interstate visits undertaken during the year by councillors while representing the council, including the cost of transport, the cost of accommodation and other out-of-pocket travelling expenses;
- (vi) overseas visits undertaken during the year by councillors while representing the council, including the cost of transport, the cost of accommodation and other out-of-pocket travelling expenses;
- (vii) the expenses of any spouse, partner (whether of the same or opposite sex) or other person who accompanied a councillor in the performance of his or her civic functions, being expenses payable in accordance with the *Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors for Local Councils in NSW* prepared by the Director-General from time to time;
- (viii) expenses involved in the provision of care for a child of, or an immediate family member of, a councillor, to allow the councillor to undertake his or her civic functions.

Councillor Fees

Description	Amount (\$)
Election expenses	\$0
Mayor	\$14,088
Councillors (8)	\$140,412.56

Councillor Allowances

Description	Amount (\$)
Travel and accommodation	\$6,500
Meal allowance	\$1,596.57
Provision of dedicated office equipment	\$20
Attendance at conferences and seminars	\$13,435
Training and provision of skill development	\$420
Interstate visits, including transport, accommodation and other out of pocket travelling expenses	\$0
Overseas visits, including transport, accommodation and other out of pocket travelling expenses	\$0
Expenses of any spouse, partner or other person who accompanied a Councillor	\$0
Expenses involved in the provision of care for a child or an immediate family member	\$0
Other allowances – subscriptions and publications	\$13,465.02

PROFESSIONAL DEVELOPMENT

For the purposes of section 428(4)(b) of the Act, an annual report of a council must include the following information--

- (a) the names of any mayors or councillors who completed any induction training course, induction refresher course or supplementary induction course under this Part during the year,
- (b) the names of any mayors or councillors who participated in any ongoing professional development program under this Part during the year,
- (c) the number of seminars, circulars and other activities delivered as part of the ongoing professional development program in accordance with this Part during the year.

Throughout the year 2022/23 Councillors attended a Pool Operations Strategic Direction Workshop on 28 July 2022, a Grant Workshop on 22 August 2022 and General Managers Performance Review training on 6 September 2022. Councillor Rindfleish attended Understanding LG Finances for Councillors Course on 25 November 2022.

Throughout the 2022/23 financial year 24 circulars were delivered to councillors as part of their ongoing professional development.

CONTRACTS AWARDED

Details of each contract awarded by the council during that year (whether as a result of tender or otherwise) other than:

- (i) employment contracts (that is, contracts of service but not contracts for services), and
- (ii) contracts for less than \$150,000 or such other amount as may be prescribed by the regulations,

including the name of the contractor, the nature of the goods or services supplied by the contractor and the total amount payable to the contractor under the contract.

Council engaged in five contracts exceeding \$150,000 during 2022/23 totalling \$2,145,736.03.

Contract ID	Name of contractor	Nature of goods or services supplied	Value (\$)
344/2122	Tamworth Regional Council	Managed Services – support and maintenance, IT end user support	296,130.00
26/2223	Hunter H2O Holdings Pty Ltd t/a Beca HunterH2O	Provision of project management services for Coonabarabran and Dunedoo sewerage treatment plant upgrades.	417,604.00
283/2223	People, Place and Partnership	'Real Country' tourism and experience strategy and infrastructure business case – in partnership with Coonamble Shire Council and Gilgandra Shire Council.	391,450.00
304/2223	Murray Constructions	Construction of a new bridge on Leaders Road 4.9km south of Binnaway.	747,901.00
308/2223	Interflow Pty Ltd	Provision of sewer relining services for Coolah, Dunedoo and Coonabarabran	292,651.03

LEGAL PROCEEDINGS

A summary of the amounts incurred by the council during the year in relation to legal proceedings taken by or against the council (including amounts, costs and expenses paid or received by way of out of court settlements, other than those the terms of which are not to be disclosed) and a summary of the state of progress of each legal proceeding and (if it has been finalised) the result.

Matter and Court	Court	Amount incurred 22/23 (\$)	Status – Progress or Outcome
Boulus Constructions P/L v WSC Supreme Court of NSW (Proceedings No. 2018/00340246)	Supreme Court of NSW (Proceedings No. 2018/00340246)	1,012,476.22	Settled

LABOUR STATISTICS REPORTING

Section 217 of the Local Government (General) Regulation 2021 (the Regulation) has been amended to require councils to report on their employment practices in their annual reports.

Councils will be required to publish information in their annual reports, starting with the 2022/23 annual report, on the total number of persons who performed paid work for them on a "relevant day" to be fixed by the Secretary of the Department of Planning, Industry and Environment (Secretary DPIE) each year.

On 23 November 2022 there were:

178	persons directly employed by Council
1	person employed by the Council who is "senior staff" for the purposes of the LG Act 1993
3	persons engaged by council, under a contract or other arrangement with the person's employer, that is wholly or principally for the labour of the person

INSPECTIONS OF PRIVATE SWIMMING POOLS

For the purposes of section 22F (2) of the Act, a local authority that is a council must include in its annual report under section 428 of the Local Government Act 1993 the number of inspections that it carried out under Division 5 of Part 2 of the Act that--

- (a) were of tourist and visitor accommodation, or
- (b) were of premises on which there were more than 2 dwellings, or
- (c) resulted in the council issuing the following--
 - (i) a certificate of compliance under section 22D of the Act,
 - (ii) a certificate of non-compliance under clause 21 of this Regulation.

Inspections of private swimming pools throughout Warrumbungle LGA	
a) were of tourist and visitor accommodation, or	5
b) were of premises on which there are more than two dwellings, or	0
c) resulted in the council issuing the following:	
i) a certificate of compliance under section 22D of the act,	3
ii) a certificate of non-compliance under section 21 of this Regulation	2

PRIVATE WORKS

Details or a summary (as required by section 67(3) of the Act) of resolutions made during that year under section 67 of the Act concerning work carried out on private land and details or a summary of such work if the cost of the work has been fully or partly subsidised by the council, together with a statement of the total amount by which the council has subsidised any such work during that year.

There were no resolutions made in relation to Private Works, as required under Section 67 and there no private works fully or partly subsidised by Council during 2022/23.

CONTRIBUTIONS

The total amount contributed or otherwise granted under section 356 of the Act.

Organisation Name	Total Value (\$)
Active Farmers	1,000.00
Baradine Bowling Sporting Club	460.00
Baradine Country Women's Association	618.28
Baradine PA&H Association	400.00
Baradine Preschool	800.00
Baradine Rusty Club and Men's Shed	669.64
Binnaway Bombshells	460.00
Binnaway Jockey Club	1,000.00
Binnaway PAH&I Association	450.00
Binnaway Progress Association	400.00
Binnaway Tennis Club	860.00
Black Stump Craft Shop Inc.	1,094.23
Borah Creek Land Managers	400.00
Brothers United	400.00
Caring for Coolah Inc.	460.00
Centacare	460.00
Coolah and District Historical Society	860.00
Coolah Crafts	400.00
Coolah District Development Group	460.00
Coolah Junior Sports Club	400.00
Coolah Landcare	1,000.00
Coolah Lions Club	400.00
Coolah Pony Club	460.00
Coolah Presbyterian Church	343.50
Coolah Seniors Recreational Group	460.00
Coolah Swimming Club	400.00
Coolah Tennis Club	460.00
Coolah Volunteer Rescue Squad	460.00
Coolah Youth and Community Centre	1,013.04
Coonabarabran Anglican Church	343.50
Coonabarabran Bowling Club	460.00
Coonabarabran Country Women's Association	2,090.22
Coonabarabran Jockey Club	1,000.00
Coonabarabran High School	1,000.00
Coonabarabran Highland Pipes and Drums (Coonabarabran Celtic Club)	860.00
Coonabarabran Local Aboriginal Land Council	343.50
Coonabarabran Swimming Club	900.00
Dunedoo and District Development Group	400.00

Dunedoo and District Historical Society and Museum	850.00
Dunedoo Area Community Group	343.50
Dunedoo Bowling Club	964.83
Dunedoo Central School	803.50
Dunedoo Community Coordinator	460.00
Dunedoo Junior Rugby League and Football	460.00
Dunedoo Lions Club Art Unlimited	1,000.00
Dunedoo Polocrosse Club	1,460.00
Dunedoo Presbyterian Church	343.50
Dunedoo Sports Club	500.00
Dunedoo Tennis Club	400.00
Mendooran and District History Group Inc.	400.00
Mendooran Country Women's Association	491.00
Mendooran PA&H Association	400.00
Mendooran Preschool	491.00
Mendooran Turf Club	1,000.00
North West Equestrian Expo	1,000.00
Pandora Gallery	400.00
Riding for the Disabled	500.00
St Lawrence's Primary School	400.00
Schools – whole LGA (11 schools)	770.00
Tunes on the Turf	400.00
Uarbry Hall	1,354.29
Warrumbungle Domestic Violence Committee	400.00
Warrumbungle Eventing	1,000.00
Warrumbungle Shire Council (for waiver of hall hire)	240.50
Yarn Support Connect	460.00
Total	41,738.03

EXTERNAL BODIES

A statement of all external bodies that during the year exercised functions delegated by the council.

External Body	Function
Castlereagh Macquarie County Council	Control noxious weeds on public land and waterways
Macquarie Regional Library	Library services
Committee	Function
Castlereagh Bushfire Management	Fire mitigation
Local Emergency Management	Emergency co-ordination
Traffic Advisory	Traffic management
North West Weight of Loads Group	Heavy vehicle regulation

CONTROLLING INTERESTS

A statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies (whether or not incorporated) in which the council (whether alone or in conjunction with other councils) held a controlling interest during that year.

Warrumbungle Shire Council did not hold a controlling interest in any company during the reporting period.

JOINT VENTURES

A statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies (whether or not incorporated) in which the council participated that year.

During 2022/23 Council was a joint venture member of the Macquarie Regional Library service with Dubbo Regional Council and Narromine Shire Council. During the period Council was also a joint member of the Castlereagh Macquarie County Council. Council coordinated the Connect Five Children's Services which serviced Warrumbungle, Coonamble and Gilgandra local government areas.

Council is also a part of Statewide and StateCover, which are Mutuals for the provision of public liability, property insurance, fidelity guarantee and workers compensation insurances.

EQUAL EMPLOYMENT OPPORTUNITY

A statement of the activities undertaken by the council during that year to implement its equal employment opportunity management plan.

In relation to Council's Equal Employment Opportunity (EEO) Management Plan:

- Council's Recruitment and Selection Policy was reviewed and updated to ensure ongoing compliance with EEO and merit selection principles and practices.
- Council utilises online recruitment software which provides increased transparency of decision making.
- Council's statement of being an EEO employer is included in all job advertisements.
- Council conducts ongoing reviews of Council's policies, procedures and practice to ensure they are compliant with EEO principles and practices.

REMUNERATION – SENIOR STAFF

A statement of the total remuneration comprised in the remuneration package of the general manager during the year that is to include the following:

- (i) the total value of the salary component of the package;
- (ii) the total amount of any bonus payments, performance payments or other payments made to the general manager that do not form part of the salary component of the general manager;
- (iii) the total amount payable by the council by way of the employer's contribution or salary sacrifice to any superannuation scheme to which the general manager may be a contributor;
- (iv) the total value of any non-cash benefits for which the general manager may elect under the package;
- (v) the total amount payable by the council by way of fringe benefits tax for any such non-cash benefits.

A statement of the total remuneration comprised in the remuneration packages of all senior staff members (other than the general manager) employed during the year, expressed as the total remuneration of all the senior staff members concerned (not of the individual senior staff members) and including total of each of the following:

- (i) the total values of the salary component of their packages;
- (ii) the total amount of any bonus payments, performance payments or other payments made to them that do not form part of the salary components of their packages;
- (iii) the total amount payable by the council by way of the employer's contribution or salary sacrifice to any superannuation scheme to which any of them may be a contributor;
- (iv) the total value of any non-cash benefits for which any of them may elect under the package;
- (v) the total amount payable by the council by way of fringe benefits tax for any such non-cash benefits.

The General Manager is Council's only designated Senior Staff member as prescribed by section 332 of the Act. The General Manager's total remuneration package was:

Component	Amount (\$)
Salary	265,625.84
Bonus payments, performance payments or other payments not forming part of salary component	0
Employer's contribution to salary sacrifice to any superannuation scheme to which the General Manager is a contributor	27,890.79
Non-cash benefits	0
Fringe Benefits tax for any such non-cash benefits	13,704.32

STORMWATER MANAGEMENT SERVICES

If the council has levied an annual charge for stormwater management services - a statement detailing the stormwater management services provided by the council during that year.

Council implemented a stormwater levy in 2017/18 to fund stormwater projects that Council is currently unable to fund, due to funding limitations, from General Fund. This stormwater levy was introduced and is made under section 496A of the Local Government Act 1993. Land within an urban area rated as either residential or business for rating purposes (except vacant land) will be charged an annual levy for Council to provide a stormwater management service.

Within the local government area there are a total of 3,828 assessments rated as residential and 379 assessments rated as business. In accordance with section 125AA of the *Local Government (General) Regulation 2021*, the maximum annual charge for stormwater management services levied in respect of a parcel of rateable land is for land categorised as urban residential land at \$25 and for businesses up to \$25 per 350m².

The stormwater levy helps councils improve the management of the quality and quantity of stormwater that flows off a parcel of a privately-owned land and also includes a service to manage the re-use of stormwater for any purpose. Council will accrue additional revenue of \$105,175 per annum for expenditure for stormwater management, assuming each business and residential assessment is charged a flat \$25 per assessment.

Council levied a stormwater charge in 2022/23 and the funds were allocated to the Cowper Street drainage project in Coonabarabran. This project was not able to commence owing to access issues and weather-related delays.

SPECIAL VARIATIONS

A report on special variation expenditure if required to do so by the instrument made by the Minister.

As no special variation was received by Council, there are no outcomes or expenditures to report.

COMPANION ANIMALS ACT AND REGULATION

A detailed statement, prepared in accordance with such guidelines as may be issued by the Director-General from time to time, of the council's activities during the year in relation to enforcing, and ensuring compliance with, the provisions of the *Companion Animals Act 1998* and the regulations under that Act.

Statement of enforcement and ensuring compliance with the provisions of the *Companion Animals Act 1988 (CA Act)* and the *Companion Animal Regulation 2018*, including:

Lodgement of pound data collection returns with the Office of Local Government (survey of Council seizures of cats and dogs)	Survey completed and submitted.
Lodgement of data about dog attacks with the Office of Local Government	Yes – data lodged through the NSW Companion Animals Register
Amount of funding spent on companion animal management and activities	No funding received during the reporting period.
Community education programs carried out and strategies the Council has in place to promote and assist the de-sexing of dogs and cats	No programs currently in place. This program is carried out locally by Veterinarians.
Strategies in place for complying with the requirements under s64 of the CA Act to seek alternatives to euthanasia of unclaimed animals	Rehoming program in place as per OLG requirements. Rehoming facilities emailed before euthanising of any companion animals.
Off leash areas provided in the Council area	Off leash area provided in all towns.
Detailed information on fund money used for managing and controlling companion animals in its area	No funding received during the reporting period.

GOVERNMENT INFORMATION (PUBLIC ACCESS)

Each agency (other than a Minister) must, within 4 months after the end of each reporting year, prepare an annual report on the agency's obligations under this Act for submission to the Minister responsible for the agency. A copy of the report is to be provided to the Information Commissioner.

The annual report of an agency (other than a Minister) required to be prepared under section 125 of the Act must include the following:

(Note: An agency's report under section 125 of the Act can be included in the agency's annual report required to be prepared under the annual reporting legislation – see section 6 of the *Annual Reports (Departments) Act 1985* or section 5A of the *Annual Reports (Statutory Bodies) Act 1984* [as the case requires].)

- (a) details of the review carried out by the agency under section 7(3) of the Act during the reporting year and the details of any information made publicly available by the agency as a result of that review;
- (b) the total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications);
- (c) the total number of access applications received by the agency during the reporting year that the agency refused, either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the Act (Information for which there is conclusive presumption of overriding public interest against disclosure).

(Note: Table D in Schedule 2 also requires information relating to access applications in respect of which there is a conclusive presumption of overriding public interest against disclosure.)

- (d) information, as set out in the form required by the tables in Schedule 2, relating to the access applications (if any) made to the agency during the reporting year.

Council has received 48 requests for information during the reporting period. Details are provided on the table over.

Number of Applications by Type of Application Outcome

	Full Access Granted	Part Access Granted	Refused Access in Full	Information not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/ Deny Information Held	Application Withdrawn	Total	% of Total
Personal Information Applications	15		1	2					18	56.25
Applications other than personal information	3	1			1	1			6	18.75
Applications partly personal and partly other		8							8	25
Total	18	9	1	2	1	1	0	0		
% of total	56.25	28.125	3.125	6.25	3.125	3.125	0	0		

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

PLANNING AGREEMENTS

A planning authority that has entered into one or more planning agreements must, while any such planning agreements remain in force, include in its annual report particulars of compliance with and the effect of the planning agreements during the year to which the report relates.

Council entered into a Voluntary Planning Agreement (VPA) with TILT Renewables for the Liverpool Range Wind Farm during 2019/20 financial year. This VPA remains in force.

PUBLIC INTEREST DISCLOSURES

Information required to be provided in accordance with s2 of the *Public Disclosures Regulation 2011* is included herewith:

Public Interest Disclosures (PID) submitted to the Ombudsman in 2022/21 are outlined in the table below.

	By public officials performing their daily functions	Under a statutory or other legal obligation	All other interest disclosures
PID applications by public officials	0	0	0
Access applications other than personal information	0	0	0
PID received, primarily about:			
Corrupt conduct	0	0	0
Maladministration	0	0	0
Serious and substantial waste	0	0	0
Government information convention	0	0	0
Local government pecuniary interest convention	0	0	0

DISABILITY INCLUSION ACTION PLAN

According to the *Disability Inclusion Act 2013* section 13(1), a public authority that is a government department or local council must, as soon as practicable after preparing its annual report, give the Minister a copy of the part of the annual report relating to the department's or council's report on the implementation of its disability inclusion action plan.

The Disability Inclusion Action Plan (DIAP) is a four-year plan that outlines Council's commitment to creating an inclusive community for people with disability. During 2022/2023 Council completed a new DIAP for 2022-2026. First, the 2017-2021 DIAP was reviewed and then community consultation from 2021 was incorporated. Community feedback for each town in the LGA was summarised and then key priorities that were common themes across all four focus areas of the DIAP were identified.

From these priorities, strategies and actions were created for each focus area and Council Managers were consulted on their specific actions and timeframes to ensure they were realistic and fit within delivery programs and budgets. Community members who contributed to the consultation meetings were contacted, where possible, to ensure they were happy to have their feedback included and to provide further feedback on the updated DIAP. The Community Development Coordinators in each town also reviewed a draft of the updated DIAP and provided feedback. In July 2023, the updated DIAP went to Council for endorsement and to be placed on public exhibition.

Much has been achieved from DIAP 2017-2021 including:

- Design and production of a new tourism brochure for the Warrumbungle region including accessibility information
- Extension and completion of shared pathways in Coolah and Coonabarabran
- The HR team facilitated an Employee Engagement Survey to seek feedback from staff as to how Council can support them in the workplace and sought recommendations for improved inclusive practices.
- Hearing loop available in Coonabarabran Council Chambers
- Council meetings are live-streamed on Facebook and the recordings of each meeting uploaded to the Council website
- Access Ramp at Coolah Council Office completed
- Installation of automatic doors at Coonabarabran Visitor Information Centre
- Stop & Play Playground at Coonabarabran opened including a Liberty Swing with MLAK Key
- Community Services Expo held in Coonabarabran and Mendooran
- Inclusive Sports Day held in Baradine during Youth Week
- Libraries developed new inclusive resources for the collection and purchased assistive technology for the computers.

Next steps

In the next year, Council will focus on the following key actions:

- Adopting the updated DIAP 2022-2026
- Disability Awareness training for relevant Council staff
- Survey residents of the LGA about access and inclusion
- Continue to upgrade Council assets to meet the requirements of the Disability Discrimination Act (DDA) and relevant Australian Standards
- Review the Pedestrian Access and Mobility Plan (PAMP)
- Investigate strategies for online engagement and community-led consultation

Council is committed to creating an inclusive community for people with disability. The DIAP is a key tool in achieving this goal. Council will continue to work with people with disability, their families and carers, and other stakeholders to implement the DIAP and make the community more inclusive for everyone.

CARERS RECOGNITION ACT

Councils considered to be 'human service agencies' under the *Carers Recognition Act 2010* (CR Act) (provide services directed at carers and/or people being cared for by carers) must report on compliance with the CR Act for the reporting period.

Warrumbungle Community Care (WCC) supports people being cared for by carers and the carers themselves by raising awareness and promoting the care relationship principles. The care relationship principles are used for assessing, planning, delivering, managing and reviewing support services, programs and policies. All staff are aware of and understand the NSW Carers Charter through training and information days and regular consultation takes place with carers and the people they care for.

Warrumbungle Community Care (WCC) supports carers through the provision of the following:

- Information days in the community with relevant service providers to promote relationships, and support the community in receiving information.
- Training days with both staff and volunteers (carers)
- Community Services EXPOs held north and south of the Shire annually
- Dementia Friendly (training)
- Seniors Rights advocacy groups
- Interagency meetings bi-monthly
- Volunteer Palliative Care group
- In-home flexible Respite program
- Partnerships with relevant like-minded services such as Carer Gateway
- The Carer Gateway is a federally funded service that provides emotional, practical and financial support for carers (<https://www.carergateway.gov.au/>). The Carer Gateway has many services that help with daily challenges, emotional and financial stresses that a carer may experience.
- Carer Gateway provides many services, including:
 - Coaching
 - Counselling
 - Respite care
 - Connection with other carers
 - Online courses
 - Financial support

MODERN SLAVERY ACT

Must contain a statement of steps taken to ensure that goods and services procured by and for the council during the year were not the product of modern slavery within the meaning of the Modern Slavery Act 2018

Warrumbungle Shire Council is a local government organisation. The elected body comprises nine councillors. The organisation structure includes one general manager and three departmental directors. The local government area is located in NSW, taking in the towns of Baradine, Binnaway, Coolah, Coonabarabran, Dunedoo and Mendooran.

The council's primary suppliers are predominantly Australian-based companies supplying goods and services needed across Council operations including, but not necessarily limited to:

- Cemetery maintenance
- Civil engineering
- Companion animals, including compliance
- Construction
- Consultancy
- Design
- Environmental compliance
- Horticulture
- Information Technology
- Motor vehicle fleet and plant
- Property management and maintenance
- Road maintenance
- Sporting facility maintenance
- Tourism management and promotion
- Town planning including building certification
- Urban street maintenance
- Waste management
- Water and waste water management

Council operations are directly undertaken by Council employees and covered by internal processes. Potential risks exist in the supply chain, including:

- Supplier sector and industry risks – particularly in sourcing ICT, electronics, cleaning and agriculture
 - Informal or unregulated sector
 - Little visibility over lower tier suppliers
- Supply chain model – particularly sourcing construction needs
 - Larger and more complex supply chains that are difficult to monitor
 - Sub-contracting and use of labour recruiters

To ensure goods and services are not the product of modern slavery, Warrumbungle Shire Council:

- Enforces policies that are intended to promote ethical and legally compliant business conduct, including Code of Conduct, internal reporting (Public Interest Disclosures), and Procurement (including local preference);
- Training of staff involved in procurement, and their managers and senior managers;
- Supply chain communications, including the introduction of a supplier questionnaire identifying modern slavery risks.

Council enquiries in preparation of the annual report revealed full compliance with modern slavery requirements.

ATTACHMENTS

Attachments 1-3: 2022/23 Audited Financial Statements.

Warrumbungle Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023



Warrumbungle Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023



Warrumbungle Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

14-22 John Street
Coonabarabran NSW 2357

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.warrumbungle.nsw.gov.au.

Warrumbungle Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Warrumbungle Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

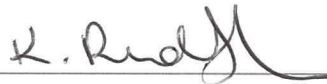
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

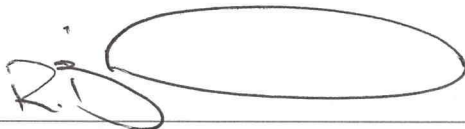
Signed in accordance with a resolution of Council made on 21 September 2023.



Ambrose Doolan
Mayor
21 September 2023



Kathy Rindfleish
Councillor
21 September 2023



Roger Bailey
General Manager
21 September 2023



Lisa Grammer
Responsible Accounting Officer
21 September 2023

Warrumbungle Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		13,528	12,544
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	52,806	40,246
Total items which will not be reclassified subsequently to the operating result		52,806	40,246
Total other comprehensive income for the year		52,806	40,246
Total comprehensive income for the year attributable to Council		66,334	52,790

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

Warrumbungle Shire Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	Restated 2022 ¹	1 July 2021 ¹
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	5,776	4,078	5,350
Investments	C1-2	35,500	23,000	16,537
Receivables	C1-4	10,015	4,233	4,765
Inventories	C1-5	602	572	568
Contract assets	C1-6	3,304	3,632	2,459
Other	C1-9	50	1,037	–
Total current assets		55,247	36,552	29,679
Non-current assets				
Investments	C1-2	–	1,000	–
Inventories	C1-5	299	299	299
Infrastructure, property, plant and equipment (IPPE)	C1-7	647,137	599,747	553,390
Intangible assets	C1-8	64	92	80
Right of use assets	C2-1	183	274	197
Investments accounted for using the equity method	D2-1	519	501	455
Total non-current assets		648,202	601,913	554,421
Total assets		703,449	638,465	584,100
LIABILITIES				
Current liabilities				
Payables	C3-1	2,472	1,917	2,472
Contract liabilities	C3-2	4,538	3,071	1,459
Lease liabilities	C2-1	92	89	47
Borrowings	C3-3	529	904	1,010
Employee benefit provisions	C3-4	3,794	3,843	4,676
Provisions	C3-5	103	500	500
Total current liabilities		11,528	10,324	10,164
Non-current liabilities				
Lease liabilities	C2-1	157	250	176
Borrowings	C3-3	492	1,021	1,925
Provisions	C3-5	2,988	4,920	2,675
Total non-current liabilities		3,637	6,191	4,776
Total liabilities		15,165	16,515	14,940
Net assets		688,284	621,950	569,160
EQUITY				
Accumulated surplus	C4-1	452,723	439,195	426,651
IPPE revaluation reserve	C4-1	235,561	182,755	142,509
Council equity interest		688,284	621,950	569,160
Total equity		688,284	621,950	569,160

(1) Restated - see Note G4-1

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

Warrumbungle Shire Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	2023		2022	
	Accumulated surplus	IPPE revaluation reserve	Accumulated surplus	IPPE revaluation reserve
	Restated	Restated	Restated	Restated
Opening balance at 1 July	437,162	182,755	424,618	142,509
Correction of prior period errors	2,033	-	2,033	-
Restated opening balance	439,195	182,755	426,651	142,509
Net operating result for the year	13,528	-	12,544	-
Restated net operating result for the period	13,528	-	12,544	-
Other comprehensive income				
Gain (loss) on revaluation of infrastructure, property, plant and equipment	-	52,806	-	40,246
Other comprehensive income	-	52,806	-	40,246
Total comprehensive income	13,528	52,806	12,544	40,246
Closing balance at 30 June	452,723	235,561	439,195	182,755
				621,950

Notes

G4-1

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

Warrumbungle Shire Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
<i>Receipts:</i>				
15,105	Rates and annual charges		14,925	15,080
6,207	User charges and fees		7,444	6,354
196	Interest received		798	140
29,762	Grants and contributions		34,240	28,018
959	Other		650	3,252
<i>Payments:</i>				
(15,934)	Payments to employees		(15,973)	(14,938)
(6,930)	Payments for materials and services		(13,700)	(15,484)
(58)	Borrowing costs		(70)	(113)
–	Bonds, deposits and retentions refunded		(373)	(21)
(5,507)	Other		(2,984)	(139)
23,800	Net cash flows from operating activities	G1-1	24,957	22,149
Cash flows from investing activities				
<i>Receipts:</i>				
856	Proceeds from sale of IPPE		589	1,197
<i>Payments:</i>				
–	Acquisition of term deposits		(11,500)	(7,463)
(21,128)	Payments for IPPE		(11,354)	(16,055)
–	Purchase of intangible assets		–	(38)
(20,272)	Net cash flows from investing activities		(22,265)	(22,359)
Cash flows from financing activities				
<i>Payments:</i>				
(713)	Repayment of borrowings		(904)	(1,010)
(51)	Principal component of lease payments		(90)	(52)
(764)	Net cash flows from financing activities		(994)	(1,062)
2,764	Net change in cash and cash equivalents		1,698	(1,272)
13,582	Cash and cash equivalents at beginning of year		4,078	5,350
16,346	Cash and cash equivalents at end of year	C1-1	5,776	4,078
–	plus: Investments on hand at end of year	C1-2	35,500	24,000
16,346	Total cash, cash equivalents and investments		41,276	28,078

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

Warrumbungle Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 21 September 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 (Act)* and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

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

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

and are clearly marked.

Domestic and international situation

Widespread volatility caused by international and domestic events in 2022 (war in Ukraine, natural disasters in NSW and nationwide, etc.) has significantly impacted supply chains, labour costs and inflation. With continuing changes in material costs, labour shortages and supply issues there has been a significant increase in amount of discussion and data regarding changes in construction costs. Commodity prices including key construction materials have seen significant increases over the last 3 years. As a result of assessment done, council had performed indexation of its infrastructure assets to ensure their carrying amount is not materially different to fair value as at 30 June 2022. Rise of the cost of living continued in 2023 financial year. This caused another indexation of infrastructure assets values as at the end of June 2023 (see Note C1-7). Management keeps monitoring ongoing developments on the international and Australian markets and the impact they may have on the financial results and position of the council.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

A1-1 Basis of preparation (continued)

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- General purpose operations
- Warrumbungle Water Fund
- Warrumbungle Sewerage Fund

The Trust Fund

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

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

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council uses volunteers in the following services:

- Visitors Information Centre
- Community care including drivers for meals of Wheels delivery, drivers for health related transport from all our local towns to Tamworth or Dubbo; volunteers assisting with specific activities e.g. Community EXPO, volunteers to act in a carer capacity for frail or clients with disability to attend appointments etc.

The volunteer numbers are small and the hours for each are minor in nature.

As these instances are limited and minor, Council does not include values in the Annual Statements.

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.

A1-1 Basis of preparation (continued)

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

New accounting standards adopted during the year

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

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

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022 ¹
Functions or activities										
General Revenue	21,016	20,490	–	–	21,016	20,490	11,320	11,584	7,329	1,819
Executive	611	256	1,833	2,492	(1,222)	(2,236)	560	240	–	–
Technical Services	21,980	15,237	25,121	19,014	(3,141)	(3,777)	16,010	10,474	512,826	484,131
Development Services	867	418	3,321	2,821	(2,454)	(2,403)	338	135	61,069	50,453
Corporate and Community Services	3,354	4,037	7,265	6,840	(3,911)	(2,803)	1,220	1,992	38,205	26,036
Warrumbungle Water	5,658	6,409	4,511	4,319	1,147	2,090	1,179	2,248	53,749	48,848
Warrumbungle Sewer	3,920	2,898	1,928	1,883	1,992	1,015	1,818	906	29,730	26,761
Warrumbungle Waste	2,738	2,586	2,637	2,418	101	168	–	–	541	417
Total functions and activities	60,144	52,331	46,616	39,787	13,528	12,544	32,445	27,579	703,449	638,465

(1) Restated - see Note G4-1

B1-2 Components of functions or activities

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

General Revenue

Includes rates revenue, interest revenue and general grants.

General Manager

Includes management and leadership, governance, Cobbora Transition Fund, human resource management, payroll services, WH&S and risk management and learning and development services.

Technical Services

Includes technical services management, design services, road operations, fleet services and urban services.

Development Services

Includes development services management, regulatory services, property and risk and development and tourism.

Corporate and Community Services

Includes corporate services, community agencies, bushfire and emergency services, children's and community services.

Warrumbungle Water

The core function of Warrumbungle Water is the provision of water supply to connected properties in each town within the Shire.

Warrumbungle Sewer

The core function of Warrumbungle Sewer is the collection and treatment of sewage effluent from connected properties in Baradine, Coolah, Coonabarabran and Dunedoo.

Warrumbungle Waste

Warrumbungle Waste provides waste services throughout the Warrumbungle Shire as a business arm of Council. The waste services are provided to residential and non-residential customers for both general waste and recycling.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	2,458	2,426
Farmland	5,621	5,496
Business	639	630
Less: pensioner rebates (mandatory)	(154)	(154)
Rates levied to ratepayers	8,564	8,398
Pensioner rate subsidies received	84	86
Total ordinary rates	8,648	8,484
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	1,861	1,792
Water supply services	2,364	2,255
Sewerage services	1,917	1,830
Waste management services (non-domestic)	359	350
Less: pensioner rebates (mandatory)	(230)	(227)
Liquid trade waste	9	9
Stormwater levy	104	104
Annual charges levied	6,384	6,113
Pensioner annual charges subsidies received:		
– Water	38	38
– Sewerage	27	28
– Domestic waste management	59	59
Total annual charges	6,508	6,238
Total rates and annual charges	15,156	14,722

Council has used 2022 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
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	1	2,070	1,840
Sewerage services	1	115	105
Liquid trade waste	1	40	67
Total specific user charges		2,225	2,012
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Building regulation	2	59	38
Private works – section 67	2	285	96
Registration fees	2	5	78
Regulatory fees	2	35	27
Section 10.7 certificates (EP&A Act)	2	33	42
Section 603 certificates	2	24	35
Planning regulation	2	57	30
Total fees and charges – statutory/regulatory		498	346
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aged care	1	724	405
Cemeteries	2	98	105
Child care	1	617	977
Lease rentals	1	44	16
Leaseback fees – Council vehicles	1	52	52
Transport for NSW works (state roads not controlled by Council)	1	4,759	2,188
Swimming centres	2	58	86
Tourism	2	148	135
Waste disposal tipping fees	2	58	48
Other	2	42	41
Total fees and charges – other		6,600	4,053
Total other user charges and fees		7,098	4,399
Total user charges and fees		9,323	6,411
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		8,421	5,650
User charges and fees recognised at a point in time (2)		902	761
Total user charges and fees		9,323	6,411

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 on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as joining 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 over the term of the licence.

B2-3 Other revenues

\$ '000	Timing	2023	2022
Rental income – other council properties	1	152	138
Legal fees recovery – rates and charges (extra charges)	2	63	163
Commissions and agency fees	2	201	201
Diesel rebate	2	211	158
Insurance claims recoveries	2	470	1,562
Recycling income (non-domestic)	2	26	42
Container deposit Scheme	2	404	356
Other	2	628	274
Total other revenue		2,155	2,894

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	152	138
Other revenue recognised at a point in time (2)	2,003	2,756
Total other revenue	2,155	2,894

Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,538	2,602	–	–
Financial assistance – local roads component	2	792	1,351	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	5,913	3,994	–	–
Financial assistance – local roads component	2	3,077	2,084	–	–
Amount recognised as income during current year		11,320	10,031	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Aged care	1	943	805	–	–
Bushfire and emergency services	2	478	1,053	–	–
Child care	2	1,161	714	–	–
Economic development	2	166	183	–	–
Employment and training programs	2	110	200	–	–
Environmental programs	2	899	–	–	–
Heritage and cultural	2	6	10	–	–
Library	2	90	89	–	–
LIRS subsidy	2	32	54	–	–
Recreation and culture	2	–	480	2,071	–
Transport (other roads and bridges funding)	2	6,589	–	1,989	4,416
Transport (roads to recovery)	2	–	1,582	–	–
Transport for NSW contributions (regional roads, block grant)	2	2,858	2,852	–	–
Sewerage (excl. section 64 contributions)	1	–	–	1,848	735
Water supplies (excl. section 64 contributions)	1	–	–	1,184	2,336
Other contributions	2	200	–	–	–
Other specific grants ¹	2	913	27	(516)	1,969
Total special purpose grants and non-developer contributions – cash		14,445	8,049	6,576	9,456
Total special purpose grants and non-developer contributions (tied)		14,445	8,049	6,576	9,456
Total grants and non-developer contributions		25,765	18,080	6,576	9,456
Comprising:					
– Commonwealth funding		15,160	12,597	549	4,995
– State funding		9,892	5,483	6,027	3,901
– Other funding		713	–	–	560
		25,765	18,080	6,576	9,456

(1) The amount of \$1,553 thousand was reclassified from LRCI round 3 line to other specific grants line in 2022.

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G5				
Cash contributions					
S 7.11 – contributions towards amenities/services	2	–	–	104	43
Total developer contributions		–	–	104	43
Total contributions		–	–	104	43
Total grants and contributions		25,765	18,080	6,680	9,499
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		943	805	3,032	9,176
Grants and contributions recognised at a point in time (2)		24,822	17,275	3,648	323
Total grants and contributions		25,765	18,080	6,680	9,499

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants and contributions				
Unspent funds at 1 July	2,750	1,981	3,784	–
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	9,033	2,750	1,544	713
Add: Funds received and not recognised as revenue in the current year	233	–	4,305	3,071
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(2,750)	(1,981)	(713)	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(3,071)	–
Unexpended and held as externally restricted assets (grants)	9,266	2,750	5,849	3,784
Contributions				
Unspent funds at 1 July	–	–	400	389
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	112	11
Add: contributions received and not recognised as revenue in the current year	–	–	–	–
Add: contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	–	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Unspent contributions at 30 June	–	–	512	400

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

B2-4 Grants and contributions (continued)

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	160	154
– Cash and investments	887	113
Total interest and investment income (losses)	1,047	267

Accounting policy

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

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	12,362	10,855
Employee leave entitlements (ELE)	2,222	2,155
Superannuation	1,399	1,298
Workers' compensation insurance	865	878
Fringe benefit tax (FBT)	56	15
Protective clothing	77	83
Total employee costs	16,981	15,284
Less: capitalised costs	(1,060)	(1,198)
Total employee costs expensed	15,921	14,086
Number of 'full-time equivalent' employees (FTE) at year end	167	172
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	193	199

Accounting policy

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

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

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

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		6,992	7,763
Contractor costs		12,718	15,976
Audit Fees	F2-1	93	67
Councillor and Mayoral fees and associated expenses	F1-2	155	137
Advertising		112	108
Bank charges		38	78
Electricity and heating		672	509
Insurance		1,042	907
Postage		38	39
Printing and stationery		49	139
Street lighting		66	65
Subscriptions and publications		90	102
Telephone and communications		141	176
Valuation fees		52	50
Conferences		45	23
Registration and licences		527	562
Training Costs		228	138
Other expenses		539	91
Legal expenses:			
– Legal expenses: debt recovery		99	305
– Legal expenses: other		453	476
– Operating lease rentals: minimum lease payments		–	3
Other		466	363
Total materials and services		24,615	28,077
Less: capitalised costs		(10,298)	(14,896)
Total materials and services		14,317	13,181

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2023	2022
(i) Interest bearing liability costs			
Interest on leases		11	9
Interest on loans		52	70
Total interest bearing liability costs		63	79
Total interest bearing liability costs expensed		63	79
(ii) Other borrowing costs			
Amortisation of discounts and premiums			
– Remediation liabilities	C3-5	185	41
Total other borrowing costs		185	41
Total borrowing costs expensed		248	120

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
Depreciation and amortisation			
Plant and equipment		2,152	2,042
Office equipment		106	108
Furniture and fittings		5	5
Land improvements (depreciable)		70	66
Infrastructure:	C1-7		
– Buildings – non-specialised		357	318
– Buildings – specialised		866	781
– Other structures		439	800
– Roads		4,129	3,804
– Bridges		785	730
– Footpaths		164	148
– Stormwater drainage		118	115
– Water supply network		1,245	1,306
– Sewerage network		546	567
Right of use assets	C2-1	91	91
Reinstatement, rehabilitation and restoration assets:			
– Quarry assets	C3-5,C1-7	236	83
Intangible assets	C1-8	28	26
Total depreciation and amortisation costs		11,337	10,990
Total depreciation, amortisation and impairment for non-financial assets		11,337	10,990

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

B3-5 Other expenses

\$ '000	2023	2022
Other		
Contributions/levies to other levels of government		
– Noxious weeds	114	113
– NSW fire brigade levy	60	52
– NSW rural fire service levy	681	518
Donations, contributions and assistance to other organisations (Section 356)	218	180
– Regional library contributions	675	547
Total other expenses	1,748	1,410

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
Gain (or loss) on disposal of plant and equipment			
	C1-7		
Proceeds from disposal – plant and equipment		589	1,197
Less: carrying amount of plant and equipment assets sold/written off		(256)	(141)
Gain (or loss) on disposal		333	1,056
Gain (or loss) on disposal of infrastructure			
	C1-7		
Less: carrying amount of infrastructure assets sold/written off		(3,378)	(644)
Gain (or loss) on disposal		(3,378)	(644)
Net gain (or loss) from disposal of assets		(3,045)	412

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer 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 19 May 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	15,105	15,156	51	0% F
User charges and fees	6,207	9,323	3,116	50% F
Increased amount of emergency works on state roads under RMCC contracts.				
Other revenues	959	2,155	1,196	125% F
Hard to budget but one of the increasing effect was redemption of construction tender deposits.				
Operating grants and contributions	15,795	25,765	9,970	63% F
Unexpected increase of emergency grants as well as receipt of 100% of 2024 FAG allocation.				
Capital grants and contributions	13,967	6,680	(7,287)	(52)% U
The majority of this variance is in relation to Regional Roads (Bridges) – Capital grant receiving only \$975k out of \$1.9m. Unsealed Rural Roads Grant received \$433,983 out of a budget of \$5,400k. Bushfire Capital Grant of \$1.2m not received. Partly offset by additional grants for Stronger Country Communities Stop and Play for playgrounds and Grants for Amenities at ovals, Murray Darling grant, Masterplan for Swimming grant.				
Interest and investment revenue	196	1,047	851	434% F
Increased amount of investments and interest rates in 2023.				
Net gains from disposal of assets	856	–	(856)	(100)% U
The line is a paper-based figure and is hard to budget.				
Other income	–	18	18	∞ F

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Employee benefits and on-costs	15,934	15,921	13	0% F
Materials and services	6,930	14,317	(7,387)	(107)% U
Increased amount of emergency works under operational disaster recovery projects.				
Borrowing costs	58	248	(190)	(328)% U
Increased interest rates.				
Depreciation, amortisation and impairment of non-financial assets	13,344	11,337	2,007	15% F
Mostly effect of indexation of infrastructure assets in 2022 financial year as well as new additions in that year.				
Other expenses	5,507	1,748	3,759	68% F
The budget for Other Expenses contained accounts belonged to Materials and Expenses, to the value of \$3,376k.				
Net losses from disposal of assets	600	3,045	(2,445)	(408)% U
The line is a paper-based figure and is hard to budget.				
Statement of cash flows				
Cash flows from operating activities	23,800	24,957	1,157	5% F
Cash flows from investing activities	(20,272)	(22,265)	(1,993)	10% U
Cash flows from financing activities	(764)	(994)	(230)	30% U

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	459	1,548
Deposits at call	5,317	2,530
Total cash and cash equivalents	5,776	4,078

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	5,776	4,078
Balance as per the Statement of Cash Flows	5,776	4,078

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
Financial assets at fair value through the profit and loss				
Long term deposits	35,500	–	23,000	1,000
Total	35,500	–	23,000	1,000
Total financial investments	35,500	–	23,000	1,000
Total cash assets, cash equivalents and investments	41,276	–	27,078	1,000

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

As at 30 June 2023, Council did not have any investments at FVTPL or FVOCI-equity recognised.

C1-2 Financial investments (continued)

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and investments in the Statement of Financial Position.

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 gain or loss on de-recognition are recognised in profit or loss.

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	41,276	28,078
External restrictions	<u>(23,866)</u>	<u>(13,308)</u>
Cash, cash equivalents and investments not subject to external restrictions	17,410	14,770
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	4,538	3,071
Trust	255	678
External restrictions – included in liabilities	4,793	3,749
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	374	268
Developer contributions – water fund	106	101
Developer contributions – sewer fund	32	31
Specific purpose unexpended grants (recognised as revenue) – general fund	10,084	3,463
Specific purpose unexpended grants (recognised as revenue) – water fund	155	–
Specific purpose unexpended grants (recognised as revenue) – sewer fund	338	–
Water fund	1,302	730
Sewer fund	6,221	4,430
Domestic waste management	270	449
Stormwater levy	191	87
External restrictions – other	19,073	9,559
Total external restrictions	23,866	13,308

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

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

\$ '000	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	17,410	14,770
Internal restrictions	(14,630)	(11,833)
Unrestricted and unallocated cash, cash equivalents and investments	2,780	2,937
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement (fleet fund)	2,745	1,950
Employees leave entitlement	1,138	1,153
Carry over works (excl fleet carry overs)	554	1,320
Community care vehicle	13	–
Next year FAG paid in advance in current year	8,991	6,078
Information technology (Software upgrade/telephone system)	151	348
Quarry remediation fund	618	984
Other	420	–
Total internal allocations	14,630	11,833

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

C1-4 Receivables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Rates and annual charges	1,559	–	1,328	–
Interest and extra charges	362	–	371	–
User charges and fees	1,380	–	1,275	–
Interest on investments	334	–	76	–
Other income accruals	89	–	–	–
Net GST receivable	–	–	128	–
General debtors	6,956	–	1,720	–
Bonds & Deposits	2	–	2	–
Total	10,682	–	4,900	–
Less: provision for impairment				
Other debtors	(667)	–	(667)	–
Total provision for impairment – receivables	(667)	–	(667)	–
Total net receivables	10,015	–	4,233	–

\$ '000	2023	2022
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	667	667
Balance at the end of the year	667	667

Accounting policy

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

Impairment

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

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

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

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

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 60 days past due.

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
(i) Inventories at cost				
Real estate for resale	–	299	–	299
Stores and materials	602	–	572	–
Total inventories at cost	602	299	572	299
Total inventories	602	299	572	299

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

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Contract assets	3,304	–	3,632	–
Total contract assets	3,304	–	3,632	–

Contract assets

Contract assets	22	–	–	–
Grant contract assets	1,777	–	2,874	–
Accrued Income	1,505	–	758	–
Total contract assets	3,304	–	3,632	–

Significant changes in contract assets

Drop in grant contract assets is mostly due to completion and receipt of final instalments on various capital grant funded projects. Increase in accrued income is due to increased works under disaster recovery programs.

C1-6 Contract assets (continued)

Accounting policy

Contract assets

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

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	Asset movements during the reporting period										At 30 June 2023				
	At 1 July 2022														
\$ '000	Gross carrying amount ²	Accumulated depreciation and impairment	Net carrying amount	Additions ¹ renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Transfers from/to 'held for sale' category	Revaluation increments to equity (ARR)	Revaluation decrements to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	9,989	—	9,989	1,142	1,691	(1,945)	—	(4,281)	—	—	—	—	6,598	—	6,598
Plant and equipment	30,074	(18,759)	11,315	18	1,427	(256)	(2,152)	86	—	—	—	—	30,603	(20,165)	10,438
Office equipment	2,192	(1,844)	348	6	244	—	(106)	9	—	—	—	—	2,450	(1,950)	500
Furniture and fittings	737	(735)	2	—	—	—	(5)	—	—	—	—	—	739	(740)	(1)
Land:															
– Operational land	6,705	—	6,705	—	—	—	—	—	—	—	3,310	—	10,015	—	10,015
– Community land	4,067	—	4,067	—	—	—	—	—	—	—	(248)	—	3,819	—	3,819
Land improvements – depreciable	2,365	(612)	1,753	—	—	—	(70)	—	—	—	94	—	2,500	(723)	1,777
Infrastructure:															
– Buildings – non-specialised	25,743	(16,350)	9,393	—	—	—	(357)	—	—	(9,036)	—	—	—	—	—
– Buildings – specialised	60,903	(39,767)	21,136	175	1	(12)	(866)	1,609	—	9,036	9,779	—	98,551	(57,691)	40,860
– Other structures	31,982	(11,446)	20,536	29	244	(2)	(439)	238	—	—	1,124	—	34,251	(12,522)	21,729
– Roads	288,040	(66,536)	221,504	1,398	2,343	(877)	(4,129)	669	—	—	16,696	—	313,150	(75,547)	237,603
– Bridges	79,766	(21,635)	58,131	507	906	(234)	(785)	31	—	—	4,406	—	86,830	(23,870)	62,960
– Footpaths	10,476	(4,595)	5,881	—	—	—	(164)	—	—	—	440	—	11,280	(5,124)	6,156
– Bulk earthworks (non-depreciable)	160,276	—	160,276	—	—	—	—	—	—	—	12,311	—	172,586	—	172,586
– Stormwater drainage	9,479	(4,255)	5,224	—	—	—	(118)	—	—	—	395	—	10,210	(4,710)	5,500
– Water supply network	72,108	(30,572)	41,536	712	236	(212)	(1,245)	793	—	—	3,108	—	78,997	(34,071)	44,926
– Sewerage network	34,993	(16,414)	18,579	118	161	(95)	(546)	846	—	—	1,391	—	38,706	(18,253)	20,453
Other assets:															
– Other	91	(91)	—	—	—	—	—	—	—	—	—	—	91	(91)	—
Restatement, rehabilitation and restoration assets (refer Note E2-1):															
– Remediation assets	4,186	(814)	3,372	—	—	—	(236)	—	(1,918)	—	—	—	2,268	(1,050)	1,218
Total infrastructure, property, plant and equipment	834,172	(234,425)	599,747	4,105	7,253	(3,633)	(11,218)	—	(1,918)	—	(248)	53,054	903,644	(256,507)	647,137

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

(2) Restated - see Note G4-1

continued on next page ...

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

By aggregated asset class	Asset movements during the reporting period							At 30 June 2022				
	At 1 July 2021	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount ¹	Accumulated depreciation and impairment	Net carrying amount
\$'000												
Capital work in progress	10,319	–	7,626	8,443	–	–	(15,896)	(502)	–	9,989	–	9,989
Plant and equipment	29,127	(18,258)	–	–	(141)	(2,042)	2,629	–	–	30,074	(18,759)	11,315
Office equipment	2,192	(1,736)	–	–	–	(108)	–	–	–	2,192	(1,844)	348
Furniture and fittings	737	(730)	–	–	–	(5)	–	–	–	737	(735)	2
Land:												
– Operational land	6,015	–	–	–	–	–	–	–	690	6,705	–	6,705
– Community land	3,937	–	–	–	–	–	–	–	129	4,067	–	4,067
Land improvements – depreciable	2,224	(509)	–	–	–	(66)	–	–	105	2,365	(612)	1,753
Infrastructure:												
– Buildings – non-specialised	22,974	(14,703)	–	–	(277)	(318)	805	–	912	25,743	(16,350)	9,393
– Buildings – specialised	54,185	(35,142)	–	–	(127)	(781)	908	–	2,094	60,903	(39,767)	21,136
– Other structures	28,650	(9,999)	–	–	(14)	(800)	1,567	–	1,132	31,982	(11,446)	20,536
– Roads	260,170	(58,114)	–	–	(14)	(3,804)	8,266	–	15,000	288,040	(66,536)	221,504
– Bridges	74,124	(19,383)	–	–	–	(730)	34	–	4,086	79,766	(21,635)	58,131
– Footpaths	9,540	(4,144)	–	–	(7)	(148)	243	–	397	10,476	(4,595)	5,881
– Bulk earthworks (non-depreciable)	149,002	–	–	–	–	–	–	–	11,273	160,276	–	160,276
– Stormwater drainage	9,029	(3,949)	–	–	–	(115)	26	–	233	9,479	(4,255)	5,224
– Water supply network	76,433	(36,386)	–	–	(206)	(1,306)	895	–	2,107	72,108	(30,572)	41,536
– Sewerage network	35,046	(18,512)	–	–	–	(567)	523	–	2,088	34,993	(16,414)	18,579
Other assets:												
– Other	91	(91)	–	–	–	–	–	–	–	91	(91)	–
Reinstatement, rehabilitation and restoration assets (refer Note E2-1):												
– Remediation assets	1,982	(731)	–	–	–	(83)	–	2,204	–	4,186	(814)	3,372
Total infrastructure, property, plant and equipment	775,777	(222,387)	7,626	8,443	(786)	(10,873)	–	1,702	40,246	834,172	(234,425)	599,747

(1) Restated - see Note G4-1

continued on next page ...

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

Accounting policy

Infrastructure, property, plant and equipment (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).

IPPE is 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 Industry (DoI) – Water.

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

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

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 20	Playground equipment	5 to 15
Office furniture	7 to 33	Benches, seats etc.	10 to 20
Computer equipment	4 to 5		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	7 to 20	Buildings: masonry	30 to 90
Other plant and equipment	5 to 30	Buildings: other	15 to 90
		Stormwater assets	
Water and sewer assets		Drains	80
Dams and reservoirs	15 to 200	Culverts	80
Bores	20 to 60		
Reticulation pipes	40 to 80		
Pumps and telemetry	10 to 80		
Treatment plants	15 to 80		
		Other infrastructure assets	
Transportation assets		Bulk earthworks	Nil
Sealed roads: surface	25	Other structures	10 to 70
Sealed roads: pavement base	100	Aerodromes	10 to 60
Sealed roads: pavement sub-base	180		
Unsealed roads	20 to 25	Land improvements	
Bridges: concrete	120	Land improvements	5 to 50
Bridges: other	35 to 80		
Kerb, gutter, footpaths and causeways	15 to 80		

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

Land under roads

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

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

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

Crown reserves

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

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

Rural Fire Service assets

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

Council does not recognise Rural Fire Services assets, including buildings, plant and equipment on the statements of financial position due to lack of evidence of control over the economic benefits which are expected to flow from these assets.

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
Software		
Opening values at 1 July		
Gross book value	812	774
Accumulated amortisation	(720)	(694)
Net book value – opening balance	92	80
Movements for the year		
Purchases	–	38
Amortisation charges	(28)	(26)
Closing values at 30 June		
Gross book value	812	812
Accumulated amortisation	(748)	(720)
Total software – net book value	64	92
Total intangible assets – net book value	64	92

Accounting policy

IT development and software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the 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	50	–	1,037	–
Total other assets	50	–	1,037	–

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a Building asset. Information relating to the lease in place and associated balances and transactions is provided below.

Buildings

Council leases land and buildings for the Coonabarrabran Library. The lease was commenced in December 2019 and is for a term of 3 years with an option to extend for a further 3 years.

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

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for 4 years with no renewal option, the payments are fixed.

(a) Right of use assets

\$ '000	Office and IT Equipment	Land and Buildings	Total
2023			
Opening balance at 1 July	126	148	274
Depreciation charge	(42)	(49)	(91)
Balance at 30 June	84	99	183
2022			
Opening balance at 1 July	–	197	197
Additions to right-of-use assets	168	–	168
Depreciation charge	(42)	(49)	(91)
Balance at 30 June	126	148	274

(b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	92	157	89	250
Total lease liabilities	92	157	89	250

(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
2023					
Cash flows	99	162	–	261	249
2022					
Cash flows	100	249	–	349	339

C2-1 Council as a lessee (continued)

(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	11	9
Depreciation of right of use assets	91	91
	102	100

(e) Statement of Cash Flows

Total cash outflow for leases	99	74
	99	74

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

Accounting policy

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

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

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

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

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

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

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

C2-2 Council as a lessor

(ii) Council as a lessor

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: –

- Camp grounds
- Community halls
- Tennis courts
- Pre schools
- Men's sheds

The leases are generally between 2 and 20 years and require payments of a maximum amount of \$509 per year. Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Goods and services	1,029	–	382	–
Accrued expenses:				
– Borrowings	7	–	14	–
– Salaries and wages	196	–	199	–
– Other expenditure accruals	702	–	544	–
Security bonds, deposits and retentions	366	–	739	–
ATO – net GST payable	84	–	–	–
Other	88	–	39	–
Total payables	2,472	–	1,917	–

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	363	739
Total payables	363	739

Accounting policy

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

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

Payables

These amounts represent liabilities for goods and services provided to the 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
Grants and contributions received in advance:					
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	70	-	-	-
Unexpended capital grants (to construct Council controlled assets)	(i)	4,468	-	3,071	-
Total grants received in advance		4,538	-	3,071	-
Total contract liabilities		4,538	-	3,071	-

Notes

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

Significant changes in contract liabilities

Increase of grant contract liabilities is due to unspent grants on projects funded by Fixing Local Roads and Fixing Local Bridges programs.

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 ¹	529	492	904	1,021
Total borrowings	529	492	904	1,021

(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.

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

The following borrowings, even though classified as current, are not expected to be settled in the next 12 months.

(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	1,925	(904)	–	–	–	–	1,021
Lease liability (Note C2-1b)	339	(90)	–	–	–	–	249
Total liabilities from financing activities	2,264	(994)	–	–	–	–	1,270

\$ '000	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
Loans – secured	2,935	(1,010)	–	–	–	–	1,925
Lease liability (Note C2-1b)	223	(74)	–	–	–	190	339
Total liabilities from financing activities	3,158	(1,084)	–	–	–	190	2,264

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	79	79
Total financing arrangements	579	579
Drawn facilities		
– Credit cards/purchase cards	33	35
Total drawn financing arrangements	33	35
Undrawn facilities		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	46	44
Total undrawn financing arrangements	546	544

Additional financing arrangements information

Breaches and defaults

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

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Annual leave	997	–	1,030	–
Long service leave	2,249	–	2,318	–
Other leave	83	–	80	–
ELE on-costs	465	–	415	–
Total employee benefit provisions	3,794	–	3,843	–

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	2,816	2,228
	2,816	2,228

Description of and movements in non-employee benefit 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.

The obligations are presented as current liabilities in the Statement of Financial Position if the 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.

C3-5 Provisions

\$ '000	2023	2023	2022	2022
	Current	Non-Current	Current	Non-Current
Other provisions				
Other provisions	–	–	500	–
Sub-total – other provisions	–	–	500	–
Asset remediation/restoration:				
Asset remediation/restoration (future works)	103	2,988	–	4,920
Sub-total – asset remediation/restoration	103	2,988	–	4,920
Total provisions	103	2,988	500	4,920

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

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2023		
At beginning of year	4,920	4,920
Unwinding of discount (see Note B3-3)	185	185
Remeasurement effects through assets (see Note C1-7)	(1,918)	(1,918)
Remeasurement effect through profit and loss (see Note B2-3)	(96)	(96)
Total other provisions at end of year	3,091	3,091
2022		
At beginning of year	2,675	2,675
Unwinding of discount (see Note B3-3)	41	41
Remeasurement effects through assets (see Note C1-7)	2,204	2,204
Total other provisions at end of year	4,920	4,920

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the councils and private gravel quarries it has used.

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 borrowing costs.

Asset remediation – tips and quarries

Restoration

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

C3-5 Provisions (continued)

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

Rehabilitation

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

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

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

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

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

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

Self-insurance

Council has decided to self-insure for various risks, including public liability, workers compensation and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note C1-3.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2023	Water 2023	Sewer 2023
Income from continuing operations			
Rates and annual charges	10,931	2,331	1,894
User charges and fees	7,072	2,086	165
Interest and investment revenue	1,011	32	4
Other revenues	2,088	29	38
Grants and contributions provided for operating purposes	25,765	–	–
Grants and contributions provided for capital purposes	3,682	1,179	1,819
Other income	18	–	–
Total income from continuing operations	50,567	5,657	3,920
Expenses from continuing operations			
Employee benefits and on-costs	14,277	1,088	556
Materials and services	12,026	1,573	718
Borrowing costs	245	3	–
Depreciation, amortisation and impairment of non-financial assets	9,434	1,345	558
Other expenses	1,459	289	–
Net losses from the disposal of assets	2,738	212	95
Total expenses from continuing operations	40,179	4,510	1,927
Operating result from continuing operations	10,388	1,147	1,993
Net operating result for the year	10,388	1,147	1,993
Net operating result attributable to each council fund	10,388	1,147	1,993
Net operating result for the year before grants and contributions provided for capital purposes	6,706	(32)	174

D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
ASSETS			
Current assets			
Cash and cash equivalents	122	1,563	4,091
Investments	33,000	–	2,500
Receivables	7,867	1,635	513
Inventories	602	–	–
Contract assets and contract cost assets	2,951	180	173
Other	50	–	–
Total current assets	44,592	3,378	7,277
Non-current assets			
Inventories	299	–	–
Infrastructure, property, plant and equipment	574,313	50,370	22,454
Investments accounted for using the equity method	519	–	–
Intangible assets	64	–	–
Right of use assets	183	–	–
Total non-current assets	575,378	50,370	22,454
Total assets	619,970	53,748	29,731
LIABILITIES			
Current liabilities			
Payables	2,472	–	–
Contract liabilities	4,538	–	–
Lease liabilities	92	–	–
Borrowings	473	56	–
Employee benefit provision	3,365	351	78
Provisions	103	–	–
Total current liabilities	11,043	407	78
Non-current liabilities			
Lease liabilities	157	–	–
Borrowings	492	–	–
Provisions	2,988	–	–
Total non-current liabilities	3,637	–	–
Total liabilities	14,680	407	78
Net assets	605,290	53,341	29,653
EQUITY			
Accumulated surplus	413,157	24,800	14,766
Revaluation reserves	192,133	28,541	14,887
Council equity interest	605,290	53,341	29,653
Total equity	605,290	53,341	29,653

D2 Interests in other entities

\$ '000	Council's share of net assets	
	2023	2022
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	519	501
Total net share of interests in joint ventures and associates using the equity method – assets	519	501
Total Council's share of net assets	519	501

D2-1 Interests in joint arrangements

Net carrying amounts – Council's share

\$ '000	Place of business	Nature of relationship	Interest in ownership		2023		2022	
			2023	2022	2023	2022		
Macquarie Regional Library	Dubbo, Coolah, Dunedoo, Coonabarabran, Narromine and Wellington	Joint venture	17.8%	19.5%	519		501	
Total carrying amounts – material joint ventures					519		501	

Material joint ventures

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

Details

	Principal activity	Measurement method
Macquarie Regional Library	Community library services	Equity

Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2023	2022	2023	2022
Macquarie Regional Library	17.8%	19.5%	25.0%	25.0%

D2-1 Interests in joint arrangements (continued)

Summarised financial information for joint ventures

\$ '000	Macquarie Regional Library	
	2023	2022
Statement of financial position		
Current assets		
Cash and cash equivalents	2,306	2,168
Other current assets	65	82
Non-current assets		
	1,221	1,261
Current liabilities		
Other current liabilities	825	843
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	34	33
Net assets	2,733	2,635
Statement of comprehensive income		
Income	3,570	3,253
Interest income	86	7
Depreciation and amortisation	(340)	(170)
Other expenses	(3,214)	(2,856)
Profit/(loss) from continuing operations	102	234
Profit/(loss) for the period	102	234
Total comprehensive income	102	234
Share of income – Council (%)	17.8%	19.5%
Profit/(loss) – Council (\$)	18	46
Total comprehensive income – Council (\$)	18	46

Accounting policy

The council has determined that it has joint ventures only.

Joint ventures:

Interests in joint ventures 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 joint venture after the date of acquisition.

If the Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses.

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

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

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and it's 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 these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – interest rate and price risk

\$ '000	2023	2022
<p>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.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	400	262

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

(b) Credit risk

Council's major receivables comprise rates and annual charges and other receivables. The latter comprises of accrued income for government grants, user charges and fees, interest and extra charges, other debtors.

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full. Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies.

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

Council makes suitable provision for doubtful receivables as required based on the lifetime expected credit loss at each reporting date.

A profile of Council's receivables credit risk at the reporting date follows.

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				Total
		< 1 years	1 - 2 years	2 - 5 years	≥ 5 years	
2023						
Gross carrying amount	–	1,559	–	–	–	1,559
2022						
Gross carrying amount	–	1,328	–	–	–	1,328

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	10,140	531	540	67	1,149	12,427
Expected loss rate (%)	0.00%	3.62%	3.89%	50.00%	51.64%	5.37%
ECL provision	–	19	21	34	593	667
2022						
Gross carrying amount	5,567	490	118	323	706	7,204
Expected loss rate (%)	0.00%	2.47%	14.49%	50.00%	67.46%	9.26%
ECL provision	–	12	17	162	476	667

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2023							
Payables	0.00%	366	–	–	–	366	2,472
Borrowings	3.36%	–	529	492	–	1,021	1,021
Total financial liabilities		366	529	492	–	1,387	3,493
2022							
Payables	0.00%	739	1,178	–	–	1,917	1,917
Borrowings	4.18%	–	904	1,021	–	1,925	1,925
Total financial liabilities		739	2,082	1,021	–	3,842	3,842

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022 ¹	2023	2022	2023	2022 ¹
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-7									
Plant and equipment		30/06/20	30/06/20	–	–	10,438	11,315	10,438	11,315
Office equipment		30/06/20	30/06/20	–	–	500	348	500	348
Furniture and fittings		30/06/20	30/06/20	–	–	–	2	–	2
Land – Community		30/06/23	30/06/21	3,819	2,034	–	–	3,819	2,034
Land – Operational		30/06/23	30/06/18	10,015	6,705	–	–	10,015	6,705
Land improvements – depreciable		30/06/21	30/06/21	–	–	1,777	1,753	1,777	1,753
Buildings		30/06/23	30/06/18	–	–	40,860	30,529	40,860	30,529
Other structures		30/06/21	30/06/21	–	–	21,729	20,536	21,729	20,536
Roads		30/06/20	30/06/20	–	–	237,603	221,504	237,603	221,504
Bridges		30/06/20	30/06/20	–	–	62,960	58,131	62,960	58,131
Footpaths		30/06/20	30/06/20	–	–	6,156	5,881	6,156	5,881
Bulk earthworks		30/06/20	30/06/20	–	–	172,586	160,276	172,586	160,276
Stormwater drainage		30/06/20	30/06/20	–	–	5,500	5,224	5,500	5,224
Water supply network		30/06/22	30/06/22	–	–	44,926	41,536	44,926	41,536
Sewerage network		30/06/22	30/06/22	–	–	20,453	18,579	20,453	18,579
Tip assets		30/06/20	30/06/20	–	–	–	–	–	–
Quarry assets		30/06/19	30/06/19	–	–	1,218	3,372	1,218	3,372
Total infrastructure, property, plant and equipment				13,834	8,739	626,706	578,986	640,540	587,725

(1) Restated - see note G4-1

Transfers between level 1 and level 2 fair value hierarchies

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

Valuation techniques

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

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

E2-1 Fair value measurement (continued)

Infrastructure, property, plant and equipment (IPPE)

Plant and equipment, office equipment and furniture, fixtures and fittings

Plant and equipment, office equipment and furniture, and fixtures and fittings are all valued at depreciated cost (original purchase price) as this assessment is considered to approximate fair value.

Roads, bulk earthworks, bridges, footpaths and stormwater drainage

The values currently displayed are based on the following:

The current replacement cost for these asset classes has been derived from a 2019/20 valuation survey undertaken, for this purpose, by AssetVal Valuers. All asset are assigned useful lives except for bulk earthworks and are condition rated at the time of valuation effective as at 30 June 2020.

Roads are componentised into pavement and surface with pavements split into sealed and unsealed road pavements. A distinction is also made between road pavements on regional, local and urban. Roads also include causeways and kerb and gutter.

Bridges are componentised into bridges sub-structure, super-structure and deck and major culverts.

Stormwater drainage assets include both pits and pipes.

Quarry and tip remediation liabilities

Council recognises remediation assets for quarries under its control. These assets are based on the estimated cost to remediate the sites at the end of their useful life. Estimated remediation costs are based on engineering assessments and take into account the inputs needed to rehabilitate the quarry/tip sites. As the final remediation will not happen for several years the input costs are indexed out to the estimated remediation date through the use of CPI, and then discounted back to arrive at the present value, with the discount rate being the ten year government bond rate. No estimate is made for potential increases in rehabilitation scope in future years as such changes can not be reliably measured. Further details on these assets can be found in note C3-5.

Council has ceased to recognise tip remediation asset based on in-house review conducted during 2019/20 due to following factors:

- a) Capping/closure of cell in 5 years time – Capping of waste cell is being undertaken every year for the part of cell which has been used. The cost of capping is charged as operational expenditure on as we go basis. Therefore, although the cell will be fully capped/closed in 5 years time i.e. in 2025 but it would be only that part of cell that will be used in that year.
- b) Closure of Coonabarabran waste site – Based on recent survey/study conducted by Waste Services, it is estimated that the remaining life of Coonabarabran waste site is 45 years. However, Council is not aware of any obligation where Council has to restore/remediate the site at the end of 45 years. Council will be putting new cells and closing them as part of waste operations during the next 45 years as discussed above but will not be liable to restore the site at the end of useful life.

Operational and community land

Land has been valued at market value having regard to the "highest and best use", after identifying elements that would be taken into account by buyers and sellers in settling the price. These elements include: land description and dimensions, planning and other constraints on development and the potential for alternative use. Operational land has been valued by Assetval in 2023 using a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

Community land was valued by AVR Consulting in 2023 using both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

Other structures and land improvements (depreciable)

The value of structures and depreciable land improvements have been assessed on the basis of either replacement with a new asset having similar service potential and includes allowances for preliminaries and professional fees or where not possible indexation of existing values. These values have been derived from an internal valuation for 30/06/2021.

The asset class includes aerodromes, pools, landscaping, gardens, sport change rooms, grand stands etc. Major components include pool structures, walls, roofs, pumps, fences, sheds, garden beds etc. Each component is assigned a useful life and long life component, based on engineering estimates and are condition rated at the time of valuation. In some cases Council has limited data for this asset class in relation to original construction date, age, and past maintenance and renewals history.

Water and sewer network

In recent years current replacement costs for water and sewer assets have been derived by Modern Engineering Equivalent Replacement Asset (MEERA) unit costs and lump sums. Water and sewer assets are componentised into mains, treatment plants, pumping stations, and reservoirs. All asset components are assigned a long life component, useful life and remaining useful life, and were condition rated at time of revaluation, with the condition rating determining the remaining useful life. Valuations require a level of professional judgement from both the valuer and Council engineers and the valuation was carried out through the use of condition assessments including through the use of cameras and maintenance/break histories for assets that could not be accessed through a simple inspection. Limitation on current valuations include further data issues around

E2-1 Fair value measurement (continued)

Council mains break historical data, and a lack of long term historical data on renewals. The last comprehensive valuation was performed by an independent valuer (APV Valuers and Asset Management) on 30 June 2022.

Buildings

Buildings assets are valued externally. Council engaged AssetVal to perform a comprehensive valuation of buildings assets as at 30 June 2023.

Most of the Council's buildings are specialised by nature and were valued utilising the cost approach. The approach estimated the replacement cost of each building and componentising of significant parts of specific buildings with different useful lives and taking into account a range of factors. Where the unit rates could be supported by market evidence, Level 2 inputs were utilised. Other inputs (such as estimates useful life, asset condition and componentisation) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued utilising Level 3 inputs.

There were no changes in valuation technique from prior year.

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 standard employer contributions and additional lump sum contributions to the fund.

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

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

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

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

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.

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 \$ 75,236.27 The last valuation of the Scheme was performed by Mr Richard Boyfield FIAA as at 30 June 2022.

Council's expected contribution to the plan for the next annual reporting period is \$58,003.32.

E3-1 Contingencies (continued)

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2,290.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits 100.4	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 0.16%.

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% 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.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

Council believes that it is appropriately covered for all claims through its insurance coverage and provisions.

E3-1 Contingencies (continued)

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	824	932
Superannuation	85	84
Total	909	1,016

Other transactions with KMP and their related parties

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

There are no other disclosures to be made by KMP.

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	22	24
Councillors' fees	133	100
Other Councillors' expenses (including Mayor)	-	13
Total	155	137

F2 Other relationships

F2-1 Audit fees

\$ '000	2023	2022
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

	93	67
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Remuneration for audit and other assurance services

	93	67
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Total Auditor-General remuneration

	93	67
--	----	----

Total audit fees

	93	67
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G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
Net operating result from Income Statement	13,528	12,544
Add / (less) non-cash items:		
Depreciation and amortisation	11,337	10,990
(Gain) / loss on disposal of assets	3,045	(412)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– transfer of opening WIP to expenses	–	490
Unwinding of discount rates on reinstatement provisions	185	41
Share of net (profits)/losses of associates/joint ventures using the equity method	(18)	(46)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(5,782)	532
(Increase) / decrease of inventories	(30)	(4)
(Increase) / decrease of other current assets	987	(1,037)
(Increase) / decrease of contract asset	328	(1,173)
Increase / (decrease) in payables	647	(585)
Increase / (decrease) in accrued interest payable	(7)	(34)
Increase / (decrease) in other accrued expenses payable	155	77
Increase / (decrease) in other liabilities	(240)	(13)
Increase / (decrease) in contract liabilities	1,467	1,612
Increase / (decrease) in employee benefit provision	(49)	(833)
Increase / (decrease) in other provisions	(596)	–
Net cash flows from operating activities	24,957	22,149

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Land and buildings	–	139
Plant and equipment	45	303
Infrastructure	2,417	2,260
Total commitments	2,462	2,702

These expenditures are payable as follows:

Within the next year	2,462	2,702
Total payable	2,462	2,702

Details of capital commitments

The Council has committed to various capital projects which mainly includes information technology, regional roads, sporting facilities, council properties, town streets, water and sewer over the next 12 months.

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 Correction of errors

Crown land

Nature of prior period error

Prior to 1 July 2019 Council acted as a trust manager of the Crown reserve trusts. 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 reserves are dedicated. Starting 1 July 2019 council became manager of these reserves which should be classified as community land under Local Government Act 1993 (NSW).

Crown land "devolved to council" is under care, management and control of the Minister based on the Crown Land Management Act 2016. However, council retains "operational control" of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which land is dedicated. The land should be part of community land class of assets as well.

As a result of a comprehensive reconciliation of land assets register performed in the current financial year, council identified 83 parcels of Crown reserves and Crown land devolved to council which were not captured in the finance register. The fair value of the assets as at 30 June 2023 was \$2,033 thousand.

Council recognised abovementioned Crown reserves managed by council and Crown land devolved to council within Community land class of assets on a retrospective basis in the current financial year financial statements by restating the balances at the beginning of the earliest period presented (1 July 2021) and taking the adjustment through the accumulated surplus at that date. Fair value of the land was determined by an independent qualified valuer AVR Consulting.

Comparatives have been changed to reflect the correction of errors. The impact of each line item is shown in the table below.

G4-1 Correction of errors (continued)

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

Statement of Financial Position

\$ '000	Original Balance 1 July, 2021	Impact Increase/ (decrease)	Restated Balance 1 July, 2021
Infrastructure, Property, Plant and Equipment	551,357	2,033	553,390
Total non-current assets	552,388	2,033	554,421
Total assets	582,067	2,033	584,100
Net assets	567,127	2,033	569,160
Accumulated Surplus	424,618	2,033	426,651
Total equity	567,127	2,033	569,160

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

Statement of Financial Position

\$ '000	Original Balance 30 June, 2022	Impact Increase/ (decrease)	Restated Balance 30 June, 2022
Infrastructure, Property, Plant and Equipment	597,714	2,033	599,747
Total non-current assets	599,880	2,033	601,913
Total assets	636,432	2,033	638,465
Net assets	619,917	2,033	621,950
Accumulated Surplus	437,162	2,033	439,195
Total equity	619,917	2,033	621,950

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		Non-cash Other	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						
Roads	5	104	-	-	1	-	-	110	-
Open space	7	-	-	-	-	-	-	7	-
Community facilities	7	-	-	-	-	-	-	7	-
Other	2	-	-	-	-	-	-	2	-
Bushfire	13	-	-	-	1	-	-	14	-
S7.11 contributions – under a plan	34	104	-	-	2	-	-	140	-
Total S7.11 and S7.12 revenue under plans	34	104	-	-	2	-	-	140	-
S7.11 not under plans	232	-	-	-	-	-	-	232	-
S64 contributions	134	-	-	-	6	-	-	140	-
Total contributions	400	104	-	-	8	-	-	512	-

G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year		Non-cash Other	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						
CONTRIBUTION PLAN – WARRUMBUNGLE SHIRE COUNCIL									
Roads	5	104	-	-	1	-	-	110	-
Open space	7	-	-	-	-	-	-	7	-
Community facilities	7	-	-	-	-	-	-	7	-
Bushfire	13	-	-	-	1	-	-	14	-
Other	2	-	-	-	-	-	-	2	-
Total	34	104	-	-	2	-	-	140	-

G5-3 Contributions not under plans

CONTRIBUTIONS – NOT UNDER A PLAN									
Other	232	-	-	-	-	-	-	232	-
Total	232	-	-	-	-	-	-	232	-

G5-4 S64 contributions

S64 Contributions									
Water	102	-	-	-	-	-	-	102	-
Sewer	32	-	-	-	-	-	-	32	-
Total	134	-	-	-	-	-	-	134	-

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	9,875	18.48%	6.11%	3.03%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	53,446				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	27,681	46.04%	46.83%	44.46%	> 60.00%
Total continuing operating revenue ¹	60,126				
3. Unrestricted current ratio					
Current assets less all external restrictions	28,880	8.68x	5.95x	4.88x	> 1.50x
Current liabilities less specific purpose liabilities	3,326				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	21,460	17.28x	11.59x	10.76x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,242				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,921	11.25%	9.99%	12.33%	< 10.00%
Rates and annual charges collectable	17,078				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	41,276	14.53 months	10.61 months	9.71 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	2,841				

(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

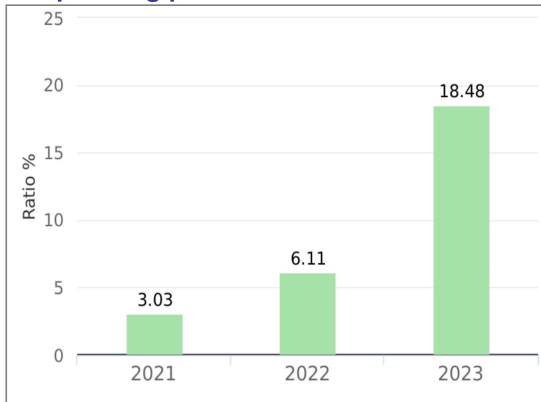
	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022 ⁴	2023	2022 ⁴	
\$ '000							
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	20.77%	7.28%	(0.71)%	(3.80)%	8.28%	5.47%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	41.75%	42.62%	79.16%	64.92%	53.60%	68.74%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	8.68x	5.95x	8.30x	5.06x	93.29x	42.46x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	15.67x	9.99x	438.67x	610.50x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	9.59%	8.07%	16.61%	16.57%	13.53%	12.80%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	14.36	10.99	6.13	3.51	38.53	18.12	> 3.00
Monthly payments from cash flow of operating and financing activities	months	months	months	months	months	months	months

(1) - (2) Refer to Notes at Note 28a 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

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	18.48%

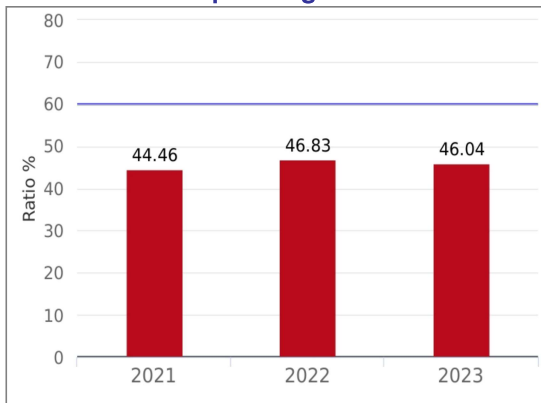
Benchmark: — > 0.00%

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	46.04%

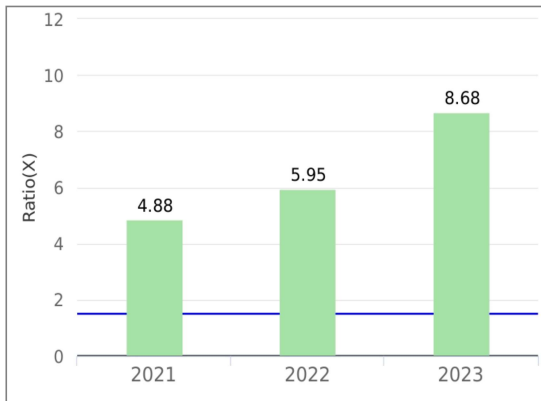
Benchmark: — > 60.00%

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	8.68x

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

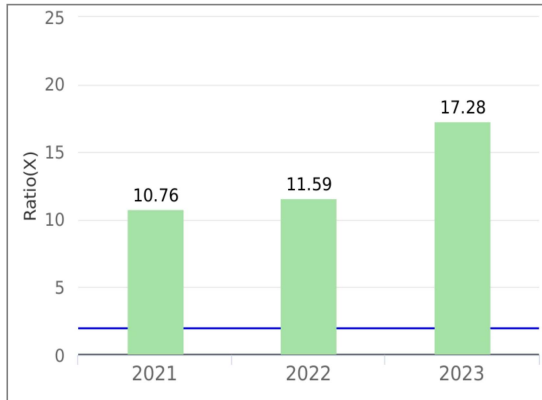
Ratio achieves benchmark

Ratio is outside benchmark

H Additional Council disclosures (unaudited)

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	17.28x

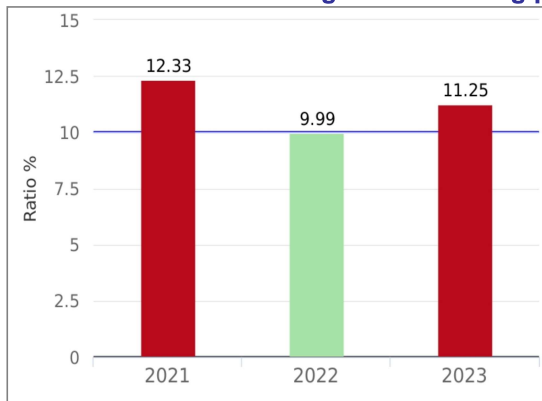
Benchmark: — > 2.00x

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	11.25%

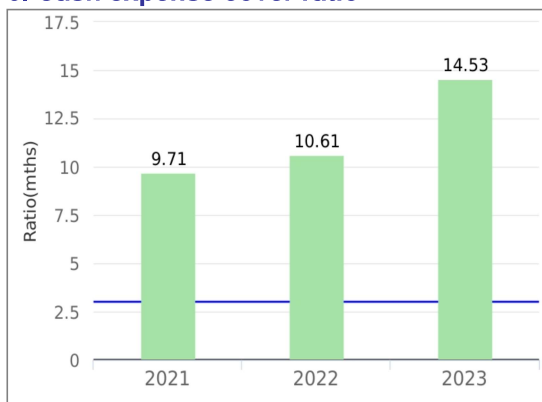
Benchmark: — < 10.00%

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	14.53 months

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Warrumbungle Shire Council

To the Councillors of Warrumbungle Shire Council

Qualified Opinion

I have audited the accompanying financial statements of Warrumbungle 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, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

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

Basis for Qualified Opinion

Non recognition of rural fire-fighting equipment and buildings

As disclosed in Note C1-7 'Infrastructure, property, plant and equipment' to the financial statements, the Council has not recognised rural fire-fighting equipment and buildings located on land that is controlled and recognised by the Council as assets in the Statement of Financial Position at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refer to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 1 July 2011
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

Rural fire-fighting buildings are controlled by the Council where the buildings are located on land that is controlled and recognised by the Council. This gives the Council the ability to allow or prevent other entities from directing the use of, and obtaining the benefits from these assets.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such the assets are provided to the Council free-of-charge.

This is a limitation on the scope of my audit as I was unable to obtain sufficient appropriate audit evidence to:

- support the carrying values of rural fire-fighting equipment assets and buildings located on land that is controlled and recognised by the Council that should be recorded in the Statement of Financial Position and related notes as at 30 June 2023
- determine the impact on the 'Accumulated surplus' in the Statement of Changes in Equity and Statement of Financial Position
- determine the amount of 'Grants and contributions provided for capital purposes' income from any rural fire-fighting equipment assets vested as an asset received free of charge during the year and/or 'Depreciation, amortisation and impairment of non-financial assets' expense that should be recognised in the Income Statement for the year ended 30 June 2023
- determine the impact on the 'Operating performance' and 'Own source operating revenue' ratios in Note G6-1 'Statement of performance measures – consolidated results' and Note G6-2 'Statement of performance measures by fund'.

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 qualified audit opinion.

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

26 October 2023
SYDNEY



Clr Ambrose Doolan
Mayor
Warrumbungle Shire Council
PO BOX 191
COONABARABRAN NSW 2357

Contact: Unaib Jeoffrey
Phone no: 02 9275 7450
Our ref: R008-16585809-45856

26 October 2023

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Warrumbungle 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 a modified opinion on the Council's GPFS.

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

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

Modification to the opinion in the Independent Auditor's Report

Non-recognition of rural fire-fighting equipment and buildings

The Council has not recognised rural fire-fighting equipment and buildings located on land that is controlled and recognised by the Council as assets within 'Infrastructure, property, plant and equipment' in the Statement of Financial Position at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

Australian Accounting Standards refer to control of an asset as being the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

Rural fire-fighting equipment is controlled by the Council as:

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership

- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 01 July 2011
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

Rural fire-fighting buildings are controlled by the Council where the buildings are located on land that is controlled and recognised by the Council. This gives the Council the ability to allow or prevent other entities from directing the use of, and obtaining the benefits from these assets.

The Council has not undertaken procedures to confirm the completeness, accuracy, existence or condition of these assets. Nor has the Council performed procedures to identify the value of assets vested in it during the year. When these assets are vested, no financial consideration is required from the Council and as such the assets are provided to the Council free of charge.

Consequently, we were unable to determine the carrying values of rural firefighting equipment assets and buildings located on land that is controlled and recognised by the Council and related amounts that should be recorded and recognised in the council's 30 June 2023 financial statements.





This has resulted in the audit opinion on the Council's 30 June 2023 general purpose financial statements (GPFS) to be modified. Refer to the Independent Auditor's Report on the GPFS.

Correction of errors relating to a previous reporting period

The Council has disclosed a correction of error in Note G4-1 'Correction of errors' relating to a previous reporting period, which changed comparative information in Note C1-7 'Infrastructure, property, plant and equipment'. This disclosure results from a recent Crown lands asset register reconciliation performed by Council it found that 83 parcels of land at \$2.033 million were discovered missing. The Council retroactively reclassified these assets into the Community Land asset class, adjusting the balances from July 1, 2021, and incorporating the adjustment into the accumulated surplus.

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	15.1	14.7	 2.7
Grants and contributions revenue	32.4	27.5	 17.8
Operating result from continuing operations	13.5	12.5	 8.0
Net operating result before capital grants and contributions	6.8	3.0	 126

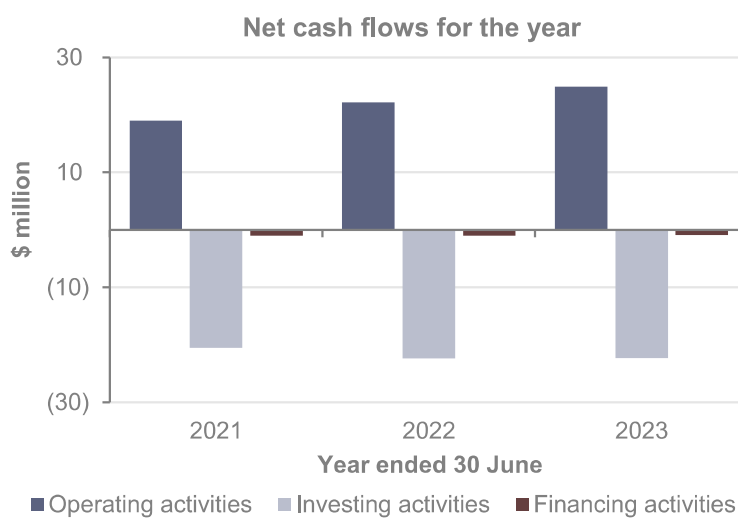
The Council's operating result from continuing operations of \$13.5 million, including depreciation, amortisation and impairment expense of \$11.3 million, was \$1 million higher than the 2021–22 result. The increase is mainly attributable to \$4.9 million increase in grant income recognised and \$2.5 million increase in works performed for Transport NSW.

In terms of expenditure, there was an overall increase of \$6.8 million which includes a \$1.1 million increase in materials and services expense and a material loss from disposal of assets which included by the write-off of the Three Rivers Regional Retirement Community project of \$1.9 million.

STATEMENT OF CASH FLOWS

Cash balances increased due to receiving 100 per cent of the 2023-24 financial assistance grant in advance for an amount of \$9 million:

- Cash inflows from operating activities increased due to increase in rates and grants received during the year.
- Cash outflows from investment activities slightly decreased because of reduced outflows on IPPE assets.
- Cash from financing activities which consists mainly of repayment of borrowings and lease payments did not change significantly compared to 2021-22.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	41.2	28.1	Externally restricted balances comprise mainly of developer contributions, specific purpose unexpended grants, and water and sewer funds.
Restricted and allocated cash, cash equivalents and investments:			Balances are internally allocated due to Council policy or decisions for forward plans including the works program. The increase is primarily attributable to the 2023-24 Financial Assistance grant (FAGs) received in June 2023.
• External restrictions	23.8	13.3	
• Internal allocations	14.6	11.8	

Debt

At 30 June 2023, Council had \$1.0 million drawn down.

PERFORMANCE

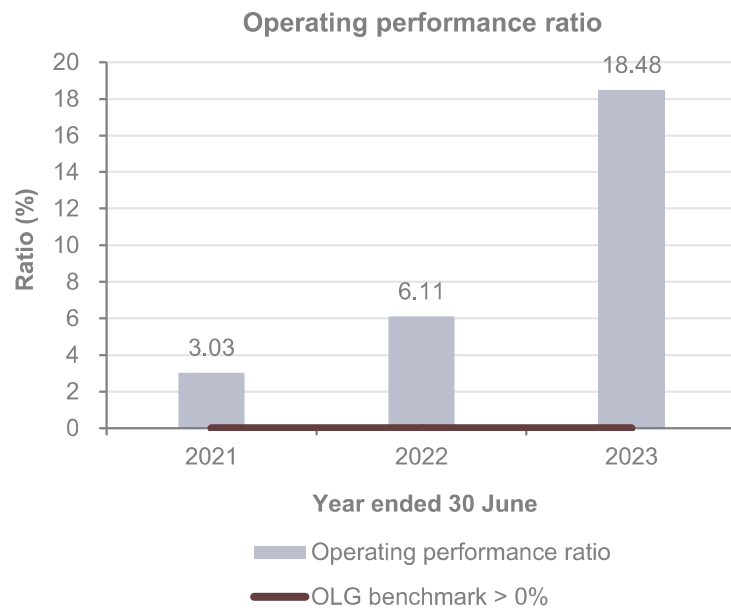
Performance measures

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 exceeded the benchmark for the current reporting period.

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

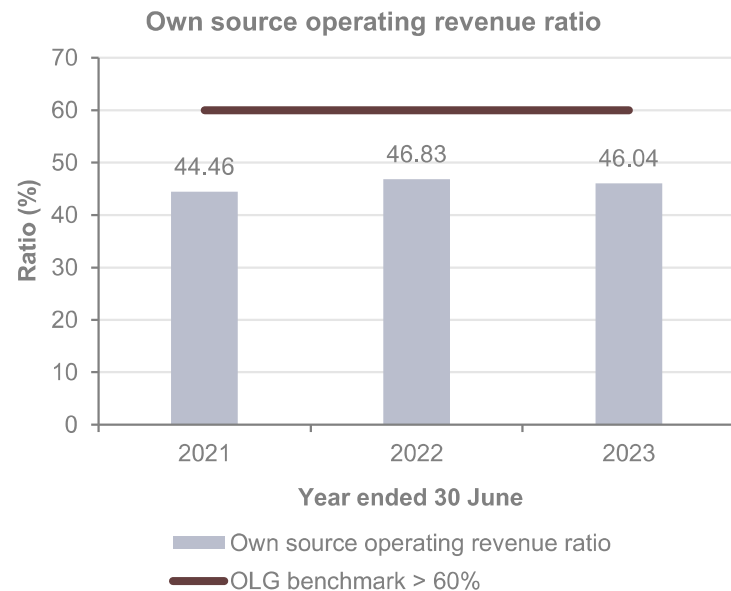


Own source operating revenue ratio

The Council did not meet the benchmark for the past three years.

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

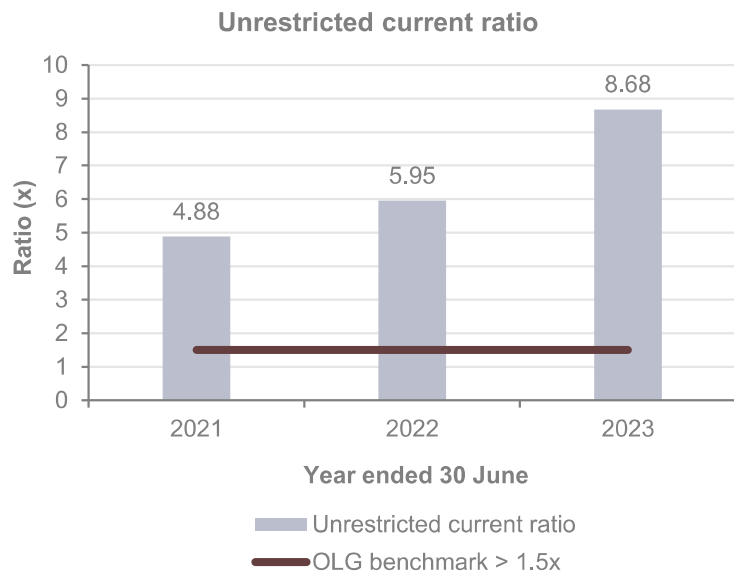
The ratio has remained below the required threshold over the last three years which reflects the Council's reliance on grant funding as a major source of revenue.



Unrestricted current ratio

The Council exceeded the benchmark for the current reporting period. This ratio indicates that Council currently has \$8.68 of unrestricted current assets available to service every \$1.00 of its unrestricted current liabilities.

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.

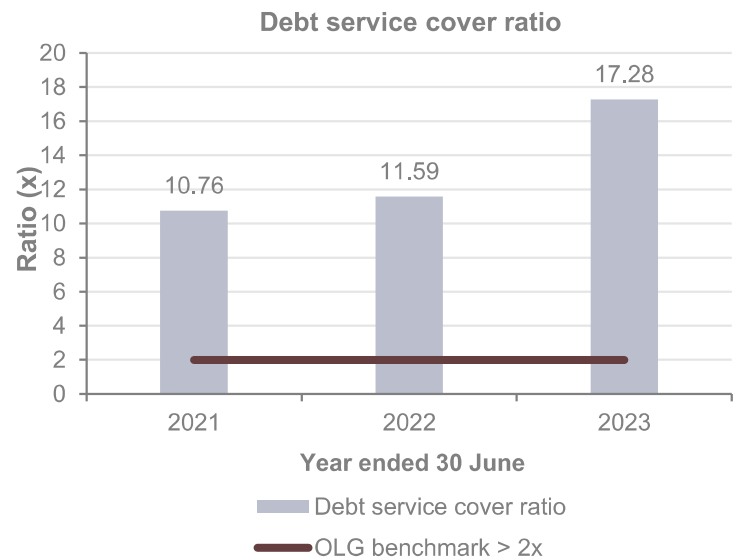


Debt service cover ratio

The Council exceeded the benchmark for the current reporting period.

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

Council appears to be effectively monitoring its liquidity levels to ensure it can meet its borrowing costs when they fall due.

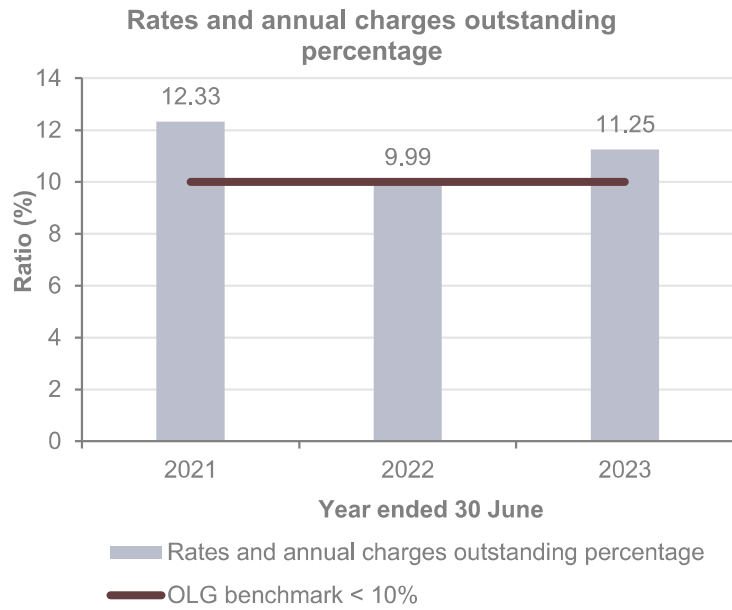


Rates and annual charges outstanding percentage

The Council did not meet 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.

The resulting ratio reflects the recovery outstanding from prior year's drought and conditions and the current economic climate.

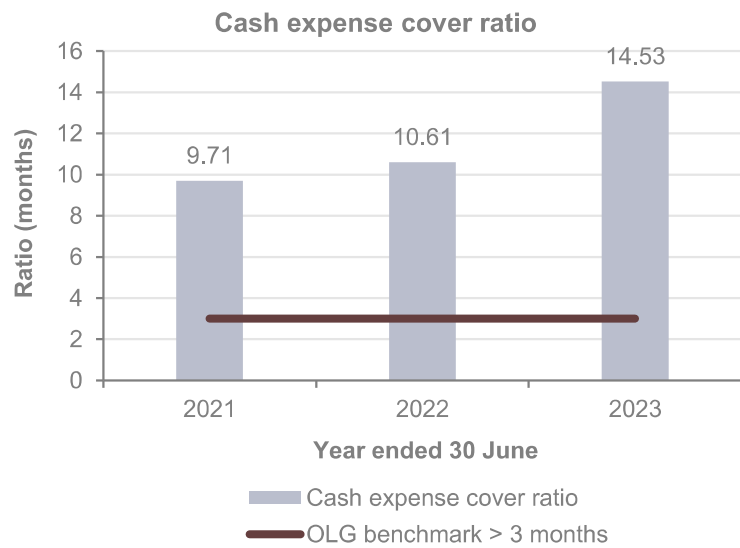


Cash expense cover ratio

The Council exceeded the benchmark for the current reporting period.

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

The resulting ratio indicates that the Council had ability to cover 14.53 months of cash expenditure without additional cash inflows as at 30 June 2023.



Infrastructure, property, plant and equipment renewals

Council renewed \$4.1 million of infrastructure, property, plant and equipment during the 2022-23 financial year. This was mainly spent on roads and repairing assets damaged by natural disasters. A further \$7.2 million was spent on new assets across most asset classes.

Legislative compliance

My audit procedures identified a material deficiency in the Council's financial statements due to the non-recognition of rural fire-fighting equipment and buildings which will be reported in the Management Letter.

Except for the matter outlined above, the Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.

A handwritten signature in black ink, appearing to read 'Unaib Jeffrey', with a long horizontal stroke extending to the right.

Unaib Jeffrey

Delegate of the Auditor-General for New South Wales

Warrumbungle Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023



Warrumbungle Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
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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).

Warrumbungle Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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

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

- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Planning and Environment, *Water's Regulatory and assurance framework for local water utilities*.

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


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

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

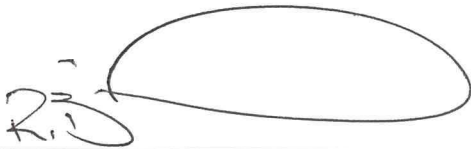
Signed in accordance with a resolution of Council made on 21 September 2023.



Ambrose Doolan
Mayor
21 September 2023



Kathy Rindfleish
Councillor
21 September 2023



Roger Bailey
General Manager
21 September 2023



Lisa Grammer
Responsible Accounting Officer
21 September 2023

Warrumbungle Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	2,331	2,185
User charges	2,074	1,863
Fees	12	46
Interest and investment income	32	38
Other income	29	29
Total income from continuing operations	4,478	4,161
Expenses from continuing operations		
Employee benefits and on-costs	1,088	1,179
Borrowing costs	3	2
Materials and services	1,573	1,319
Depreciation, amortisation and impairment	1,345	1,377
Net loss from the disposal of assets	212	206
Other expenses	289	236
Total expenses from continuing operations	4,510	4,319
Surplus (deficit) from continuing operations before capital amounts	(32)	(158)
Grants and contributions provided for capital purposes	1,179	2,248
Surplus (deficit) from continuing operations after capital amounts	1,147	2,090
Surplus (deficit) from all operations before tax	1,147	2,090
Surplus (deficit) after tax	1,147	2,090
Plus accumulated surplus	23,653	21,563
Closing accumulated surplus (deficit)	24,800	23,653
Return on capital %	(0.1)%	(0.3)%
Subsidy from Council	29	156
Calculation of dividend payable:		
Surplus (deficit) after tax	1,147	2,090
Less: capital grants and contributions (excluding developer contributions)	(1,179)	(2,248)
Surplus for dividend calculation purposes	-	-
Potential dividend calculated from surplus	-	-

Warrumbungle Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	1,894	1,780
User charges	115	105
Liquid trade waste charges	50	76
Interest and investment income	4	13
Other income	38	18
Total income from continuing operations	2,101	1,992
Expenses from continuing operations		
Employee benefits and on-costs	556	525
Materials and services	718	774
Depreciation, amortisation and impairment	558	584
Net loss from the disposal of assets	95	–
Total expenses from continuing operations	1,927	1,883
Surplus (deficit) from continuing operations before capital amounts	174	109
Grants and contributions provided for capital purposes	1,819	906
Surplus (deficit) from continuing operations after capital amounts	1,993	1,015
Surplus (deficit) from all operations before tax	1,993	1,015
Less: corporate taxation equivalent (25%) [based on result before capital]	(44)	(27)
Surplus (deficit) after tax	1,949	988
Plus accumulated surplus	12,773	11,758
– Corporate taxation equivalent	44	27
Closing accumulated surplus (deficit)	14,766	12,773
Return on capital %	0.8%	0.5%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	1,950	988
Less: capital grants and contributions (excluding developer contributions)	(1,819)	(906)
Surplus for dividend calculation purposes	131	82
Potential dividend calculated from surplus	65	41

Warrumbungle Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Contract assets and contract cost assets	180	185
Cash and cash equivalents	1,563	831
Receivables	1,635	1,480
Total current assets	3,378	2,496
Non-current assets		
Infrastructure, property, plant and equipment	50,370	47,069
Total non-current assets	50,370	47,069
Total assets	53,748	49,565
LIABILITIES		
Current liabilities		
Payables	–	34
Borrowings	56	107
Employee benefit provisions	351	352
Total current liabilities	407	493
Non-current liabilities		
Borrowings	–	56
Total non-current liabilities	–	56
Total liabilities	407	549
Net assets	53,341	49,016
EQUITY		
Accumulated surplus	24,800	23,653
Revaluation reserves	28,541	25,363
Total equity	53,341	49,016

Warrumbungle Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Contract assets and contract cost assets	173	202
Cash and cash equivalents	4,091	1,961
Investments	2,500	2,500
Receivables	513	517
Total current assets	7,277	5,180
Non-current assets		
Infrastructure, property, plant and equipment	22,454	20,861
Total non-current assets	22,454	20,861
Total assets	29,731	26,041
LIABILITIES		
Current liabilities		
Payables	–	44
Employee benefit provisions	78	78
Total current liabilities	78	122
Total liabilities	78	122
Net assets	29,653	25,919
EQUITY		
Accumulated surplus	14,766	12,773
Revaluation reserves	14,887	13,146
Total equity	29,653	25,919

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. Warrumbungle Shire Council Combined Water Supply

All individual Water Funds are now combined into one entity known as Warrumbungle Water Fund. This entity incorporates the previous individual Operations and Net Assets of the Water Supply Systems of the towns of Baradine, Binnaway, Coonabarabran, Coolah, Dunedoo and Mendooran.

b. Warrumbungle Shire Council Sewerage Service

All individual Sewerage Services are now combined into one entity known as Warrumbungle Sewerage Fund. This entity incorporates the previous individual Operations and Net Assets of the Sewerage Treatment and Reticulation Systems of the towns Baradine, Coonabarabran, Coolah and Dunedoo.

Category 2

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

N/A

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private

Note – Significant Accounting Policies (continued)

sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – **25%** (21/22 25%)

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

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

In accordance with section 4 of Department of Planning and Environment (DPE) – Water's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

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

Achievement of substantial compliance to sections 3 and 4 of DPE – Water's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25% (21/22 25%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the 'Council' as the owner of business operations – it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.02% at 30/6/23.

Note – Significant Accounting Policies (continued)

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are submitted to DPIE – Water.



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

To the Councillors of Warrumbungle Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Warrumbungle 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 business activity
- sewerage business activity.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Unaib Jeffrey', with a long, sweeping flourish extending to the right.

Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

26 October 2023
SYDNEY

Warrumbungle Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2023



Warrumbungle Shire Council

Special Schedules

for the year ended 30 June 2023

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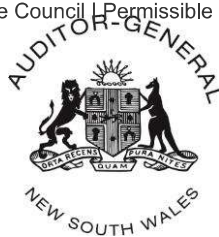
Warrumbungle Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
Notional general income calculation ¹			
Last year notional general income yield	a	8,578	8,738
Plus or minus adjustments ²	b	—	3
Notional general income	c = a + b	8,578	8,741
Permissible income calculation			
Or rate peg percentage	e	2.50%	3.70%
Or plus rate peg amount	i = e x (c + g)	214	323
Sub-total	k = (c + g + h + i + j)	8,792	9,064
Plus (or minus) last year's carry forward total	l	(36)	18
Sub-total	n = (l + m)	(36)	18
Total permissible income	o = k + n	8,756	9,082
Less notional general income yield	p	8,738	9,045
Catch-up or (excess) result	q = o - p	18	38
Carry forward to next year ⁶	t = q + r + s	18	38

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)*.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Warrumbungle Shire Council

To the Councillors of Warrumbungle Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

26 October 2023
SYDNEY

Warrumbungle Shire Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets agreed level of to satisfactory service set by Council maintenance ^a		2022/23 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring to the standard \$ '000	2022/23 Required maintenance ^a \$ '000				1	2	3	4	5
Buildings	Other	11,047	9,165	453	40,860	98,551	4.0%	8.0%	51.0%	27.0%	10.0%
	Sub-total	11,047	9,165	453	40,860	98,551	4.0%	8.0%	51.0%	27.0%	10.0%
Other structures	Other structures	1,116	1,029	1,038	21,729	34,251	36.0%	10.0%	42.0%	8.0%	4.0%
	Sub-total	1,116	1,029	1,038	21,729	34,251	36.0%	10.0%	42.0%	8.0%	4.0%
Roads	Roads	5,285	5,757	5,783	237,603	313,150	59.0%	21.0%	13.0%	5.0%	2.0%
	Bridges	171	-	20	62,960	86,830	36.0%	41.0%	23.0%	0.0%	0.0%
	Footpaths	277	122	-	6,156	11,280	9.0%	23.0%	58.0%	8.0%	2.0%
	Bulk earthworks	-	-	-	172,586	172,586	100.0%	0.0%	0.0%	0.0%	0.0%
	Other	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	5,733	5,879	5,803	479,305	583,846	66.7%	17.8%	11.5%	2.8%	1.2%
Water supply network	Water supply network	5,972	2,322	726	44,926	78,997	13.0%	46.0%	13.0%	25.0%	3.0%
	Sub-total	5,972	2,322	726	44,926	78,997	13.0%	46.0%	13.0%	25.0%	3.0%
Sewerage network	Sewerage network	3,278	291	254	20,453	38,706	10.0%	46.0%	16.0%	28.0%	0.0%
	Sub-total	3,278	291	254	20,453	38,706	10.0%	46.0%	16.0%	28.0%	0.0%
Stormwater drainage	Stormwater drainage	286	-	-	5,500	10,210	0.0%	36.0%	50.0%	14.0%	0.0%
	Sub-total	286	-	-	5,500	10,210	0.0%	36.0%	50.0%	14.0%	0.0%
Total – all assets		27,432	18,686	8,274	612,773	844,561	49.7%	20.5%	18.2%	9.2%	2.4%

(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

Warrumbungle Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022	2021	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	4,105	47.46%	89.00%	160.14%	> 100.00%
Depreciation, amortisation and impairment	8,649				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	27,432	4.43%	1.53%	0.47%	< 2.00%
Net carrying amount of infrastructure assets	619,371				
Asset maintenance ratio					
Actual asset maintenance	7,821	94.53%	87.88%	81.26%	> 100.00%
Required asset maintenance	8,274				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	18,686	2.21%	0.66%	4.21%	
Gross replacement cost	844,561				

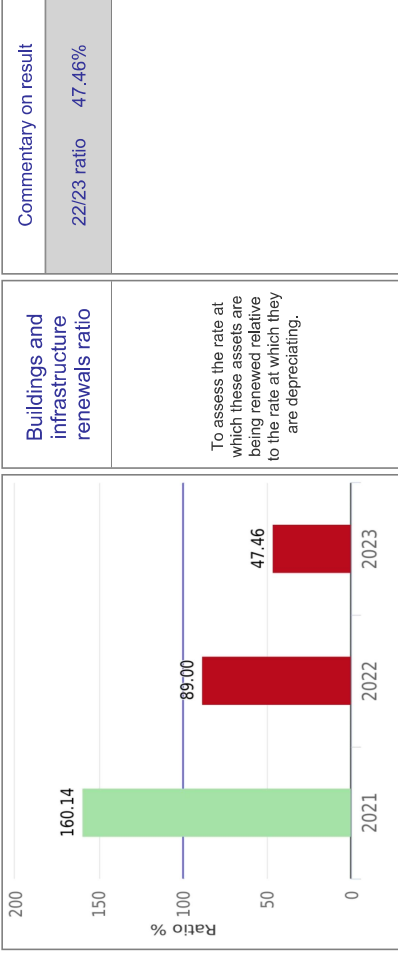
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Warrumbungle 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.

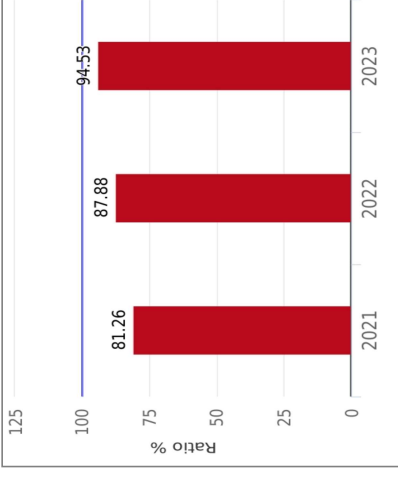
Commentary on result

22/23 ratio 47.46%

Ratio achieves benchmark
Ratio is outside benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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.

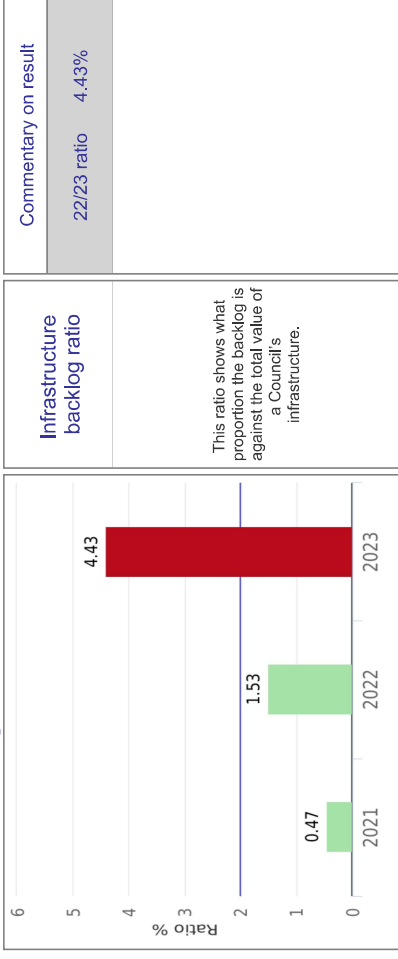
Commentary on result

22/23 ratio 94.53%

Ratio achieves benchmark
Ratio is outside benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Infrastructure backlog ratio



Infrastructure backlog ratio

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

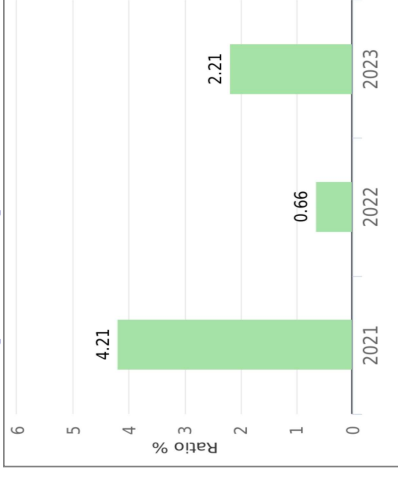
Commentary on result

22/23 ratio 4.43%

Ratio achieves benchmark
Ratio is outside benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

22/23 ratio 2.21%

Warrumbungle Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
\$ '000							
Buildings and infrastructure renewals ratio							
Asset renewals ¹	47.75%	101.22%	57.19%	27.34%	21.61%	86.60%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	3.28%	0.72%	13.29%	7.74%	16.03%	9.86%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	91.77%	86.86%	113.50%	100.57%	119.29%	69.01%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	2.21%	0.41%	2.94%	2.98%	0.75%	0.77%	
Gross replacement cost							

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