

Hay Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2025



Hay Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2025



General Purpose Financial Statements

for the year ended 30 June 2025

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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 2025

Statement by Councillors and Management

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

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

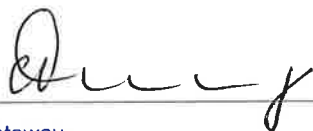
- the *Local Government Act 1993* and the regulations made thereunder
- the Australian Accounting Standards issued by the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

Signed in accordance with a resolution of Council made on 28 October 2025.



Cr Carol Oataway

Mayor

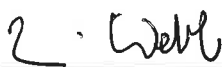
28 October 2025



Cr John Perry

Councillor

28 October 2025



David Webb

General Manager

28 October 2025



Mark Dowling

Responsible Accounting Officer

28 October 2025

Hay Shire Council

Income Statement

for the year ended 30 June 2025

Original unaudited budget 2025	\$ '000	Notes	Actual 2025	Actual 2024
	Income from continuing operations			
5,528	Rates and annual charges	B2-1	5,419	4,960
1,221	User charges and fees	B2-2	1,389	1,126
43	Other revenues	B2-3	165	335
8,402	Grants and contributions provided for operating purposes	B2-4	6,964	12,192
4,620	Grants and contributions provided for capital purposes	B2-4	5,265	6,229
506	Interest and investment income	B2-5	708	699
21	Other income	B2-6	102	110
–	Net gain from the disposal of assets	B4-1	–	285
20,341	Total income from continuing operations		20,012	25,936
	Expenses from continuing operations			
5,833	Employee benefits and on-costs	B3-1	5,767	5,488
5,332	Materials and services	B3-2	6,812	7,093
164	Borrowing costs	B3-3	72	77
297	Other expenses	B3-5	287	287
–	Net loss from the disposal of assets	B4-1	1,310	–
11,626	Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		14,248	12,945
8,715	Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		5,764	12,991
4,162	Depreciation, amortisation and impairment of non-financial assets	B3-4	5,133	4,529
4,553	Operating result from continuing operations		631	8,462
4,553	Net operating result for the year attributable to Council		631	8,462
(67)	Net operating result for the year before grants and contributions provided for capital purposes		(4,634)	2,233

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 2025

\$ '000	Notes	2025	2024
Net operating result for the year – from Income Statement		631	8,462
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain on revaluation of infrastructure, property, plant and equipment	C1-5	28,664	10,762
Total items which will not be reclassified subsequent to operating result		28,664	10,762
Total other comprehensive income for the year		28,664	10,762
Total comprehensive income for the year attributable to Council		29,295	19,224

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 2025

\$ '000	Notes	2025	2024
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	21,521	22,225
Receivables	C1-3	2,975	3,081
Inventories	C1-4	277	290
Prepayments		162	70
Total current assets		24,935	25,666
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-5	249,712	219,303
Total non-current assets		249,712	219,303
Total assets		274,647	244,969
LIABILITIES			
Current liabilities			
Payables	C3-1	1,517	1,958
Contract liabilities	C3-2	2,071	1,201
Borrowings	C3-3	273	262
Employee benefit provisions	C3-4	1,855	1,831
Total current liabilities		5,716	5,252
Non-current liabilities			
Borrowings	C3-3	809	1,082
Employee benefit provisions	C3-4	79	84
Provisions	C3-5	723	526
Total non-current liabilities		1,611	1,692
Total liabilities		7,327	6,944
Net assets		267,320	238,025
EQUITY			
Accumulated surplus		86,017	85,386
IPPE revaluation surplus		181,303	152,639
Total equity		267,320	238,025

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 2025

\$ '000	Notes	2025			2024		
		Accumulated surplus	IPPE revaluation surplus	Total equity	Accumulated surplus	IPPE revaluation surplus	Total equity
Opening balance at 1 July		85,386	152,639	238,025	76,924	141,877	218,801
Net operating result for the year		631	–	631	8,462	–	8,462
Net operating result for the period		631	–	631	8,462	–	8,462
Other comprehensive income							
Gain on revaluation of infrastructure, property, plant and equipment	C1-5	–	28,664	28,664	–	10,762	10,762
Other comprehensive income		–	28,664	28,664	–	10,762	10,762
Total comprehensive income		631	28,664	29,295	8,462	10,762	19,224
Closing balance at 30 June		86,017	181,303	267,320	85,386	152,639	238,025

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 2025

Original unaudited budget 2025	\$ '000	Notes	Actual 2025	Actual 2024
Cash flows from operating activities				
Receipts:				
5,528	Rates and annual charges		5,398	5,001
1,221	User charges and fees		1,287	1,237
506	Interest received		718	658
13,022	Grants and contributions		13,134	13,028
–	Bonds, deposits and retentions received		92	–
64	Other		1,596	1,660
Payments:				
(5,834)	Payments to employees		(5,741)	(5,128)
(5,617)	Payments for materials and services		(8,689)	(7,760)
(49)	Borrowing costs		(50)	(63)
(297)	Other		(277)	(571)
8,544	Net cash flows from operating activities	G1-1	7,468	8,062
Cash flows from investing activities				
Receipts:				
–	Proceeds from sale of IPPE		166	401
Payments:				
(11,874)	Payments for IPPE		(8,075)	(8,620)
–	Purchase of real estate assets		(1)	(148)
(11,874)	Net cash flows used in investing activities		(7,910)	(8,367)
Cash flows from financing activities				
Payments:				
(262)	Repayment of borrowings		(262)	(253)
(262)	Net cash flow provided used in financing activities		(262)	(253)
(3,592)	Net change in cash and cash equivalents		(704)	(558)
19,495	Cash and cash equivalents at beginning of year		22,225	22,783
15,903	Cash and cash equivalents at end of year	C1-1	21,521	22,225

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

Hay Shire Council

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Hay Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 28 October 2025. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policy information related to these consolidated financial statements are set out below.

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

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

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain 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 C1-5

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer C1-3
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

Trust monies and property subject to Council's control have been included in these reports. A separate statement of monies held in the Trust Fund is available for inspection at Council's offices by any person free of charge.

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.

A1-1 Basis of preparation (continued)

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 have been published that are not mandatory for the 30 June 2025 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2024.

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

New accounting standards adopted during the year

The following new standard is effective for the first time at 30 June 2025:

- **AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.**

Council have reviewed the changes to AASB 2022-10 and Council's Valuers have applied the fair value methodology to their assets in accordance with the accounting standard.

Council has considered the amendments to AASB 13 Fair Value Measurement that apply for the 2024-2025 financial year as a result of AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.

For assets where the Council adopts a current replacement cost approach to determine fair value, the Council now considers the inclusion of site preparation costs, disruption costs and costs to restore another entities assets in the underlying valuation.

- The AASB 13 amendments apply prospectively, comparative figures have not been restated.
- The AASB 13 amendments have not resulted in any material impacts to Council's financial statements.

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	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Functions or activities										
Governance	–	1	1,027	862	(1,027)	(861)	–	–	–	–
Administration	193	335	2,177	1,905	(1,984)	(1,570)	–	–	17,744	18,078
Public Order and Safety	429	179	678	707	(249)	(528)	418	171	2,308	2,004
Health	5	4	5	7	–	(3)	–	–	3,272	3,191
Environment	1,231	3,103	1,351	1,284	(120)	1,819	354	2,338	18,872	17,960
Community Services and Education	963	723	660	563	303	160	895	1,008	1,334	1,203
Housing and Community Amenities	718	636	1,868	1,707	(1,150)	(1,071)	482	381	3,690	4,862
Water Supplies	1,699	1,599	1,822	1,456	(123)	143	167	290	24,554	24,004
Sewerage Services	1,254	1,160	1,611	1,085	(357)	75	77	19	27,138	26,785
Recreation and Culture	3,267	920	3,003	1,579	264	(659)	3,149	881	32,612	30,619
Mining Manufacturing and Construction	10	7	91	80	(81)	(73)	–	–	101	98
Transport and Communication	3,574	8,179	3,783	4,725	(209)	3,454	3,564	8,430	141,417	115,280
Economic Affairs	273	1,421	1,305	1,514	(1,032)	(93)	51	734	1,605	885
General Purpose	6,396	7,669	–	–	6,396	7,669	3,072	4,169	–	–
Total functions and activities	20,012	25,936	19,381	17,474	631	8,462	12,229	18,421	274,647	244,969

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	2025	2024
Ordinary rates		
Residential	775	801
Farmland	1,666	1,506
Business	338	314
Less: pensioner rebates (mandatory)	(35)	(40)
Rates levied to ratepayers	2,744	2,581
Pensioner rate subsidies received	20	21
Total ordinary rates	2,764	2,602
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	609	391
Water supply services	819	742
Sewerage services	1,085	1,016
Waste management services (non-domestic)	175	240
Less: pensioner rebates (mandatory)	(72)	(66)
Annual charges levied	2,616	2,323
Pensioner annual charges subsidies received:		
– Water	11	10
– Sewerage	11	12
– Domestic waste management	17	13
Total annual charges	2,655	2,358
Total rates and annual charges	5,419	4,960

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

Material accounting policy information

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2025	2024
User charges			
Water supply services	1	659	523
Sewerage services	1	72	51
Total user charges		731	574
Fees			
Planning and building regulation	2	65	45
Private works – section 67	2	153	213
Regulatory/ statutory fees	2	11	8
Registration fees	2	4	4
Regulatory fees	2	1	–
Section 10.7 certificates (EP&A Act)	2	6	7
Section 603 certificates	2	10	6
Aerodrome	2	10	10
Cemeteries	2	69	62
Recycling income (non-domestic)	2	114	39
Sundry sales	2	33	–
Swimming centres		4	–
Tourism	2	50	55
Waste disposal tipping fees	2	–	1
Aged and disabled care	2	68	61
Public halls	2	4	–
Sportsgrounds	2	26	19
Other	2	14	22
Museum	2	16	–
Total fees		658	552
Total user charges and fees		1,389	1,126
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		731	574
User charges and fees recognised at a point in time (2)		658	552
Total user charges and fees		1,389	1,126

Material accounting policy information

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service 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	2025	2024
Legal fees recovery – rates and charges (extra charges)	2	2	1
Commissions and agency fees	2	10	5
Diesel rebate	2	46	157
Insurance claims recoveries	2	48	113
Sales – general	2	57	56
Other	2	2	3
Total other revenue		165	335
Timing of revenue recognition for other revenue			
Other revenue recognised at a point in time (2)		165	335
Total other revenue		165	335

Material accounting policy information for other revenue

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

Statutory fees 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 2025	Operating 2024	Capital 2025	Capital 2024
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	545	248	–	–
Financial assistance – local roads component	2	164	39	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	1,843	2,982	–	–
Financial assistance – local roads component	2	559	900	–	–
Amount recognised as income during current year		3,111	4,169	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	2	156	42	–	248
Sewerage services	2	–	20	–	–
Bushfire and emergency services	2	139	171	–	–
Community care	2	361	366	–	–
Economic development	2	32	1,057	–	–
Land Management	2	45	49	–	99
Floodplain management	2	19	124	–	–
Library	2	72	72	–	–
Noxious weeds	2	35	66	–	–
Public halls	2	140	–	–	9
Recreation and culture	2	58	5	835	1,123
Street lighting	2	41	40	–	–
Transport (other roads and bridges funding)	2	640	4,949	1,420	1,925
Aged and disabled care	2	258	294	–	–
Tourism and Events	2	19	26	–	–
Transport (roads to recovery)	2	504	560	–	–
Transport for NSW (Regional Roads, Block)	2	854	87	145	752
Other	2	–	–	–	21
Swimming Pool	2	–	–	2,163	–
Waste	2	11	95	273	2,052
Heritage/cultural	2	192	–	–	–
Community services	2	276	–	–	–
Recreation and culture	2	1	–	–	–
Tourism	2	–	–	150	–
Non-cash contributions					
Bushfire services	2	–	–	279	–
Total special purpose grants and non-developer contributions (tied)		3,853	8,023	5,265	6,229
Total grants and non-developer contributions		6,964	12,192	5,265	6,229
Comprising:					
– Commonwealth funding		875	902	1,882	2,072
– State funding		5,868	11,286	3,383	4,136
– Other funding		221	4	–	21
		6,964	12,192	5,265	6,229

B2-4 Grants and contributions (continued)

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Total grants and contributions	6,964	12,192	5,265	6,229
Timing of revenue recognition				
Grants and contributions recognised at a point in time (2)	6,964	12,192	5,265	6,229
Total grants and contributions	6,964	12,192	5,265	6,229

Unspent grants and contributions

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

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Unspent grants and contributions				
Unspent funds at 1 July	3,747	3,436	811	2,730
Add: Funds received and not recognised as revenue in the current year	238	2,745	1,823	303
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,332)	(2,434)	(811)	(2,222)
Unspent funds at 30 June	2,653	3,747	1,823	811

B2-4 Grants and contributions (continued)

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and 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	2025	2024
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	78	67
– Cash and investments	630	632
Total interest and investment income	708	699

B2-6 Other income

Leaseback fees - council vehicles	13	13
Leased Property	89	97
Total other income	102	110

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2025	2024
Salaries and wages	4,560	4,063
Employee leave entitlements (ELE)	680	981
Superannuation	568	617
Workers' compensation insurance	74	110
Fringe benefit tax (FBT)	26	24
Other	45	41
Total employee costs	5,953	5,836
Less: capitalised costs	(186)	(348)
Total employee costs expensed	5,767	5,488

Superannuation plans

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	2025	2024
Consultancy costs		113	110
Raw materials and consumables		3,218	1,773
Contractor costs		1,751	3,122
Audit Fees	F2-1	65	63
Councillor and Mayoral fees and associated expenses	F1-2	194	138
Advertising		43	52
Bank charges		17	16
Election expenses		38	—
Electricity and heating		289	313
Fire control expenses (excluding salaries and wages)		129	255
Insurance		401	382
Postage		16	14
Printing and stationery		55	49
Street lighting		83	105
Subscriptions and publications		48	46
Telephone and communications		45	59
Tourism expenses (excluding employee costs)		37	265
Valuation fees		83	47
Travel expenses		1	—
Donations, contributions and assistance		40	61
Medical services		—	51
Training costs (other than salaries and wages)		134	138
Other expenses		—	22
Legal expenses:			
– Legal expenses: other		1	2
Expenses from leases of low value assets		11	10
Total materials and services		6,812	7,093
Total materials and services		6,812	7,093

B3-3 Borrowing costs

(i) Interest bearing liability costs

Interest on loans		49	61
Total interest bearing liability costs		49	61
Total interest bearing liability costs expensed		49	61

(ii) Other borrowing costs

Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	23	16
Total other borrowing costs		23	16
Total borrowing costs expensed		72	77

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

\$ '000	Notes	2025	2024
Depreciation and amortisation			
Plant and equipment		668	525
Office equipment		183	12
Furniture and fittings		61	23
Land improvements (depreciable)		20	9
Infrastructure:	C1-5		
– Buildings – non-specialised		43	42
– Buildings – specialised		491	483
– Other structures		461	470
– Roads		1,989	1,871
– Stormwater drainage		240	231
– Water supply network		416	396
– Sewerage network		434	390
Other assets:			
– Other		103	97
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-5	15	23
– Quarry assets	C1-5	9	7
Total gross depreciation and amortisation costs		5,133	4,579
Less: capitalised costs		–	(50)
Total depreciation and amortisation costs		5,133	4,529
Total depreciation, amortisation and impairment for non-financial assets		5,133	4,529

Material accounting policy information

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 non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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	2025	2024
Other		
Contributions/levies to other levels of government:		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	10	14
– NSW fire brigade levy	37	37
– NSW rural fire service levy	232	236
Donations, contributions and assistance to other organisations (Section 356)	8	–
Total other	287	287
Total other expenses	287	287

B4 Gains or losses

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

\$ '000	Notes	2025	2024
Gain on disposal of plant and equipment	C1-5		
Proceeds from disposal		166	401
Less: carrying amount of assets sold/written off		(17)	(116)
Gain on disposal		149	285
Loss on disposal of infrastructure	C1-5		
Proceeds from disposal		—	—
Less: carrying amount of assets sold/written off		(1,459)	—
Loss on disposal		(1,459)	—
Net gain (or loss) from disposal of assets		(1,310)	285

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 25 June 2024 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	2025 Budget	2025 Actual	2025 ----- Variance -----	
Revenues				
Rates and annual charges	5,528	5,419	(109)	(2)% U
User charges and fees Increase is largely attributable to an increase in water user charges	1,221	1,389	168	14% F
Other revenues	43	165	122	284% F
Operating grants and contributions Decrease is largely attributable to a reduction in Financial assistance funding received during the period	8,402	6,964	(1,438)	(17)% U
Capital grants and contributions Increase is due to the allocation to Council of additional pool replacement capital grant funding	4,620	5,265	645	14% F
Interest and investment revenue	506	708	202	40% F
Net gains from disposal of assets	–	–	–	∞ F
Other income Increase over budget is due to leased property income incorrectly classified as user fees in adopted budget	21	102	81	386% F
Expenses				
Employee benefits and on-costs	5,833	5,767	66	1% F
Materials and services Increase is due to additional maintenance works not planned at budget time being required.	5,332	6,812	(1,480)	(28)% U
Borrowing costs Reduction is due to Council being allocated additional capital funding for the pool replacement which resulted in Council not having to borrow funds in 2024/2025	164	72	92	56% F
Depreciation, amortisation and impairment of non-financial assets Variance is due to an under estimation of depreciation expenses in the budget as well as the effect of increasing replacement values on calculations.	4,162	5,133	(971)	(23)% U
Other expenses	297	287	10	3% F
Net losses from disposal of assets Increase is due to Council not providing for infrastructure asset write offs in the budget	–	1,310	(1,310)	∞ U

B5-1 Material budget variations (continued)

\$ '000	2025 Budget	2025 Actual	2025 ----- Variance -----	
Statement of cash flows				
Cash flows from operating activities	8,544	7,468	(1,076)	(13)% U
Reduction is largely attributable to Council receiving less than 70% of its financial assistance grant in the period				
Cash flows from investing activities	(11,874)	(7,910)	3,964	(33)% F
Reduction is caused by deferral of pool replacement works which was budgeted to be completed in 2024/2025				
Cash flows from financing activities	(262)	(262)	–	0% F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2025	2024
Cash assets		
Cash on hand and at bank	10,831	8,818
Cash equivalent assets		
– Short-term deposits	10,690	13,407
Total cash and cash equivalents	21,521	22,225
Reconciliation of cash and cash equivalents		
Total cash and cash equivalents per Statement of Financial Position	21,521	22,225
Balance as per the Statement of Cash Flows	21,521	22,225

C1-2 Restricted and allocated cash, cash equivalents and investments

\$ '000	2025	2024
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	21,521	22,225
Less: Externally restricted cash, cash equivalents and investments	(10,410)	(11,089)
Cash, cash equivalents and investments not subject to external restrictions	11,111	11,136

External restrictions

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

Water fund	3,051	3,445
Sewer fund	2,883	3,086
Specific purpose unexpended grants – general fund	4,476	4,558
External restrictions	10,410	11,089
Total external restrictions	10,410	11,089

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	2025	2024
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(b) Internal allocations

Internal allocations

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

Plant and vehicle replacement	284	284
Infrastructure replacement	1,214	1,248
Employees leave entitlement	670	670
Carry over works	–	321
Deposits, retentions and bonds	54	20
Waste	–	100
Aerodrome	52	32
Computer replacement	32	32
Financial Assistance Grants	2,402	3,882
HACC reserve	459	415
Land development	61	61
LEP - Local Environment Plan	4	4
Levee bank	625	525
Library	14	14
Community Projects	570	370
Youth	3	3
Swimming Pool	6	6
Total internal allocations	6,450	7,987

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

C1-3 Receivables

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Rates and annual charges	731	—	674	—
Interest and extra charges	114	—	99	—
User charges and fees	264	—	158	—
Private works	—	—	4	—
Accrued Interest on investments	51	—	76	—
Other income accruals	—	—	151	—
Government grants and subsidies	1,591	—	1,653	—
Net GST receivable	224	—	266	—
Total	2,975	—	3,081	—
Total net receivables	2,975	—	3,081	—

Material accounting policy information

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.

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	2025 Current	2025 Non-current	2024 Current	2024 Non-current
(i) Inventories at cost				
Real estate for resale	200	–	199	–
Stores and materials	77	–	91	–
Total inventories at cost	277	–	290	–
Total inventories	277	–	290	–

(i) Other disclosures

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
(a) Details for real estate development				
Residential	200	–	199	–
Total real estate for resale	200	–	199	–
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	200	–	199	–
Total costs	200	–	199	–
Total real estate for resale	200	–	199	–
Movements:				
Real estate assets at beginning of the year	199	–	51	–
– Purchases and other costs	1	–	148	–
Total real estate for resale	200	–	199	–

Material accounting policy information

Raw materials and stores, work in progress and finished goods

Costs are assigned to individual items of inventory on the basis of weighted average costs.

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 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2024			Asset movements during the reporting period								At 30 June 2025		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and 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	2,641	–	2,641	2,185	–	–	–	(2,641)	–	–	–	2,185	–	2,185
Plant and equipment	11,229	(6,555)	4,674	–	587	(17)	(668)	–	116	–	–	11,696	(7,004)	4,692
Office equipment	874	(637)	237	–	–	–	(183)	–	–	–	–	874	(820)	54
Furniture and fittings	601	(285)	316	–	–	–	(61)	–	–	–	–	601	(346)	255
Land:														
– Operational land	1,784	–	1,784	–	–	–	–	–	–	–	982	2,766	–	2,766
– Community land	3,281	–	3,281	–	–	–	–	–	–	–	–	3,281	–	3,281
Land improvements – depreciable	281	(38)	243	6	–	–	(20)	–	–	–	–	287	(58)	229
Infrastructure:														
– Buildings – non-specialised	1,722	(274)	1,448	–	–	–	(43)	–	–	–	615	2,369	(349)	2,020
– Buildings – specialised	40,811	(13,972)	26,839	848	279	–	(491)	294	–	–	403	44,532	(16,360)	28,172
– Other structures	19,291	(7,747)	11,544	255	–	(1,145)	(461)	226	–	–	485	17,047	(6,143)	10,904
– Roads, bridges and footpaths	133,353	(29,059)	104,294	3,156	–	(143)	(1,989)	2,121	–	–	23,787	157,506	(26,280)	131,226
– Stormwater drainage	22,900	(9,894)	13,006	101	–	(171)	(240)	–	–	–	1,122	23,356	(9,538)	13,818
– Water supply network	31,047	(11,079)	19,968	485	–	–	(416)	–	–	–	501	32,320	(11,782)	20,538
– Sewerage network	29,360	(6,567)	22,793	128	–	–	(434)	–	–	–	562	30,225	(7,176)	23,049
Other assets:														
– Other	9,100	(3,055)	6,045	35	–	–	(103)	–	–	–	207	9,472	(3,288)	6,184
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Quarry assets	113	(15)	98	–	–	–	(9)	–	–	12	–	126	(25)	101
– Tip assets	357	(265)	92	–	–	–	(15)	–	–	161	–	518	(280)	238
Total infrastructure, property, plant and equipment	308,745	(89,442)	219,303	7,199	866	(1,476)	(5,133)	–	116	173	28,664	339,161	(89,449)	249,712

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

C1-5 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period							At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals 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	1,452	–	1,452	2,024	226	–	–	(1,061)	–	–	2,641	–	2,641
Plant and equipment	9,513	(7,014)	2,499	–	2,816	(116)	(525)	–	–	–	11,229	(6,555)	4,674
Office equipment	836	(625)	211	–	38	–	(12)	–	–	–	874	(637)	237
Furniture and fittings	478	(263)	215	–	123	–	(23)	–	–	–	601	(285)	316
Land:													
– Operational land	1,784	–	1,784	–	–	–	–	–	–	–	1,784	–	1,784
– Community land	3,285	–	3,285	–	–	–	–	–	–	–	3,281	–	3,281
Land improvements – depreciable	109	(32)	77	172	–	–	(9)	–	–	–	281	(38)	243
Infrastructure:													
– Buildings – non-specialised	1,666	(274)	1,392	21	–	–	(42)	–	–	76	1,722	(274)	1,448
– Buildings – specialised	37,770	(13,070)	24,700	39	587	–	(483)	436	–	1,560	40,811	(13,972)	26,839
– Other structures	17,516	(7,069)	10,447	14	288	–	(470)	625	–	641	19,291	(7,747)	11,544
– Roads, Bridges and Footpaths	126,315	(25,825)	100,490	1,781	–	–	(1,871)	–	–	3,894	133,353	(29,059)	104,294
– Stormwater drainage	21,991	(9,301)	12,690	25	–	–	(231)	–	–	522	22,900	(9,894)	13,006
– Water supply network	30,167	(11,570)	18,597	252	–	–	(396)	–	–	1,515	31,047	(11,079)	19,968
– Sewerage network	26,943	(6,266)	20,677	307	–	–	(390)	–	–	2,199	29,360	(6,567)	22,793
Other assets:													
– Other	8,608	(2,822)	5,786	–	–	–	(97)	–	–	355	9,100	(3,055)	6,045
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	389	(241)	148	–	–	–	(23)	–	(32)	–	357	(265)	92
– Quarry assets	124	(8)	116	–	–	–	(7)	–	(11)	–	113	(15)	98
Total infrastructure, property, plant and equipment	288,946	(84,380)	204,566	4,635	4,078	(116)	(4,579)	–	(43)	10,762	308,745	(89,442)	219,303

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

C1-5 Infrastructure, property, plant and equipment (continued)

Material accounting policy information

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 Climate Change, Energy, the Environment and Water (DCCEEW) .

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.

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.

C1-5 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".

C2 Leasing activities

C2-1 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)

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

\$ '000	2025	2024
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(i) 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 C1-5.

Lease income (excluding variable lease payments not dependent on an index or rate)	102	110
Total income relating to operating leases for Council assets	102	110

Amount of IPPE leased out by Council under operating leases

Buildings	5,682	4,916
Total amount of IPPE leased out by Council under operating leases	5,682	4,916

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

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

< 1 year	104	112
1–2 years	106	114
2–3 years	108	116
3–4 years	110	119
4–5 years	113	122
> 5 years	116	125
Total undiscounted lease payments to be received	657	708

(b) Finance leases

Council has sub-leased some properties which are on Crown land to community organisations.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Goods and services – operating expenditure	1,031	–	1,498	–
Accrued expenses:				
– Borrowings	8	–	9	–
– Salaries and wages	114	–	92	–
– Other expenditure accruals	–	–	37	–
Security bonds, deposits and retentions	190	–	98	–
Other	1	–	36	–
Prepaid rates	173	–	188	–
Total payables	1,517	–	1,958	–

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

Nil

Material accounting policy information

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	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	1,822	–	766	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	249	–	435	–
Total grants received in advance		2,071	–	1,201	–
Total contract liabilities		2,071	–	1,201	–

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.

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

\$ '000	2025	2024
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	496	1,951
Operating grants (received prior to performance obligation being satisfied)	425	4,215
Capital contributions (to construct Council controlled assets)	–	–
Operating contributions (received prior to performance obligation being satisfied)	–	–
Total revenue recognised that was included in the contract liability balance at the beginning of the period	921	6,166

Significant changes in contract liabilities

During the year Council was able to slightly reduce its contract liabilities. The large portion of the balance at year end is in relation to the pool replacement program.

C3-3 Borrowings

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Loans – secured ¹	273	809	262	1,082
Total borrowings	273	809	262	1,082

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

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

(a) Changes in liabilities arising from financing activities

\$ '000	2024 Opening Balance	Cash flows	2025 Closing balance
Loans – secured	1,344	(262)	1,082
Total liabilities from financing activities	1,344	(262)	1,082

\$ '000	2023 Opening Balance	Cash flows	2024 Closing balance
Loans – secured	1,597	(253)	1,344
Total liabilities from financing activities	1,597	(253)	1,344

(b) Financing arrangements

\$ '000	2025	2024
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Total facilities

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

Credit cards/purchase cards

	15	15
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Total financing arrangements

	15	15
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Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards

	11	–
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Total drawn financing arrangements

	11	–
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Undrawn facilities

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

– Credit cards/purchase cards

	4	15
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Total undrawn financing arrangements

	4	15
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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.

C3-4 Employee benefit provisions

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Annual leave	512	–	442	–
Sick leave	280	–	276	–
Long service leave	905	79	962	84
Employee leave entitlements on-costs	158	–	151	–
Total employee benefit provisions	1,855	79	1,831	84

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

\$ '000	2025	2024
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,392	1,113
	1,392	1,113

Material accounting policy information

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.

C3-5 Provisions

\$ '000	2025 Current	2025 Non-Current	2024 Current	2024 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	723	–	526
Total provisions	–	723	–	526

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2025		
At beginning of year	526	526
Unwinding of discount	23	23
Remeasurement effects	174	174
Total other provisions at end of year	723	723
2024		
At beginning of year	553	553
Unwinding of discount	15	15
Remeasurement effects	(42)	(42)
Total other provisions at end of year	526	526

Nature and purpose of provisions

Asset remediation

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

Material accounting policy information

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

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

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

Asset remediation – tips and quarries

Asset remediation

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

Restoration

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

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

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

C3-5 Provisions (continued)

rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation Surplus

The infrastructure, property, plant and equipment (IPPE) revaluation surplus 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 2025	Water 2025	Sewer 2025
Income from continuing operations			
Rates and annual charges	3,535	810	1,074
User charges and fees	656	659	74
Interest and investment revenue	527	74	107
Other revenues	165	—	—
Grants and contributions provided for operating purposes	6,808	156	—
Grants and contributions provided for capital purposes	5,265	—	—
Other income	102	—	—
Total income from continuing operations	17,058	1,699	1,255
Expenses from continuing operations			
Employee benefits and on-costs	5,334	297	136
Materials and services	4,691	1,107	1,014
Borrowing costs	53	—	19
Other expenses	287	—	—
Net losses from the disposal of assets	1,310	—	—
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	11,675	1,404	1,169
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	5,383	295	86
Depreciation, amortisation and impairment of non-financial assets	4,271	419	443
Operating result from continuing operations	1,112	(124)	(357)
Net operating result for the year	1,112	(124)	(357)
Net operating result attributable to each council fund	1,112	(124)	(357)
Net operating result for the year before grants and contributions provided for capital purposes	(4,153)	(124)	(357)

D1-2 Statement of Financial Position by fund

\$ '000	General 2025	Water 2025	Sewer 2025
ASSETS			
Current assets			
Cash and cash equivalents	15,587	3,051	2,883
Receivables	2,346	443	186
Inventories	277	—	—
Other	162	—	—
Total current assets	18,372	3,494	3,069
Non-current assets			
Infrastructure, property, plant and equipment	204,581	21,061	24,070
Total non-current assets	204,581	21,061	24,070
Total assets	222,953	24,555	27,139
LIABILITIES			
Current liabilities			
Payables	1,461	51	5
Contract liabilities	2,071	—	—
Borrowings	140	—	133
Employee benefit provision	1,855	—	—
Total current liabilities	5,527	51	138
Non-current liabilities			
Borrowings	457	—	352
Employee benefit provision	79	—	—
Provisions	723	—	—
Total non-current liabilities	1,259	—	352
Total liabilities	6,786	51	490
Net assets	216,167	24,504	26,649
EQUITY			
Accumulated surplus	64,574	7,126	14,317
Revaluation surplus	151,593	17,378	12,332
Council equity interest	216,167	24,504	26,649
Total equity	216,167	24,504	26,649

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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 team under policies approved by the Council.

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

The risks associated with the financial instruments held are:

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

(a) Market risk – interest rate

\$ '000	2025	2024
The impact on the result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	107	134

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

(b) Credit risk

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

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

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

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

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
2025				
Gross carrying amount	–	728	3	731
2024				
Gross carrying amount	–	658	16	674

Receivables - non-rates and annual charges

Council applies the simplified approach for non-rates and annual charges debtors 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 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	0 - 30 days	Overdue debts 31 - 60 days	61 - 90 days	> 91 days	Total
2025						
Gross carrying amount	1,008	22	34	184	996	2,244
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2024						
Gross carrying amount	1,923	10	81	162	231	2,407
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
2025							
Payables	0.00%	190	1,327	–	–	1,517	1,517
Borrowings	3.88%	–	312	862	–	1,174	1,082
Total financial liabilities		190	1,639	862	–	2,691	2,599
2024							
Payables	0.00%	98	1,860	–	–	1,958	1,958
Borrowings	3.86%	–	312	1,174	–	1,486	1,344
Total financial liabilities		98	2,172	1,174	–	3,444	3,302

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

All assets and liabilities measured at fair value are 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	
		2025	2024	2025	2024	2025	2024	2025	2024
Recurring fair value measurements									
Infrastructure, property, plant and equipment	C1-5								
Plant and equipment		30/06/25	30/06/24	–	–	4,692	4,674	4,692	4,674
Office equipment		30/06/25	30/06/24	–	–	54	237	54	237
Furniture and fittings		30/06/25	30/06/24	–	–	255	316	255	316
Operational land		30/06/25	30/06/24	2,766	1,784	–	–	2,766	1,784
Community land		30/06/25	30/06/24	–	–	3,282	3,281	3,282	3,281
Land improvements depreciable		30/06/25	30/06/24	–	–	229	243	229	243
Buildings – non-specialised		30/06/25	30/06/24	2,020	1,448	–	–	2,020	1,448
Buildings specialised		30/06/25	30/06/24	–	–	28,170	26,839	28,170	26,839
Other structures		30/06/25	30/06/24	–	–	10,903	11,544	10,903	11,544
Roads bridges and footpaths		30/06/25	30/06/24	–	–	131,226	104,294	131,226	104,294
Stormwater drainage		30/06/25	30/06/24	–	–	13,819	13,006	13,819	13,006
Water supply network		30/06/25	30/06/24	–	–	20,539	19,968	20,539	19,968
Sewer network		30/06/25	30/06/24	–	–	23,049	22,793	23,049	22,793
Other assets		30/06/25	30/06/24	–	–	6,184	6,045	6,184	6,045
Tip assets		30/06/25	30/06/24	–	–	239	98	239	98
Quarry Assets		30/06/25	30/06/24	–	–	100	92	100	92
Total infrastructure, property, plant and equipment				4,786	3,232	242,741	213,430	247,527	216,662

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:

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 2025. 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.

Buildings – non-specialised and specialised

Council engaged APV Asset Valuers and Asset Management to value all buildings in 2025. The valuation methodology adopted was dependent on whether a market exists to substantiate the value of the asset.

E2-1 Fair value measurement (continued)

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. As non-specialised buildings are valued at market that asset class has been classified as Level 2. 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 and indexed in 2025 by APV valuers.

Roads, bridges and footpaths

Roads including all road assets, Bridges and Footpaths were comprehensively valued in 2025 by APV. 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.

Stormwater Drainage infrastructure

Assets within this class comprise pits and pipes. All assets were comprehensively revalued in 2025 by APV.

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 2024.

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 2024.

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

E2-1 Fair value measurement (continued)

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.

A desktop revaluation was undertaken in 2025 by APV valuers.

Fair value measurements using significant unobservable inputs (level 3)

The valuation processes have been described above.

Management determines who will undertake the valuations.

The level 3 valuations are reviewed by councils assets and finance staff post valuation.

Assets are valued by external valuers appointed by council.

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

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

\$ '000	Fair value (30/6/25) 2025	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Plant and equipment, office equipment, furniture & fittings	5,001	Depreciated cost used to approximate fair value.	Gross replacement cost, useful life and residual value.
Community Land	3,282	Market Approach.	Land value & area.
Land improvements depreciable	229	Replacement cost approach.	Asset condition & remaining lives.
Building specialised	28,170	Replacement cost approach.	Asset condition & remaining lives.
Other structures	10,903	Replacement cost approach.	Asset condition & remaining lives.
Roads, bridges, footpaths	131,226	Replacement cost approach.	Asset condition & remaining lives.
Water supply network	20,539	Replacement cost approach.	Asset condition & remaining lives.
Sewerage network	23,049	Replacement cost approach.	Asset condition & remaining lives.
Tip asset	100	Depreciated cost used to approximate fair value.	Discounted Future Cash Flow, remaining life, remediation cost estimates
Stormwater	13,819	Replacement cost approach.	Asset condition & remaining lives.
Swimming pools	–	Replacement cost approach.	Asset condition & remaining lives.
Other assets	6,184	Replacement cost approach.	Asset condition & remaining lives.
Quarry Assets	239	Depreciated cost used to approximate fair value.	Discounted Future Cash Flow, remaining life, remediation cost estimates

E2-1 Fair value measurement (continued)

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

\$ '000	Community Land		Land improve- ments depreciable		Building specialised		Roads, bridges, footpaths	
	2025	2024	2025	2024	2025	2024	2025	2024
Opening balance	3,281	3,285	243	77	26,839	24,700	104,294	100,490
Transfers from/(to) another asset class	–	–	–	–	294	436	2,121	–
Purchases (GBV)	–	–	6	172	1,127	626	3,156	1,781
Disposals (WDV)	–	–	–	–	–	–	(143)	–
Depreciation and impairment	–	–	(20)	(9)	(491)	(483)	(1,989)	(1,871)
Revaluation	–	–	–	–	403	1,560	23,787	3,894
Rounding adjustment	1	(4)	–	3	(2)	–	–	–
Closing balance	3,282	3,281	229	243	28,170	26,839	131,226	104,294

\$ '000	Other structures		Water supply network		Sewerage network		Stormwater	
	2025	2024	2025	2024	2025	2024	2025	2024
Opening balance	11,544	10,447	19,968	18,597	22,793	20,677	13,006	12,690
Transfers from/(to) another asset class	226	625	–	–	–	–	–	–
Purchases (GBV)	255	302	485	252	128	307	101	25
Disposals (WDV)	(1,145)	–	–	–	–	–	(171)	–
Depreciation and impairment	(461)	(470)	(416)	(396)	(434)	(390)	(240)	(231)
Revaluation	485	641	501	1,515	562	2,199	1,122	522
Rounding adjustment	(1)	(1)	1	–	–	–	1	–
Closing balance	10,903	11,544	20,539	19,968	23,049	22,793	13,819	13,006

\$ '000	Other assets		Tip asset		Quarry Assets		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Opening balance	6,045	5,786	92	148	98	116	208,203	197,013
Transfers from/(to) another asset class	–	–	–	–	–	–	2,641	1,061
Purchases (GBV)	35	–	–	–	–	–	5,293	3,465
Disposals (WDV)	–	–	–	–	–	–	(1,459)	–
Depreciation and impairment	(103)	(97)	(15)	(23)	(9)	(7)	(4,178)	(3,977)
Revaluation	207	355	161	(32)	12	(11)	27,240	10,643
Rounding adjustment	–	1	1	(1)	(1)	–	–	(2)
Closing balance	6,184	6,045	239	92	100	98	237,740	208,203

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 Vision Super (Active Super merged with Vision Super during the financial year ended 2025) – 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 formula 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 9.0% of salaries for the year ended 30 June 2025 (increasing to 9.5% 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. Given the funding position of the Fund as at 30 June 2024, it was recommended to cease these past service contributions effective 1 January 2025.

The adequacy of contributions is assessed at each actuarial investigation which will be conducted annually, the next of which is due effective 30 June 2025.

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.

E3-1 Contingencies (continued)

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ended 30 June 2025 was \$ 87,287.25.

Based on the July 2025 invoice issued and the outstanding Past Service Liability contribution as at 30 June 2025, the anticipated employer defined benefit contributions for the 2025/26 year is \$24,377.09. This includes your Past Service Liability credit of \$3,119.04 and outstanding regular contributions of \$1,100.57.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2025 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,197.6	
Past Service Liabilities	2,092.0	105.0%
Vested Benefits	2,130.4	103.2%

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

In respect of the share of funding surplus or deficit, Mercer has advised that 0.20% can be attributed to Hay Shire Council. This is based on the last formal valuation of the Fund which was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2024.

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	2.5% 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.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2025.

(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.

E3-1 Contingencies (continued)

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

(iv) Other guarantees

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

2. Other liabilities

(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)

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

\$ '000	2025	2024
Compensation:		
Short-term benefits	1,103	979
Post-employment benefits	67	59
Other long-term benefits	42	34
Total	1,212	1,072

Other transactions with KMP and their related parties

Nature of the transaction		Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref					
2025						
Plant equipment and facilities hire	2	19	–	30 day terms on invoices	–	–
Reimbursement of plant hire expenses	3	3	–	30 day terms on invoices	–	–
2024						
Electrical maintenance work	1	40	–	30 day terms on invoices	–	–
Plant equipment and facilities hire	2	138	–	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.
- 3 This expenditure relates to plant hire from a company of which a staff member has an interest.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2025	2024
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	23	19
Councillors' fees	94	90
Other Councillors' expenses (including Mayor)	77	29
Total	194	138

F2 Other relationships

F2-1 Audit fees

\$ '000	2025	2024
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	65	63
Remuneration for audit and other assurance services	65	63
Total Auditor-General remuneration	65	63
(ii) Non-assurance services		
Other	—	—
Total audit fees	65	63

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result to cash provided from operating activities

\$ '000	2025	2024
Net operating result from Income Statement	631	8,462
Add / (less) non-cash items:		
Depreciation and amortisation	5,133	4,529
(Gain) / loss on disposal of assets	1,310	(285)
Non-cash capital grants and contributions	(279)	—
Unwinding of discount rates on reinstatement provisions	23	15
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	106	(643)
(Increase) / decrease of inventories	14	11
(Increase) / decrease of prepayments	(92)	(41)
Increase / (decrease) in payables	(467)	734
Increase / (decrease) in accrued interest payable	(1)	(1)
Increase / (decrease) in other accrued expenses payable	(15)	(139)
Increase / (decrease) in other liabilities	42	78
Increase / (decrease) in contract liabilities	870	(4,965)
Increase / (decrease) in employee benefit provision	19	349
Increase / (decrease) in other provisions	174	(42)
Net cash flows from operating activities	7,468	8,062

(b) Non-cash investing and financing activities

RFS equipment	279	—
Total non-cash investing and financing activities	279	—

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2025	2024
---------	------	------

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

Property, plant and equipment

Stronger Country Projects	–	99
Swimming Pool replacement	5,553	5,964
Budgee Creek Bridge	–	345
Fixing Local Roads Round 4	–	91
Boating Now	18	–
Hydrotherapy Pool	–	300
Nimmie Creek Bridge	–	2,134
Pimper Creek Bridge	–	200
MRF Facility	–	273
Total commitments	5,571	9,406

These expenditures are payable as follows:

Within the next year	5,571	9,406
Total payable	5,571	9,406

Sources for funding of capital commitments:

Unrestricted general funds	–	2,995
Grants	5,571	6,411
Total sources of funding	5,571	9,406

Details of capital commitments

The commitments relate to the following projects: Swimming Pool Replacement, Boating now sandy point upgrade

G3-1 Events occurring after the reporting date

Council has not identified any material or significant 'non-adjusting events' that should be disclosed.

End of the audited financial statements



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 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of the Division
 - are, in all material respects, consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2025, 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 2025 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.

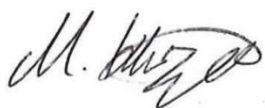
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

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.



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 October 2025
SYDNEY



Cr Carol Oataway
Mayor
Hay Shire Council
PO Box 141
Hay NSW 2711

Contact: Michael Kharzoo
Phone no: 02 9275 7188
Our ref: R008-1981756498-6379

29 October 2025

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2025
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 2025 as required by section 415 of the *Local Government Act 1993* (the Act).

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

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

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2025 is issued in accordance with section 417 of the Act. The Report:

- must address the specific matters outlined in the Local Government Code of Accounting Practice and Financial Reporting 2024-25
- may include statements, comments and recommendations that I consider to be appropriate based on the conduct of the audit of the GPFS.

This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Financial performance

	2025	2024	Variance
	\$m	\$m	%
Rates and annual charges revenue	5.4	5.0	8.0
Grants and contributions provided for operating purposes revenue	7.0	12.2	42.6
Grants and contributions provided for capital purposes revenue	5.3	6.2	14.5
Operating result from continuing operations	0.6	8.5	92.9
Net Operating result for the year before grants and contributions provided for capital purposes	(4.6)	2.2	309.1

Operating result from continuing operations

This graph shows the operating result from continuing operations for the current and prior two financial years.

Council's operating result from continuing operations for the year was \$7.9 million lower than the 2023–24 result.

In 2024–25:

- Operating grant and contributions decreased by \$5.2 million (42.9 per cent) due to a one off transport grant (\$4.3 million reduction) which was received in the 2023–24 period and also the economic development programs which were allocated after COVID finished in the 2023–24 year (\$1.0 million reduction), further detail on grants below.
- Depreciation, amortisation and impairment of non-financial assets expense (\$5.1 million) increased by \$0.6 million (13.3 per cent) due to revaluation increments applied in the prior



period which caused depreciation increases in the current period.

- A net loss from the disposal of assets was also recorded this year, predominately caused by the write-off of the pool asset which is being replaced currently.

The net operating result for the year before grants and contributions provided for capital purposes was negative \$4.6 million. Refer to 'Grants and contributions revenue' below for details.

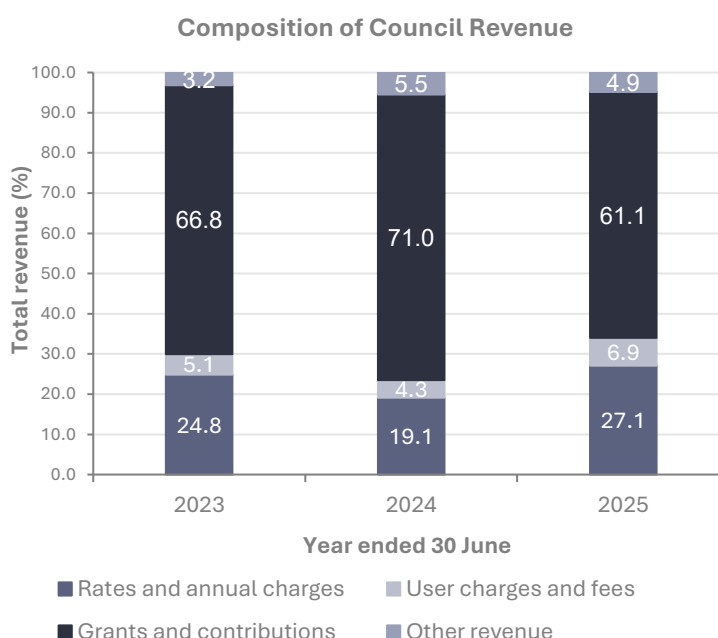
Income

Council revenue

This graph shows the composition of Council's revenue recognised for the current and prior two financial years.

Council revenue (\$20.0 million) decreased by \$5.9 million (22.8 per cent) in 2024–25 due to:

- grants and contributions revenue (\$12.2 million) which decreased by \$6.2 million (33.7 per cent) – see additional details below.
- rates and annual charges revenue (\$5.4 million) which increased by \$0.4 million (8.0 per cent) due to rate peg increase of 4.5% per cent and an increase in annual charges of \$0.3 million (12.5 per cent) due to a new charge for waste services which is to cover the new three bin waste collection service.
- user charges and fees revenue (\$1.4 million) which increased by \$0.3 million (27.3 per cent) due mainly to increased water supply user charges of \$136 thousand in the current period due to a long dry end to the summer period and increased recycling fees of \$75 thousand.

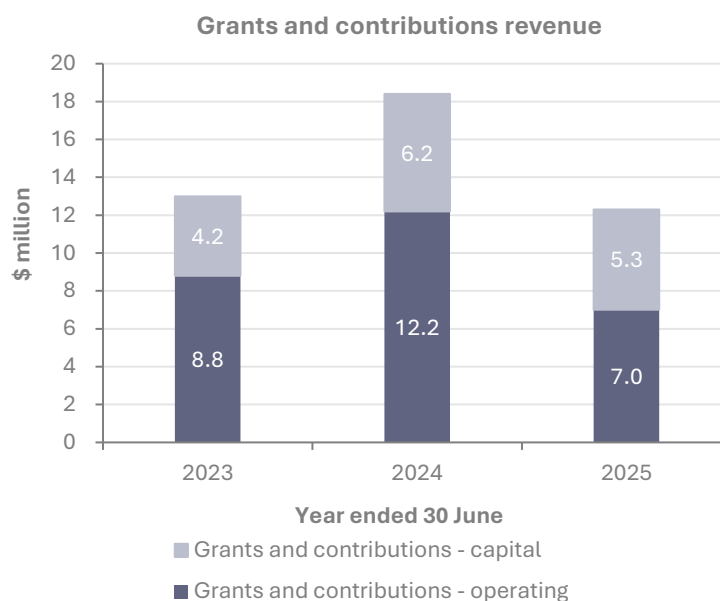


Grants and contributions revenue

This graph shows the amount of grants and contributions revenue recognised for the current and prior two financial years.

Grants and contributions revenue (\$12.3 million) decreased by \$6.1 million (33.2 per cent) in 2024–25 due to:

- operating grant and contributions decreased by \$5.2 million (42.6 per cent) due to a one-off transport grant (\$4.3 million reduction) received in the 2023-24 period and also the economic development programs which were allocated after COVID finished in the 2023-24 year (\$1.0 million reduction).
- receiving only 50 per cent of the financial assistance grants for 2025-26 in advance (85 per cent for 2024-25).



CASH FLOWS

Statement of cash flows

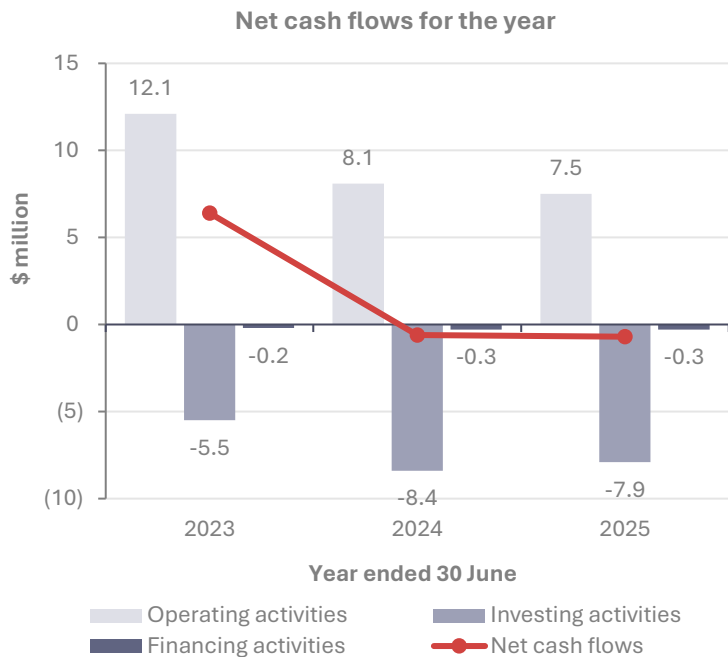
The Statement of Cash Flows details the Council's inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating in a financially sustainable manner.

This graph shows the net cash flows for the current and prior two financial years.

The net cash flows for the year were negative \$0.7 million (negative \$0.6 million in 2023-24).

In 2024-25 the net cashflows:

- from operating activities decreased by \$0.6 million, mainly due to an increase in payments for materials and services
- used in investing activities decreased by \$0.5 million, mainly due to reduced expenditure on infrastructure, property, plant and equipment in the current period, which is in line with the expenditure incurred for asset renewals and additions
- used in financing activities did not change between the period, mainly due to consistent repayment of borrowings held by the Council.



FINANCIAL POSITION

Cash, cash equivalents and investments

This section of the Report provides details of the amount of cash, cash equivalents and investments recorded by the Council at 30 June 2025.

Cash, cash equivalents and investments	2025	2024	Percentage of total cash and investments 2025	Commentary
	\$m	\$m	%	
Total cash, cash equivalents and investments	21.5	22.2		Externally restricted balances are those which are only available for specific use due to a restriction placed by legislation or third-party contract. A breakdown of the sources of externally restricted balances is included in the graph below.
Restricted and allocated cash, cash equivalents and investments:				Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	10.4	11.1	48.4	Total cash, cash equivalents and investments balance has remained steady from the previous year.
• Internal allocations	6.5	8.0	30.2	

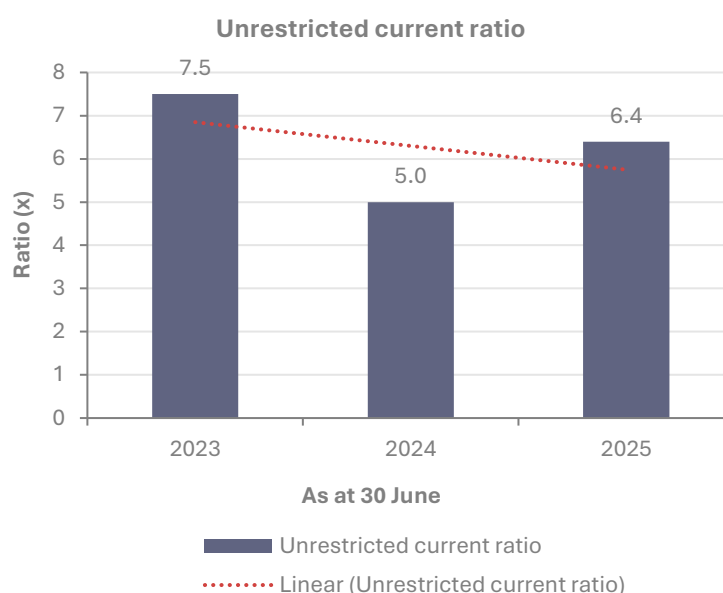
Council liquidity

This graph shows the Council's unrestricted current ratio for the current and prior two financial years.

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 ratio measures the ratio of unrestricted current assets to current liabilities, excluding specific purpose liabilities.

Council's unrestricted current ratio was 6.4x in the current year, which was an improvement from the prior year.

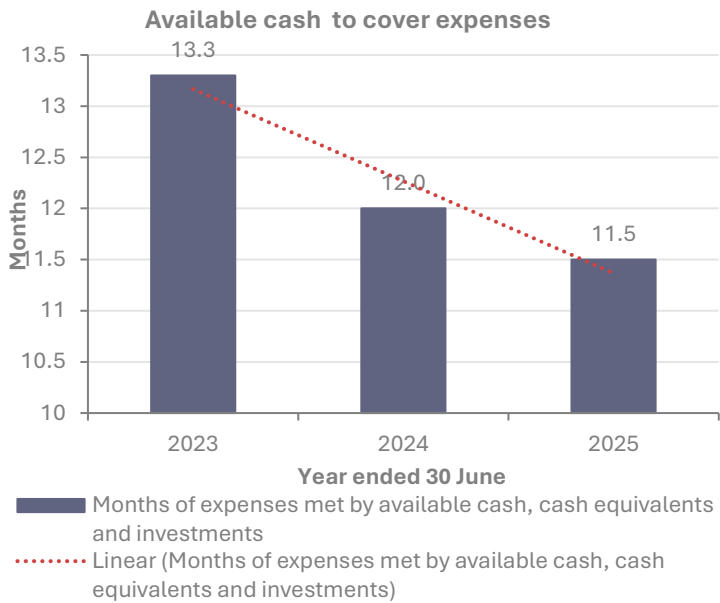
In 2023-24, the average unrestricted current ratio was an average of 5.6x for rural councils.



This graph shows the number of months of general fund expenses (excluding depreciation and borrowing costs), Council can fund from its available cash, cash equivalents and investments (not subject to external restrictions).

Further details on cash, cash equivalents and investments including the sources of external restrictions are included in the section above.

Over the three years being reported, the ratio has slightly decreased, which is mainly due to the increased costs incurred by Council over this period.

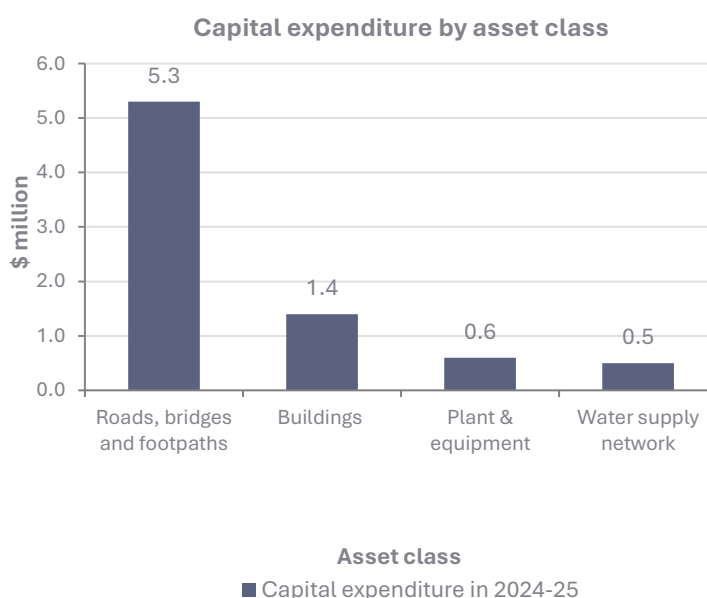


Infrastructure, property, plant and equipment

This graph shows how much the Council spent on renewing and purchasing assets in 2024-25.

Council renewed \$7.2 million of infrastructure, property, plant and equipment during the 2024-25 financial year. This was mainly spent on roads and buildings, completing replacements as required and in line with asset renewal budgets.

A further \$866 thousand was spent on new assets including \$587 thousand on new plant and equipment made up of \$157 thousand on the recyclables sorting plant and \$429 thousand on new vehicles.



Debt

The table below provides an overview of the Council's loans and committed borrowing facilities.

Committed borrowing facilities are an element of liquidity management and include bank overdrafts, and credit cards.

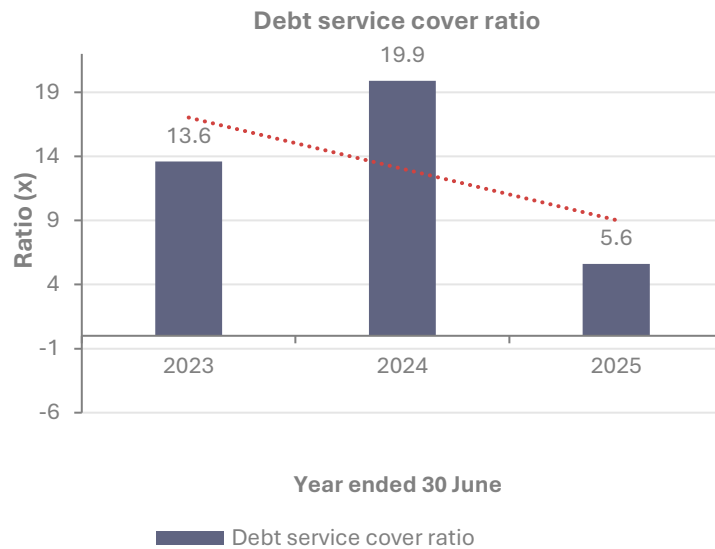
Debt	2025	2024	Commentary
	\$'000	\$'000	
Loans	1,082	1,344	There have been no additional loans entered into by the Council in the current period and the movement between the period is due to the scheduled repayments made by the Council.
Credit card facility	15	15	The Council has not changed their credit card facility during the year, there is only one card held by the Council which is consistent with the prior period. The variance between the period is due to the timing of the clearance payment by the bank.
Amount used	11	-	

Debt service cover

This graph shows the Council's debt service cover ratio for the current and prior two financial years.

The debt service cover ratio measures the operating cash to service debt including interest, principal and lease payments.

The ratio has had a significant decrease in the current period due to the Council recording a much lower net operating profit before grants and contributions provided for capital purposes due predominately to reduced grant funding compared to the prior period. Further commentary related to the movements of grants and contributions is included in the grants and contributions analysis above.



Michael Kharzoo
Director – Financial Audit

Delegate of the Auditor-General

Hay Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2025



Special Purpose Financial Statements

for the year ended 30 June 2025

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Background

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

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

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

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

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

Hay Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2025

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:

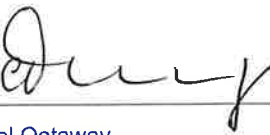
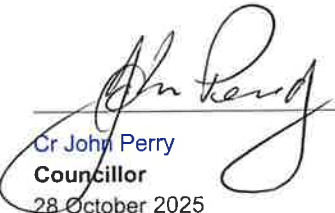
- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Climate Change, Energy, the Environment and Water's (DCCEE) *Regulatory and assurance framework for local water utilities, July 2022*

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 28 October 2025.


Cr Carol Oataway
Mayor
28 October 2025
Cr John Perry
Councillor
28 October 2025
David Webb
General Manager
28 October 2025
Mark Dowling
Responsible Accounting Officer
28 October 2025

Hay Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2025

\$ '000	2025	2024
Income from continuing operations		
Access charges	810	763
User charges	659	521
Interest and investment income	74	56
Grants and contributions provided for operating purposes	156	52
Total income from continuing operations	1,699	1,392
Expenses from continuing operations		
Employee benefits and on-costs	297	232
Materials and services	1,069	799
Depreciation, amortisation and impairment	419	399
Water purchase charges	38	34
Total expenses from continuing operations	1,823	1,464
Surplus (deficit) from continuing operations before capital amounts	(124)	(72)
Grants and contributions provided for capital purposes	–	248
Surplus (deficit) from continuing operations after capital amounts	(124)	176
Surplus (deficit) from all operations before tax	(124)	176
Surplus (deficit) after tax	(124)	176
Plus accumulated surplus	7,250	7,074
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	7,126	7,250
Return on capital %	(0.6)%	(0.4)%
Subsidy from Council	1,000	944
Calculation of dividend payable:		
Surplus (deficit) after tax	(124)	176
Less: capital grants and contributions (excluding developer contributions)	–	(248)
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 2025

\$ '000	2025	2024
Income from continuing operations		
Access charges	1,074	1,015
User charges	74	51
Interest and investment income	107	82
Grants and contributions provided for operating purposes	–	31
Total income from continuing operations	1,255	1,179
Expenses from continuing operations		
Employee benefits and on-costs	136	148
Borrowing costs	19	22
Materials and services	1,014	513
Depreciation, amortisation and impairment	443	412
Total expenses from continuing operations	1,612	1,095
Surplus (deficit) from continuing operations before capital amounts	(357)	84
Surplus (deficit) from continuing operations after capital amounts	(357)	84
Surplus (deficit) from all operations before tax	(357)	84
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(21)
Surplus (deficit) after tax	(357)	63
Plus accumulated surplus	14,674	14,590
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	–	21
Closing accumulated surplus	14,317	14,674
Return on capital %	(1.4)%	0.5%
Subsidy from Council	1,339	907
Calculation of dividend payable:		
Surplus (deficit) after tax	(357)	63
Surplus for dividend calculation purposes	–	63
Potential dividend calculated from surplus	–	32

Hay Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2025

\$ '000	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	3,051	3,445
Receivables	443	386
Total current assets	3,494	3,831
Non-current assets		
Infrastructure, property, plant and equipment	21,061	20,269
Total non-current assets	21,061	20,269
Total assets	24,555	24,100
LIABILITIES		
Current liabilities		
Contract liabilities	–	61
Payables	51	–
Income received in advance	–	36
Total current liabilities	51	97
Total liabilities	51	97
Net assets	24,504	24,003
EQUITY		
Accumulated surplus	7,126	7,250
Revaluation surplus	17,378	16,753
Total equity	24,504	24,003

Hay Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2025

\$ '000	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	2,883	3,086
Receivables	186	153
Total current assets	3,069	3,239
Non-current assets		
Infrastructure, property, plant and equipment	24,070	23,547
Total non-current assets	24,070	23,547
Total assets	27,139	26,786
LIABILITIES		
Current liabilities		
Payables	5	6
Borrowings	133	128
Total current liabilities	138	134
Non-current liabilities		
Borrowings	352	485
Total non-current liabilities	352	485
Total liabilities	490	619
Net assets	26,649	26,167
EQUITY		
Accumulated surplus	14,317	14,674
Revaluation surplus	12,332	11,493
Total equity	26,649	26,167

Note – Material accounting policy information

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 – Material accounting policy information (continued)

Notional rate applied (%)

Corporate income tax rate – 25%

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

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

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

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

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

Income tax

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

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

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

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 – Material accounting policy information (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 4.3% at 30/6/2024.

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with DCCEEW's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2025 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with DCCEEW's regulatory and assurance framework, statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DCCEEW.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

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 2025, the Statement of Financial Position of each Declared Business Activity as at 30 June 2025 and the material accounting policy information note.

The Declared Business Activities of the Council are:

- water supply
- sewerage.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2025, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2024–25 (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 material accounting policy information note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2025 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

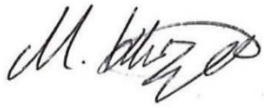
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

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

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

A handwritten signature in black ink, appearing to read 'M. Kharzoo', with a stylized flourish at the end.

Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 October 2025
SYDNEY

Hay Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2025



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Hay Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2024/25	Calculation 2025/26
Notional general income calculation ¹			
Last year notional general income yield	a	2,734	2,781
Plus or minus adjustments ²	b	(72)	3
Notional general income	c = a + b	2,662	2,784
Permissible income calculation			
Percentage increase	d	4.50%	4.30%
Plus percentage increase amount ³	f = d x (c + e)	120	120
Sub-total	g = (c + e + f)	2,782	2,904
Plus (or minus) last year's carry forward total	h	4	4
Sub-total	j = (h + i)	4	4
Total permissible income	k = g + j	2,786	2,908
Less notional general income yield	l	2,781	2,907
Catch-up or (excess) result	m = k - l	4	1
Carry forward to next year ⁴	p = m + n + o	4	1

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)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (4) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the 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 2026.

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 2024–25 (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 2025 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 2025.

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.

A handwritten signature in black ink, appearing to read 'M. Kharzoo', with a stylized flourish at the end.

Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 October 2025
SYDNEY

Hay Shire Council

Report on infrastructure assets as at 30 June 2025

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		2024/25 Required maintenance ^a	2024/25 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000					1	2	3	4	5
Buildings	Swimming Pool Buildings	—	—	25	15	1,570	1,653	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Buildings – non-specialised	—	—	30	21	2,020	2,369	0.0%	20.0%	80.0%	0.0%	0.0%	0.0%	0.0%
	Emergency Services	—	—	20	4	1,460	1,769	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Council Offices	—	—	40	31	1,411	3,015	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Council Works Depot	—	—	25	18	875	1,343	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Council Public Halls	150	—	25	17	3,381	5,716	0.0%	30.0%	60.0%	10.0%	0.0%	0.0%	0.0%
	Libraries	—	—	18	18	3,299	3,713	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Cultural Facilities	—	—	32	22	3,619	8,419	0.0%	30.0%	60.0%	10.0%	0.0%	0.0%	0.0%
	Tourist Centre	—	—	10	27	1,446	1,730	0.0%	100.0%	1.0%	0.0%	(1.0%)	0.0%	0.0%
	Other Specialised Buildings	—	—	100	34	5,682	8,212	0.0%	30.0%	60.0%	10.0%	0.0%	0.0%	0.0%
	Aerodrome	—	—	25	16	245	455	10.0%	30.0%	60.0%	0.0%	0.0%	0.0%	0.0%
	Showground	—	—	35	26	2,284	3,642	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Medical Centre	—	—	15	21	2,900	4,865	20.0%	70.0%	10.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	150	—	400	270	30,192	46,901	5.7%	47.5%	42.1%	4.8%	0.0%	0.0%	0.0%
Other structures	Other structures	—	—	55	26	10,904	17,047	10.0%	40.0%	25.0%	25.0%	0.0%	0.0%	0.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	—	—	55	26	10,904	17,047	10.0%	40.0%	25.0%	25.0%	0.0%	0.0%	0.0%
Roads	Rural Sealed roads	—	—	650	156	64,733	78,107	70.0%	26.0%	4.0%	0.0%	0.0%	0.0%	0.0%
	Unsealed roads	—	—	650	876	26,717	28,054	65.0%	30.0%	5.0%	0.0%	0.0%	0.0%	0.0%
	Bridges	—	—	80	—	13,081	14,472	85.0%	10.0%	5.0%	0.0%	0.0%	0.0%	0.0%
	Urban Streets	—	—	225	268	15,937	19,391	0.0%	54.0%	16.0%	30.0%	0.0%	0.0%	0.0%
	Footpaths	—	—	70	24	4,961	7,556	0.0%	54.0%	16.0%	30.0%	0.0%	0.0%	0.0%
	Kerb and Gutter	—	—	70	10	4,892	8,345	0.0%	50.0%	50.0%	0.0%	0.0%	0.0%	0.0%
	Other road assets	—	—	70	36	896	1,581	0.0%	50.0%	50.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	—	—	1,815	1,370	131,226	157,506	54.1%	31.5%	9.2%	5.1%	0.0%	0.0%	0.0%
Water supply network	Intake Works	—	—	60	61	1,179	2,324	0.0%	50.0%	50.0%	0.0%	0.0%	0.0%	0.0%
	Mains	500	—	130	187	10,644	17,047	0.0%	40.0%	40.0%	20.0%	0.0%	0.0%	0.0%
	Reservoirs	—	—	60	46	4,924	6,435	0.0%	75.0%	25.0%	0.0%	0.0%	0.0%	0.0%
	Treatment	—	—	120	131	3,705	6,514	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	500	—	370	425	20,538	32,320	0.0%	59.8%	29.7%	10.5%	0.0%	0.0%	0.0%

Hay Shire Council

Report on infrastructure assets as at 30 June 2025 (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	2024/25 Required maintenance ^a	2024/25 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	750	—	105	142	12,746	17,442	0.0%	50.0%	30.0%	20.0%	0.0%
	Pumping Station	—	—	115	60	2,029	4,030	0.0%	40.0%	40.0%	20.0%	0.0%
	Treatment	—	—	60	63	8,246	8,753	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	750	—	280	265	23,049	30,225	29.0%	34.2%	22.6%	14.2%	0.0%
Stormwater drainage	Stormwater drainage	—	—	75	25	13,818	23,356	8.0%	86.0%	8.0%	0.0%	(2.0%)
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	—	—	75	25	13,818	23,356	8.0%	86.0%	8.0%	0.0%	(2.0%)
Total – all assets		1,400	—	2,995	2,381	229,727	307,355	32.6%	41.8%	18.5%	7.3%	(0.2%)

(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 2025

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2025	Indicator 2025	Indicators 2024 2023		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	7,193	176.56%	119.37%	64.73%	> 100.00%
Depreciation, amortisation and impairment	4,074				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	1,400	0.60%	0.65%	0.63%	< 2.00%
Net carrying amount of infrastructure assets	231,912				
Asset maintenance ratio					
Actual asset maintenance	2,381	79.50%	138.63%	115.10%	> 100.00%
Required asset maintenance	2,995				
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	307,355				

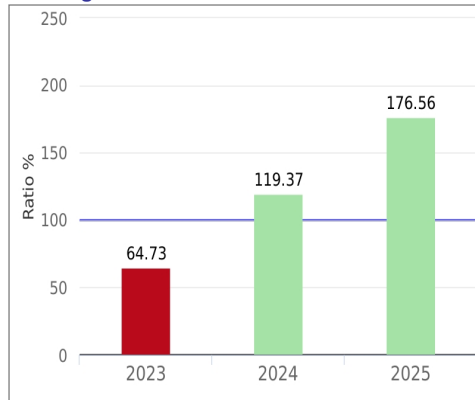
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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 2025

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

24/25 ratio 176.56%

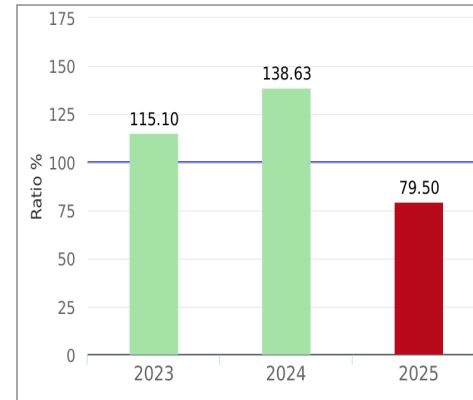
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

24/25 ratio 79.50%

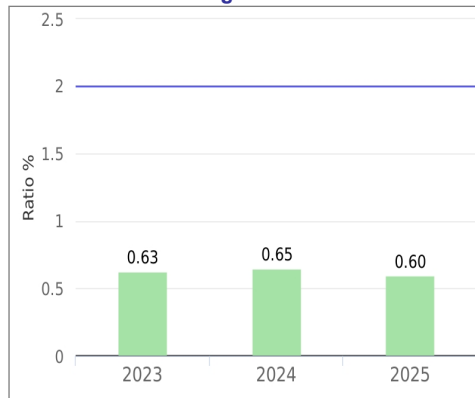
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

24/25 ratio 0.60%

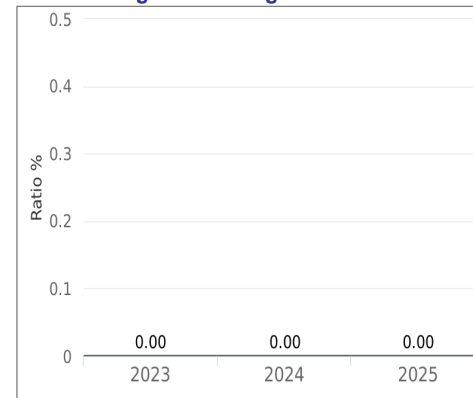
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

24/25 ratio 0.00%

Hay Shire Council

Report on infrastructure assets as at 30 June 2025

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2025	2024	2025	2024	2025	2024	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	223.11%	131.61%	0.00%	63.64%	0.00%	78.72%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	0.08%	0.08%	2.43%	2.25%	3.25%	3.29%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	72.11%	149.13%	114.86%	114.77%	94.64%	80.83%	> 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.