

Hay Shire Council
Annual Report
2022-2023





Hay

Message from the MAYOR

It is an honour to present to you Hay Shire Council's Annual Report for the 2022/2023 year. The Annual Report informs the community about the progress we have made towards Hay Shire's vision where our people are resilient, healthy and safe, living together with a strong sense of community in a vibrant and prosperous economy.

This report summarises the many highlights and challenges Council experienced during the year. While floods and prolonged periods of wet weather, road closures and rising inflation delivered challenges to Council's operations, we nevertheless delivered on an impressive range of projects and services.

I am delighted to report that our pool amenities building was successfully completed in March and the teenage adventure zone is now open for our youth. These are the initial stages to a brand-new swimming complex that will be established on the same site, offering recreational facilities that we can all be proud of. A new 'state of the art' 50 metre swimming pool and hydrotherapy pool are in the planning stages with a vision to be completed by the end of 2024.

Deputy Premier Paul Toole MP visited Hay in December to open projects funded by the state government with a total spend of \$1,431,670. Projects opened included the civic space in Witcombe Place where artist John Wood and members of the McGrath family were present. Witcombe Place features the statues of Mrs McGrath and her pet sheep, along with the Shilling Ram artwork, both significant to Hay's history. The other projects to be opened were the kiosk facilities and female amenities block at the Hay Park and the various upgrades to facilities at the Hay Showground.

In June, our bridge turned 50 years old and was celebrated by members of the community, Transport for NSW and children from all three local schools. George Gee, one of two surviving men who worked on the bridge, was on hand to help cut the celebratory cake. Over the past half century, the Hay Bridge has played a vital role in fostering economic development and improving transportation links. It has facilitated the movement of goods, services, livestock and people and served as a vantage point to admire the beauty of our natural surroundings and the magnificent Murrumbidgee River.

Hay's Youth Taskforce received an injection of funds after Council was successful in obtaining a grant under the Regional Youth Investment Project. Two years of projects will now be able to be delivered. This year the Youth Taskforce provided assistance with organising local events, and independently ran a successful Culture Fest and career conversation evenings. They were instrumental in publishing a 'Welcome to Hay' guide for new members of our community. The group continues to go from strength to strength, providing our youth with the skills and knowledge that will assist them and our community into the future.

The resilience of our community came to the fore when the Hay Local Government Area was declared a natural disaster in October. Heavy rains, flooded creeks, causeways and rivers caused damage to roads and road closures, providing many challenges for our rural landholders and village residents. The Murrumbidgee River at Hay peaked at 9.11m on November 16th and was recorded as the second highest flood event on record, exceeding the 1974 flood level of 9.02m. Maude became completely isolated on November 15th with residents remaining safe at all times. In Booligal, rural landholders were cut off for many months as the Lachlan River remained flooded. Council staff worked tirelessly and 'around the clock' during this period and gained immense respect for their efforts from the community. Our commitment to flood restoration works is ongoing with many roads and riverside recreation areas becoming once again accessible and safe for all.

In our quest for economic development, our Council has embraced the opportunities presented by the development of the South West Renewable Energy Zone and adopted the Hay Resource Recovery and Eco Park Master Plan, Aerodrome Master Plan and is actively pursuing the potential to establish a Country Universities Centre in Hay. It seems we are on the verge of some very real economic opportunities opening up for our shire and we need to be ready. This will ensure a sustainable future for our region and provide employment and investment opportunities going forward.

We are fortunate to have a vibrant, supportive and caring community in Hay Shire, and I sincerely thank our residents, businesses, community groups and many volunteers for their contribution towards making this community a great place to live, work and grow. I also thank our General Manager, David Webb, and all staff at Hay Shire Council for their ongoing commitment to our wonderful Hay community.

I would like to conclude by thanking my fellow councillors for their team-oriented approach to the role and the manner in which they hold the community's interest. It is refreshing to work with a group of people who hold the best interests of the community at the core of every decision that we make.

It is an honour and a pleasure to serve the Shire as Mayor at this exciting time.

Cr Carol Oataway
Mayor



DIRECTORY

Administrative Building

134 Lachlan Street
(PO Box 141)
HAY NSW 2711

Office Hours: 9am - 5pm

Cashiers Hours: 9am - 4pm

Phone: 02 6990 1100

Outback Visitors Centre

Moppett Street
HAY NSW 2711

Phone: 02 6993 4045

Bishop's Lodge

Moama Street
HAY NSW 2711

Phone: 02 6993 1727

War Memorial Hall

Lachlan Street
HAY NSW 2711

Bankers

General Funds:

Investment Institutions:

Westpac Banking Corporation

Westpac Banking Corporation

Bendigo Bank

Illawarra Mutual Building Society

National Australia Bank

ANZ

Commonwealth Bank

Rural Bank

Solicitors:

Perrot's Solicitors & Attorneys

Auditor:

Audit Office of NSW

Contract Auditors:

Crowe Australasia

Insurance Brokers:

Jardine Lloyd Thompson P/L

Statecover - Workers Compensation

Depot

Murray Street
HAY NSW 2711

Ph 02 6993 4046

Library

Lachlan Street
HAY NSW 2711

Phone 02 6993 4492

Hay Gaol Museum

Church Street
HAY NSW 2711

Swimming Pool

Lachlan Street
HAY NSW 2711

Phone: 02 6993 1616

Community Building (at Hay Park)

off Morgan Street
HAY NSW 2711

Phone: 02 6993 1017



STATISTICAL INFORMATION

AREA	11,348 km ²
LAND VALUE	\$864,640,310
POPULATION	2,882
RATEABLE ASSESSMENTS	1,808
MAIN ROADS	156 km
STATE HIGHWAYS	339 km
LOCAL ROADS & TOWN STREETS	765 km

DATE COUNCIL COMMENCED

1st January, 1965, following the amalgamation of Waradgery Shire and Hay Municipal Councils

STAFF EMPLOYED (Full-time equivalent)

General Manager's Department	5
Corporate & Community Department	13
Infrastructure & Planning Department	35
Total	53

NO. OF BUSH FIRE BRIGADES 8



THE SHIRE OF HAY

Hay is a friendly town on the banks of the Murrumbidgee River, about halfway between Sydney and Adelaide and 400 kilometres from Melbourne. The Sturt, Mid-Western and Cobb Highways intersect at Hay.

The population of Hay Shire in 2021 was 2,883. The Hay Shire includes the villages of Booligal (made famous by Banjo Patterson, in “Hay and Hell and Booligal”), Maude and One Tree.

Vegetation

Perennial bushes, mostly cottonbush and saltbush, form the greatest part of vegetation, covering 65% of the district; the remainder being grass country and flood plains. Box trees inhabit the plains country, with river gums along the river.

Climate

The climate of Hay is considered temperate. The average summer temperature is 34 degrees Celsius, with an average winter temperature of 13 degrees Celsius.

The rainfall is comparatively low with an average of 325mm (13 inches) annually.

Spring and autumn are delightful times with the deciduous trees colouring beautifully in the autumn and the plains covered with wildflowers in the spring.

Products

The Hay Irrigation Area is virtually the “cradle of irrigation” on the Murrumbidgee River. Irrigated crops grown around the Hay area are maize, wheat, cotton, rice, oats, barley, cereal rye, grain sorghum, sunflowers, soya beans, canola, large seeds and legumes. Pastures include paspalum, white clover, sub clover and rye grasses.

In addition, melons, lettuce, tomatoes, onions, broccoli, and garlic are grown in the area for the Sydney and Melbourne markets. Wine grapes are also grown. Grazing is still a significant contributor to the local economy with wool, lamb and beef produced in large numbers.



COMMUNITY INVOLVEMENT

Some management functions of Council are conducted by a blend of Council and community representation:-

SECTION 355 COMMITTEES

Hay Gaol Trust Management Committee
Hay Showground Trust Management Committee
Bishop's Lodge Management Committee
Hay Multi Service Outlet Committee
Myers Lane Management Committee
Floodplain Risk Management Committee
Maude War Memorial Hall Committee



Elected Representatives

MAYOR

Cr Carol Oataway

Deputy Mayor

Cr Lionel Garner

Councillors

Cr Geoff Chapman, Cr Darren Clarke, Cr Jenny Dwyer, Cr Lionel Garner, Cr Peter Handford, Cr Carol Oataway, Cr Paul Porter, Cr Martyn Quinn

Mayoral and Councillor Allowances, Expenses and Professional Development

During the period 1st July 2022 to 30th June 2023, Council's Mayoral Allowance was \$18,520 and the total Councillor fees were \$87,450. All Councillor expenses, reimbursements and facilities are provided in accordance with the adopted policy. During the period 1st July 2022 to 30th June 2023 the following costs were incurred by Council in relation to Councillor expenses:-

- Attendance of Councillors at conferences and seminars including all travel, registration costs and meals = \$19,349
- Interstate trips = 1
- Overseas visits = nil
- Expenses for spouse or partner = nil

As part of their professional development:-

- Cr Oataway attended Country Mayors Association meetings, LGNSW Annual Conference, and the ALGA National General Assembly and participated in their workshops. Cr Oataway also attended the Rural and Regional Summit.
- Cr J Dwyer attended LGNSW Annual Conference, Destination and Visitors Economy Conference.
- Cr Garner attended LGNSW Conference, National Local Roads and Transport Conference, National General Assembly, Local Roads Congress.
- Cr Chapman attended Murray Darling Association Annual Conference.

Term of Office

In an ordinary term Council members are elected for a four year period, however, due to covid19 the elections were postponed and were held in December 2021 meaning the current Council will only serve a three year term. The next election will be held September 2024. The whole Council elects the Mayor every two years in the September with the next Mayoral election scheduled for September 2024.

Council Meetings

Council meets on the fourth Tuesday of each month, commencing at 1.00pm. The Council's Code of Meeting Practice deals with all matters associated with Council's meeting procedures.

COUNCIL SECTION 355 COMMITTEE DELEGATES 2022/2023

- ❖ **Audit Risk and Improvement Committee**
Cr Peter Handford
- ❖ **Australia Day Committee**
Cr Jenny Dwyer
Cr Lionel Garner
Cr Carol Oataway
Cr Martyn Quinn
- ❖ **Bishops Lodge Management Committee**
Cr Jenny Dwyer
- ❖ **Floodplain Risk Management Committee**
Cr Geoff Chapman
Cr Paul Porter
- ❖ **Hay Gaol Management Committee**
Cr Martyn Quinn
Director of Corporate Services (treasurer)
- ❖ **Hay Multi Service Outlet Committee**
Cr Lionel Garner
Cr Carol Oataway
Cr Paul Porter
Director of Corporate Services
- ❖ **Hay Museums Committee**
Cr Jenny Dwyer
- ❖ **Hay Showground Management Committee**
Cr Lionel Garner
- ❖ **Myers Lane Management Committee**
Cr Lionel Garner
Cr Carol Oataway
- ❖ **Maude War Memorial Committee**
Cr Chapman
Cr Quinn

COUNCIL DELEGATES 2022/2023

Organisation/Committee	Delegate
❖ Bush Fire Advisory Committee	Cr Geoff Chapman, Cr Paul Porter
❖ Hay Plains Childcare Centre	Cr Carol Oataway
❖ Long Paddock Committee	Cr Lionel Garner, General Manager
❖ Murray Darling Association and water matters generally	Cr Paul Porter, Cr Geoff Chapman
❖ RAMJO	Mayor/Deputy Mayor/General Manager
❖ Shear Outback Board	Cr Lionel Garner & Director of Corporate Services
❖ South West Arts Project	Cr Jenny Dwyer
❖ Traffic Committee	Cr Darren Clarke, Cr Lionel Garner, Cr Martyn Quinn, General Manager
❖ Western Riverina Community Library Committee	Cr Jenny Dwyer (alternative Cr Oataway)
❖ Local Health Advisory Committee	Cr Carol Oataway, Cr Paul Porter & General Manager
❖ General Manager's Performance Review Committee	Cr Carol Oataway, Cr Garner, Cr Dwyer & Cr Quinn

VISION AND MISSION STATEMENT

Vision

"Where our people are happy, healthy and safe, living together with a strong sense of community in a vibrant and prosperous economy."

Mission Statement

To be a progressive rural council committed to

- Caring for the welfare of our citizens;
- Protecting the environment;
- Sustaining a climate that encourages opportunities to achieve a sound economic base;
- Managing the Council's limited resources in an open and accountable manner consistent with the principles of value for money and equity.

GOALS

1. To promote Council as being a professional, caring and responsive organisation dedicated to meeting community needs and expectations;
2. To protect and enhance the natural environment of the Shire;
3. To encourage substantial local economic development and employment opportunities, in harmony with the environment, for the benefit of our citizens and the self-sufficiency of the Shire;
4. To provide an efficient and effective nominated network of roads and other related systems, for the safe and efficient transport of people and motorists; and
5. To ensure "value for money" by the effective delivery of services in response to existing and future requirements.

ORGANISATIONAL VALUES

Integrity – We will be honest, fair and ethical in all our dealings, complying with the letter and the spirit of the law. We will make decisions in an unbiased, objective manner devoid of any personal interests or prejudices. We will treat all people with respect.

Openness - We will be readily accessible and will be transparent in all our dealings. We will communicate truthfully and regularly with our community. We will give reasons for our decisions.

Responsiveness – We will consult with our community and other stakeholders and be guided by their wishes. We will deliver on our promises.

Quality of Service – We will strive to provide best-practice services through continuous improvement and embracing new ideas and we will respond promptly to service problems.

PRINCIPLES

Council has reviewed its guiding principles in line with the new requirements resulting from the Local Government reform process which are now:-

- actively engage local communities, including through integrated planning and reporting;
- be transparent and accountable;
- recognise diverse needs and interests;
- have regard to social justice principles;
- have regard to the long term and cumulative effects of its actions on future generations;
- foster ecologically sustainable development;
- effectively manage risk;
- have regard to long term sustainability;
- work with others to secure services that are appropriate to meet local needs;
- foster continuous improvement and innovation;
- act fairly, ethically and without bias in the public interest; and
- endeavour to involve and support its staff.

SENIOR STAFF REMUNERATION

Council's General Manager is employed under a performance based contract. The General Manager is the only Senior Staff member. The total value of these contracts involving salary, superannuation, non-cash benefits and allowances is:-

Total	\$263,704
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HUMAN RESOURCE ACTIVITIES

Hay Shire Council provided training opportunities to Council staff from the 1st July 2022 to the 30th June 2023, resulting in an expenditure of \$68,139. Training was undertaken by the majority of Council employees across many facets of Council's operations. The Workforce Plan is being progressively implemented.

As of 23 November 2022 Council employees that performed paid work on a:

- | | | |
|--|----|---|
| • Permanent full-time basis | 41 | |
| • Permanent part-time basis | 8 | |
| • Casual basis | 2 | |
| • Fixed Term Contract | 2 | |
| • Number of persons employed by the council are 'senior staff' for the purpose of the Local Government Act 1993 | | 1 |
| • 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 | | 0 |
| • persons supplied to the Council, under a contract or other arrangement with the person's employer as an apprentice or trainee | | 0 |

LEGAL PROCEEDINGS

During the period 1/7/22 to 30/6/23 Council incurred nil costs for legal expenses.

PRIVATE WORKS

The Council undertakes works for private organisations, individuals and Government agencies on a cost-recovery basis where these works do not significantly impede the Council's own works program. For the period 1st July 2022 to 30th June 2023, Council carried out works totalling \$165,601 from which it received an income of \$178,059. Works were carried out in accordance with Council's adopted Plant Hire Rates, which are reviewed each year and are based on commercial rates.

Council adopted its private hire rates in June 2022 and performed no private works jobs at a rate lower than that adopted under Section 67(2(a)) of the Local Government Act 1993.

FINANCIAL ASSISTANCE GRANTS UNDER S356 OF THE LOCAL GOVERNMENT ACT, 1993

In the period 1st July 2022 to 30th June 2023 the following organisations received grants from Council totalling \$44,238.96 to the organisations listed below:-

Booligal Sheep Races	\$500.00
Mens Shed	\$1,088.96
Hay Public School	\$50.00
Booligal Hall	\$1,500.00
Hay Tennis Club	\$5,000.00
Shear Outback	\$30,000.00
Hay Sheep Show	\$600.00
NSW Rural Doctors Network	\$3,000.00
Hay Rodeo Club	\$500.00
Mini Car Club	\$1500.00
SSAA Hay Branch	\$500.00

In addition to these contributions, Council provided considerable administrative assistance to local Committee's including Management Committee's, visiting sporting and recreational groups, registered charities, as well as subsidised rental or free use of Council buildings to a number of organisations.

JOINT VENTURES

Council is a member of the Western Riverina Community Library.

STATEMENT OF ALL COMPANIES IN WHICH COUNCIL HAS A CONTROLLING INTEREST

Council does not have a controlling interest in any companies.

STATEMENT OF ALL ORGANISATIONS EXERCISING DELEGATED FUNCTIONS OF COUNCIL

Hay Gaol Management Committee
Hay Showground Management Committee
Floodplain Risk Management Committee
Home Multi Service Outlet

Maude War Memorial Hall Committee
Bishop's Lodge Management Committee
Myers Lane Management Committee

ACCESS TO INFORMATION

The Government Information (Public Access) Act 2009 (GIPA Act) replaced the Freedom of Information Act 1989 in July 2010. The GIPA Act encourages the proactive release of information. Certain types of information require an information access request be lodged before Council is able to release the information. Council may withhold any information it deems against the public interest. Details of such requests from 2022-2023 can be found in the Statutory section of this report.

FRAUD CONTROL ACTIVITIES

During the year Council continued to strengthen its internal controls and implemented the issues relating to fraud. Included in these actions was the ongoing implementation of Councils Fraud and Corruption Control Framework.

PUBLIC INTEREST DISCLOSURES

Council has adopted a Public Interest Disclosure Policy. During the year Council undertook the following actions to meet staff awareness obligations:-

- Internal Reporting Policy on Council's Intranet
- Incorporated into new staff inductions

There were no public interest disclosures during the year ended 30th June 2023.

EQUAL EMPLOYMENT OPPORTUNITY

Council has appointed an Equal Employment Opportunity Officer and has an adopted Equal Opportunity Management Policy.

All Staff are made aware of the obligations through induction procedures and information on Councils portal.

CARERS RECOGNITION

Council has met its obligations under the Carers Recognition Act 2010 ensuring an awareness of the Statement for Australian Carer's, appropriate policies and actions undertaken, and carers have been consulted when developing programs.

ANTI-SLAVERY AND MODERN SLAVERY ACT

The Anti-slavery Commissioner did not raise any issues in 2022-2023 in relation to Council's operations.

Council commits to taking reasonable steps to ensure that:

- a) Modern Slavery is not occurring in the operations and supply chains of Council and any entity that it owns or controls
- b) it does not use or procure any goods, plant, equipment or other materials and work or services that are the product of Modern Slavery, and
- c) it develops and implements appropriate procedures including appropriate prevention plans and other policies in order to demonstrate that it has exercised due diligence to prevent Modern Slavery in Council's operations and supply chains, and to identify and respond to an actual or suspected case of Modern Slavery.

If Council becomes aware of any actual or suspected occurrence of Modern Slavery in its operations or supply chains (or in those of any entity that it owns or controls), Council commits to taking reasonable steps to respond to and address the occurrence in accordance with any internal Modern Slavery strategy and procedures of Council and any relevant code of practice/conduct or other guidance issued by the Anti-slavery Commissioner.

In addition to any other right or remedy of Council at law, including rights of termination or rights to damages, Council may, in its sole discretion, terminate contracts, upon written notice, with immediate effect and without any requirement to pay compensation in respect of such termination (other than payment for work performed by the Contractor and unpaid up until the date of termination) if a Contractor fails to comply with the requirements of this Modern Slavery commitment.

RATES AND CHARGES WRITTEN OFF

During the period 1st July 2022 to 30th June 2023 the amount of \$103,952 in rates and charges was abandoned, which were abandoned under the pensioner provisions of the Local Government Act, 1993. In addition to this the amount of \$2868.07 was abandoned in the water and sewer funds under Councils community service obligation policy and fire fighting water connections policy.

MAJOR CONTRACTS AWARDED

During the year the following contracts greater than \$150,000 were awarded:-

SKALA Australasia Pty Ltd	\$887,000	Supply of Shredder for Waste
Christo's Structures Steel	\$159,000	Shed Extension
GCM Enviro	\$231,000	Supply of Trommel Machine for Waste
Bitupave	\$379,000	Bitumen Resealing Contract
Wagga Motors	\$302,598.85	Supply of Watercart
Murray Constructions	\$1,104,635	Widening of Budgee Creek Bridge
Bridge & Marine Engineering Pty Ltd	1,338,700	Nimmie Creek Bridge design and construction
HACCP International Property Services Pty Ltd	\$176,966	Cleaning Contract
Kylie Brett Schnieder	\$234,000	Youth Officer Consultant
SKALA Australasia Pty Ltd	\$1,071,819.18	Waste Processing System & Equipment

PLANNING AND REPORTING

The Hay Shire Council is implementing the Hay Inclusion Action Plan with all new projects, and the following has been completed:

- Council chambers wheelchair access
- Council chambers serving counter
- Visitor Information Centre access
- Access to Library extensions
- Access ramp to Showground grandstand
- Extension of walking tracks through town.
- Toddler play and fenced playgrounds installed.
- Extended footpaths in parks, and fully accessible playground components.

Particulars of compliance with the effect of planning agreements in force during the year:

- There have been no planning agreements through the 2022/23 year.

Private pools:-

- Number of inspections of tourist and visitor accommodation for 2022/23 0
- Number of inspections of premises with more than 2 dwellings for 2022/23 0
- Number of inspections that resulted in issuance of a certificate of compliance under s22D of the SP Act 7
- Number of inspections that resulted in issuance of a certificate of non-compliance under cl21 of the SP Reg 1

COMPANION ANIMALS - Statement of Activities

Lodgement of pound data collection returns with the Office of Local Government	Period from 1 July 2022 to 30 June 2023 supplied to Office of Local Government
Lodgement of data relating to dog attacks with the Office of Local Government	Period from 1 July 2022 to 30 June 2023 supplied to Office of Local Government
Companion animal community education programs carried out	Regular features in Council newsletter, local media, pound facebook page, free microchipping promotions
Strategies Council has in place to promote and assist the desexing of cats and dogs	Regular campaigns on Council's companion animals facebook page and Community Newsletter
Strategies in place to comply with the requirement under section 64 (Companion Animals Act) to seek alternative to euthanasia for unclaimed animals	Working with rescue organisation to rehome all animals. Pound facebook page promotion.
Off leash areas provided in the Council area	Pocock Park & No. 3 & 4 Ovals
Net cost of Companion Animal Control	\$52,000.00

Report on Achievements in Implementing Delivery Program

A1

Celebrate and promote our unique local environment

Community Strategy
A1.1

Support local community groups, First Nations groups, and other agencies working with the environment

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A1.1.1 – To continuously promote and celebrate our open space and natural environment	T5	Implementation of Murrumbidgee Master Plan	CO	Murrumbidgee Master Plan implemented	Ongoing	DIP
A1.1.2 – Promote National Parks within the LGA	T1	Liaise with National Parks to enhance the visitor experience	Q4	Visitors have access to National Parks	Ongoing	GM
A1.1.3 - Support sustainable natural environment programs	T4	Liaise with agencies and groups to support environmental programs	CO	Environmental programs supported	Programs Supported	DIP

Community Strategy A1.2

Foster environment of investment for environmental sustainability

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A1.2.1 – Support and promote renewable energy programs	T4	Development of Council's Environmental Sustainability Strategy	Q4	Environmental Sustainability Strategy developed	Circular Economy Strategy adopted and being implemented	DIP
	T2	Support renewable energy projects	CO	Renewable energy projects supported	Projects supported facilitating community engagement	DIP
A1.2.2 – Promote Sustainable transport initiatives	T2	Investigate electric and hydrogen vehicles/stations	Q4	Investigation of electric and hydrogen vehicles/stations undertaken	Grant funding received and report commissioned and completed	DIP
A1.2.3 - Liaise and consult with stakeholders	T4	Being proactive with liaising with government agencies and/or developers	CO	Positive consultations held with agencies and developers	Consultation and support provided as required	DIP/GM

Community Strategy A1.3

Implement sustainable and eco-friendly tourism initiatives

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A1.3.1 – Plan and manage cycleways and walking tracks	T1	Update Bike Plan	Q3	Community consultation undertaken and new Bike Plan developed	Review undertaken and new plan to be drafted in 2023/24	DIP
	T4	Investigate active transport initiatives	Q3	Active transport initiatives identified	Ongoing and works undertaken as funding permits	DIP
A1.3.2 – Support and encourage new tourism interests	T1	Working with tourism operators and agencies	CO	Relationships with tourism operators and agencies established	Ongoing support provided	GM

Community Strategy A1.4

People of all abilities have access to built environments, cycleways and passive areas

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A1.4.1 – Provide access to built and suitable natural environments	T5	Implement DIAP	CO	Plan implemented as resources and funding permits	As funding permits	DIP
	T5	Improve access to our natural environments	CO	Improved access as funds and resources permit	Improved access at Madman's, Sandy Point and Maude	GM
A1.4.2 – Build on our cycleways network	T5	Review Bike Plan	Q4	Community consultation undertaken and new Bike Plan developed	Preliminary review undertaken	DIP
A1.4.3 - People of all abilities can access passive areas	T5	Review the Disability Inclusion Action Plan	Q3	Community consultation undertaken and new All Abilities Access Plan developed	Completed	DIP
A1.4.4 Improve signage and promotion	T1	Update signage on cycleways	Q4	Signage updated and installed	Signs replaced as required	DIP
	T5	Include cycleways and walking tracks in promotion activities	CO	Cycleways and walking tracks including Council promotional material	Completed	GM
A1.4.5 To continuously upgrade and improve our parks, open space and natural environments	T1	Implement maintenance and capital program	CO	Annual capital works and operations program delivered on time and within budget	Ongoing	DIP
	T1	Implement open spaces plan	CO	Funding achieved to implement Plan	Received funding and works ongoing	DIP

A2

Protect our water security

Community Strategy

A2.1

Advocate for ongoing water security and quality

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A2.1.1 – Improvement in quality of river water	T3	Continue to advocate for better water quality	CO	Water agencies lobbied	Ongoing and regular discussions with relevant agencies	GM
A2.1.2 – The agricultural sector are well supported in their endeavours for water security	T3	Liaise with water user groups to advocate for continued water security	CO	Consultation with water user groups	Ongoing	GM

Community Strategy A2.2

Implement sustainable water practices

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A2.2.1 – Our water supply is managed efficiently	T3	Implementation of a Business Plan for the expansion of the Hay Town Supply	CO	Business Plan adopted and implemented	Completed	GM
	T3	Investigate alternative town water supply	CO	Seek funding	Commenced	GM
A2.2.2 – Promote sustainable water practices	T1	Advocate for improved river bank and river flows management	CO	Agencies lobbied	Ongoing	GM
A2.2.3 - Reduce consumption and reuse water	T4	Investigate and promote water efficiency practices	CO	Investigations undertaken and promotions occurring	Trial implementation of electronic meters ongoing	GM
A2.2.4 Manage levee bank system for the Hay Town	T1	Complete Floodplain Risk Management Study and Plan	Q4	Study and Plan completed	In progress. Part A complete	GM
A2.2.5 – Manage stormwater operations for the Hay Town supply	T1	Maintain stormwater and drainage assets to function effectively	CO	Implement annual and capital maintenance program	Detailed condition assessments occurring	DIP

Community Strategy
A2.3

Educate the community in water saving initiatives

2022-2026 Delivery Plan		2022/23 Operational Plan				
Action	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A2.3.1 – Promote water saving initiatives in the community	T3	Investigate education programs	Q3	Programs investigated and education commenced	Subscribed to water efficiency program	GM

A3

Manage our waste sustainability

Community Strategy

A3.1

Work with regional partners to develop and implement a sustainable waste management strategy

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A3.1.1 – Pursue programs to reduce waste in landfill	T4	Implement single use plastics programs	Q4	Programs implemented	Completed	DIP
A3.1.2 – Recycling and Waste	T4	Manage Community Recycling Centre and implement Waste Management Strategy.	CO	CRC managed and Waste Management Strategy being implemented	In progress and continuing	DIP
	T4	Development of a MRF within the LGA	CO	Seek funding for development of a MRF	Construction commenced	GM

Community Strategy
A3.2

Educate the community on efficient waste management practices

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A3.1.1 – Promote better waste practices within the community	T4	Community education programs	CO	Community educated	Education commenced	DIP
A3.1.2 – Support RAMJO Waste in their waste initiatives	T4	Development of regional waste strategy	Q2	Regional Waste Strategy developed	New strategy complete	GM

A4

Our Community is inclusive and sustainable

Community Strategy A4.1

Facilitate access to public spaces for cultural and community events

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A4.1.1 – Public spaces are well maintained	T5	Ensure public spaces and amenities are clean and safe	CO	Public spaces and amenities are regularly cleaned and inspected	Well maintained	DIP
A4.1.2 – Continuously upgrade and improve recreation and cultural facilities and spaces	T5	Implement Open Spaces Strategy, Bike Plan, Murrumbidgee Masterplan, DIAP	CO	Plans implemented at resources and funding permits	Significant upgrade works undertaken	DIP

**Community Strategy
A4.2**

Support Aboriginal organisations to hold events and programs

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A4.2.1 – Liaise with Aboriginal organisations to support events and programs	T5	Continue support of events and programs	CO	Events and programs supported	Support provided as requested	GM

Community Strategy
A4.3

Support cultural environmental initiatives

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
A4.3.1 – Work with cultural groups to support environmental initiatives	T4	Ongoing support for cultural groups environmental initiatives	CO	Environmental initiatives supported	Environmental initiatives well supported	GM

B1

Maintain and beautify the town centres

**Community Strategy
B1.1**

Enhance the atmosphere of the main street and public areas

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B1.1.1 —Continuous improvement of the Main Street area	T6	Continue to seek funding for Lachlan Street Masterplan	CO	Funding applications lodged	Further funding not received	GM
B1.1.2 —Continuous improvement of public areas for the enjoyment of the local community and visitors	T5	Implement Open Spaces Strategy	CO	Open Spaces Strategy implemented as funding and resources permit	Ongoing	DIP

Community Strategy B1.2

Support and promote public art initiatives

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B1.2.1 – Art in public spaces is promoted	T5	Promote through tourism initiatives	CO	Public art is promoted	Witcombe Place complete	GM
B1.2.2 – Pursue public art initiatives	T6	Implement Public Art Strategy	CO	Public Art Strategy implemented as funding permits	Grant funding submitted	DIP

B2

Our community has available housing options

**Community Strategy
B2.1**

Improve access to diverse range of housing opportunities

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B2.1.1 Work with government agencies to improve access to housing	T7	Advocate for improved housing	CO	Government agencies lobbied	Housing Strategy adopted and commenced implementation	GM
B2.1.2 Review planning controls to facilitate housing development	T4	Completion of structure plan and commence review of LEP	Q4	Structure Plan complete and LEP review commenced	Structure Plan completed LEP funding received and review commenced	DIP

B3

Our community has access to a range of employment opportunities

Community Strategy B3.1

Develop skilled labour force to meet community needs

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B3.1.1 Promote and partner with local employment and training opportunities	T3	Support education initiatives by meeting with education stakeholders to promote better pathways to employment for local people	CO	Relationships with stakeholders established and promotion of pathways occurring	Liaising with TAFE and potential CUC	GM
B3.1.2 – Promote and provide opportunities for education and lifelong learning	T3	Encourage community participation by all age groups in lifelong learning initiatives	CO	Lifelong learning programs promoted	Ongoing	GM

Community Strategy
B3.2

Promote inclusion of all abilities workers in the business community

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B3.2.1 - Work with agencies to promote the employment of people of all abilities in the local business sector	T2	Ongoing community education, promotion and opportunity	CO	Programs promoted	Recalibrate Hay Programs complete	GM
B3.2.2 - Work with Community agencies to identify and develop strategies to address cultural issues in the community	T4	Work with community partners in providing and promoting programs that contribute to community pride, inclusion and wellbeing particularly for young people	CO	Programs and partnerships promoted	Recalibrate Hay Programs complete	GM

Community Strategy
B3.3

Advocate, support, and seek partnerships with providers to generate more options and scope for all levels of education

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B3.3.1 - Work with agencies to increase options for various levels of education	T3	Liaise with education agencies and support programs	CO	Programs supported and promoted	Pursuing CUC	GM

B4

All cultures are strong, well supported and flourishing

Community Strategy

B4.1

Ensure services are accessible to all groups in our community

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B4.1.1 - Support agencies in delivery of services to all members of the community	T7	Work with community partners in promoting programs that contribute to the wellbeing of members of the community	CO	Relationships with agencies formed and programs promoted	Ongoing	DCC
B4.1.2 - Support our volunteers in their management and provision of services and functions to the community	T4	Development of Volunteer Recruitment and Retention strategy across every facet of the community	Q4	Strategy developed	Strategy reviewed and conducting community consultation	DCC
B4.1.3 - Advocate for improved public transport	T4	Liaise and work with government and private agencies to improve public transport	CO	Ongoing lobbying of the public transport sector	Ongoing	GM
B4.1.4 - To promote and develop an inclusive community culture	T7	Review the Disability Inclusion Action Plan	Q4	Plan reviewed	Complete	DIP
	T7	Support inclusive initiatives and events	CO	Events and initiatives supported and promoted	Ongoing	GM

Community Strategy B4.2

Support cultural programs and initiatives, including First Nations

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B4.2.1 – To continuously upgrade and improve the recreation and cultural facilities	T5	Implement grant funded projects	CO	Grant funded projects implemented	Projects ongoing	DIP
	T7	Support and seek partnerships with the Hay Aboriginal Community Working Party and the Hay Local Aboriginal Land Council to deliver relevant programs and projects	CO	Partnerships formed and groups supported	Relationship developed and ongoing	GM
B4.2.2 - Rationalise and manage the restoration and conservation or our museums	T5	Work with S355 committees and volunteers to coordinate efficient and sustainable services providing visitors an enjoyable experience	CO	Our museums provide efficient and sustainable services	Museums well supported	GM DCC

Community Strategy
B4.3

Promote inclusion in the community

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B4.3.1 – Promote and develop an inclusive local community culture, where people of all ages interact and provide mutual support	T7	Assess ways for the use of community facilities to be extended and increased including incorporating strategies from the disability and inclusion plan	Q4	Increase in use of Council facilities by all sectors of the community	DIAP Review complete	DIP
B4.3.2 –Targeted groups and agencies for consultation on prospective and ongoing programs and projects	T7	Identify groups/agencies to support and consult programs and projects	CO	Agencies and groups identified and relationships formed	Groups and agencies consulted as required	GM

B5

Our community has access to a range of community services

Community Strategy

B5.1

Advocate for greater capacity for local based childcare services

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B5.1.1 –Improve capacity for childcare services	T4	Liaise with Hay Childrens Services to improve capacity	CO	Hay Childrens Services is supported to assist with increasing capacity	HCS well supported	GM
	T7	Identify barriers to expanding Childcare services	Q3	Barriers identified and communicated to relevant agencies	Support provided where possible and initiatives being investigated	GM

**Community Strategy
B5.2**

Support local childcare services

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B5.2.1 –Encourage and support local childcare services to provide a service that meets the community needs	T4	Nurturing existing and encouraging new services	CO	Existing and new services are well supported	Services well supported	GM

Community Strategy
B5.3

Support local health initiatives and programs

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B5.3.1 –Ensuring a healthy and vibrant community with access to adequate health care	T4	Work with health agencies to identify and develop strategies to address health issues and support the wellbeing of our community	CO	Relationships formed with health agencies and strategies developed	Advocacy ongoing	GM
	T4	Support and participate in the Local Health Advisory Committee	CO	Representation on LHAC and support provided	Actively involved	GM

Community Strategy
B5.4

Advocate for and support local health providers and stakeholders

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
B5.4.1 –The community has access to adequate healthcare services	T4	Promote programs and services	CO	Programs and services promoted in the community	Well supported	GM
	T4	Continue to support local medical centres and our partnership with doctors	CO	Local medical services supported	Well supported. Upgrade of medical centre building ongoing	GM

C1

Our community welcomes new and innovative industry to support our future

Community Strategy
C1.1

Create a better business environment

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C1.1.1 – Liaise with local businesses to support their future growth	T3	Implementation of Business Investment Attraction Strategy	CO	Business Investment Attraction Strategy implemented	Strategy updated and ongoing	GM
C1.1.2 – Promote and support Economic Development	T1	Support business initiatives in partnership with Agencies	CO	Business initiatives supported	Ongoing and regular communication provided	GM

Community Strategy C1.2

Boost demand for products and services in Hay

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C1.2.1 – Support demand for local product and services	T3	Assist with marketing and networking of products	CO	Local businesses supported	Programs implemented and ongoing support provided	GM

Community Strategy C1.3

Facilitate growth industries

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C1.3.2 – Development of Growth and Alternate Industries	T4	Actively pursue new industry through visits, meetings, workshops and industry activities	CO	Relationships formed with potential new industries	Ongoing and focus on renewable energy	GM
	T4	Assist and provide support to existing business and industries	CO	Existing businesses and industries supported	Businesses well supported	GM

Community Strategy C1.4

Nurture and support the development and expansion of local industries

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C1.4.1 – Support the growth of local businesses and the Shire	T3	Nurture the expansion of local industry	CO	Local industry is supported	Support provided where possible	GM
	T1	Implementation of the Investment Attraction Strategy	CO	Investment Attraction Strategy implemented	Strategy updated and ongoing	GM

C2

Our community values its history and tourism

Community Strategy

C2.1

Actively identify, promote, and enhance tourism initiatives

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C2.1.1 – Encourage tourism opportunities that meet the needs of the community	T2	Identify tourism markets and opportunities	CO	Opportunities identified	Destination Management Plan adopted and being implemented	GM
	T2	Provide guidance and support to new and existing tourist operations	CO	Support provided	Local tourism operators well supported	GM
Promote and enhance the Hay Shire region as a tourist destination	T2	Implement Tourism Destination Management Plan	CO	Commenced implementation of Tourism Destination Management Plan	Commenced and initiatives being implemented	GM
Work with tourism partners to develop local and regional tourism initiatives	T2	Facilitate strong and effective relationships with local groups and other tourism agencies	CO	Relationships formed	Well developed and ongoing	GM
Improve visitation appeal	T2	Improve visitor experience	CO	Commenced implementation of Tourism Destination Management Plan	Ongoing	GM

Community Strategy

C2.2

Actively identify, promote and enhance tourism initiatives

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C2.2.1 – Promote and enhance the Hay Shire region as a great place to visit	T2	Implement Tourism Destination Management Plan	CO	Commenced implementation of Tourism Destination Management Plan	Initiatives implemented	GM

Community Strategy

C2.3

Promote accommodation and camping facilities

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C2.3.1 – Promote and enhance the Hay Shire region as a great camping spot	T2	Include camping facilities and accommodation in marketing campaigns	CO	Included in promotional material and tourism campaigns	New promotional material completed	GM

Community Strategy

C2.4

Showcase our open space, recreation and cultural facilities

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C2.4.1 Promote and enhance our open space recreation and cultural facilities	T2	Participate in local, regional and State campaigns	CO	Participation in campaigns	New promotional material completed	GM
Participate in marketing	T2	Include facilities in tourism and promotional material and Council planning and reporting documents	CO	Open spaces, recreational and cultural facilities marketed	Marketing campaigns ongoing	GM

C3

We have the capacity to hold numerous events and activities

Community Strategy
C3.1

Promote events and activities

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C3.1.1 Promote and provide support to local events	T2	Include in Council's promotional activities	CO	Local events promoted	Local events well supported	GM
	T1	Advise and assist local organisations	CO	Advice and assistance provided	Support provided as required	GM

Community Strategy C3.2

Promote our capacity to stage events

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C3.2.1 Promote the Hay region as an event destination	T2	Advertising on radio, social media and printed media	CO	Promotion undertaken	Complete	GM
	T2	Implementation of the Destination Management Plan	CO	Commenced implementation of Tourism Destination Management Plan	Plan updated and implementation ongoing	GM
	T2	Liaise with regional and State agencies	CO	Relationships formed	Relationships well developed	GM

C4

Our community is innovative and adaptive

Community Strategy
C4.1

Identify opportunities to grow the agriculture sector

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C4.1.1 - Ongoing consultation with agencies and industry groups	T6	Identify supply chain gaps and potential new products. Liaise with the agricultural sector, and government departments.	CO	Gaps identified and potential new products investigated	Working with local industries	GM
C4.1.2 - Identify opportunities for agriculture technology to support and advance the industry	T4	Work with local agriculture sector and technology providers	CO	Relationships formed and opportunities identified	Working with local industries and an Agtech forum held	GM

Community Strategy
C4.2

Improve connectivity in the community

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C4.2.1 Support initiatives that improve connectivity and communication in the local community	T4	Promote and support improvements to systems	CO	Systems improved	Ongoing	DCC
	T4	Advocate for improved connectivity across the Shire and region	CO	Improvement in Connectivity issues advocated for	Community sessions held in regard to 3G closure	DCC

Community Strategy C4.3

Continue to seek investment in our community from State and Federal Government

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C4.3.1 Pursue funding opportunities with other levels of Government on matters affecting a community dealing with change and diverse needs	T4	Create opportunities for advocacy and lobbying both individually and as part of the Riverina and Murray Joint Organisation, CMA, LGNSW	CO	Represented at local government group meetings	HSC well represented	GM
	T4	Build on existing relationships with other levels of Government, including regular meetings with local State and Federal MPs	CO	Regular meetings and communications with local State and Federal MP's	Regular communication with local members and Ministers	GM

Community Strategy
C4.4

Support education and training initiatives

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
C4.4.1 Promote and support education and training initiatives	T3	Liaise with all levels of education to identify specific educational requirements for local opportunities	CO	Relationships formed	Ongoing support provided	GM

D1

Our community is supported by a strong and resilient Council that is responsive to its needs

Community Strategy
D1.1

Communicate organisational performance to the community

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.1.1 – Complete statutory financial and governance returns to a satisfactory standard within required time frames	T1	Provide summary of the statutory reports to the public	Q4	Reports provided	Achieved	DCC
D1.1.2 – Include regular organisational performance items in Council newsletters, publications and social media	T1	Include items in Council newsletter and social media about organisational performance	CO	Community satisfaction	Ongoing	GM

Community Strategy D1.2

Council effectively manages its resources

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.2.1 – Council properly plans, programs and completes its required functions and tasks	T2	Continue Audit Risk and Improvement Committee and the internal audit function	CO	Improved governance and processes	Achieved	GM
	T2	Implement Enterprise Risk Management Strategy across all Council activities	CO	Improved risk culture	Achieved	DCC
D1.2.2 – Council effectively manages its core inputs of personnel and plant	T2	Staff are trained and managed in accordance with the Workforce Management Plan developing skills for an agile workforce	CO	Workplace efficiency, effectiveness and staff satisfaction	Ongoing	GM
	T2	Plant is replaced, managed and utilised in an efficient way	CO	Workplace efficiency	Efficiency program being developed	GM
D1.2.3 - Continue with digital first strategy	T2	Use website and other E business initiatives. Continue to identify initiatives through the Technology Team	CO	Measurable workplace efficiencies	Website updated and other initiatives being implemented	DCC
	T2	Utilise mobile solutions	CO	Measurable workplace efficiencies	Digital meters being implemented	DCC
D1.2.4 – Continue to be fit for the future	T2	Review our improvement strategies and develop action plan	CO	Reviews undertaken	Sustainability review ongoing	GM

Community Strategy D1.3

Council put in place the necessary systems to ensure good governance and to also ensure they are implemented

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.3.1 – The Corporate Department operates in a manner to ensure reliable and up to date information is available to all stakeholders	T3	Data is maintained in a timely accurate and secure manner	CO	Delivered on time	Achieved	DCC
	T3	Policies updated to account for changing requirements and demands	CO	Policies reviewed and adopted before review date	Ongoing	DCC
	T3	Be aware of changes to policy, legislation and reform proposals and contribute to regional forums	CO	Opinions sought by industry groups	Consultation occurring as required	GM
D1.3.2 – Systems will be implemented to ensure proper reporting on outcomes	T3	Six monthly reporting on progress against the principal activities in the Delivery Program	Q2 Q4	Community satisfaction	Minimal complaints received	GM
D1.3.3 - Programs will be developed to improve strategic capacity	T3	Increase collaboration with partner and alliance Councils including neighbouring Councils and Cumberland City Council.	CO	Actions delivered	Excellent relationship	GM
	T3	Play an active role in the Riverina and Murray Joint Organisation	CO	Active participation in RAMJO	Actively participating	GM

Community Strategy

D1.4

Council decision making is based on a sound appreciation of community issues and needs supported by reliable information and asset management systems

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.4.1 – Consultation and engagement systems	T6	Engage with the community in accordance with the Community Engagement Strategy and Participation Plan	CO	Community satisfaction	Achieved and ongoing	GM
D1.4.2 - Management Frameworks	T6	Implement risk management framework and Fraud Control Plan	CO	Risk effectively managed	Progressing	DCC
	T6	Maintain and review Risk Register	CO	Progress reports from responsible officers	Completed	DCC
D1.4.3 - Asset Management	T2	Develop asset management plans including service delivery reviews	Q4	Asset Management Plan developed and service delivery reviews commenced	Updated plans and progressing	GM

Community Strategy D1.5

Council will lead by example

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activity	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
D1.5.1 – Provide effective leadership and strong direction for the community	T5	Provide strong governance to the organisation ensuring that Council resolutions are properly addressed in a timely manner	CO	Councillor & Employee Feedback	Achieved	GM
	T5	Deliver services that meet the needs and expectations of the community and other stakeholders	CO	Community Satisfaction	Minimal complaints received	GM

Community Strategy D1.6

Council will seek to continuously improve

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	6 Month Review	Responsibility
D1.6.1 Service delivery and levels	T4	Continue to review service delivery levels and standards on an annual basis	CO	Community satisfaction	Service reviews commenced	GM
D1.6.2 Measure what we do	T4	Utilise data and feedback to measure our performance	CO	Improved performance and community satisfaction	Ongoing	GM

Community Strategy D1.7

Obtain a sustainable funding model

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	6 Month Review	Responsibility
D1.7.1 Increase in Financial Assistance Grant	T6	Advocate for an improved distribution model	Q4	Advocacy undertaken	Advocacy Ongoing	DCC
D1.7.2 Provide for a long term sustainable financial model	T6	Review options for future financial sustainability	Q4	Options reviewed and presented to Council	Workshopped with councillors	DCC
	T6	Advocate to reverse or compensate cost shifting	CO	Advocated for through relevant State departments	Ongoing advocacy	GM
	T6	Advocate for a commensurate Model for Rural Councils	CO	Advocated for through Office of Local Government	Complete	GM

Community Strategy D1.8

Develop and encourage internal capabilities

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	6 Month Review	Responsibility
D1.8.1 Improve internal capacity and capability	T2	Review of staffing structure and skills	Q4	Structure reviewed	New organisation structure implemented	GM
	T2	Build capacity in the workforce	CO	Capacity building opportunities sought	Growing within strategy being implemented	GM

D2

Our community is connected and informed

Community Strategy

D2.1

Enable all residents and groups to participate in local decision making

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	6 Month Review	Responsibility
D2.1.1 – Provide continued support to Committees and involve them in local decision making	T6	Assist S355 Committees to report back regularly to Council	CO	Community assets well managed	Assets well managed	DCC
	T6	Consult with S355, volunteers and user groups on projects	CO	Committees consulted	Committees well supported	DCC
D2.1.2 – Keep the public informed and provide them with balanced and objective information that will facilitate consultation and engagement	T6	Include items in Council newsletter and social media about organisational performance	CO	Community satisfaction	Newsletters and social media regularly updated	GM
	T6	Ensuring that information and opportunities are delivered to target audiences	CO	Community satisfaction	Minimal complaints received	GM

Community Strategy D2.2

Effectively communicate the range, availability and operation of services and facilities

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	6 Month Review	Responsibility
D2.2.1 – Co-ordinate communication of service provision to users	T1	Develop a range of information materials for the website to inform community of services provided by Council	CO	Increased number of website users	Website traffic increased	DCC
	T1	Review and maintain Council's Community Information Directory	CO	Directory up to date	Community directory updated	GM
D2.2.2 – Maintain Council's web, e services and investigate implementation of new technology	T1	Use social media and digital communication services in conjunction with traditional reporting mechanisms	CO	Increased number of website users and Facebook visits	Achieved	DCC

E1

Our community can rely on well maintained infrastructure that is responsive to our service needs

**Community Strategy
E1.1**

Deliver infrastructure and assets that are responsive to community need

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	6 Month Review	Responsibility
E1.1.1 – Manage roads, water, sewerage, recreational and drainage assets for the community	T1	Continue to review service levels regularly in line with demand and community's ability to pay	CO	Annual maintenance program delivered on time and within budget	Ongoing	DIP
	T1	Engage and consult with the community on service levels and requirements	CO	Community satisfaction	Minimal complaints received	DIP

Community Strategy E1.2

Ensure Council effectively manages its infrastructure and assets within available resources

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	6 Month Review	Responsibility
E1.2.1 – Manage roads, water, sewerage, recreational and drainage assets for the community	T1	Maintain operations efficiently and review regularly in line with industry standards and best practice	CO	Annual maintenance program delivered on time and in budget	Impacted by flooding events	DIP
	T1	Implement inspection regime of assets identifying condition and defects	CO	Efficient and effective management of assets	Impacted by flooding events	DIP

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activity	Council Target	Priority	Completion	Target	6 Month Review	Responsibility
E1.2.2 – Manage roads, water, sewerage, recreational and drainage assets for the community	T2	Develop and deliver asset management plans	CO	Well managed assets	Plans updated	GM
	T1	Effectively manage the utilisation, maintenance and renewal of Council's plant and equipment	CO	Workplace efficiency	Utilisation improvement plan being developed	GM

Community Strategy

E3.1

Ensure Council effectively manages its infrastructure assets

2017-2021 Delivery Program		2022/23 Operational Plan				
Principal Activity	Council Target	Priority	Completion	Target	12 Month Review	Responsibility
E3.1.1 – Manage roads, water, sewerage, recreational and drainage assets for the community	T2	Develop and deliver asset management plans	CO	Well managed assets	Stage 2 of Assets Management Plans completed	GM
	T1	Effectively manage the utilisation, maintenance and renewal of Council's plant and equipment	CO	Workplace efficiency	Ongoing	GM

Community Strategy E3.1

Provision of sustainable infrastructure that is adaptive to changing needs, suitable/betterment and funding levels

2022-2026 Delivery Program		2022/23 Operational Plan				
Principal Activities	Council Target	Priority	Completion	Target	6 Month Review	Responsibility
Providing infrastructure that meets the ever changing needs of the community	T2	Development of a sustainable funding model to meet infrastructure provision	CO	Sustainable funding model developed	Continuing	DCC
	T2	Ensure infrastructure is suitable to community need and consider betterment during replacement where possible	CO	Infrastructure meets community needs and expectations	Asset Management Plans updated	DIP

FINANCE

FINANCE

PERFORMANCE TARGETS

- The submission of audited Annual Financial Reports of Council to the department prior to the due date each year.
- Council adoption of quarterly financial statements at the monthly meeting immediately following the end of the reporting period.
- Adoption by Council of the Estimates of Income and Expenditure in May each year.
- Monthly report to Council regarding investments and maximise income from investments to at least equal to the Bank Bill index.
- Provide accurate up to date costing information to management and Technical Services Department without need for corrections and or amendments.

ACHIEVEMENTS

All of the performance targets were achieved with all statutory returns completed within the required timeframe. Council's draft management plan was prepared by May for adoption, and the investments and level of reserves were presented to Council at the Monthly Council meeting.

Hay Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2023



Hay Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Hay Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Understanding Council's Financial Statements	3
Statement by Councillors and Management	4
Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	78
On the Financial Statements (Sect 417 [3])	81

Overview

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

134 Lachlan Street
HAY NSW 2711

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.hay.nsw.gov.au.

Hay 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.

Hay Shire Council

Consolidated Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board, and
- 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 26 September 2023.



Cr Carol Oatway

Mayor

26 September 2023



Cr Lionel Garner

Councillor

26 September 2023



David Webb

General Manager

26 September 2023



Mark Dowling

Responsible Accounting Officer

26 September 2023

Hay Shire Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
	Income from continuing operations			
4,901	Rates and annual charges	B2-1	4,853	4,721
1,027	User charges and fees	B2-2	1,005	1,077
39	Other revenues	B2-3	156	85
6,067	Grants and contributions provided for operating purposes	B2-4	8,824	8,500
280	Grants and contributions provided for capital purposes	B2-4	4,235	6,067
15	Interest and investment income	B2-5	321	31
–	Other income	B2-6	109	103
–	Net gain from the disposal of assets	B4-1	33	–
12,329	Total income from continuing operations		19,536	20,584
	Expenses from continuing operations			
4,808	Employee benefits and on-costs	B3-1	4,775	4,254
3,939	Materials and services	B3-2	5,755	4,487
69	Borrowing costs	B3-3	84	75
3,616	Depreciation, amortisation and impairment of non-financial assets	B3-4	4,026	3,621
212	Other expenses	B3-5	276	209
–	Net loss from the disposal of assets	B4-1	–	624
12,644	Total expenses from continuing operations		14,916	13,270
(315)	Operating result from continuing operations		4,620	7,314
(315)	Net operating result for the year attributable to Council		4,620	7,314
(595)	Net operating result for the year before grants and contributions provided for capital purposes		385	1,247

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

Hay 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		4,620	7,314
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	22,937	2,265
Total items which will not be reclassified subsequently to the operating result		22,937	2,265
Total other comprehensive income for the year		22,937	2,265
Total comprehensive income for the year attributable to Council		27,557	9,579

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

Hay Shire Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	22,783	16,391
Receivables	C1-3	2,438	2,745
Inventories	C1-4	153	108
Other	C1-7	29	43
Total current assets		25,403	19,287
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-6	204,566	180,222
Total non-current assets		204,566	180,222
Total assets		229,969	199,509
LIABILITIES			
Current liabilities			
Payables	C3-1	1,437	1,333
Contract liabilities	C3-2	6,166	2,885
Borrowings	C3-3	253	243
Employee benefit provisions	C3-4	1,361	1,451
Total current liabilities		9,217	5,912
Non-current liabilities			
Borrowings	C3-3	1,344	1,597
Employee benefit provisions	C3-4	54	53
Provisions	C3-5	553	703
Total non-current liabilities		1,951	2,353
Total liabilities		11,168	8,265
Net assets		218,801	191,244
EQUITY			
Accumulated surplus		76,924	72,304
IPPE revaluation reserve		141,877	118,940
Council equity interest		218,801	191,244
Total equity		218,801	191,244

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

Hay Shire Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		72,304	118,940	191,244	64,990	116,675	181,665
Net operating result for the year		4,620	–	4,620	7,314	–	7,314
Restated net operating result for the period		4,620	–	4,620	7,314	–	7,314
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	22,937	22,937	–	2,265	2,265
Other comprehensive income		–	22,937	22,937	–	2,265	2,265
Total comprehensive income		4,620	22,937	27,557	7,314	2,265	9,579
Closing balance at 30 June		76,924	141,877	218,801	72,304	118,940	191,244

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

Hay 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				
Receipts:				
4,901	Rates and annual charges		4,815	4,757
1,026	User charges and fees		1,038	1,200
15	Interest received		250	9
6,347	Grants and contributions		16,862	17,170
–	Bonds, deposits and retentions received		51	–
39	Other		1,249	1,672
Payments:				
(4,808)	Payments to employees		(4,855)	(4,335)
(3,939)	Payments for materials and services		(6,982)	(6,701)
(68)	Borrowing costs		(86)	(76)
(212)	Other		(257)	(150)
3,301	Net cash flows from operating activities	G1-1	12,085	13,546
Cash flows from investing activities				
Receipts:				
106	Proceeds from sale of IPPE		33	256
Payments:				
(3,482)	Payments for IPPE		(5,433)	(9,021)
–	Purchase of real estate assets		(50)	–
(3,376)	Net cash flows from / (used in) investing activities		(5,450)	(8,765)
Cash flows from financing activities				
Payments:				
(243)	Repayment of borrowings		(243)	(234)
(243)	Net cash flow provided (or used in) financing activities		(243)	(234)
(318)	Net change in cash and cash equivalents		6,392	4,547
12,368	Cash and cash equivalents at beginning of year		16,391	11,844
12,050	Cash and cash equivalents at end of year	C1-1	22,783	16,391

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

Hay Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

A About Council and these financial statements	12
A1-1 Basis of preparation	12
B Financial Performance	15
B1 Functions or activities	15
B1-1 Functions or activities – income, expenses and assets	15
B1-2 Components of functions or activities	16
B2 Sources of income	17
B2-1 Rates and annual charges	17
B2-2 User charges and fees	18
B2-3 Other revenues	19
B2-4 Grants and contributions	20
B2-5 Interest and investment income	23
B2-6 Other income	23
B3 Costs of providing services	24
B3-1 Employee benefits and on-costs	24
B3-2 Materials and services	25
B3-3 Borrowing costs	25
B3-4 Depreciation, amortisation and impairment of IPP&E	26
B3-5 Other expenses	27
B4 Gains or losses	28
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	28
B5 Performance against budget	29
B5-1 Material budget variations	29
C Financial position	32
C1 Assets we manage	32
C1-1 Cash and cash equivalents	32
C1-2 Restricted and allocated cash, cash equivalents and investments	33
C1-3 Receivables	35
C1-4 Inventories	37
C1-5 Non-current assets classified as held for sale	38
C1-6 Infrastructure, property, plant and equipment	39
C1-7 Other	42
C2 Leasing activities	43
C2-1 Council as a lessee	43
C2-2 Council as a lessor	44
C3 Liabilities of Council	46
C3-1 Payables	46
C3-2 Contract Liabilities	46
C3-3 Borrowings	47
C3-4 Employee benefit provisions	50
C3-5 Provisions	51
C4 Reserves	53

Hay Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

C4-1 Nature and purpose of reserves	53
D Council structure	54
D1 Results by fund	54
D1-1 Income Statement by fund	54
D1-2 Statement of Financial Position by fund	55
E Risks and accounting uncertainties	56
E1-1 Risks relating to financial instruments held	56
E2-1 Fair value measurement	60
E3-1 Contingencies	65
F People and relationships	68
F1 Related party disclosures	68
F1-1 Key management personnel (KMP)	68
F1-2 Councillor and Mayoral fees and associated expenses	70
F2 Other relationships	70
F2-1 Audit fees	70
G Other matters	70
G1-1 Statement of Cash Flows information	70
G2-1 Commitments	72
G3-1 Events occurring after the reporting date	72
G4 Changes from prior year statements	72
G4-1 Correction of errors	72
G5 Statement of performance measures	73
G5-1 Statement of performance measures – consolidated results	73
G5-2 Statement of performance measures by fund	74
H Additional Council disclosures (unaudited)	76
H1-1 Statement of performance measures – consolidated results (graphs)	76

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 26 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.

Historical cost convention

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

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying 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 C1-6
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4

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.

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

- General purpose operations
- Water service
- Sewerage service

A1-1 Basis of preparation (continued)

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.

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

A number of Council services are provided by volunteers. These include work in the museums, parks, aged care and community transport. The value of the services received cannot be reliably measured but it is significant.

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 2022 reporting period.

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

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.

This standard has an effective date for the 30 June 2024 reporting period.

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 -2020 and Other Amendments

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,

A1-1 Basis of preparation (continued)

- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

Council does not expect any material impact from the above amendments.

This standard has an effective date for the 30 June 2023 reporting period.

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 1 July 2022.

Those newly adopted standards had no 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
Functions or activities										
Governance	–	–	722	669	(722)	(669)	–	–	–	–
Administration	82	65	1,351	967	(1,269)	(902)	–	3	17,364	12,488
Public Order and Safety	262	501	690	674	(428)	(173)	244	483	2,042	2,118
Health	3	3	13	11	(10)	(8)	–	–	2,803	2,631
Environment	1,396	844	1,637	1,103	(241)	(259)	777	208	17,597	12,543
Community Services and Education	666	634	570	446	96	188	606	575	1,033	972
Housing and Community Amenities	683	642	1,364	1,669	(681)	(1,027)	426	419	2,914	3,034
Water Supplies	1,201	1,151	1,258	1,264	(57)	(113)	14	19	22,537	21,087
Sewerage Services	1,088	1,068	973	905	115	163	–	34	24,589	23,068
Recreation and Culture	3,129	2,110	1,417	1,365	1,712	745	3,102	2,092	27,820	21,621
Mining Manufacturing and Construction	8	11	87	95	(79)	(84)	–	–	117	287
Transport and Communication	2,348	5,834	3,861	3,484	(1,513)	2,350	2,338	5,824	110,192	98,919
Economic Affairs	607	667	973	618	(366)	49	304	374	961	741
General Purpose	8,063	7,054	–	–	8,063	7,054	5,248	4,536	–	–
Total functions and activities	19,536	20,584	14,916	13,270	4,620	7,314	13,059	14,567	229,969	199,509

B1-2 Components of functions or activities

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

Governance

Includes costs relating to Council's role as a component of democratic Government including elections members fees and expenses and meetings of Council.

Administration

Included Corporate Support and other support service, engineering works and policy compliance.

Public Order and Safety

Includes Council's fire and emergency services levy, fire protection, emergency services, enforcement of regulations and animal control.

Health

Includes immunisation, food control and other health matters.

Environment

Includes noxious plants and vermin control, other environmental protection, solid waste management, sanitation and garbage, street cleaning, drainage and stormwater management.

Community Services and Education

Includes administration and education, community service programs, youth services, aged and disabled person services, childrens' services, community transport and family and children services.

Housing and Community Amenities

Includes cemeteries, public conveniences, street cleaning, town planning, community amenities and housing facilities.

Water Supplies

Operation of Hay Water Services.

Sewerage Services

Operation of Hay Sewerage Service.

Recreation and Culture

Includes Public Libraries, museums, art galleries, community centres and public halls sports grounds and venues, swimming pools, and other sporting recreational and cultural facilities.

Mining Manufacturing and Construction

Includes Building control, quarries and pits.

Transport and Communication

Urban, local and regional sealed and unsealed roads, bridges, footpaths, parking areas and aerodromes.

Economic Affairs

Includes tourism and promotion and other business undertakings.

General Purpose

General purpose revenue including rates and financial assistance grants.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	820	805
Farmland	1,449	1,348
Business	318	367
Less: pensioner rebates (mandatory)	(40)	(41)
Rates levied to ratepayers	2,547	2,479
Pensioner rate subsidies received	23	24
Total ordinary rates	2,570	2,503
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	364	332
Water supply services	711	680
Sewerage services	1,016	993
Waste management services (non-domestic)	220	240
Less: pensioner rebates (mandatory)	(61)	(60)
Annual charges levied	2,250	2,185
Pensioner annual charges subsidies received:		
– Water	11	11
– Sewerage	10	11
– Domestic waste management	12	11
Total annual charges	2,283	2,218
Total rates and annual charges	4,853	4,721

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2023	2022
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	1	454	451
Sewerage services	1	40	41
Total specific user charges		494	492
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Planning and building regulation	2	46	53
Private works – section 67	2	178	234
Regulatory/ statutory fees	2	19	17
Registration fees	2	3	5
Regulatory fees		1	–
Section 10.7 certificates (EP&A Act)	2	7	7
Section 603 certificates	2	8	8
Tapping fees		–	1
Total fees and charges – statutory/regulatory		262	325
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aerodrome	2	10	10
Cemeteries	2	55	56
Library and art gallery	2	2	1
Recycling income (non-domestic)	2	42	72
Sundry sales	2	8	12
Tourism	2	51	30
Aged and disabled care	2	58	58
Public halls	2	3	4
Sportsgrounds	2	17	14
Other	2	3	3
Total fees and charges – other		249	260
Total other user charges and fees		511	585
Total user charges and fees		1,005	1,077
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		494	492
User charges and fees recognised at a point in time (2)		511	585
Total user charges and fees		1,005	1,077

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. There is no material obligation for Council in relation to refunds or returns.

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

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

B2-3 Other revenues

\$ '000	Timing	2023	2022
Commissions and agency fees	2	8	17
Insurance claims recoveries	2	35	18
Sales – general	2	92	30
Other	2	21	20
Total other revenue		156	85

Timing of revenue recognition for other revenue

Other revenue recognised at a point in time (2)	156	85
Total other revenue	156	85

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '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	856	1,341	–	–
Financial assistance – local roads component	2	259	447	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	3,118	2,059	–	–
Financial assistance – local roads component	2	1,015	689	–	–
Amount recognised as income during current year		5,248	4,536	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	2	6	19	7	–
Sewerage services	2	–	–	–	34
Bushfire and emergency services	2	244	258	–	224
Community care	2	204	41	–	–
Economic development	2	156	223	–	–
Employment and training programs	2	3	15	–	–
Land Management	2	32	73	–	–
Floodplain management	2	354	50	–	–
Library	2	79	111	–	–
Noxious weeds	2	47	96	–	–
Public halls		–	–	241	–
Recreation and culture	2	37	267	1,504	825
Street lighting	2	80	39	–	–
Transport (other roads and bridges funding)	2	512	438	301	3,694
Aged and disabled care	2	398	522	–	–
Tourism and Events	2	149	151	–	–
Transport (roads to recovery)	2	546	484	–	–
Aerodrome	2	–	–	–	253
Swimming Pool	2	–	–	–	820
Waste	2	–	–	376	62
Recreation and culture	2	–	–	1,556	–
Previously contributions:					
Transport for NSW contributions (regional roads, block grant)	2	729	809	250	145
Other contributions	2	–	368	–	10
Total special purpose grants and non-developer contributions – cash		3,576	3,964	4,235	6,067
Total special purpose grants and non-developer contributions (tied)		3,576	3,964	4,235	6,067
Total grants and non-developer contributions		8,824	8,500	4,235	6,067
Comprising:					
– Commonwealth funding		1,325	1,293	1,383	1,256
– State funding		7,499	6,838	2,725	4,801
– Other funding		–	369	127	10
		8,824	8,500	4,235	6,067

B2-4 Grants and contributions (continued)

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Total grants and contributions	8,824	8,500	4,235	6,067
Timing of revenue recognition for grants and contributions				
Grants and contributions recognised over time (1)	—	—	—	—
Grants and contributions recognised at a point in time (2)	8,824	8,500	4,235	6,067
Total grants and contributions	8,824	8,500	4,235	6,067

B2-4 Grants and contributions (continued)

Unspent grants and contributions

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants and contributions				
Unspent funds at 1 July	–	100	–	–
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	(100)	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	–	–
Unspent funds at 30 June	–	–	–	–

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include evidence of the event taking place or satisfactory achievement of milestones. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

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)	40	20
– Cash and investments	281	11
Total interest and investment income (losses)	321	31
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
General Council cash and investments	321	31
Total interest and investment income	321	31

Accounting policy

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

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

B2-6 Other income

\$ '000	Notes	2023	2022
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		97	93
Total Investment properties		97	93
Other lease income			
Leaseback fees - council vehicles		12	10
Total other lease income		12	10
Total rental income	C2-2	109	103
Total other income		109	103

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	3,615	3,411
Employee leave entitlements (ELE)	653	562
Superannuation	549	516
Workers' compensation insurance	73	54
Fringe benefit tax (FBT)	29	26
Other	19	27
Total employee costs	4,938	4,596
Less: capitalised costs	(163)	(342)
Total employee costs expensed	4,775	4,254
Number of 'full-time equivalent' employees (FTE) at year end	55	51

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Consultancy costs		78	–
Raw materials and consumables		1,891	1,020
Contractor costs		1,824	1,735
Audit Fees	F2-1	73	60
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	140	128
Advertising		43	32
Bank charges		16	17
Election expenses		5	31
Electricity and heating		220	199
Fire control expenses		268	242
Insurance		348	300
Postage		11	14
Printing and stationery		47	46
Repairs and maintenance		4	–
Street lighting		92	86
Subscriptions and publications		39	44
Telephone and communications		50	59
Tourism expenses (excluding employee costs)		322	235
Valuation fees		45	43
Donations, contributions and assistance		55	51
Medical services		42	41
Training costs (other than salaries and wages)		121	96
Other expenses		12	7
Legal expenses:			
– Legal expenses: other		6	1
Total materials and services		5,755	4,487
Total materials and services		5,755	4,487

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2023	2022
(i) Interest bearing liability costs			
Interest on loans		67	75
Total interest bearing liability costs		67	75
Total interest bearing liability costs expensed		67	75
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	17	–
Total other borrowing costs		17	–
Total borrowing costs expensed		84	75

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 when incurred.

B3-4 Depreciation, amortisation and impairment of IPP&E

\$ '000	Notes	2023	2022
Depreciation and amortisation			
Plant and equipment		469	466
Office equipment		12	12
Furniture and fittings		22	1
Land improvements (depreciable)		7	6
Infrastructure:	C1-6		
– Buildings – non-specialised		40	41
– Buildings – specialised		439	444
– Other structures		274	242
– Roads		1,743	1,461
– Stormwater drainage		205	204
– Water supply network		359	344
– Sewerage network		348	332
Other assets:			
– Other		97	96
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-6	23	34
– Quarry assets	C1-6	8	–
Total gross depreciation and amortisation costs		4,046	3,683
Less: capitalised costs		(20)	(62)
Total depreciation and amortisation costs		4,026	3,621
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR IPP&E		4,026	3,621

Accounting policy for depreciation, amortisation and impairment expenses of IPP&E

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.

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:		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	8	4
– NSW fire brigade levy	32	28
– NSW rural fire service levy	236	177
Total other	276	209
Total other expenses	276	209

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 property (excl. investment property)			
Proceeds from disposal – property		1	–
Gain (or loss) on disposal		1	–
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		32	256
Less: carrying amount of plant and equipment assets sold/written off		–	(36)
Gain (or loss) on disposal		32	220
Gain (or loss) on disposal of infrastructure			
	C1-6		
Less: carrying amount of infrastructure assets sold/written off		–	(844)
Gain (or loss) on disposal		–	(844)
Net gain (or loss) from disposal of assets		33	(624)

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 28 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----		
Revenues					
Rates and annual charges	4,901	4,853	(48)	(1)%	U
User charges and fees	1,027	1,005	(22)	(2)%	U
Other revenues	39	156	117	300%	F
Increase in income was due to insurance claim recoveries and increase in general sales					
Operating grants and contributions	6,067	8,824	2,757	45%	F
Increase in operating grants income was largely attributable to the prepayment of Financial assistance grants and funding for emergency works.					
Capital grants and contributions	280	4,235	3,955	1,413%	F
Increase is largely due to the carry over of contractual liabilities from the previous year and the recognition of those grant funds.					
Interest and investment revenue	15	321	306	2,040%	F
Variation is due to an increase in investment returns					
Net gains from disposal of assets	–	33	33	∞	F
Variation was due to sale of vehicle that was not recognised in original budget					
Other income	–	109	109	∞	F
Increase was due to lease income being incorrectly classified as user charges income in original budget					
Expenses					
Employee benefits and on-costs	4,808	4,775	33	1%	F
Materials and services	3,939	5,755	(1,816)	(46)%	U
Increase was due to carry over works and additional grant funding received for the year					
Borrowing costs	69	84	(15)	(22)%	U
Variation was caused by an error in the calculation of interest payments on loans for the year					
Depreciation, amortisation and impairment of non-financial assets	3,616	4,026	(410)	(11)%	U
Depreciation costs increased due to the rise in replacement costs of assets					
Other expenses	212	276	(64)	(30)%	U

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Variation was due to the cost of levies being greater than budget projection				
Net losses from disposal of assets	–	–	–	∞ F

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Statement of cash flows				
Cash flows from operating activities	3,301	12,085	8,784	266% F
Increase was largely due the prepayment of financial assistance and other grants.				
Cash flows from investing activities	(3,376)	(5,450)	(2,074)	61% U
Increase is due to capital works program being larger than projected due to carry over projects and other grant funding received during the year				
Cash flows from financing activities	(243)	(243)	–	0% F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	10,381	9,713
Cash equivalent assets		
– Short-term deposits	12,402	6,678
Total cash and cash equivalents	22,783	16,391

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	22,783	16,391
Balance as per the Statement of Cash Flows	22,783	16,391

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 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	22,783	16,391
Less: Externally restricted cash, cash equivalents and investments	(6,397)	(5,699)
Cash, cash equivalents and investments not subject to external restrictions	16,386	10,692

External restrictions

External restrictions – included in liabilities

External restrictions included in cash, cash equivalents and investments above comprise:

External restrictions

External restrictions included in cash, cash equivalents and investments above comprise:

Water fund	3,351	2,992
Sewer fund	3,046	2,707
External restrictions	6,397	5,699
Total external restrictions	6,397	5,699

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

\$ '000	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	16,386	10,692
Less: Internally restricted cash, cash equivalents and investments	(7,738)	(5,551)
Unrestricted and unallocated cash, cash equivalents and investments	8,648	5,141

Internal allocations

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

Plant and vehicle replacement	634	284
Infrastructure replacement	738	695
Employees leave entitlement	670	620
Carry over works	310	16
Deposits, retentions and bonds	34	34
Waste	70	40
Aerodrome	32	7
Computer replacement	32	32
Financial Assistance Grants	4,133	2,748
HACC reserve	280	280
Land development	61	61
LEP - Local Environment Plan	4	4
Levee bank	325	325
Library	14	14
Community Projects	378	368
Youth	23	23
Total internal allocations	7,738	5,551

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or

C1-2 Restricted and allocated cash, cash equivalents and investments (continued)

policy of the elected Council.

\$ '000	2023	2022
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	8,648	5,141

C1-3 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates and annual charges	673	—	614	—
Interest and extra charges	134	—	63	—
User charges and fees	206	—	154	—
Private works	—	—	15	—
Government grants and subsidies	1,225	—	1,747	—
Net GST receivable	200	—	152	—
Less: Provision for impairment expected credit loss allowance	—	—	—	—
Total	2,438	—	2,745	—
Total net receivables	2,438	—	2,745	—

Externally restricted receivables

Water supply

– Rates and availability charges	300	—	244	—
– Other	6	—	89	—

Sewerage services

– Rates and availability charges	134	—	110	—
– Other	6	—	1	—

Total external restrictions	446	—	444	—
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Unrestricted receivables	1,992	—	2,301	—
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Total net receivables	2,438	—	2,745	—
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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

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

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

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 5 years past due, whichever occurs first.

C1-3 Receivables (continued)

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

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

Rates and annual charges outstanding are secured against the property.

C1-4 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Real estate for resale	51	–	1	–
Stores and materials	102	–	107	–
Total inventories at cost	153	–	108	–
Total inventories	153	–	108	–

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Total externally restricted assets	–	–	–	–
Total internally restricted assets	–	–	–	–
Total unrestricted assets	153	–	108	–
Total inventories	153	–	108	–

C1-4 Inventories (continued)

(i) Other disclosures

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(a) Details for real estate development				
Residential	51	–	1	–
Total real estate for resale	51	–	1	–
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	51	–	1	–
Total costs	51	–	1	–
Total real estate for resale	51	–	1	–
Movements:				
Real estate assets at beginning of the year	1	–	1	–
– Purchases and other costs	50	–	–	–
Total real estate for resale	51	–	1	–

(b) Current inventories not anticipated to be settled within the next 12 months

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

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.

C1-5 Non-current assets classified as held for sale

Council did not classify any non-current assets or disposal groups as 'held for sale'.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period						At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Depreciation expense	WIP transfers	Re-measure- ment of asset remediation provision	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	616	–	616	391	902	–	(457)	–	–	1,452	–	1,452
Plant and equipment	9,520	(6,640)	2,880	88	–	(469)	–	–	–	9,513	(7,014)	2,499
Office equipment	741	(613)	128	96	–	(12)	–	–	–	836	(625)	211
Furniture and fittings	285	(240)	45	7	–	(22)	185	–	–	478	(263)	215
Land:												
– Operational land	1,784	–	1,784	–	–	–	–	–	–	1,784	–	1,784
– Community land	1,557	–	1,557	–	–	–	–	–	1,728	3,285	–	3,285
Land improvements – depreciable	93	(28)	65	12	–	(7)	–	–	6	109	(32)	77
Infrastructure:												
– Buildings – non-specialised	1,575	(208)	1,367	–	–	(40)	–	–	66	1,666	(274)	1,392
– Buildings – specialised	33,019	(11,484)	21,535	597	1,636	(439)	124	–	1,247	37,770	(13,070)	24,700
– Other structures	9,474	(3,630)	5,844	–	675	(274)	84	–	4,117	17,516	(7,069)	10,447
– Roads, bridges and footpaths	116,207	(25,783)	90,424	1,077	–	(1,743)	22	–	10,710	126,315	(25,825)	100,490
– Stormwater drainage	19,442	(8,313)	11,129	–	–	(205)	–	–	1,766	21,991	(9,301)	12,690
– Water supply network	27,866	(10,385)	17,481	137	–	(359)	8	–	1,329	30,167	(11,570)	18,597
– Sewerage network	24,979	(5,471)	19,508	4	–	(348)	34	–	1,479	26,943	(6,266)	20,677
Other assets:												
– Library books	106	(106)	–	–	–	–	–	–	–	–	–	–
– Other	8,337	(2,940)	5,397	–	–	(97)	–	–	489	8,608	(2,822)	5,786
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):												
– Tip assets	393	(219)	174	–	–	(23)	–	(4)	–	389	(241)	148
– Quarry assets	288	–	288	–	–	(8)	–	(164)	–	124	(8)	116
Total infrastructure, property, plant and equipment	256,282	(76,060)	180,222	2,409	3,213	(4,046)	–	(168)	22,937	288,946	(84,380)	204,566

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

C1-6 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Re-measurement of asset remediation provision	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	4,463	–	4,463	154	462	–	–	(4,463)	–	–	616	–	616
Plant and equipment	9,142	(6,734)	2,408	–	974	(36)	(466)	–	–	–	9,520	(6,640)	2,880
Office equipment	721	(601)	120	20	–	–	(12)	–	–	–	741	(613)	128
Furniture and fittings	285	(239)	46	–	–	–	(1)	–	–	–	285	(240)	45
Land:													
– Operational land	1,709	–	1,709	–	52	–	–	–	–	22	1,784	–	1,784
– Community land	1,557	–	1,557	–	–	–	–	–	–	–	1,557	–	1,557
Land improvements – depreciable	89	(26)	63	9	–	–	(6)	–	–	–	93	(28)	65
Infrastructure:													
– Buildings – non-specialised	1,690	(217)	1,473	6	–	–	(41)	–	–	(72)	1,575	(208)	1,367
– Buildings – specialised	29,947	(8,596)	21,351	649	26	(376)	(444)	13	–	318	33,019	(11,484)	21,535
– Other structures	8,604	(3,388)	5,216	50	665	–	(242)	155	–	–	9,474	(3,630)	5,844
– Roads	107,193	(24,322)	82,871	2,061	3,126	(467)	(1,461)	4,295	–	–	116,207	(25,783)	90,424
– Stormwater drainage	19,396	(8,109)	11,287	45	–	–	(204)	–	–	–	19,442	(8,313)	11,129
– Water supply network	26,289	(9,481)	16,808	74	–	–	(344)	–	–	943	27,866	(10,385)	17,481
– Sewerage network	23,478	(4,839)	18,639	147	–	–	(332)	–	–	1,054	24,979	(5,471)	19,508
Other assets:													
– Library books	106	(106)	–	–	–	–	–	–	–	–	106	(106)	–
– Other	7,932	(2,844)	5,088	404	–	–	(96)	–	–	–	8,337	(2,940)	5,397
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	523	(185)	338	–	–	–	(34)	–	(130)	–	393	(219)	174
– Quarry assets	–	–	–	–	–	–	–	–	288	–	288	–	288
Total infrastructure, property, plant and equipment	243,124	(69,687)	173,437	3,619	5,305	(879)	(3,683)	–	158	2,265	256,282	(76,060)	180,222

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

C1-6 Infrastructure, property, plant and equipment (continued)

Accounting policy

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

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

Increases in the carrying amounts arising on revaluation are credited to the asset 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.

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

Land under roads

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

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

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

Crown reserves

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

C1-6 Infrastructure, property, plant and equipment (continued)

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".

Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/23			as at 30/06/22		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
Land						
– Operational land	115	–	115	115	–	115
Infrastructure	30,446	11,670	18,776	28,130	10,489	17,641
Total water supply	30,561	11,670	18,891	28,245	10,489	17,756
Sewerage services						
Land						
– Operational land	134	–	134	134	–	134
Infrastructure	27,661	6,385	21,276	25,685	5,568	20,117
Total sewerage services	27,795	6,385	21,410	25,819	5,568	20,251
Total restricted infrastructure, property, plant and equipment	58,356	18,055	40,301	54,064	16,057	38,007

C1-7 Other

Other assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	29	–	43	–
Total other assets	29	–	43	–

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

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

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Total externally restricted assets	–	–	–	–
Total internally restricted assets	–	–	–	–
Total unrestricted assets	29	–	43	–
Total other assets	29	–	43	–

C2 Leasing activities

C2-1 Council as a lessee

Council currently does not lease any Land, Buildings Vehicles or Equipment.

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:

- Sporting facilities
- child care centres

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

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

Accounting policy

At inception of a contract, Council assesses whether a lease exists .

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

(a) Operating leases

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

- property, plant and equipment - where the rental is incidental, or the asset is held to meet Council's service delivery objective (refer note C1-6)

\$ '000	2023	2022
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Council currently does not have any investment properties for lease.

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

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for the purpose of a Medical centre, child care, dwellings, and self care units, the table below relates to operating leases on assets disclosed in C1-6.

Lease income (excluding variable lease payments not dependent on an index or rate)	109	103
Total income relating to operating leases for Council assets	109	103

Amount of IPPE leased out by Council under operating leases

Council leases buildings to assist service provision in the community in the areas of Medical, Childcare, Specialist and Self care accommodation.

Reconciliation of IPPE assets leased out as operating leases

\$ '000	Specialist Buildings Childcare & Medical 2023	Specialist Buildings Childcare & Medical 2022	Non-specialist - Building & Residential 2023	Non-specialist - Building & Residential 2022
Opening balance as at 1 July	2,905	3,488	1,367	1,473
Additions renewals	70	—	—	6
Revaluation increments to equity (ARR)	235	—	65	—
Depreciation expense	(65)	(63)	(40)	(41)
Closing balance as at 30 June	3,145	2,905	1,392	1,367

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

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

C2-2 Council as a lessor (continued)

(b) Finance leases

Council has sub-leased some properties which are on Crown land to community organisations and has classified these as finance leases since the sub-lease is for the remaining life of the Council's lease to the Crown.

Accounting policy

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Goods and services – operating expenditure	764	–	957	–
Accrued expenses:				
– Borrowings	10	–	12	–
– Salaries and wages	202	–	180	–
– Other expenditure accruals	217	–	12	–
Security bonds, deposits and retentions	98	–	47	–
Prepaid rates	146	–	125	–
Total payables	1,437	–	1,333	–

Payables relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Externally restricted assets				
Water	246	–	112	–
Sewer	6	–	8	–
Payables relating to externally restricted assets	252	–	120	–
Total payables relating to restricted assets	252	–	120	–
Total payables relating to unrestricted assets	1,185	–	1,213	–
Total payables	1,437	–	1,333	–

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

Nil

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	1,951	–	1,993	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	4,215	–	892	–
Total grants received in advance		6,166	–	2,885	–

continued on next page ...

C3-2 Contract Liabilities (continued)

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Total contract liabilities	6,166	—	2,885	—

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.

Contract liabilities relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	246	—	112	—
Contract liabilities relating to externally restricted assets	246	—	112	—
Total contract liabilities relating to restricted assets	246	—	112	—
Total contract liabilities relating to unrestricted assets	5,920	—	2,773	—
Total contract liabilities	6,166	—	2,885	—

Significant changes in contract liabilities

There has been a significant increase in Government grant funding paid in advance during the year.

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 Current	2023 Non-current	2022 Current	2022 Non-current
Loans – secured ¹	253	1,344	243	1,597
Total borrowings	253	1,344	243	1,597

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

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

Borrowings relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Externally restricted assets				
Sewer	124	614	120	738
Borrowings relating to externally restricted assets	124	614	120	738

continued on next page ...

C3-3 Borrowings (continued)

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Total borrowings relating to restricted assets	124	614	120	738
Total borrowings relating to unrestricted assets	129	730	123	859
Total borrowings	253	1,344	243	1,597

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.

C3-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	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
\$ '000							
Loans – secured	1,840	(243)	–	–	–	–	1,597
Total liabilities from financing activities	1,840	(243)	–	–	–	–	1,597

	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
\$ '000							
Loans – secured	2,074	(234)	–	–	–	–	1,840
Total liabilities from financing activities	2,074	(234)	–	–	–	–	1,840

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Credit cards/purchase cards	15	12
Total financing arrangements	15	12
Undrawn facilities		
– Credit cards/purchase cards	15	12
Total undrawn financing arrangements	15	12

Additional financing arrangements information

Breaches and defaults

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

Security of loans

Loans are secured over future cash flows.

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 Current	2023 Non-current	2022 Current	2022 Non-current
Annual leave	360	–	360	–
Sick leave	228	–	328	–
Long service leave	773	54	763	53
Total employee benefit provisions	1,361	54	1,451	53

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	1,331	1,368
	1,331	1,368

Description of and movements in provisions

\$ '000	ELE provisions			
	Annual leave	Sick leave	Long service leave	Total
2023				
At beginning of year	360	328	816	1,504
Additional provisions	287	141	145	573
Amounts used (payments)	(287)	(241)	(134)	(662)
Total ELE provisions at end of year	360	228	827	1,415
2022				
At beginning of year	364	329	854	1,547
Additional provisions	244	144	53	441
Amounts used (payments)	(248)	(145)	(91)	(484)
Total ELE provisions at end of year	360	328	816	1,504

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.

C3-4 Employee benefit provisions (continued)

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

C3-5 Provisions

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	553	–	703
Sub-total – asset remediation/restoration	–	553	–	703
Total provisions	–	553	–	703

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.

C3-5 Provisions (continued)

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2023		
At beginning of year	703	703
Remeasurement effects	(150)	(150)
Total other provisions at end of year	553	553
2022		
At beginning of year	545	545
Remeasurement effects	158	158
Total other provisions at end of year	703	703

Accounting policy

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

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

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

Asset remediation – tips and quarries

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

Restoration

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

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

Rehabilitation

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

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.

C3-5 Provisions (continued)

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

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	3,107	731	1,015
User charges and fees	499	466	40
Interest and investment revenue	261	18	42
Other revenues	156	–	–
Grants and contributions provided for operating purposes	8,796	18	10
Grants and contributions provided for capital purposes	4,228	7	–
Net gains from disposal of assets	33	–	–
Other income	109	–	–
Total income from continuing operations	17,189	1,240	1,107
Expenses from continuing operations			
Employee benefits and on-costs	4,432	206	137
Materials and services	4,606	699	450
Borrowing costs	58	–	26
Depreciation, amortisation and impairment of non-financial assets	3,296	361	369
Other expenses	276	–	–
Total expenses from continuing operations	12,668	1,266	982
Operating result from continuing operations	4,521	(26)	125
Net operating result for the year	4,521	(26)	125
Net operating result attributable to each council fund	4,521	(26)	125
Net operating result for the year before grants and contributions provided for capital purposes	293	(33)	125

D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
ASSETS			
Current assets			
Cash and cash equivalents	16,386	3,351	3,046
Receivables	1,992	306	140
Inventories	153	—	—
Other	29	—	—
Total current assets	18,560	3,657	3,186
Non-current assets			
Infrastructure, property, plant and equipment	164,265	18,891	21,410
Total non-current assets	164,265	18,891	21,410
Total assets	182,825	22,548	24,596
LIABILITIES			
Current liabilities			
Payables	1,431	—	6
Income received in advance	—	246	—
Contract liabilities	5,920	—	—
Borrowings	129	—	124
Employee benefit provision	1,361	—	—
Total current liabilities	8,841	246	130
Non-current liabilities			
Borrowings	730	—	614
Employee benefit provision	54	—	—
Provisions	553	—	—
Total non-current liabilities	1,337	—	614
Total liabilities	10,178	246	744
Net assets	172,647	22,302	23,852
EQUITY			
Accumulated surplus	55,260	7,074	14,590
Revaluation reserves	117,387	15,228	9,262
Council equity interest	172,647	22,302	23,852
Total equity	172,647	22,302	23,852

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

Fair value is determined as follows:

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

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

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

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

The risks associated with the 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 manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantee.

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

(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	124	66
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

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

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
2023				
Gross carrying amount	–	652	21	673
2022				
Gross carrying amount	–	606	8	614

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 0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	Total
2023						
Gross carrying amount	1,614	6	8	5	132	1,765
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2022						
Gross carrying amount	2,012	14	18	6	81	2,131
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

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	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2023							
Payables	0.00%	98	1,339	–	–	1,437	1,437
Borrowings	3.86%	–	312	1,248	238	1,798	1,597
Total financial liabilities		98	1,651	1,248	238	3,235	3,034
2022							
Payables	0.00%	47	1,286	–	–	1,333	1,333
Borrowings	3.86%	–	312	1,248	550	2,110	1,840
Total financial liabilities		47	1,598	1,248	550	3,443	3,173

Loan agreement breaches

There were no breaches to loan agreements during the reporting year.

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
Recurring fair value measurements									
Infrastructure, property, plant and equipment	C1-6								
Plant and equipment		30/06/23	30/06/22	—	—	2,499	2,880	2,499	2,880
Office equipment		30/06/23	30/06/22	—	—	211	128	211	128
Furniture and fittings		30/06/23	30/06/22	—	—	215	45	215	45
Operational land		30/06/23	30/06/22	—	—	1,784	1,784	1,784	1,784
Community land		30/06/23	30/06/20	—	—	3,285	1,557	3,285	1,557
Land improvements depreciable		30/06/23	30/06/20	—	—	77	65	77	65
Buildings – non-specialised		30/06/23	30/06/22	1,392	1,367	—	—	1,392	1,367
Buildings specialised		30/06/23	30/06/22	—	—	24,700	21,535	24,700	21,535
Other structures		30/06/23	30/06/20	—	—	10,447	5,844	10,447	5,844
Roads bridges and footpaths		30/06/23	30/06/21	—	—	100,490	90,424	100,490	90,424
Stormwater drainage		30/06/23	30/06/21	—	—	12,690	11,129	12,690	11,129
Water supply network		30/06/23	30/06/22	—	—	18,597	17,481	18,597	17,481
Sewer network		30/06/23	30/06/22	—	—	20,677	19,508	20,677	19,508
Other assets		30/06/23	30/06/20	—	—	5,786	5,397	5,786	5,397
Tip assets		30/06/23	30/06/22	—	—	148	174	148	174
Quarry Assets		30/06/23	30/06/22	—	—	116	288	116	288
Total infrastructure, property, plant and equipment				1,392	1,367	201,722	178,239	203,114	179,606

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant and equipment, office equipment and furniture and fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant and Equipment - Graders, trucks, rollers, tractors and motor vehicles.
- Office Equipment - Computers, photocopiers, calculators etc.
- Furniture & Fittings - Chairs, desks and display boards.

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

Operational and community land

Community Land valuations are based on either the Land Value provided by the Valuer-General or an average unit rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value having regard to the highest and best use for the land. Operational and Community Land is based on valuations from an external valuer APV Valuers and Asset Management. Community Land was valued by APV Valuers in 2023 and Operational Land was valued in 2022. As land values were based on unit rates and as such there was not considered to be observable market evidence so they have been classified as level 3.

These assets were externally valued by APV valuers in 2023

Buildings – non-specialised and specialised

Council engaged APV Asset Valuers and Asset Management to value all buildings in 2022. The valuation methodology adopted was dependent on whether a market exists to substantiate the value of the asset. A desktop valuation was undertaken in 2023.

The valuation aspects are generally, but not limited to the location, size, condition, style and utility of the asset. Replacement cost, asset condition, remaining useful life and building components are some of the inputs used in fair value determination. Since most of these inputs require judgement and are unobservable for specialised buildings, that asset class has been classified as Level 3. Valuation techniques remained the same for the reporting period.

Other structures

Other Structures comprise of Sundry Recreational assets, irrigation systems and fencing etc. Depreciated replacement cost has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors. No market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using Level 3 valuation inputs.

These assets were valued externally in 2023 by APV valuers

Roads, bridges and footpaths

Roads including all road assets, Bridges and Footpaths were comprehensively valued in 2021 by APV. A desktop valuation was carried out in 2023. Depreciated replacement cost using level 3 inputs was used to value this asset class. No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

The cost approach was utilised to value roads by componentising the assets into significant parts and then rolling up these component values to provide an overall road valuation (for each road segment) within Council's asset system. Input estimates such as the replacement costs (based on unit rates), pattern of consumption, valuation profiles, asset condition and useful life requiring significant professional judgement which impacted significantly on the final determination of fair value.

Drainage infrastructure

E2-1 Fair value measurement (continued)

Assets within this class comprise pits and pipes. All assets were comprehensively revalued in 2021 by APV. A desktop revaluation has been carried out in 2023.

The Depreciated replacement cost estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

Water supply network

Assets within this class comprise reservoirs, pumping stations and pipelines. All assets were valued by APV valuers in 2021.

The Depreciated replacement cost estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water.

Sewerage network

Assets within this class comprise treatment works, pumping stations and, sewerage mains. All assets were valued by APV valuers in 2021.

The Depreciated Replacement cost estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water

Other assets

Assets within this class comprise aerodrome lighting, pavement and fencing .

While some elements of gross replacement values may be supported from market evidence other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

These assets were valued externally in 2023 by APV valuers

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Operational Land	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	2,880	2,408	128	120	45	46	1,784	1,709
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	–	–	–	185	–	–	–
Purchases (GBV)	88	974	96	20	7	–	–	52
Disposals (WDV)	–	(36)	–	–	–	–	–	–
Depreciation and impairment	(469)	(466)	(12)	(12)	(22)	(1)	–	–
Revaluation	–	–	–	–	–	–	–	22
Rounding adjustment	–	–	(1)	–	–	–	–	1
Closing balance	2,499	2,880	211	128	215	45	1,784	1,784

\$ '000	Community Land		Land improvements depreciable		Building specialised		Roads, bridges, footpaths	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	1,557	1,557	65	63	21,535	21,351	90,424	82,871
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	–	–	–	124	13	22	4,295
Purchases (GBV)	–	–	12	9	2,233	675	1,077	5,187
Disposals (WDV)	–	–	–	–	–	(376)	–	(467)
Depreciation and impairment	–	(7)	–	(6)	(439)	(444)	(1,743)	(1,461)
Revaluation	1,728	6	–	–	1,247	318	10,710	–
Rounding adjustment	–	1	–	(1)	–	(2)	–	(1)
Closing balance	3,285	1,557	77	65	24,700	21,535	100,490	90,424

E2-1 Fair value measurement (continued)

\$ '000	Other structures		Water supply network		Sewerage network		Stormwater	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	5,844	5,216	17,481	16,808	19,508	18,639	11,129	11,287
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	84	155	8	—	34	—	—	—
Purchases (GBV)	675	715	137	74	4	147	—	45
Disposals (WDV)	—	—	—	—	—	—	—	—
Depreciation and impairment	(274)	(242)	(359)	(344)	(348)	(332)	(205)	(204)
Revaluation	4,117	—	1,329	943	1,479	1,054	1,766	—
Rounding adjustment	1	—	1	—	—	—	—	1
Closing balance	10,447	5,844	18,597	17,481	20,677	19,508	12,690	11,129

\$ '000	Other assets		Tip asset		Quarry Assets		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	5,397	5,088	174	338	288	—	178,239	167,501
Transfers from/(to) another asset class	—	—	—	—	—	—	457	4,463
Purchases (GBV)	—	404	—	—	—	—	4,329	8,302
Disposals (WDV)	—	—	—	—	—	—	—	(879)
Depreciation and impairment	(97)	(96)	(23)	(34)	(8)	—	(3,999)	(3,649)
Revaluation	489	—	(4)	(130)	(164)	288	22,697	2,501
Rounding adjustment	(3)	1	1	—	—	—	(1)	—
Closing balance	5,786	5,397	148	174	116	288	201,722	178,239

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million 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.

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$41,085.74. The last valuation of the Scheme was performed by Richard Boyfield FIAA on 30 June 2022.

Council's expected contribution to the plan for the next annual reporting period is \$58,442.64 based on a past services liabilities methodology. The share of the surplus that can be attributed to Council is 0.17%. It is estimated that there are \$34,979.16 past service contributions remaining. The share of this surplus that is broadly attributed to Council is estimated to be in the order of \$9,316 as at 30 June 2023.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2022 is:

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

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

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% per annum

* Plus promotional increases

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

(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.

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	551	518
Post-employment benefits	33	51
Other long-term benefits	16	23
Total	600	592

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

Other transactions with KMP and their related parties

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
2023						
Electrical maintenance work	1	26	–	30 day terms on invoices	–	–
Plant and Equipment Hire	2	148	–	30 day terms on invoices	–	–
2022						
Electrical maintenance work	1	25	–	30 day terms on invoices	–	–
Plant and Equipment Hire	2	153	–	30 day terms on invoices	–	–

Council has engaged with KMP or their related parties to acquire the above transactions which are on normal business terms.

- 1 This expenditure relates to the procurement of services and materials from an electrical company of which a Councillor has an interest.
- 2 This expenditure relates to the the hire of plant and equipment from a company of which a Councillor has an interest.

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	18	17
Councillors' fees	88	73
Other Councillors' expenses (including Mayor)	34	38
Total	140	128

F2 Other relationships

F2-1 Audit fees

\$ '000	2023	2022
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	49	46
Remuneration for audit and other assurance services	49	46
Total Auditor-General remuneration	49	46
(i) Audit and other assurance services		
Internal Audit fees	24	14
Remuneration for audit and other assurance services	24	14
Total remuneration of non NSW Auditor-General audit firms	24	14
Total audit fees	73	60

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
Net operating result from Income Statement	4,620	7,314
Add / (less) non-cash items:		
Depreciation and amortisation	4,026	3,621
(Gain) / loss on disposal of assets	(33)	624
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	307	1,936
(Increase) / decrease of inventories	5	65
(Increase) / decrease of other current assets	14	(15)
Increase / (decrease) in payables	(193)	(1,014)
Increase / (decrease) in accrued interest payable	(2)	(1)
Increase / (decrease) in other accrued expenses payable	227	(48)

continued on next page ...

G1-1 Statement of Cash Flows information (continued)

\$ '000	2023	2022
Increase / (decrease) in other liabilities	72	23
Increase / (decrease) in contract liabilities	3,281	926
Increase / (decrease) in employee benefit provision	(89)	(43)
Increase / (decrease) in other provisions	(150)	158
Net cash flows from operating activities	12,085	13,546

(b) Non-cash investing and financing activities

Dedications	—	—
Acquisition of plant and equipment by means of finance leases (2019 only)	—	—
Subsidised works (sewer scheme)	—	—
PwD construction	—	—
Bushfire grants	—	214
Developer contributions 'in kind'	—	—
Other dedications	—	—
Total non-cash investing and financing activities	—	214

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
---------	------	------

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

Property, plant and equipment

Stronger Country Projects	870	687
DVA- Saluting their services	10	–
Maude Bridge	–	1,323
Open Spaces Grant	88	477
Showgrounds	–	15
Swimming Pool replacement	2,967	–
Budgee Creek Bridge	700	–
Water Projects	293	–
Fixing Local Roads Round 2 - Cemetery Road and Town Streets	–	–
Fixing Local Roads Round 3	379	301
Boating Now	33	89
Environmental Trust	503	–
Hydrotherapy Pool	300	–
Local Roads and Community Infrastructure Round 2	–	9
Soapworks Bend	226	226
Crown Reserves Funding	–	137
Local Roads and Community Infrastructure	10	305
Murray Street Park	–	80
MRF Facility	1,887	1,288
COAG Funding (Medical Centre)	–	98
Swimming Pool Amenities	–	1,446
Total commitments	8,266	6,481

These expenditures are payable as follows:

Within the next year	8,266	6,481
Total payable	8,266	6,481

Sources for funding of capital commitments:

Unrestricted general funds	133	–
Sewer Funds	–	–
Grants	8,133	6,481
Total sources of funding	8,266	6,481

Details of capital commitments

The commitments relate to the following projects: Stronger Country Projects R4 and R5 Open Spaces Grant, Boating Now, Local Roads and Community Infrastructure Round 3, Soapworks Bend, Crown Reserves Funding, MRF Facility, Hydrotherapy Pool, Water leakage and metering projects and the Swimming Pool replacement.

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

Council made no correction of errors during the current reporting period.

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 20222021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	352	2.31%	12.89%	(0.16)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	15,268				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	6,444	33.04%	29.23%	27.11%	> 60.00%
Total continuing operating revenue ¹	19,503				
3. Unrestricted current ratio					
Current assets less all external restrictions	18,560	2.56x	3.14x	4.01x	> 1.50x
Current liabilities less specific purpose liabilities	7,264				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	4,462	13.65x	18.02x	11.67x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	327				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	807	14.49%	12.52%	13.00%	< 10.00%
Rates and annual charges collectable	5,570				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	22,783	22.01	17.11	15.25	> 3.00
Monthly payments from cash flow of operating and financing activities	1,035	months	months	months	months

(1) Excludes fair value adjustments, reversal of revaluation decrements and net gain on sale of assets.

(2) Excludes impairment/revaluation decrements and net loss on sale of assets.

G5-2 Statement of performance measures by fund

	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
\$ '000	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	2.01%	14.79%	(2.68)%	(6.97)%	11.29%	13.21%	> 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	24.08%	20.81%	97.98%	97.48%	99.10%	95.89%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.56x	3.14x	14.87x	29.69x	24.51x	22.02x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	12.01x	17.11x	∞	∞	20.00x	17.79x	> 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	13.82%	18.22%	20.99%	0.00%	11.35%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	15.98 months	11.16 months	∞	∞	302.08 months	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note 24a above.

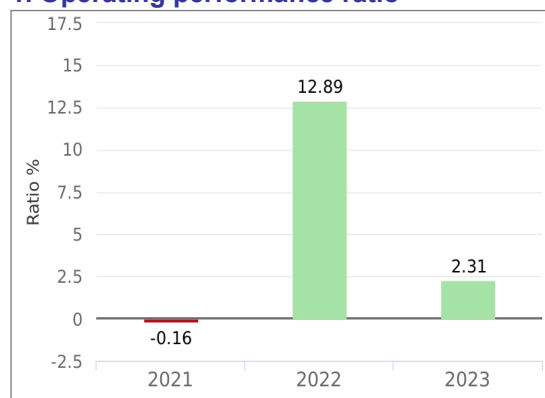
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio 2.31%

Ratio is in line with budget estimates when you take into account the prepayment of the financial assistance grant.

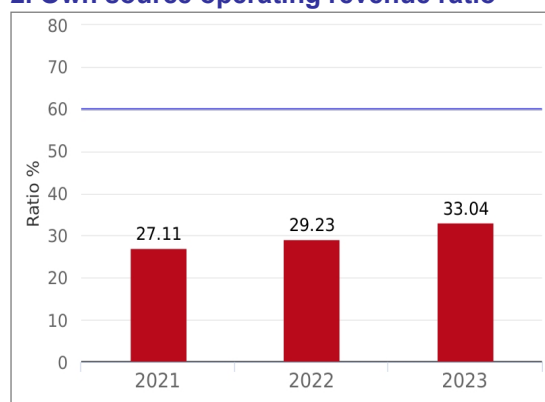
Benchmark: — > 0.00%

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 33.04%

Own source revenue is below target due to the large amount of grant funding.

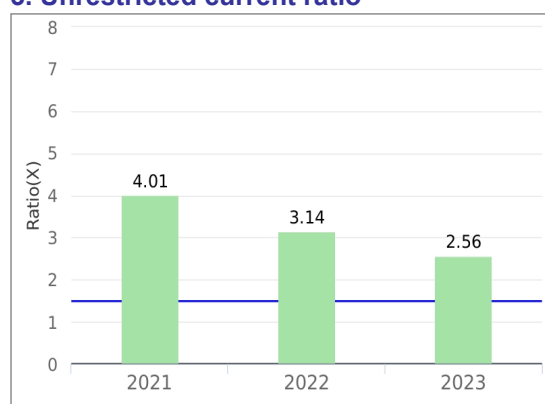
Benchmark: — > 60.00%

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 2.56x

unrestricted current ratio is adequate and is a result of Council's strategy of maintaining sufficient working capital.

Benchmark: — > 1.50x

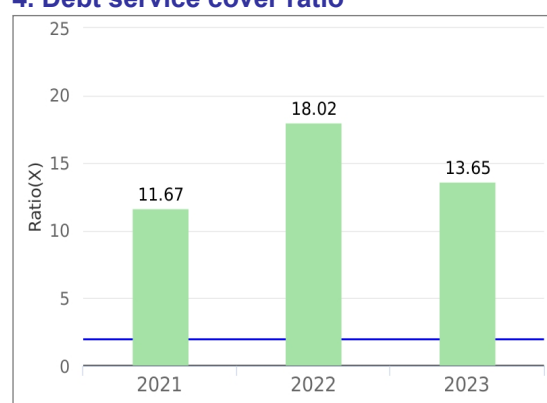
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 13.65x

Debt service ratio is satisfactory due to Council having a low level of debt.

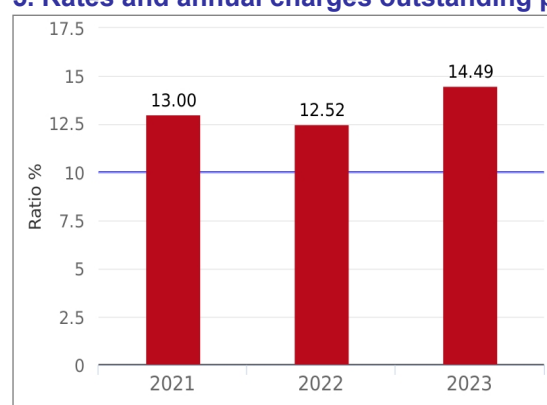
Benchmark: — > 2.00x

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 14.49%

Ratio is a concern and is considered a reflection of the rise in cost of living in the local community.

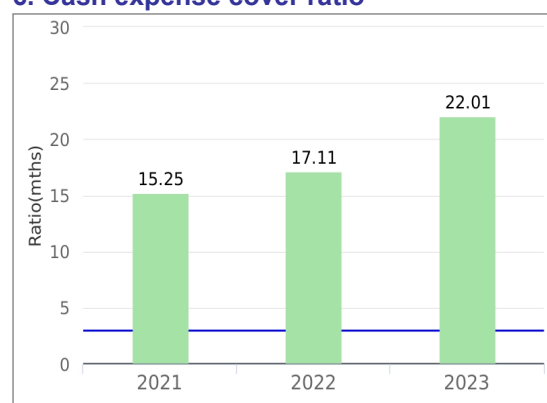
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 22.01 months

Council's cash expense has increased due to grants paid in advance.

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

Hay Shire Council

To the Councillors of Hay Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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



Mary Yuen
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY

Ms Carol Oataway
Mayor
Hay Shire Council
PO Box 141
HAY NSW 2711

Contact: Mary Yuen
Phone no: 02 9275 7215
Our ref: R008-16585809-46470

31 October 2023

Dear Mayor

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





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

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

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

INCOME STATEMENT

Operating result

	2023 \$m	2022 \$m	Variance %
Rates and annual charges revenue	4.9	4.7	4.2 
Grants and contributions revenue	13.1	14.6	10.3 
Operating result from continuing operations	4.6	7.3	37.0 
Net operating result before capital grants and contributions	0.4	1.2	66.7 

The Council's operating result from continuing operations (\$4.6 million including depreciation and amortisation expense of \$4 million) was \$2.7 million lower than the 2021–22 result. This is due to the decrease in grants and contribution revenue and increase of materials and services expenses.

The net operating result before capital grants and contributions (\$0.4 million) was \$0.8 million lower than the 2021–22 result. This is due to the increase of employee benefits and on-costs and materials and services expenses.

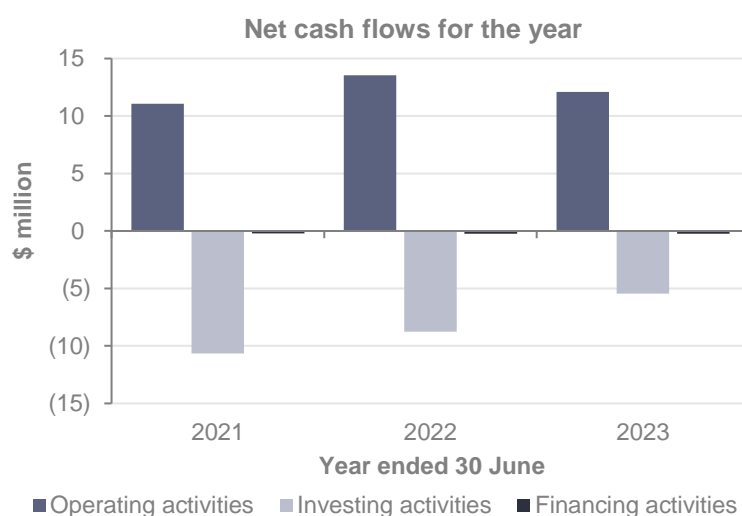
Rates and annual charges revenue (\$4.9 million) increased by \$0.2 million (4.2 per cent) in 2022–23 due to:

- rateable properties increased from 1,799 in 2022 to 1,808 in 2023
- rate peg increase of 0.7 per cent.

Grants and contributions revenue (\$13.1 million) decreased by \$1.5 million (10.3 per cent) in 2022–23 due to \$3.4 million decrease in transport (other roads and bridges funding) capital grants in 2022-23. This was partially offset by \$3.1 million increase in capital grants for recreation and culture in 2022-23.

STATEMENT OF CASH FLOWS

- Cash balances increased due to receiving 79 per cent of the 2023-24 financial assistance grant in advance.
- The Council's cash and cash equivalents was \$22.8 million (2021-22: \$16.4 million). There was a net increase in cash and cash equivalents of \$6.4 million during 2022-23.
- Net cashflow from operating activities has decreased by \$1.5 million. This is due to an increase in payments to employees and payments for materials and services whilst grants and contribution revenue decreased.
- Net cash used in investing activities has decreased by \$3.3 million due to a net decrease in payments for IPPE of \$3.6 million.
- Net cash used in financing activities remained consistent at \$0.2 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2022	2021	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	22.8	16.4	<ul style="list-style-type: none"> • Externally restricted balances comprise mainly of specific purpose unexpended grants – general funds. The increase of \$0.7 million is due to a \$0.4 million increase in water fund and \$0.3 million increase in sewer fund based restrictions. • Internal allocations are determined by Council policies or decisions, which are subject to change.
Restricted cash and investments:			
• External restrictions	6.4	5.7	

• Internal allocations	7.7	5.6	The increase of \$2.1 million in the internal allocations is mainly due to a \$1.4 million increase in Finance Assistance Grant.
• Unrestricted	8.6	5.1	

Debt

The Council has \$1.6 million of borrowings as at 30 June 2023 (2022: \$1.8 million) which is secured over the general rating income of Council. Council has no bank overdraft during the year (2022: \$nil).

PERFORMANCE

Performance measures

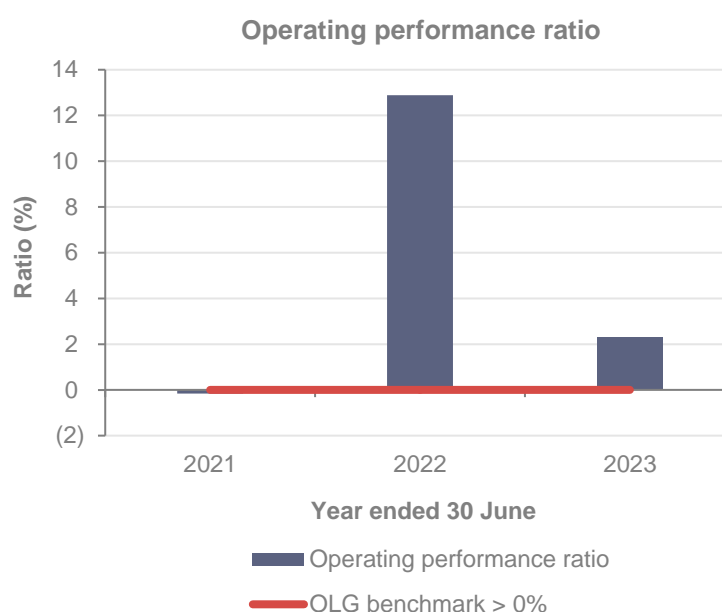
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

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

The Council exceeded the OLG benchmark for the current reporting period.

The operating performance ratio decreased by 10.6 per cent from prior year largely due to increase in total expenses from continuing operations.



Own source operating revenue ratio

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

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

The own source operating revenue ratio improved by 3.8 per cent from 2022 due to lower level of grants and contributions received in the current year however still below OLG's benchmark.

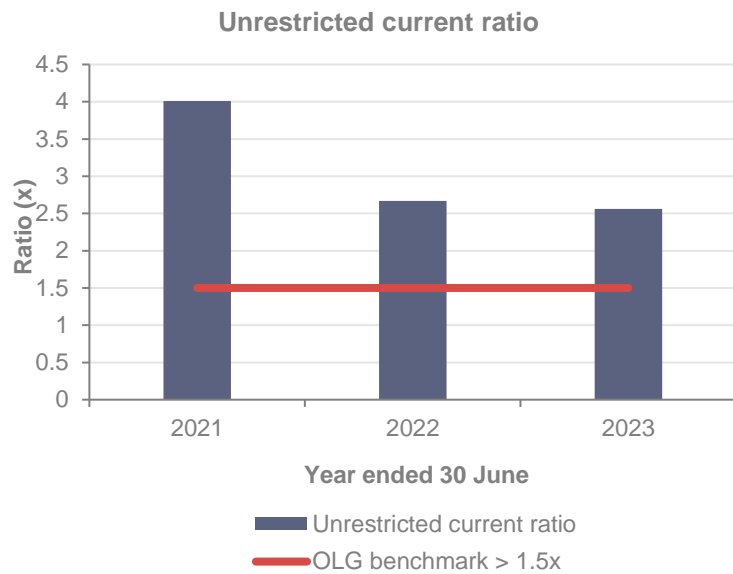


Unrestricted current ratio

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

The Council exceeded the OLG benchmark for the current reporting period.

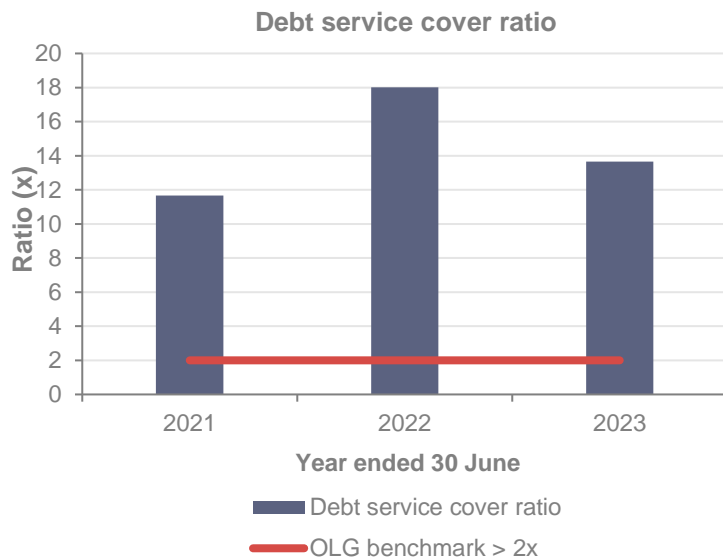
The Council's unrestricted current ratio of 2.6 times is consistent with the prior year.



Debt service cover ratio

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

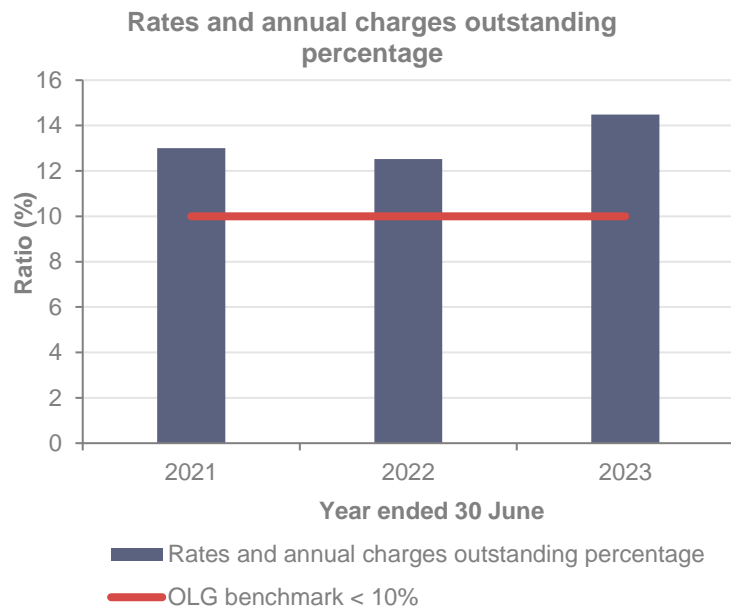
The Council met the OLG benchmark for the current reporting period.



Rates and annual charges outstanding percentage

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

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

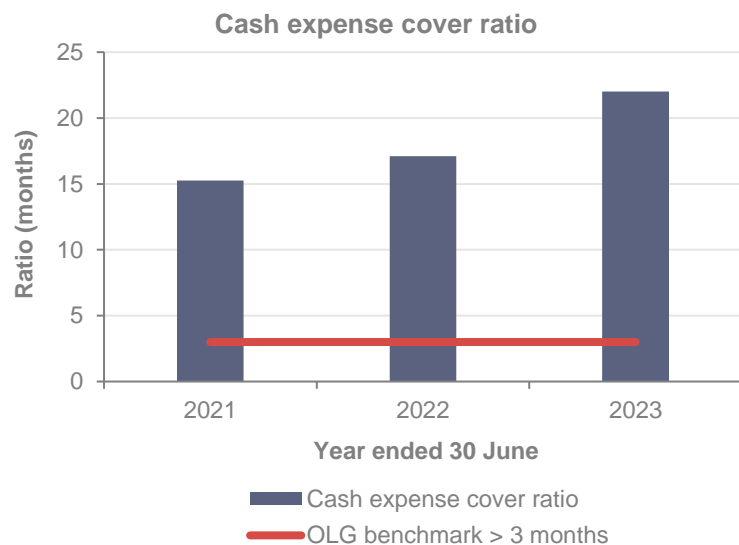


Cash expense cover ratio

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

The Council exceeded the OLG benchmark for the current reporting period.

The Council's cash expense cover ratio was 22.01 months, which is above the industry benchmark of greater than 3 months. This indicates that Council had the capacity to cover 22 months of operating cash expenditure without additional cash inflows at 30 June 2023.



Infrastructure, property, plant and equipment renewals

Council renewed \$2.4 million of infrastructure, property, plant and equipment in 2022-23, compared to \$3.6 million of assets in 2021-22. This was mainly spent on roads, repairing assets damaged by natural disasters and new building upgrades. A further \$3.2 million was spent on new assets including buildings, and other structures.

OTHER MATTERS

Legislative compliance

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

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



Mary Yuen
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr David Webb, General Manager
Mr Rick Warren, Chair of Audit, Risk and Improvement Committee
Ms Kiersten Fishburn, Secretary of the Department of Planning and Environment

Hay Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Special Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
Note – Significant Accounting Policies	8
Auditor's Report on Special Purpose Financial Statements	11

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).

Hay Shire Council

Special Purpose Financial Statements for the year ended 30 June 2023

Statement by Councillors and Management

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

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

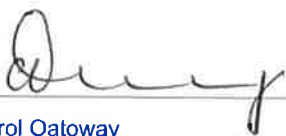
- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections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

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

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

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

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



Cr Carol Oatway
Mayor
26 September 2023



Cr Lionel Garner
Councillor
26 September 2023



David Webb
General Manager
26 September 2023



Mark Dowling
Responsible Accounting Officer
26 September 2023

Hay 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	731	699
User charges	466	454
Interest and investment income	18	7
Grants and contributions provided for operating purposes	18	30
Total income from continuing operations	1,233	1,190
Expenses from continuing operations		
Employee benefits and on-costs	206	198
Materials and services	669	704
Depreciation, amortisation and impairment	361	344
Water purchase charges	30	27
Total expenses from continuing operations	1,266	1,273
Surplus (deficit) from continuing operations before capital amounts	(33)	(83)
Grants and contributions provided for capital purposes	7	—
Surplus (deficit) from continuing operations after capital amounts	(26)	(83)
Surplus (deficit) from all operations before tax	(26)	(83)
Surplus (deficit) after tax	(26)	(83)
Plus accumulated surplus	7,100	7,183
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	7,074	7,100
Return on capital %	(0.2)%	(0.5)%
Subsidy from Council	792	733
Calculation of dividend payable:		
Surplus (deficit) after tax	(26)	(83)
Less: capital grants and contributions (excluding developer contributions)	(7)	—
Surplus for dividend calculation purposes	—	—
Potential dividend calculated from surplus	—	—

Hay Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	1,015	994
User charges	40	41
Interest and investment income	42	7
Grants and contributions provided for operating purposes	10	11
Net gain from the disposal of assets	–	7
Total income from continuing operations	1,107	1,060
Expenses from continuing operations		
Employee benefits and on-costs	137	143
Borrowing costs	26	29
Materials and services	450	401
Depreciation, amortisation and impairment	369	347
Total expenses from continuing operations	982	920
Surplus (deficit) from continuing operations before capital amounts	125	140
Grants and contributions provided for capital purposes	–	34
Surplus (deficit) from continuing operations after capital amounts	125	174
Surplus (deficit) from all operations before tax	125	174
Less: corporate taxation equivalent (25%) [based on result before capital]	(31)	(35)
Surplus (deficit) after tax	94	139
Plus accumulated surplus	14,465	14,291
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	31	35
Closing accumulated surplus	14,590	14,465
Return on capital %	0.7%	0.8%
Subsidy from Council	710	572
Calculation of dividend payable:		
Surplus (deficit) after tax	94	139
Less: capital grants and contributions (excluding developer contributions)	–	(34)
Surplus for dividend calculation purposes	94	105
Potential dividend calculated from surplus	47	53

Hay Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	3,351	2,992
Receivables	306	333
Total current assets	3,657	3,325
Non-current assets		
Infrastructure, property, plant and equipment	18,891	17,756
Total non-current assets	18,891	17,756
Total assets	22,548	21,081
LIABILITIES		
Current liabilities		
Income received in advance	246	112
Total current liabilities	246	112
Total liabilities	246	112
Net assets	22,302	20,969
EQUITY		
Accumulated surplus	7,074	7,100
Revaluation reserves	15,228	13,869
Total equity	22,302	20,969

Hay Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	3,046	2,707
Receivables	140	111
Total current assets	3,186	2,818
Non-current assets		
Infrastructure, property, plant and equipment	21,410	20,251
Total non-current assets	21,410	20,251
Total assets	24,596	23,069
LIABILITIES		
Current liabilities		
Payables	6	8
Borrowings	124	120
Total current liabilities	130	128
Non-current liabilities		
Borrowings	614	738
Total non-current liabilities	614	738
Total liabilities	744	866
Net assets	23,852	22,203
EQUITY		
Accumulated surplus	14,590	14,465
Revaluation reserves	9,262	7,738
Total equity	23,852	22,203

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)

Council has no Category 1 business activities

Category 2

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

a. Water supply operations

Supply of water to the town of Hay

b. Sewerage service operations

Supply of sewerage services to the town of Hay

Taxation equivalent charges

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

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

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

Note – Significant Accounting Policies (continued)

Notional rate applied (%)

Corporate income tax rate – 25%

Land tax – the first \$692,000 of combined land values attracts **0%**. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$850,000.

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

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

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

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25.0%.

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

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

Note – Significant Accounting Policies (continued)

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of IPP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.77% at 30/6/22.

(iii) Dividends

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

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

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

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30/6/2022 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Hay Shire Council

To the Councillors of Hay Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Hay 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 be 'Mary Yuen', written in a cursive style.

Mary Yuen
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY

Hay Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2023



Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2023	6

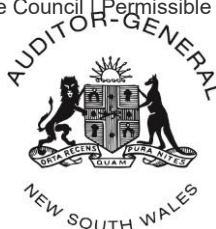
Hay Shire Council

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	2,567	2,631
Plus or minus adjustments ²	b	1	9
Notional general income	c = a + b	2,568	2,640
Permissible income calculation			
Or rate peg percentage	e	0.70%	3.70%
Or plus rate peg amount	i = e x (c + g)	18	98
Sub-total	k = (c + g + h + i + j)	2,586	2,738
Plus (or minus) last year's carry forward total	l	45	—
Sub-total	n = (l + m)	45	—
Total permissible income	o = k + n	2,631	2,738
Less notional general income yield	p	2,631	2,734
Catch-up or (excess) result	q = o - p	—	4
Carry forward to next year ⁶	t = q + r + s	—	4

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

Hay Shire Council

To the Councillors of Hay Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Hay 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.



Mary Yuen
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY

Hay Shire Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings – non-specialised	–	–	20	18	1,392	1,666	0.0%	20.0%	80.0%	0.0%	0.0%
	Emergency Services	–	–	10	11	1,364	1,582	0.0%	100.0%	0.0%	0.0%	0.0%
	Council Offices	–	–	30	15	1,305	2,350	0.0%	100.0%	0.0%	0.0%	0.0%
	Council Works Depot	–	–	25	25	770	1,118	0.0%	100.0%	0.0%	0.0%	0.0%
	Council Public Halls	100	–	35	11	2,638	5,017	30.0%	0.0%	60.0%	10.0%	0.0%
	Libraries	–	–	25	32	2,925	3,215	100.0%	0.0%	0.0%	0.0%	0.0%
	Cultural Facilities	–	–	50	10	4,413	8,638	0.0%	30.0%	60.0%	10.0%	0.0%
	Tourist Centre	–	–	25	10	760	943	0.0%	100.0%	0.0%	0.0%	0.0%
	Other Specialised Buildings	–	–	85	25	5,615	7,304	10.0%	30.0%	60.0%	0.0%	0.0%
	Aerodrome	–	–	10	9	213	385	0.0%	80.0%	20.0%	0.0%	0.0%
	Showground	–	–	20	15	2,202	3,488	0.0%	0.0%	100.0%	0.0%	0.0%
	Medical Centre	–	–	20	6	2,495	4,166	10.0%	60.0%	20.0%	10.0%	0.0%
	Sub-total	100	–	355	187	26,092	39,872	14.7%	34.9%	45.9%	4.5%	0.0%
Other structures	Other structures	–	–	30	25	10,447	17,516	10.0%	40.0%	25.0%	25.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	30	25	10,447	17,516	10.0%	40.0%	25.0%	25.0%	0.0%
Roads	Rural Sealed roads	–	–	500	663	42,489	68,314	70.0%	26.0%	4.0%	0.0%	0.0%
	Unsealed roads	–	–	500	946	13,667	15,575	65.0%	30.0%	5.0%	0.0%	0.0%
	Bridges	–	–	50	–	9,574	10,766	80.0%	10.0%	10.0%	0.0%	0.0%
	Urban Streets	–	–	150	208	13,693	17,519	0.0%	54.0%	16.0%	30.0%	0.0%
	Footpaths	–	–	50	37	3,823	6,186	0.0%	54.0%	16.0%	30.0%	0.0%
	Kerb and Gutter	–	–	50	8	3,647	6,453	54.0%	16.0%	30.0%	0.0%	0.0%
	Other road assets	–	–	50	33	818	1,502	0.0%	50.0%	50.0%	0.0%	0.0%
	Sub-total	–	–	1,350	1,895	100,490	126,315	55.4%	30.2%	8.8%	5.6%	0.0%
Water supply network	Intake Works	–	–	50	46	813	2,002	0.0%	50.0%	50.0%	0.0%	0.0%
	Mains	400	–	100	135	10,268	16,323	0.0%	50.0%	40.0%	10.0%	0.0%
	Reservoirs	–	–	40	26	4,300	5,801	0.0%	75.0%	25.0%	0.0%	0.0%
	Treatment	–	–	100	81	3,216	6,041	0.0%	100.0%	0.0%	0.0%	0.0%
	Sub-total	400	–	290	288	18,597	30,167	0.0%	64.8%	29.8%	5.4%	0.0%

Hay Shire Council

Report on infrastructure assets as at 30 June 2023 (continued)

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Sewerage network	Mains	700	—	80	91	11,140	15,306	0.0%	50.0%	40.0%	10.0%	0.0%
	Pumping Station	—	—	80	54	1,846	3,658	0.0%	40.0%	40.0%	10.0%	10.0%
	Treatment	—	—	50	44	7,691	7,979	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	700	—	210	189	20,677	26,943	29.6%	33.8%	28.2%	7.0%	1.4%
Stormwater drainage	Stormwater drainage	—	—	50	46	12,690	21,991	8.0%	86.0%	6.0%	0.0%	0.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	—	—	50	46	12,690	21,991	8.0%	86.0%	6.0%	0.0%	0.0%
Total – all assets		1,200	—	2,285	2,630	188,993	262,804	33.3%	40.6%	19.6%	6.4%	0.1%

(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

Hay Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators 20222021		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	2,206	64.73%	98.64%	169.59%	> 100.00%
Depreciation, amortisation and impairment	3,408				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	1,200	0.63%	0.74%	1.41%	< 2.00%
Net carrying amount of infrastructure assets	190,445				
Asset maintenance ratio					
Actual asset maintenance	2,630	115.10%	88.08%	71.78%	> 100.00%
Required asset maintenance	2,285				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	—	0.00%	0.00%	0.00%	
Gross replacement cost	262,804				

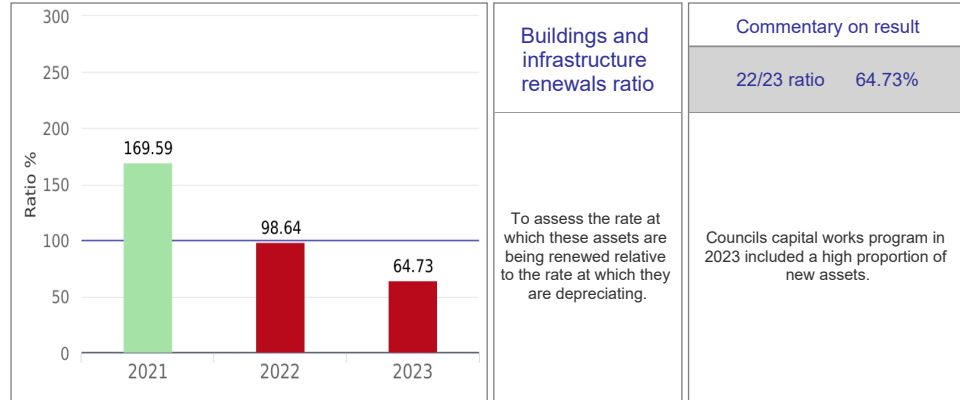
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Hay Shire Council

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio



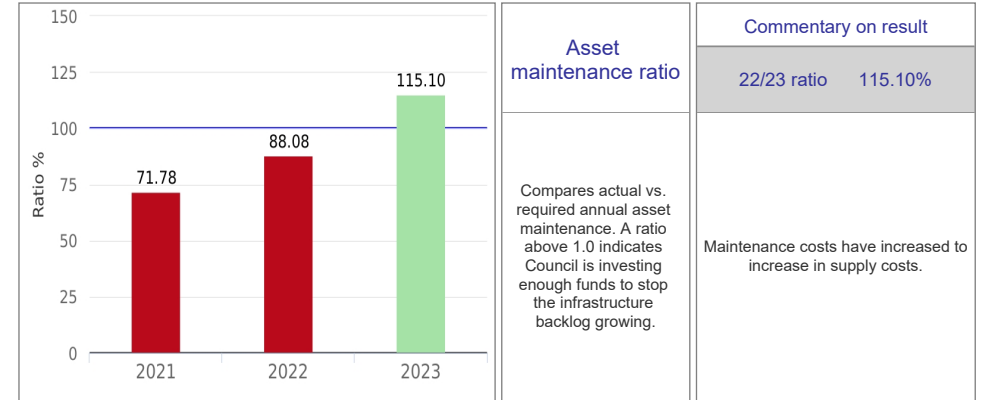
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



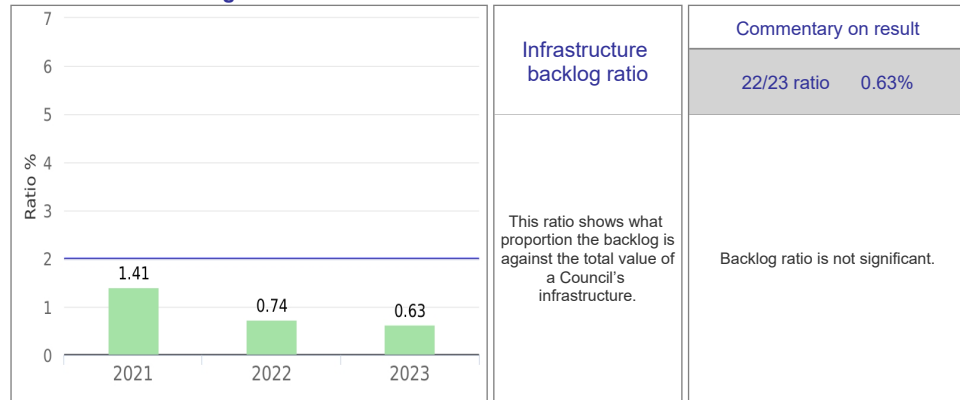
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Hay Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

	General fund		Water fund		Sewer fund		Benchmark
\$ '000	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	81.67%	125.44%	0.00%	0.00%	0.00%	0.00%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	0.07%	0.13%	2.15%	2.29%	3.39%	3.59%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	120.62%	81.54%	99.31%	124.23%	90.00%	98.50%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

(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.