



Greater
Hume
Council



Annual Financial Statements

For the year ended 30 June 2023



Greater
Hume
Council



General Purpose Financial Statements

For the year ended 30 June 2023

Greater Hume Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

39 Young Street
Holbrook NSW 2644

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.greaterhume.nsw.gov.au.

Greater Hume Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Greater Hume Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

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

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

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

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

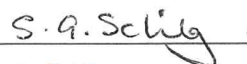
Signed in accordance with a resolution of Council made on 20 September 2023.



Councillor Tony Quinn

Mayor

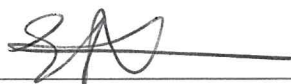
20 September 2023



Councillor Annette Schilg

Councillor

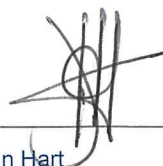
20 September 2023



Evelyn Arnold

General Manager

20 September 2023



Dean Hart

Responsible Accounting Officer

20 September 2023

Greater Hume Shire Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
	Income from continuing operations			
12,722	Rates and annual charges	B2-1	12,612	12,228
7,038	User charges and fees	B2-2	7,715	6,554
761	Other revenues	B2-3	622	418
12,527	Grants and contributions provided for operating purposes	B2-4	23,516	15,403
3,269	Grants and contributions provided for capital purposes	B2-4	5,943	10,506
183	Interest and investment income	B2-5	1,053	297
–	Other income	B2-6	356	225
–	Net gain from the disposal of assets	B4-1	273	1,215
36,500	Total income from continuing operations		52,090	46,846
	Expenses from continuing operations			
12,090	Employee benefits and on-costs	B3-1	13,196	12,675
11,075	Materials and services	B3-2	16,495	11,379
151	Borrowing costs	B3-3	117	203
9,855	Depreciation, amortisation and impairment of non-financial assets	B3-4	10,635	10,009
547	Other expenses	B3-5	1,447	1,078
33,718	Total expenses from continuing operations		41,890	35,344
2,782	Net operating result for the year attributable to Council		10,200	11,502
(487)	Net operating result for the year before grants and contributions provided for capital purposes		4,257	996

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

Greater Hume Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		10,200	11,502
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain on revaluation of infrastructure, property, plant and equipment	C1-6	67,017	67,862
Total items which will not be reclassified subsequently to the operating result		67,017	67,862
Total other comprehensive income for the year		67,017	67,862
Total comprehensive income for the year attributable to Council		77,217	79,364

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

Greater Hume Shire Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	12,804	8,621
Investments	C1-2	18,324	15,177
Receivables	C1-4	6,624	7,994
Inventories	C1-5	2,921	2,510
Total current assets		40,673	34,302
Non-current assets			
Investments	C1-2	7,000	7,000
Receivables	C1-4	15	12
Infrastructure, property, plant and equipment (IPPE)	C1-6	791,886	720,495
Intangible assets	C1-7	47	86
Right of use assets	C2-1	13	33
Total non-current assets		798,961	727,626
Total assets		839,634	761,928
LIABILITIES			
Current liabilities			
Payables	C3-1	4,264	4,264
Contract liabilities	C3-2	6,014	4,433
Lease liabilities	C2-1	14	21
Borrowings	C3-3	659	657
Employee benefit provisions	C3-4	3,666	3,724
Total current liabilities		14,617	13,099
Non-current liabilities			
Lease liabilities	C2-1	1	16
Borrowings	C3-3	2,985	4,026
Employee benefit provisions	C3-4	195	194
Provisions	C3-5	5,303	5,277
Total non-current liabilities		8,484	9,513
Total liabilities		23,101	22,612
Net assets		816,533	739,316
EQUITY			
Accumulated surplus		303,165	292,965
IPPE revaluation reserve		513,368	446,351
Council equity interest		816,533	739,316
Total equity		816,533	739,316

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

Greater Hume Shire Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		292,965	446,351	739,316	281,463	378,489	659,952
Net operating result for the year		10,200	–	10,200	11,502	–	11,502
Net operating result for the period		10,200	–	10,200	11,502	–	11,502
Other comprehensive income							
– Gain on revaluation of infrastructure, property, plant and equipment	C1-6	–	67,017	67,017	–	67,862	67,862
Other comprehensive income		–	67,017	67,017	–	67,862	67,862
Total comprehensive income		10,200	67,017	77,217	11,502	67,862	79,364
Closing balance at 30 June		303,165	513,368	816,533	292,965	446,351	739,316

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

Greater Hume Shire Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
Receipts:				
12,722	Rates and annual charges		12,664	12,216
7,038	User charges and fees		7,742	7,746
183	Interest received		723	220
15,796	Grants and contributions		33,293	24,911
761	Other		3,388	3,460
Payments:				
(12,090)	Payments to employees		(13,273)	(12,648)
(11,075)	Payments for materials and services		(19,313)	(14,690)
(151)	Borrowing costs		(92)	(162)
—	Bonds, deposits and retentions refunded		(165)	(271)
(547)	Other		(1,540)	(835)
12,637	Net cash flows from / (used in) operating activities	G1-1	23,427	19,947
Cash flows from investing activities				
Receipts:				
1,484	Sale of investments		18,610	15,409
—	Sale of real estate assets		858	180
218	Proceeds from sale of IPPE		633	1,906
11	Deferred debtors receipts		12	32
Payments:				
—	Purchase of investments		(21,757)	(13,513)
(12,590)	Payments for IPPE		(15,280)	(18,453)
—	Purchase of real estate assets		(1,219)	(487)
—	Deferred debtors and advances made		(40)	—
(10,877)	Net cash flows from/ (used in) investing activities		(18,183)	(14,926)
Cash flows from financing activities				
Receipts:				
—	Proceeds from borrowings		—	2,000
Payments:				
(677)	Repayment of borrowings		(1,039)	(561)
—	Principal component of lease payments		(22)	(58)
(677)	Net cash flow from/(used in) financing activities		(1,061)	1,381
1,083	Net change in cash and cash equivalents		4,183	6,402
949	Cash and cash equivalents at beginning of year		8,621	2,219
2,032	Cash and cash equivalents at end of year	C1-1	12,804	8,621
13,600	plus: Investments on hand at end of year	C1-2	25,324	22,177
15,632	Total cash, cash equivalents and investments		38,128	30,798

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

Greater Hume 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 20 September 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993* (Act) and *Local Government (General) Regulation 2021* (Regulation), and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) estimated asset remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council's accounting policies;

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

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*, 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 activities have been included as part of the Consolidated Fund:

- General purpose operations
- Water service
- Sewerage service.

A1-1 Basis of preparation (continued)

The following Section 355 Committees have been included in the Consolidated Fund:

- Bowna Wymah Community Committee
- Brocklesby Recreation Reserve Committee
- Bungowannah Recreation Reserve Committee
- Burrumbuttock Cemetery Committee
- Burrumbuttock Public Hall Committee
- Burrumbuttock Recreation Reserve Committee
- Cookardinia Hall Committee
- Cookardinia Recreation Reserve Committee
- Culcairn Tennis Court Committee
- Friends of the Wymah School Musuem Committee
- Gerogery Hall Committee
- Gerogery West Tennis Club
- Goombargana Cemetery Committee
- Headlie Taylor Header Museum Committee
- Henty Park Tennis Committee
- Henty Showground Committee
- Holbrook Community Garden Committee
- Holbrook Sporting Complex Committee
- Jindera Community Garden Committee
- Jindera Multi-Purpose Stadium Committee
- Jindera Recreation Reserve Committee
- Jindera School of Arts Committee
- Jindera Swimming Pool Committee
- Lankeys Creek Hall Committee
- Little Billabong Hall Committee
- Walbundrie Recreation Ground Committee
- Walla Walla Community Hall Committee
- Walla Walla Sportsground Committee
- Walla Walla Swimming Pool Committee
- Wirraminna Environmental Education Centre
- Woomargama Hall Committee

A1-1 Basis of preparation (continued)

The Trust Fund

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

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

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council relies on the support of volunteers to safeguard and maintain some of its important Council assets. Whilst this support is recognised as a significant contribution to Council, the value of such services cannot be reliably measured and are therefore not recognised in Council's income statement.

New accounting standards adopted during the year

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

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
Governance	169	545	1,195	1,744	(1,026)	(1,199)	118	481	43	12
Administration	1,487	667	3,395	2,398	(1,908)	(1,731)	36	80	46,770	39,219
Public order and safety	371	598	1,358	1,216	(987)	(618)	340	546	5,009	4,231
Health	188	173	195	179	(7)	(6)	–	–	–	–
Environment	1,923	1,276	2,089	533	(166)	743	635	(20)	4,703	3,707
Community services and education	4,149	4,292	4,369	4,141	(220)	151	2,622	2,693	8,783	6,330
Housing and community amenities	1,527	1,105	1,026	1,097	501	8	1,140	706	4,290	4,239
Water supplies	2,146	2,029	2,160	1,972	(14)	57	175	251	28,539	26,455
Sewerage services	1,973	2,075	1,896	1,966	77	109	74	334	43,434	39,963
Recreation and culture	1,480	5,185	4,997	3,639	(3,517)	1,546	1,736	4,919	59,554	45,092
Mining, manufacturing and construction	176	174	650	507	(474)	(333)	–	–	789	388
Transport and communication	16,749	10,439	17,491	14,719	(742)	(4,280)	13,488	8,174	627,545	585,342
Economic affairs	1,082	1,533	1,069	1,233	13	300	357	78	7,349	5,303
General purpose income	18,670	16,755	–	–	18,670	16,755	8,688	7,667	2,074	1,647
Other	–	–	–	–	–	–	50	–	752	–
Total functions and activities	52,090	46,846	41,890	35,344	10,200	11,502	29,459	25,909	839,634	761,928

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, subscriptions to local authority associations, meetings of Council and policymaking committees, public disclosure (e.g. GIPA), and legislative compliance.

Administration

Includes corporate support and other support services, engineering works, and any Council policy compliance.

Public order and safety

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

Health

Includes administration of health regulations.

Environment

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

Community services and education

Includes youth services, aged and disabled persons services and children's' services including family day care and child care.

Housing and community amenities

Includes public cemeteries, public conveniences, street lighting, town planning, and other community amenities including housing development and accommodation for families, aged persons, disabled persons, migrants and Indigenous persons.

Water supplies

Includes the provision of reticulated water to villages in the Greater Hume Shire area.

Sewerage services

Includes the provision of reticulated sewerage and common effluent services to villages in the Greater Hume Shire area.

Recreation and culture

Includes public libraries; museums; art galleries, community centres and public halls, sporting grounds and venues, swimming pools, parks and gardens, and other sporting, recreational and cultural services.

Mining, manufacturing and construction

Includes building control and quarries and pits.

Transport and communication

Includes urban, rural and regional roads, including sealed and unsealed roads, bridges, footpaths, kerb and gutter, parking areas, and aerodromes. Also includes natural disaster repair works and Road Maintenance Council Contracts (RMCC) works.

Economic affairs

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion, real estate development and other business undertakings.

General purpose income

Includes general rates, general component of FAG and interest income.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	3,518	3,373
Farmland	5,585	5,467
Business	270	271
Less: pensioner rebates	(176)	(181)
Rates levied to ratepayers	9,197	8,930
Pensioner rate subsidies received	95	110
Total ordinary rates	9,292	9,040
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	893	863
Water supply services	729	700
Sewerage services	1,490	1,400
Waste management services (not domestic)	183	178
Less: pensioner rebates	(50)	(27)
Annual charges levied	3,245	3,114
Pensioner annual charges subsidies received:		
– Water	30	16
– Sewerage	17	43
– Domestic waste management	28	15
Total annual charges	3,320	3,188
Total rates and annual charges	12,612	12,228

Council has used 1/07/2019 valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2023	2022
User charges			
Domestic waste management services	2	155	153
Sewerage services	2	255	250
Water supply services	2	1,022	959
Waste management services (not domestic)	2	11	13
Total user charges		1,443	1,375
Fees			
Building regulation	2	161	164
Animal control	2	29	48
Health administration	2	163	150
Planning and building regulation	2	25	8
Section 10.7 certificates (EP&A Act)	2	37	41
Section 603 certificates	2	28	36
Tapping fees	2	78	59
Town planning	2	159	213
Aged care	2	50	53
Aged persons rents and fees	2	194	183
Caravan park	2	38	31
Child care	2	625	566
Cemeteries	2	70	59
Community centres	2	2	–
Family day care	2	582	515
Lease rentals	2	5	–
Leaseback fees – Council vehicles	2	76	66
Libraries	2	10	5
Private works	2	477	398
Recycling income (non-domestic)	2	100	96
Sports stadium	1	27	26
Swimming centres	2	89	75
Tourism	2	39	21
Transport for NSW (state roads not controlled by Council)	2	3,104	2,264
Other	2	104	102
Total fees		6,272	5,179
Total user charges and fees		7,715	6,554
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		27	26
User charges and fees recognised at a point in time (2)		7,688	6,528
Total user charges and fees		7,715	6,554

Accounting policy

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

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

B2-3 Other revenues

\$ '000	Timing	2023	2022
Advertising	2	40	51
Legal fees recovery – rates and charges (extra charges)	2	36	54
Commissions and agency fees	2	59	61
Legal fees recovery – other	2	1	–
Diesel rebate	2	61	96
Insurance claims recoveries	2	53	16
Sales – miscellaneous	2	36	21
S355 Committee Income	2	326	–
Other	2	10	119
Total other revenue		622	418

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	622	418
Total other revenue	622	418

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,100	1,917	–	–
Financial assistance – local roads component	2	684	1,061	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	4,197	2,811	–	–
Financial assistance – local roads component	2	2,610	1,768	–	–
Amount recognised as income during current year		8,591	7,557	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Bushfire and emergency services	2	334	520	–	–
Bushfire Communities Resilience & Economic Recovery	1	–	467	–	–
Child care	2	2,546	2,720	–	–
Community centres	2	6	10	–	–
COVID 19 Pandemic Support	2	–	90	–	–
Crown Land	1	1	6	–	–
Drainage	1	–	–	516	–
Employment Subsidies	2	32	83	–	–
Floodplain management	2	36	54	–	–
Library	1	98	93	65	172
LCLI Interest Subsidy	2	16	–	–	–
LIRS subsidy	2	14	18	–	–
Other contributions	2	804	1	32	–
Natural disaster relief	2	7,296	585	–	–
Noxious weeds	2	97	88	–	–
Footpath	2	–	–	38	100
Public conveniences	1	–	–	80	147
Recreation and culture	1	–	4	605	3,726
Other Grants and Contributions	2	220	105	–	–
Tourism	2	23	–	–	–
Swimming pools	1	–	–	167	–
Rural Fire Service - Buildings & Amenities	2	–	–	6	25
Tourism and economic development	2	295	20	20	2
Transport (other roads and bridges funding)	1	–	–	2,362	3,005
Transport (roads to recovery)	2	1,036	1,049	–	–
Transport for NSW contributions (regional roads, block grant)	2	1,921	1,862	896	427
Water supplies	2	109	–	–	–
Youth services	1	41	71	–	–
Total special purpose grants and non-developer contributions – cash		14,925	7,846	4,787	7,604

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Non-cash contributions					
Recreation and culture	2	—	—	50	894
Roads and bridges	2	—	—	—	958
Sewerage (excl. section 64 contributions)	2	—	—	—	120
Water supplies (excl. section 64 contributions)	2	—	—	—	77
Total other contributions – non-cash		—	—	50	2,049
Total special purpose grants and non-developer contributions (tied)		14,925	7,846	4,837	9,653
Total grants and non-developer contributions		23,516	15,403	4,837	9,653
Comprising:					
– Other funding		815	347	45	3,093
– Commonwealth funding		11,139	9,665	788	1,997
– State funding		11,562	5,391	4,004	4,563
		23,516	15,403	4,837	9,653

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.4 - voluntary planning agreement		2	—	—	700	—
S 7.11 – contributions towards amenities/services		2	—	—	—	176
S 7.12 – fixed development consent levies		2	—	—	262	308
S 64 – water supply contributions		2	—	—	36	158
S 64 – sewerage service contributions		2	—	—	57	171
Other developer contributions		2	—	—	51	40
Total developer contributions – cash			—	—	1,106	853
Total developer contributions			—	—	1,106	853
Total contributions			—	—	1,106	853
Total grants and contributions			23,516	15,403	5,943	10,506
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			41	641	3,795	7,050
Grants and contributions recognised at a point in time (2)			23,475	14,762	2,148	3,456
Total grants and contributions			23,516	15,403	5,943	10,506

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants and contributions				
Unspent funds at 1 July	656	600	3,317	2,132
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	4,628	–	555	–
Add: Funds received and not recognised as revenue in the current year	418	517	3,655	3,143
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(63)	(75)	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(442)	(386)	(2,117)	(1,958)
Unspent funds at 30 June	5,197	656	5,410	3,317

Unexpended capital grants relate to funding received under the Commonwealth Government Drought Communities and Crown Land Stimulus projects.

Contributions

Unspent funds at 1 July	–	–	460	2,707
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	285	861
Add: contributions received for the provision of goods and services in a future	–	–	700	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(40)	(3,108)
Unspent contributions at 30 June	–	–	1,405	460

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

B2-4 Grants and contributions (continued)

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	56	59
– Cash and investments	997	238
Total interest and investment income	1,053	297
Interest and investment income is attributable to:		
Overdue rates and annual charges (general fund)	32	32
General Council cash and investments	731	119
Development contributions		
– Section 7.11	8	7
– Section 7.12	14	–
Water fund operations	142	60
Sewerage fund operations	126	79
Total interest and investment income	1,053	297

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2023	2022
Reversal of impairment losses on receivables			
Other		100	–
Total reversal of impairment losses on receivables	C1-4	100	–
Rental income			
Other lease income			
Commercial property		110	72
Residential property		55	60
Land		10	27
Room/Facility Hire		81	66
Total other lease income		256	225
Total rental income	C2-2	256	225
Total other income		356	225

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	10,436	10,342
Travel expenses	201	187
Employee leave entitlements (ELE)	1,285	878
Superannuation – defined contribution plans	1,114	1,024
Superannuation – defined benefit plans	69	108
Workers' compensation insurance	230	258
Fringe benefit tax (FBT)	68	26
Training costs (other than salaries and wages)	121	156
Protective clothing	38	41
Other	193	166
Total employee costs	13,755	13,186
Less: capitalised costs	(559)	(511)
Total employee costs expensed	13,196	12,675

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		3,415	2,108
Contractor costs		10,510	6,638
Audit Fees	F2-1	110	107
Advertising		58	63
Bank charges		56	54
Councillor and Mayoral fees and associated expenses	F1-2	173	166
Election expenses		–	88
Electricity and heating		278	319
Insurance		805	707
Postage		35	35
Printing and stationery		122	114
Street lighting		121	96
Subscriptions and publications		200	146
Telephone and communications		132	155
Valuation fees		66	57
Water charges		217	213
Other expenses		48	81
Legal expenses:			
– Legal expenses: planning and development		18	45
– Legal expenses: debt recovery		44	71
– Legal expenses: other		87	116
Total materials and services		16,495	11,379
Total materials and services		16,495	11,379

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2023	2022
(i) Interest bearing liability costs			
Interest on leases		2	5
Interest on loans		161	148
Total interest bearing liability costs		163	153
Total interest bearing liability costs expensed		163	153
(ii) Other borrowing costs			
– Remediation liabilities	C3-5	(46)	50
Total other borrowing costs		(46)	50
Total borrowing costs expensed		117	203

Accounting policy

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

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

\$ '000	Notes	2023	2022
Depreciation and amortisation			
Plant and equipment	C1-6	1,009	1,061
Office equipment	C1-6	31	33
Furniture and fittings	C1-6	14	20
Infrastructure:			
– Buildings – non-specialised	C1-6	450	394
– Buildings – specialised		872	766
– Other structures		971	1,026
– Roads		5,491	5,020
– Stormwater drainage		174	142
– Water supply network		502	446
– Sewerage network		686	610
– Swimming pools		337	358
Right of use assets	C2-1	20	54
Reinstatement, rehabilitation and restoration assets:			
– Asset reinstatement costs	C3-5,C1-6	36	37
– Quarry assets	C3-5,C1-6	3	3
Intangible assets	C1-7	39	39
Total depreciation and amortisation costs		10,635	10,009
Total depreciation, amortisation and impairment for non-financial assets		10,635	10,009

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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

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

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

B3-5 Other expenses

\$ '000	2023	2022
Impairment of receivables		
Other	1	76
Total impairment of receivables	1	76
Other		
Contributions/levies to other levels of government:		
– NSW fire brigade levy	58	51
– NSW rural fire service levy	618	463
– State Emergency Services levy	30	16
– Riverina Regional Library	318	275
S355 Committee expenses	280	–
Donations, contributions and assistance to other organisations (Section 356)	142	197
Total other	1,446	1,002
Total other expenses	1,447	1,078

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2023	2022
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		537	1,613
Less: carrying amount of property assets sold/written off		(611)	(433)
Gain (or loss) on disposal		(74)	1,180
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		96	293
Less: carrying amount of plant and equipment assets sold/written off		(67)	(132)
Gain (or loss) on disposal		29	161
Gain (or loss) on disposal of infrastructure			
	C1-6		
Less: carrying amount of infrastructure assets sold/written off		–	(277)
Gain (or loss) on disposal		–	(277)
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		858	180
Less: carrying amount of real estate assets sold/written off		(540)	(29)
Gain (or loss) on disposal		318	151
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		18,610	15,409
Less: carrying amount of investments sold/redeemed/matured		(18,610)	(15,409)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		273	1,215

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 22 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	12,722	12,612	(110)	(1)% U
User charges and fees	7,038	7,715	677	10% F
Other revenues	761	622	(139)	(18)% U
Lease income included in other income but budgeted as other revenue. In addition S355 Committee income has been brought to account this year.				
Operating grants and contributions	12,527	23,516	10,989	88% F
The increase in operating grants and contributions for 2022-23 may be attributed to the following;				
<ul style="list-style-type: none"> • Increase in prepayment of the Financial Assistance Grant relating to the 2023-24 financial year. Prepayment has increased from 75% to 100% of the annual grant amount. • Natural disaster funding to assist with storm damage incurred in the September 2022 and February 2023 storm events • Increased grant funding to assist childcare centres during the 2022-23 financial year. • Reconnecting Regional NSW grant funding • Restart NSW Water Supply Tower replacement business case grant funding 				
Capital grants and contributions	3,269	5,943	2,674	82% F
The increase in capital grants and contributions for the 2022-23 year may be attributed to;				
<ul style="list-style-type: none"> • Fixing Local Roads grants relating to various rural roads in Council's road network including Fellow Hills Road and Gerogery Road • S7.4 Voluntary Planning Agreement contribution received in relation to the Walla Walla Solar Farm. • Additional funds received from the NSW state government in relation to the North Henty rail crossing. • Department of Regional NSW grant for the upgrade of Wambariga Yambula View lookout in the Woomargama National Park. • Grant funding budgeted for the Black Street reservoir renewal did not proceed during 2022-23. 				
Interest and investment revenue	183	1,053	870	475% F
A conservative budget was set for interest on investments due to prevailing trends in the market. A combination of improved rates and a modified investment strategy resulted in an improved yield.				
Net gains from disposal of assets	—	273	273	∞ F
Other income	—	356	356	∞ F
Lease income included in other income but budgeted as other revenue				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Employee benefits and on-costs	12,090	13,196	(1,106)	(9)% U
Materials and services	11,075	16,495	(5,420)	(49)% U
Additional materials and services incurred as a result of additional revenue from grant funding. In addition Council has spent considerable amounts on natural disaster repairs as a result of the September 2022 and February 2023 flood events.				
Borrowing costs	151	117	34	23% F
Reduction in provision for remediation of landfill and quarry facilities.				
Depreciation, amortisation and impairment of non-financial assets	9,855	10,635	(780)	(8)% U
Other expenses	547	1,447	(900)	(165)% U
Contribution to emergency services levy included in material and services budget rather than other expenses. In addition S355 committee expenses have been brought to account this year.				
Statement of cash flows				
Cash flows from operating activities	12,637	23,427	10,790	85% F
Additional grant funding received during the 2022-23 financial year. This includes an extra quarter of FAG grant paid in advance and natural disaster funding for the September 2022 and February 2023 flood events.				
Cash flows from investing activities	(10,877)	(18,183)	(7,306)	67% U
Increase in long term investments and additional capital expenditure offset by higher than budget real estate sale proceeds.				
Cash flows from financing activities	(677)	(1,061)	(384)	57% U
Reduction of loan facility drawn down to finance the North Henty rail crossing project following receipt of additional grant funding toward the project.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	10,804	7,121
Cash equivalent assets		
– Term deposits	2,000	1,500
Total cash and cash equivalents	12,804	8,621

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	12,804	8,621
Balance as per the Statement of Cash Flows	12,804	8,621

Accounting policy

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

C1-2 Financial investments

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Debt securities at amortised cost				
Term deposits	18,324	2,000	15,177	2,000
Government and semi-government bonds	–	5,000	–	5,000
Total	18,324	7,000	15,177	7,000
Total financial investments	18,324	7,000	15,177	7,000
Total cash assets, cash equivalents and investments	31,128	7,000	23,798	7,000

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

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

Financial assets

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

Classification

On initial recognition, Council classifies its financial assets as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	38,128	30,798
Less: Externally restricted cash, cash equivalents and investments	(17,606)	(12,822)
Cash, cash equivalents and investments not subject to external restrictions	20,522	17,976

External restrictions

External restrictions – included in liabilities

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

Specific purpose unexpended grants – general fund	5,963	3,894
External restrictions – included in liabilities	5,963	3,894

External restrictions

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

Developer contributions – general	705	460
Developer contributions - voluntary planning agreement	700	–
Water fund	3,486	3,409
Sewer fund	1,898	4,750
Specific purpose unexpended grants	4,644	79
Town improvement funds	18	18
Trust	188	208
Other	4	4
Total external restrictions	17,606	12,822

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

\$ '000	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	20,522	17,976
Less: Internally restricted cash, cash equivalents and investments	(18,889)	(13,389)
Unrestricted and unallocated cash, cash equivalents and investments	1,633	4,587

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

\$ '000	2023	2022
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	421	996
Employees' leave entitlement	698	698
Carry over works (uncompleted works)	3,155	4,108
Aged care units – Jindera	49	60
Bypass handover works contribution	451	451
Crown Lands Lease reserve	40	32
Culcairn community housing	249	252
Culcairn Oasis community newsletter	14	9
Emergency Services Reserve	391	419
Financial Assistance Grant	6,807	–
Children Services	516	625
Children Services Culcairn Capital Improvements	172	172
Children Services Holbrook Capital Improvements	148	148
Gum Swamp maintenance reserve	15	15
Henty housing	13	39
Henty Headerlines newsletter	13	14
Holbrook Happenings Newsletter	9	–
Holbrook Frampton Court	319	295
Holbrook housing	34	27
Holbrook Kala Court	274	279
Jindera Administration Hub reserve	87	80
Jindera Hostel	9	9
Land development reserve	2,196	2,559
Morven community fund	19	19
Quarry restoration	89	325
Riverina Noxious Weeds program	66	66
Risk management incentive bonus	112	137
Section 355 Committees	851	–
Submarine Museum	32	27
Waste management reserve	1,226	1,189
Works warranty	346	277
Other	68	62
Total internal allocations	18,889	13,389

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

\$ '000	2023	2022
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	1,633	4,587

C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates and annual charges	684	–	655	–
Interest and extra charges	64	–	68	–
User charges and fees	1,397	–	1,681	–
Private works	110	–	298	–
Accrued revenues				
– Interest on investments	451	–	117	–
Amounts due from other councils	–	–	70	–
Deferred debtors	69	15	44	12
Government grants and subsidies	3,725	–	5,163	–
Net GST receivable	154	–	26	–
Other debtors	2	–	3	–
Total	6,656	15	8,125	12
Less: provision for impairment				
User charges and fees	(32)	–	(131)	–
Total provision for impairment – receivables	(32)	–	(131)	–
Total net receivables	6,624	15	7,994	12

\$ '000	2023	2022
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	131	57
+ new provisions recognised during the year	1	99
– amounts provided for but recovered during the year	(100)	(24)
– amounts already provided for and written off this year	–	(1)
Balance at the end of the year	32	131
Represented by:		
Expected credit loss (calculated in accordance with AASB 9)	16	131
Additional specific provisions	16	–
Balance at the end of the year	32	131

C1-4 Receivables (continued)

Accounting policy

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Impairment

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

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

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

For non-rates debtors, Council uses the presumption that an asset which is more than 60 days past due has seen a significant increase in credit risk.

The Council uses the presumption 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.

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

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Real estate for resale	2,467	–	2,234	–
Stores and materials	454	–	276	–
Total inventories at cost	2,921	–	2,510	–
Total inventories	2,921	–	2,510	–

(i) Other disclosures

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(a) Details for real estate development					
Residential		1,472	–	637	–
Industrial/commercial		995	–	1,597	–
Total real estate for resale		2,467	–	2,234	–
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		850	–	1,083	–
Development costs		1,617	–	1,151	–
Total costs		2,467	–	2,234	–
Total real estate for resale		2,467	–	2,234	–
Movements:					
Real estate assets at beginning of the year		2,234	–	1,776	–
– Purchases and other costs		1,219	–	487	–
– Transfers in from (out to) Note C1-6		(446)	–	–	–
– WDV of sales (expense)	B4-1	(540)	–	(29)	–
Total real estate for resale		2,467	–	2,234	–

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

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

\$ '000	2023	2022
Real estate for resale	1,045	1,763
	1,045	1,763

C1-5 Inventories (continued)

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period									At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) real estate assets (Note C1-5)	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	4,327	–	4,327	2,952	–	–	–	(3,464)	–	–	–	–	3,815	–	3,815
Plant and equipment	12,952	(5,911)	7,041	–	969	(67)	(1,009)	–	–	–	–	–	13,688	(6,754)	6,934
Office equipment	607	(421)	186	–	6	–	(31)	–	–	–	–	–	612	(451)	161
Furniture and fittings	266	(158)	108	–	–	–	(14)	–	(75)	–	–	–	181	(162)	19
Land:															
– Operational land	9,190	–	9,190	–	3,046	(102)	–	–	–	446	–	6,710	19,290	–	19,290
– Community land	6,857	–	6,857	–	–	–	–	1	–	–	–	3,044	9,902	–	9,902
– Land under roads (post 30/6/08)	984	–	984	–	–	–	–	–	–	–	–	707	1,691	–	1,691
Infrastructure:															
– Buildings – non-specialised	26,487	(9,893)	16,594	97	3	(497)	(450)	–	44	–	–	3,044	30,591	(11,756)	18,835
– Buildings – specialised	48,733	(25,087)	23,646	275	137	–	(872)	–	–	–	(50)	1,746	53,181	(28,299)	24,882
– Other structures	24,645	(9,246)	15,399	400	728	(11)	(971)	133	31	–	–	4,000	30,064	(10,355)	19,709
– Roads	425,311	(115,447)	309,864	5,340	130	(907)	(5,491)	1,623	–	–	(557)	27,324	467,304	(129,978)	337,326
– Bulk earthworks (non-depreciable)	247,512	–	247,512	755	–	–	–	853	–	–	–	13,819	262,939	–	262,939
– Stormwater drainage	17,789	(3,771)	14,018	760	–	–	(174)	557	–	–	–	783	20,099	(4,155)	15,944
– Water supply network	37,160	(14,130)	23,030	37	74	–	(502)	112	–	–	–	1,776	40,248	(15,721)	24,527
– Sewerage network	54,435	(20,346)	34,089	123	150	–	(686)	185	–	–	–	2,628	59,090	(22,601)	36,489
– Swimming pools	10,229	(4,099)	6,130	29	7	–	(337)	–	–	–	–	2,043	12,629	(4,757)	7,872
Reinstatement, rehabilitation and restoration assets:															
– Tip assets	1,722	(219)	1,503	70	–	–	(36)	–	–	–	–	–	1,793	(256)	1,537
– Quarry assets	78	(61)	17	–	–	–	(3)	–	–	–	–	–	79	(65)	14
Total infrastructure, property, plant and equipment	929,284	(208,789)	720,495	10,838	5,250	(1,584)	(10,576)	–	–	446	(607)	67,624	1,027,196	(235,310)	791,886

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	4,599	–	4,599	3,357	244	–	–	(3,873)	–	–	4,327	–	4,327
Plant and equipment	12,291	(5,434)	6,857	–	1,377	(132)	(1,061)	–	–	–	12,952	(5,911)	7,041
Office equipment	579	(388)	191	–	28	–	(33)	–	–	–	607	(421)	186
Furniture and fittings	248	(138)	110	–	18	–	(20)	–	–	–	266	(158)	108
Land:													
– Operational land	8,982	–	8,982	–	86	(318)	–	–	–	440	9,190	–	9,190
– Community land	5,230	–	5,230	–	–	–	–	–	–	1,627	6,857	–	6,857
– Land under roads (post 30/6/08)	717	–	717	–	43	–	–	–	–	224	984	–	984
Infrastructure:													
– Buildings – non-specialised	23,545	(8,725)	14,820	291	547	(115)	(394)	59	–	1,386	26,487	(9,893)	16,594
– Buildings – specialised	40,503	(22,556)	17,947	207	4,152	(126)	(766)	606	–	1,626	48,733	(25,087)	23,646
– Other structures	22,689	(8,426)	14,263	440	1,279	(98)	(1,026)	588	(47)	–	24,645	(9,246)	15,399
– Roads	387,480	(102,556)	284,924	3,119	897	(46)	(5,020)	1,863	–	24,127	425,311	(115,447)	309,864
– Bulk earthworks (non-depreciable)	212,229	–	212,229	1,581	374	–	–	496	–	32,832	247,512	–	247,512
– Stormwater drainage	13,809	(3,144)	10,665	1,123	607	(7)	(142)	122	–	1,650	17,789	(3,771)	14,018
– Water supply network	32,900	(11,894)	21,006	14	99	–	(446)	34	–	2,323	37,160	(14,130)	23,030
– Sewerage network	48,851	(16,279)	32,572	–	327	–	(610)	105	–	1,695	54,435	(20,346)	34,089
– Swimming pools	10,262	(3,753)	6,509	–	–	–	(358)	–	(21)	–	10,229	(4,099)	6,130
Reinstatement, rehabilitation and restoration assets:													
– Tip assets	1,648	(183)	1,465	–	75	–	(37)	–	–	–	1,722	(219)	1,503
– Quarry assets	78	(58)	20	–	–	–	(3)	–	–	–	78	(61)	17
Total infrastructure, property, plant and equipment	826,640	(183,534)	643,106	10,132	10,153	(842)	(9,916)	–	(68)	67,930	929,284	(208,789)	720,495

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

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

Accounting policy

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

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

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

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

Useful lives of IPPE

Land is not depreciated. Depreciation on other assets is 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	10
Office furniture	5 to 10	Benches, seats etc.	10
Computer equipment	5		
Vehicles	5	Buildings	
Heavy plant/road making equipment	5 to 12	Buildings: masonry	50 to 150
Other plant and equipment	6 to 10	Buildings: other	50 to 100
Water and sewer assets		Stormwater assets	
Dams and reservoirs	50 to 100	Drains	110
Bores	33	Culverts	100 to 120
Reticulation pipes: PVC	30 to 80		
Reticulation pipes: other	60 to 50		
Pumps and telemetry	25		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20 to 35	Bulk earthworks	Infinite
Sealed roads: pavement base	80 to 105	Swimming pools	40-60
Sealed roads: pavement sub-base	160 to 210		
Unsealed roads	25 to 40		
Bridge: concrete	100 to 120		
Bridge/Culverts: other	100 to 120		
Kerb, gutter and footpaths	40		

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

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

Increases in the carrying amounts arising on revaluation are credited to the IPPE 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 IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 *Land Under Roads*.

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

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

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note C2-2.

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

Greater Hume Shire Council recognises the land and buildings used by the Rural Fire Service situated within the Shire boundary, however, it does not account for Rural Fire Service plant or other equipment.

C1-7 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
Software		
Opening values at 1 July		
Gross book value	531	531
Accumulated amortisation and impairment	(445)	(407)
Net book value – opening balance	86	124
Movements for the year		
Amortisation charges	(39)	(39)
Closing values at 30 June		
Gross book value	531	531
Accumulated amortisation and impairment	(484)	(445)
Total software – net book value	47	86
Total intangible assets – net book value	47	86

Accounting policy

IT development and software

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

Costs capitalised include external direct costs of materials and service. Amortisation is calculated on a straight line basis over periods generally ranging from three to ten years.

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of office and IT equipment.

Council has other low value leases which are not material and not disclosed in this note.

Information relating to the leases in place and associated balances and transactions is provided below.

Office and IT equipment

Leases of office and IT equipment include photocopiers, servers and plotters.

The lease terms are between 1 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

(a) Right of use assets

\$ '000	Plant & Equipment	Total
2023		
Opening balance at 1 July	33	33
Depreciation charge	(20)	(20)
Balance at 30 June	13	13
2022		
Opening balance at 1 July	86	86
Depreciation charge	(54)	(54)
Balance at 30 June	33	33

(b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	14	1	21	16
Total lease liabilities	14	1	21	16

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2023					
Cash flows	15	1	–	16	15
2022					
Cash flows	23	17	–	40	37

C2-1 Council as a lessee (continued)

(d) Income Statement

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

\$ '000	2023	2022
Interest on lease liabilities	2	5
Depreciation of right of use assets	20	54
	22	59

(e) Statement of Cash Flows

Total cash outflow for leases	23	62
	23	62

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

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

- recreation facilities
- water and sewer infrastructure

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

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

C2-1 Council as a lessee (continued)

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties for the purpose of low income housing, residential housing, health services, communications towers, community groups and other commercial enterprises. These leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E. They have not been classified under AASB 140 *Investment Property* as they are either occupied by council employees or held for strategic purposes.

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

\$ '000	2023	2022
(i) Assets held as property, plant and equipment		
Lease income (excluding variable lease payments not dependent on an index or rate)	256	225
Total income relating to operating leases for Council assets	256	225

(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	153	136
1–2 years	156	138
2–3 years	159	141
3–4 years	162	144
4–5 years	164	147
> 5 years	166	140
Total undiscounted lease payments to be received	960	846

Accounting policy

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Goods and services – operating expenditure	1,281	–	1,128	–
Goods and services – capital expenditure	576	–	724	–
Accrued expenses:				
– Borrowings	21	–	26	–
– Salaries and wages	207	–	183	–
– Other expenditure accruals	187	–	127	–
Security bonds, deposits and retentions	1,524	–	1,689	–
Prepaid rates	468	–	387	–
Total payables	4,264	–	4,264	–

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	1,524	1,689
Total payables	1,524	1,689

Accounting policy

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

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Grants and contributions received in advance:					
Funds to construct Council controlled assets	(i)	5,489	—	3,436	—
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	(ii)	474	—	458	—
Total grants received in advance		5,963	—	3,894	—
User fees and charges received in advance:					
Other		51	—	539	—
Total user fees and charges received in advance		51	—	539	—
Total contract liabilities		6,014	—	4,433	—

Notes

(i) Council has received funding to construct assets including roads infrastructure, sporting facilities, public conveniences, 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	2023	2022
Grants and contributions received in advance:		
Funds to construct Council controlled assets	5,963	3,894
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	431	539
Total revenue recognised that was included in the contract liability balance at the beginning of the period	6,394	4,433

Accounting policy

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

C3-3 Borrowings

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Loans – secured ¹	659	2,985	657	4,026
Total borrowings	659	2,985	657	4,026

(1) Loans are secured over the revenue of Council.
Disclosures on liability interest rate risk exposures and security can be found in Note E1-1.

(a) Changes in liabilities arising from financing activities

	2022		Non-cash movements	2023
\$ '000	Opening Balance	Repay- ments of principal and interest	Acquisition	Closing balance
Loans – secured	4,683	(1,039)	–	3,644
Lease liability (Note C2-1b)	37	(22)	–	15
Total liabilities from financing activities	4,720	(1,061)	–	3,659

	2021		2022
\$ '000	Opening Balance	Repay- ments of principal and interest	Closing balance
Loans – secured	3,244	(561)	4,683
Lease liability (Note C2-1b)	94	(57)	37
Total liabilities from financing activities	3,338	(618)	4,720

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Bank overdraft facilities ¹	200	200
Credit cards/purchase cards	40	40
Lease facilities	340	340
Total financing arrangements	580	580
Drawn facilities		
– Credit cards/purchase cards	11	5
Total drawn financing arrangements	11	5
Undrawn facilities		
– Bank overdraft facilities	200	200
– Credit cards/purchase cards	29	35
– Lease facilities	340	340
Total undrawn financing arrangements	569	575

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Annual leave	1,185	–	1,163	–
Long service leave	2,284	195	2,371	194
Other leave	197	–	190	–
Total employee benefit provisions	3,666	195	3,724	194
Total employee benefit provisions relating to unrestricted assets	3,666	195	3,724	194

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employee benefits	1,555	1,630
	1,555	1,630

C3-4 Employee benefit provisions (continued)

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	5,303	–	5,277
Sub-total – asset remediation/restoration	–	5,303	–	5,277
Total provisions	–	5,303	–	5,277

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2023		
At beginning of year	5,277	5,277
- Unwinding of discount	30	30
- Additional provisions	274	274
Remeasurement effects	72	72
Unused amounts reversed	(350)	(350)
Total other provisions at end of year	5,303	5,303
2022		
At beginning of year	5,152	5,152
- Unwinding of discount	50	50
- Additional provisions	75	75
Total other provisions at end of year	5,277	5,277

Accounting policy

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

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

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

Asset remediation – tips and quarries

Restoration

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

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

Rehabilitation

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

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

C3-5 Provisions (continued)

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

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

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

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

Nature and purpose of provisions

Asset remediation

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2023	Water 2023	Sewer 2023
Income from continuing operations			
Rates and annual charges	10,393	729	1,490
User charges and fees	6,447	1,021	247
Interest and investment revenue	785	142	126
Other revenues	506	80	36
Grants and contributions provided for operating purposes	23,360	139	17
Grants and contributions provided for capital purposes	5,850	36	57
Net gains from disposal of assets	273	–	–
Other income	356	–	–
Total income from continuing operations	47,970	2,147	1,973
Expenses from continuing operations			
Employee benefits and on-costs	11,952	486	758
Materials and services	14,841	1,180	474
Borrowing costs	117	–	–
Depreciation, amortisation and impairment of non-financial assets	9,447	502	686
Other expenses	1,447	–	–
Total expenses from continuing operations	37,804	2,168	1,918
Operating result from continuing operations	10,166	(21)	55
Net operating result for the year	10,166	(21)	55
Net operating result attributable to each council fund	10,166	(21)	55
Net operating result for the year before grants and contributions provided for capital purposes	4,316	(57)	(2)

D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
ASSETS			
Current assets			
Cash and cash equivalents	7,420	3,486	1,898
Investments	18,324	–	–
Receivables	5,648	621	355
Inventories	2,921	–	–
Total current assets	34,313	4,107	2,253
Non-current assets			
Investments	7,000	–	–
Receivables	15	–	–
Infrastructure, property, plant and equipment	725,413	25,050	41,423
Intangible assets	47	–	–
Right of use assets	13	–	–
Total non-current assets	732,488	25,050	41,423
Total assets	766,801	29,157	43,676
LIABILITIES			
Current liabilities			
Payables	4,022	226	16
Contract liabilities	6,014	–	–
Lease liabilities	14	–	–
Borrowings	659	–	–
Employee benefit provision	3,666	–	–
Total current liabilities	14,375	226	16
Non-current liabilities			
Lease liabilities	1	–	–
Borrowings	2,985	–	–
Employee benefit provision	195	–	–
Provisions	5,303	–	–
Total non-current liabilities	8,484	–	–
Total liabilities	22,859	226	16
Net assets	743,942	28,931	43,660
EQUITY			
Accumulated surplus	275,982	11,506	15,677
Revaluation reserves	467,960	17,425	27,983
Council equity interest	743,942	28,931	43,660
Total equity	743,942	28,931	43,660

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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 the finance team under policies approved by the Councillors.

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

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

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

(a) Market risk – interest rate and price risk

\$ '000	2023	2022
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	398	308
Impact of a 10% movement in price of investments		
– Equity / Income Statement	3,979	3,084

(b) Credit risk

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

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

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 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		Total
		< 5 years	≥ 5 years	
2023				
Gross carrying amount	–	313	371	684
2022				
Gross carrying amount	10	335	310	655

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

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	5,251	100	44	167	425	5,987
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	7.53%	0.53%
ECL provision	—	—	—	—	32	32
2022						
Gross carrying amount	6,220	844	27	114	277	7,482
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	47.29%	1.75%
ECL provision	—	—	—	—	131	131

(c) Liquidity risk

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2023							
Payables	0.00%	1,524	—	—	—	1,524	4,264
Borrowings	4.08%	—	1,209	2,499	1,619	5,327	3,644
Total financial liabilities		1,524	1,209	2,499	1,619	6,851	7,908
2022							
Payables	0.00%	1,689	2,575	—	—	4,264	4,264
Borrowings	3.84%	—	847	2,652	1,938	5,437	4,683
Total financial liabilities		1,689	3,422	2,652	1,938	9,701	8,947

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

Fair value hierarchy

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

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

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

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

E2-1 Fair value measurement (continued)

Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
Recurring fair value measurements									
Infrastructure, property, plant and equipment	C1-6								
Bulk earthworks		01/07/2019	01/07/2019	—	—	262,939	247,512	262,939	247,512
Roads infrastructure		01/07/2019	01/07/2019	—	—	337,326	309,864	337,326	309,864
Land under roads		01/07/2016	01/07/2016	—	—	1,691	984	1,691	984
Stormwater drainage		01/07/2019	01/07/2019	—	—	15,944	14,018	15,944	14,018
Sewerage network		01/07/2021	01/07/2021	—	—	36,489	34,089	36,489	34,089
Water supply network		01/07/2021	01/07/2021	—	—	24,527	23,030	24,527	23,030
Operational land		01/07/2022	01/07/2019	—	—	19,290	9,190	19,290	9,190
Community land		01/07/2022	01/07/2019	—	—	9,902	6,857	9,902	6,857
Buildings specialised		01/07/2022	30/06/2018	—	—	24,882	23,646	24,882	23,646
Buildings non-specialised		01/07/2022	30/06/2018	2,442	1,990	16,393	14,604	18,835	16,594
Swimming pools		01/07/2022	30/06/2018	—	—	7,872	6,130	7,872	6,130
Other structures		01/07/2022	30/06/2018	—	—	19,709	15,399	19,709	15,399
Plant, office equipment, furniture and fittings		30/06/2018	30/06/2018	—	—	7,114	7,335	7,114	7,335
Tips and quarries		30/6/2018	30/06/2018	—	—	1,551	1,520	1,551	1,520
Total infrastructure, property, plant and equipment				2,442	1,990	785,629	714,178	788,071	716,168

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Roads Infrastructure

This asset class comprises the road surface and pavement, bridges, kerb & gutter and footpaths.

The cost approach was adopted to value these assets based on assessments and calculations from a condition assessment undertaken by Greater Hume Council engineering department, and subsequent revaluation by Jeff Roorda & Associates and council staff with an effective date of 01/07/2019. Assets have been componentised and a full review of asset condition, useful life and unit rates for each component was undertaken.

An annual review of the carrying values of these assets is undertaken on an annual basis to determine whether there has been a material movement during the year, which would result in a revaluation of this class of assets.

Council has applied an average of 7.30% indexation at the 30 June 2023.

The full revaluation of road assets is undertaken on a 5 year cycle and was completed during the 2019/20 financial year based on the assets as at 30 June 2019. The next valuation will take place in 2024/25.

Key inputs such as estimated pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

This class of assets has been disclosed as Input Level 3.

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

Stormwater Drainage Infrastructure

This asset class comprises pits, pipes, open channels and headwalls.

The cost approach was adopted to value these assets based on assessments and calculations from a revaluation undertaken by and Jeff Roorda & Associates and council staff with an effective date of 01/07/2019. Assets have been componentised and an evaluation of useful life and unit rates for each component was undertaken resulting in revaluation of these assets.

E2-1 Fair value measurement (continued)

The full revaluation of stormwater drainage assets is undertaken on a 5 year cycle and was completed during the 2019/20 financial year based on assets held as at 30 June 2019. The next valuation will take place in 2024/25.

Council has applied 5.58% indexation at 30 June 2023.

Key inputs such as estimated pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

This class of assets has been disclosed as Input Level 3.

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

Land under Roads

This asset class comprises land under roadways and road reserves acquired after 1 July 2008. Council uses the engloba method to value land under roads. This class of asset has been disclosed as Input Level 3.

Sewerage Network

This asset class comprises treatment works, pumping stations, sewerage mains, and reuse water plant.

The cost approach was adopted to estimate the value of these assets by componentising the assets into significant parts with different useful lives and taking into account a range of values. This assessment was undertaken by Australis Asset Advisory Group with an effective 01/07/2021.

Key inputs such as estimated pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value

The full revaluation of the Sewerage Network is undertaken on a 5 year cycle and the next valuation will take place in 2026/27. The sewerage network is indexed annually in accordance with reference rates provided in the NSW Department of Industry - Water guidelines.

This class of assets has been disclosed as Input Level 3.

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

E2-1 Fair value measurement (continued)

Water Supply Network

This asset class comprises treatment works, pumping stations, water pipelines, bores and reservoirs.

The cost approach was adopted to estimate the value of these assets by componentising the assets into significant parts with different useful lives and taking into account a range of values. This assessment was undertaken by Australis Asset Advisory Group with an effective 01/07/2021.

Key inputs such as estimated pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

The full revaluation of the Water Supply Network is undertaken on a 5 year cycle and the next valuation will take place in 2026/27.

The water supply network is indexed annually in accordance with reference rates provided in the NSW Department of Industry - Water guidelines.

This class of assets has been disclosed as Input Level 3.

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

Community Land

This asset class comprises all of Council owned land classified as Community Land and Care Control Management Land (Crown Land) of which Council derives current and future economic benefits from the use of the land asset.

The key unobservable input to the valuation is the price per square metre.

Council has used the Valuer General's Unimproved Capital Value (UCV) as the basis for establishing the fair value of the land as at 1 July 2022.

The full revaluation of the Community Land is undertaken on a 3 year cycle and was undertaken during the 2019/20 financial year. The next valuation will take place in 2025/26. This class of assets has been disclosed as Input Level 3.

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

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the *NSW Local Government Act 1993*.

The key unobservable input to the valuation is the price per square metre.

Council has used the Valuer General's Unimproved Capital Value (UCV) as the basis for establishing the fair value of the land as at 1 July 2022.

The full revaluation of the Operational Land is undertaken on a 3 year cycle and was undertaken during the 2019/20 financial year. The next valuation will take place in 2025/26.

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

Buildings - Specialised and Non Specialised

Council engaged Australis Asset Advisory Group to value all its buildings in July 2022. The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost allowing for professional fees, demolition, removal of debris and escalation in costs.

While all buildings were physically inspected, inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value.

The full revaluation of the Buildings is undertaken on a 5 year cycle and the next valuation will take place in 2027/28.

This class of assets has been disclosed as Input Level 3 except for some residential buildings where an observable market value is present, and disclosed as Input Level 2. There has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

Swimming Pools

This class of assets comprises swimming pool structures, amenities, filtration equipment, shelters, playground equipment, tennis and netball courts, open space facilities.

Council engaged Australis Asset Advisory Group to value these assets in July 2022. The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost allowing for professional fees, demolition, removal of debris and escalation in costs.

Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value.

The full revaluation of the Swimming Pools is undertaken on a 5 year cycle and the next valuation will take place in 2027/28.

This class of assets has been disclosed as Input Level 3.

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

Other Structures

This class comprises fencing, hologram and town clock and miscellaneous other structures.

Council engaged Australis Asset Advisory Group to value these assets in July 2022. The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost.

The full revaluation of the Other Structure is undertaken on a 5 year cycle and the next valuation will take place in 2027/28.

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

This class of assets has been disclosed as Input Level 3.

Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings include but are not limited to the following:

- Plant & Equipment - Motor Vehicles, Utes, Trucks, Tractors, Earthmoving Equipment and Ride-on Mowers
- Office Equipment - Computer Equipment, Data Projectors, Servers & Printers
- Furniture & Fittings - Chairs, Desks, Shelving and Air Conditioning Units

The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost.

The carrying amount of these assets is deemed to be the fair value due to the type of asset.

The key unobservable inputs to the valuation are the remaining useful life and residual value.

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value.

This class of assets has been disclosed as Input Level 3.

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

Tips and Quarries

This class comprises tips, transfer stations and quarries. The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost. Significant unobservable inputs considered in the valuation of these assets are useful life and pattern of consumption. This class of assets has been disclosed as Input Level 3.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

b. The valuation process for level 3 fair value measurements

Council's non financial asset classes have been assigned to Level 3 inputs with the exception of a small number of residential properties where a market price input is observable.

Level 3 valuation process for asset classes where the basis was Cost Approach.

The inputs used for this technique were:

- Pattern of Consumption
- Residual Value
- Asset Condition
- Unit Rates
- Useful Life

When necessary Council engages external consultants with expertise in the valuation of Infrastructure, Property, Plant & Equipment assets, to work in conjunction with its own staff to establish the fair values of its assets based on the above inputs.

Classes of assets are assessed formally on a five year rolling cycle in accordance with the requirements of the code. At the end of each reporting period Council assesses whether there is any indication that the carrying amount of any class of asset may differ materially from that which would be determined if the class of assets were revalued at that date.

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

\$ '000	Bulk earthworks		Roads infrastructure		Land under Roads		Stormwater drainage	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	247,512	212,229	309,864	284,924	984	717	14,018	10,665
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	13,819	32,832	27,324	24,127	707	224	782	1,650
Other movements								
Purchases (GBV)	1,608	2,451	7,093	5,879	–	43	1,318	1,852
Disposals (WDV)	–	–	(907)	(46)	–	–	–	(7)
Depreciation and impairment	–	–	(6,048)	(5,020)	–	–	(174)	(142)
Closing balance	262,939	247,512	337,326	309,864	1,691	984	15,944	14,018

\$ '000	Sewerage network		Water supply network		Operational Land		Community Land	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	34,089	32,572	23,030	21,006	9,190	8,982	6,857	5,230
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	2,628	1,695	1,776	2,323	6,710	440	3,044	1,627
Other movements								
Purchases (GBV)	458	432	223	147	3,046	86	1	–
Disposals (WDV)	–	–	–	–	(102)	(318)	–	–
Depreciation and impairment	(686)	(610)	(502)	(446)	–	–	–	–
Transfers	–	–	–	–	446	–	–	–
Closing balance	36,489	34,089	24,527	23,030	19,290	9,190	9,902	6,857

E2-1 Fair value measurement (continued)

\$ '000	Building specialised		Buildings non specialised		Swimming pools		Other structures	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	23,646	17,947	16,594	14,820	6,130	6,509	15,399	14,263
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	1,746	1,626	3,044	1,386	2,043	(21)	4,000	(47)
Other movements								
Purchases (GBV)	412	4,965	100	897	36	–	1,261	2,307
Disposals (WDV)	–	(126)	(497)	(115)	–	–	(11)	(98)
Depreciation and impairment	(922)	(766)	(450)	(394)	(337)	(358)	(971)	(1,026)
Transfers	–	–	44	–	–	–	31	–
Closing balance	24,882	23,646	18,835	16,594	7,872	6,130	19,709	15,399

\$ '000	Plant, office equipment and furniture		Tips and quarries		Total	
	2023	2022	2023	2022	2023	2022
Opening balance	7,335	7,158	1,520	1,485	716,168	638,507
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	67,623	67,862
Purchases (GBV)	975	1,423	70	75	16,601	20,557
Disposals (WDV)	(67)	(132)	–	–	(1,584)	(842)
Depreciation and impairment	(1,054)	(1,114)	(39)	(40)	(11,183)	(9,916)
Transfers	(75)	–	–	–	446	–
Closing balance	7,114	7,335	1,551	1,520	788,071	716,168

Highest and best use

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

This was established taking into consideration the following criteria;

Physical possibility
 Legal permissibility
 Financial feasibility
 Maximum profitability, and
 Contribution to the community and its environment.

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

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

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

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

* For 180 Point Members, Employers are required to contribute 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.50% in line with the increase in the Superannuation Guarantee) to these member's 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 \$20m per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

As stated 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.

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 past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

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

We confirm the plan is a defined benefit plan.

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

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

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

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

Investment return	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI	6.0 for FY22/23 and 2.5% per annum thereafter

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed around December 2023.

E3-1 Contingencies (continued)

An employer's past service contribution per annum as a percentage of the total past service contributions for all Pooled Employers (\$20m for each year from 1 January 2022 to 31 December 2024) provides an indication of the level of participation of that employer compared with other employers in the Pooled Employer sub-group.

The requirement for contributions in order to maintain the adequacy of the funding position for the accrued liabilities (currently \$20M per annum) is assessed annually by the Actuary.

Based on a past service liabilities methodology, for item (d) (iv), the share of any funding surplus or deficit that can be attributed to Greater Hume Council is 0.19%.

The amount of employer contributions to the defined benefit section of the Fund by Council and recognised as an expense for the year ending 30 June 2023 was \$50,432. The expected contributions to the Fund by Council for the next annual reporting period are \$41,782. Based on a Past Service Liabilities methodology, the share of the surplus that can be attributed to Council is 0.20%.

It is estimated that there are \$38,737 past service contributions remaining.

The last valuation of the Fund was performed by the Fund Actuary, Mr Richard Boyfield, FIAA on 30 June, 2022.

(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 2023 may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

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) Riverina Regional Library

Council holds a share in Riverina Regional Library. Council does not have control or a significant influence over the organisation and accordingly has not been included as part of the primary financial statements. Council's share of Riverina Regional Library is not material.

(iii) Riverina Joint Organisation

Council is a member of the Riverina Joint Organisation, established under the *Local Government Act 1993 (NSW)* together with the Bland Shire, Cootamundra-Gundagai Regional, Coolamon Shire, Junee Shire, Temora Shire, Lockhart Shire and Wagga City Councils. Council's share of Riverina Joint Organisation is not material.

(iv) Riverina Eastern Regional Organisation of Councils

Council is a member of the Riverina Eastern Regional Organisation of Councils, together with the Bland Shire, Cootamundra-Gundagai Regional, Coolamon Shire, Junee Shire, Temora Shire, Lockhart Shire, Goldenfields Water County Council & Riverina Water County Council. Council's share of Riverina Eastern Regional Organisation of Councils is not material.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

Compensation for 14 KMP's have been included in the table below.

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	1,194	868
Post-employment benefits	82	73
Other long-term benefits	39	53
Total	1,315	994

Other transactions with KMP and their related parties

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

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
2023						
Earthworks (Easties Dirt Works)	1	194	–	Normal payment terms	–	–
Childcare Services	2	12	–	Normal payment terms	–	–
Earthworks and Plumbing Services (Bluey's Plumbin' & Diggin')	3	1,695	–	Normal payment terms	–	–
2022						
Earthworks (Easties Dirt Works)	1	130	–	Normal payment terms	–	–
Childcare Services	2	22	–	Normal payment terms	–	–
Earthworks and Plumbing Services (Bluey's Plumbin' & Diggin')	3	552	–	Normal payment terms	–	–

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

- 1 Council contracted Easties Dirt Works to perform earthworks during the year, a company which the Principal is a close family member of a KMP of Council. The contractor engagement is controlled through Council's Vendor Panel process which requires vendors to submit their details to Council and is subsequently reviewed by senior management. Council awards work to these vendors by tender or quotes depending on the size of the contract in accordance with its procurement policy. Amounts were billed based on Council's schedule of Plant & Equipment Quotation Rates and were due and payable under normal payment terms.
- 2 Council pays a partner of a KMP of Council for services relating to Childcare. Payment is made at contract rates determined under family assistance laws and were due and payable under normal payment terms.
- 3 Council contracted Bluey's Plumbin' & Diggin' to perform earthworks and plumbing services during the year, a company which the Principal is a close family member of a KMP of Council. The contractor engagement is controlled through Council's Vendor Panel process which requires vendors to submit their details to Council and is subsequently reviewed by senior management. Council awards work to these vendors by tender or quotes depending on the size of the contract in accordance with its procurement policy. Amounts were billed based on Council's schedule of Plant & Equipment Quotation Rates and were due and payable under normal payment terms.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
– Mayoral fee	23	23
– Councillors' fees	118	108
– Other expenses	32	35
Total	173	166

F2 Other relationships

F2-1 Audit fees

\$ '000	2023	2022
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms.		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	84	80
Remuneration for audit and other assurance services	84	80
Total Auditor-General remuneration	84	80
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Internal Audit and Audit Committee Services	21	22
Other Audit Services	5	5
Remuneration for audit and other assurance services	26	27
Total remuneration of non NSW Auditor-General audit firms	26	27
Total audit fees	110	107

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
Net operating result from Income Statement	10,200	11,502
Add / (less) non-cash items:		
Depreciation and amortisation	10,635	10,009
(Gain) / loss on disposal of assets	(273)	(1,215)
Non-cash capital grants and contributions	(50)	(2,049)
Unwinding of discount rates on reinstatement provisions	30	50
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	1,494	230
Increase / (decrease) in provision for impairment of receivables	(99)	74
(Increase) / decrease of inventories	(178)	(45)
Increase / (decrease) in payables	153	(278)
Increase / (decrease) in accrued interest payable	(5)	(9)
Increase / (decrease) in other accrued expenses payable	84	149
Increase / (decrease) in other liabilities	(84)	(288)
Increase / (decrease) in contract liabilities	1,581	1,727
Increase / (decrease) in employee benefit provision	(57)	15
Increase / (decrease) in other provisions	(4)	75
Net cash flows from operating activities	23,427	19,947

(b) Non-cash investing and financing activities

Gifted Assets - roads and other infrastructure for new subdivisions and RMS gifted roads.

	50	2,049
Total non-cash investing and financing activities	50	2,049

G2-1 Commitments

Capital commitments (exclusive of GST)

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

Property, plant and equipment

Buildings	106	273
Plant and equipment	299	197
Roads & drainage infrastructure	3,073	639
Sporting facilities	–	77
Swimming Pools	–	74
Total commitments	3,478	1,260

These expenditures are payable as follows:

Within the next year	3,478	1,260
Total payable	3,478	1,260

Sources for funding of capital commitments:

Unrestricted general funds	2,059	250
Future grants and contributions	1,218	731
Internally restricted reserves	201	279
Total sources of funding	3,478	1,260

Details of capital commitments

The above commitments relate mainly to the following projects;

- Purchase of 2 Ford Rangers
- Purchase of Iseki SF370 Mower
- Balfour Street Drainage Works
- Office 365 Migration
- Guardrails on Jingellic Road
- Road Capital Improvements

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Changes in accounting policy

Voluntary changes in accounting policies

Council made no voluntary changes in accounting policies during the year.

G4-2 Changes in accounting estimates

Council made no changes in any accounting estimates during the year.

G5 Statement of developer contributions as at 30 June 2023

G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year		Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2023
		Cash	Non-cash Land			
Drainage	38	–	–	2	(40)	–
Roads	41	–	–	2	–	43
Open space	51	–	–	2	–	53
Community facilities	60	–	–	2	–	62
Other	13	–	–	–	–	13
S7.11 contributions – under a plan	203	–	–	8	(40)	171
S7.12 levies – under a plan	257	263	–	14	–	534
Total S7.11 and S7.12 revenue under plans	460	263	–	22	(40)	705
Total contributions	460	263	–	22	(40)	705

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

G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year		Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2023
		Cash	Non-cash Land			
CONTRIBUTION PLAN NUMBER 1 – FORMER HUME SHIRE PROPORTION OF GREATER HUME SHIRE						
Roads	41	–	–	2	–	43
Open space	1	–	–	–	–	1
Community facilities	60	–	–	2	–	62
Other	13	–	–	–	–	13
Total	115	–	–	4	–	119
INFRASTRUCTURE CONTRIBUTIONS PLAN - SOUTH JINDERA LOW DENSITY RESIDENTIAL AREA						
Drainage	38	–	–	2	(40)	–
Open space	50	–	–	2	–	52
Other	–	–	–	–	–	–
Total	88	–	–	4	(40)	52

S7.12 Levies – under a plan

GREATER HUME SHIRE COUNCIL S7.12 LEVY DEVELOPMENT CONTRIBUTIONS PLAN 2014

Other	257	263	–	14	–	534
Total	257	263	–	14	–	534

G5-3 S7.4 planning agreements

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Held as restricted asset at 30 June 2023
		Cash	Non-cash	Land			
Walla Walla Solar Farm							
Community facilities	—	700	—	—	—	—	700
Total	—	700	—	—	—	—	700

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	3,885	8.49%	(0.41)%	0.04%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	45,774				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	22,258	43.04%	43.22%	38.65%	> 60.00%
Total continuing operating revenue ¹	51,717				
3. Unrestricted current ratio					
Current assets less all external restrictions	28,046	5.26x	4.95x	4.28x	> 1.50x
Current liabilities less specific purpose liabilities	5,333				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	14,637	12.43x	12.25x	11.74x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,178				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	748	5.57%	5.54%	5.72%	< 10.00%
Rates and annual charges collectable	13,427				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	33,128	11.22	10.59	7.59	> 3.00
Monthly payments from cash flow of operating and financing activities	2,954	months	months	months	months

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

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

G6-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	9.45%	0.72%	(2.70)%	(10.09)%	(0.10)%	(10.64)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	38.63%	39.02%	91.85%	87.63%	96.25%	83.91%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	5.26x	4.95x	18.17x	9.61x	140.81x	87.62x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	11.47x	11.42x	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	5.67%	5.54%	0.41%	0.43%	7.38%	8.07%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	9.39	7.24	∞	∞	∞	∞	> 3.00
Monthly payments from cash flow of operating and financing activities	months	months					months

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

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

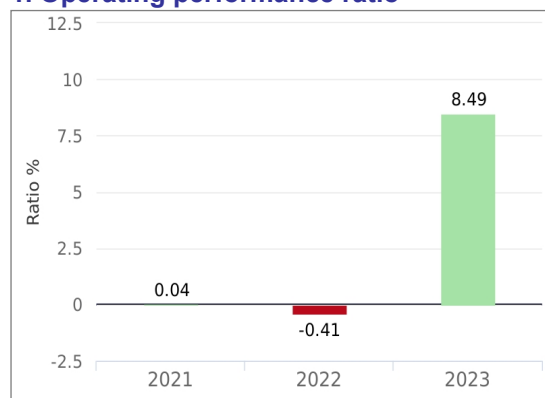
End of audited financial statements.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio 8.49%

The operating performance ratio of Greater Hume Council yield a favourable outcome, attributed to the increase in prepayment of the Financial Assistance Grant (FAG) and the additional payment of Natural Disaster Funding of \$7m.

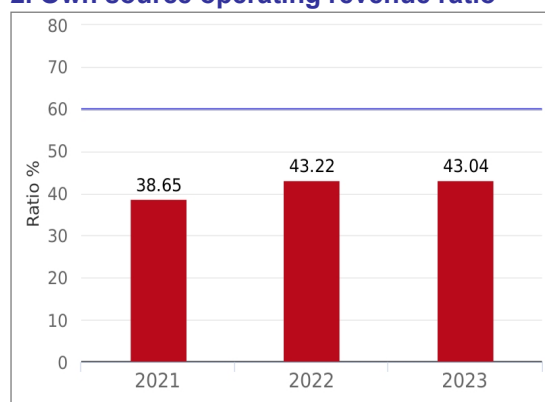
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2022/23 result

2022/23 ratio 43.04%

Greater Hume Council obtains a comparatively significant portion of its revenue through grants and contributions. Although aiming for a 60% benchmark of self-generated income is ideal, rural councils like Greater Hume Council depend extensively on grants and contributions due to their sizable yet relatively small population.

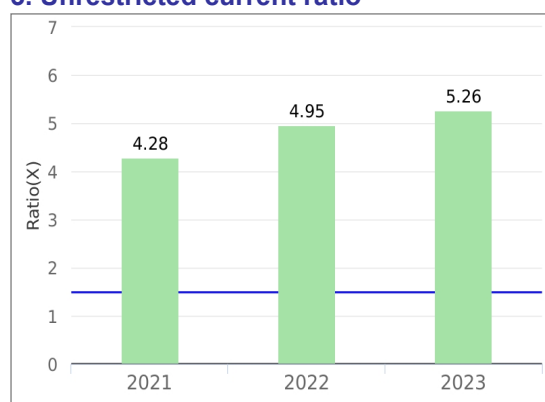
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2022/23 result

2022/23 ratio 5.26x

The unrestricted current ratio assesses the Council's capability to fulfil its immediate financial obligations. A ratio exceeding 2:1 signifies a robust financial capability to manage these obligations. This ratio reflects the Council's strong cash position.

Benchmark: — > 1.50x

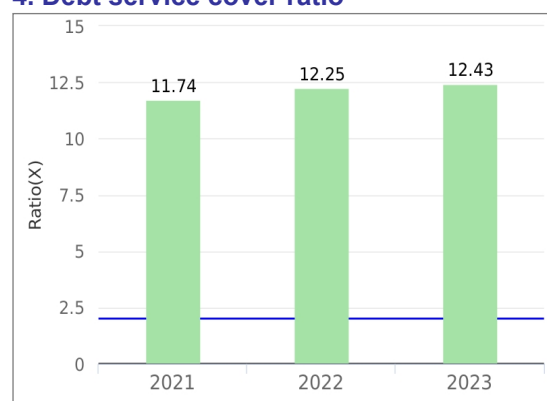
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 12.43x

Council has a relatively low level of borrowings. The ratio indicates that Council is able to comfortably service its current debt level out of its EBITDA.

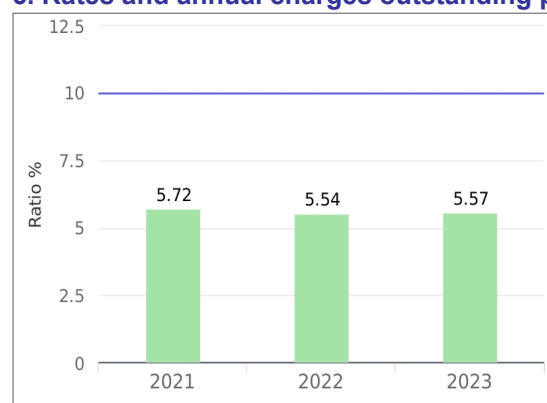
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

2022/23 ratio 5.57%

Council's level of outstanding rates and charges remained consistent with previous years which is a pleasing outcome in the current economic conditions.

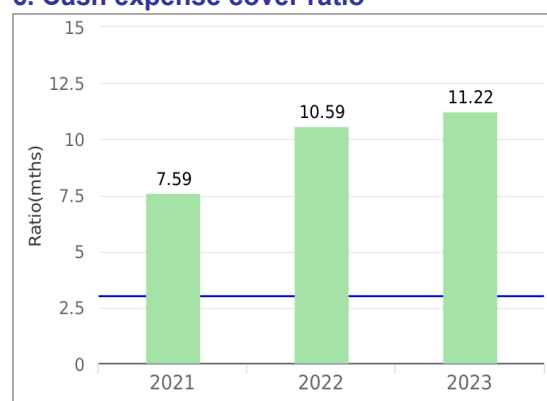
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 11.22 months

Council continues to maintain a strong liquidity ratio which is well above the industry benchmark.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Financial review

Key financial figures of Council over the past 5 years

\$ '000	2023	2022	2021	2020	2019
Inflows:					
Rates and annual charges revenue	12,612	12,228	11,791	11,416	11,277
User charges revenue	7,715	6,554	7,388	6,042	7,364
Interest and investment revenue (losses)	1,053	297	248	461	634
Grants income – operating and capital	28,353	25,056	30,967	18,368	10,376
Total income from continuing operations	52,090	46,846	52,027	37,223	35,879
Sale proceeds from IPPE	1,491	2,086	1,640	681	1,426
Outflows:					
Employee benefits and on-cost expenses	13,196	12,675	11,146	10,696	9,631
Borrowing costs	117	203	284	231	260
Materials and contracts expenses	16,495	11,379	15,379	14,892	7,175
Total expenses from continuing operations	41,890	35,344	37,553	35,982	29,020
Total cash purchases of IPPE	15,280	18,453	21,264	14,575	14,884
Total loan repayments (incl. finance leases)	1,057	619	577	589	586
Operating surplus/(deficit) (excl. capital income)	4,257	996	261	(3,470)	(317)
Financial position figures					
Current assets	40,673	34,302	32,567	31,561	31,665
Current liabilities	14,617	13,099	10,423	7,688	7,206
Net current assets	26,056	21,203	22,144	23,873	24,459
Available working capital (Unrestricted net current assets)	6,539	9,941	7,767	7,900	5,577
Cash and investments – unrestricted	1,633	4,587	2,425	4,876	3,832
Cash and investments – internal restrictions	18,889	13,389	12,310	10,345	11,272
Cash and investments – total	38,128	30,798	26,292	23,735	23,987
Total borrowings outstanding (loans, advances and finance leases)	3,644	4,683	3,244	3,764	4,308
Total value of IPPE (excl. land and earthworks)	733,374	664,741	599,482	581,219	523,664
Total accumulated depreciation	235,310	208,789	183,534	174,529	183,604
Indicative remaining useful life (as a % of GBV)	68%	69%	69%	70%	65%

Source: published audited financial statements of Council (current year and prior year)

H1-3 Council information and contact details

Principal place of business:

39 Young Street
Holbrook NSW 2644

Contact details**Mailing Address:**

PO Box 99
Holbrook NSW 2644

Telephone: 02 6036 0100

Opening hours:

8:30am - 5:00pm
Monday to Friday

Internet: <http://www.greaterhume.nsw.gov.au>

Email: mail@greaterhume.nsw.gov.au

Officers**General Manager**

Evelyn Arnold

Responsible Accounting Officer

Dean Hart

Public Officer

David Smith

Auditors

Audit Office of NSW
Level 15, 1 Margaret St
Sydney NSW 2000

Elected members**Mayor**

Councillor Tony Quinn

Councillors

Ian Forrest
Matt Hicks
Ashley Lindner
Doug Meyer OAM
Jenny O'Neill
Lea Parker
Annette Schilg (Deputy Mayor)
Heather Wilton

Other information

ABN: 44 970 341 154



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Greater Hume Shire Council

To the Councillors of Greater Hume Shire Council

Qualified Opinion

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

In my opinion, except for the effects of the matter described in the 'Basis for Qualified Opinion' section of my report:

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

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

Basis for Qualified Opinion

Non recognition of rural fire-fighting equipment

As disclosed in Note C1-6 'Infrastructure, property, plant and equipment' to the financial statements, the Council has not recognised rural fire-fighting equipment as assets in the Statement of Financial Position at 30 June 2023. In my opinion, these assets are controlled by the Council and should be recognised as assets in accordance with AASB 116 'Property, Plant and Equipment'.

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

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

- these assets are vested in the Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 26 September 2007
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

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

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

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

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:


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

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

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

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

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

A handwritten signature in dark ink, reading "Nirupama Mani". The signature is written in a cursive style with a small flourish at the end.

Nirupama Mani
Delegate of the Auditor-General for New South Wales

18 October 2023
SYDNEY



Mr Tony Quinn
Mayor
Greater Hume Shire Council
PO Box 99
HOLBROOK NSW 2644

Contact: Nirupama Mani
Phone no: 02 9275 7111
Our ref: R008-16585809-45106

18 October 2023

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2023
Greater Hume Shire Council**

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

I expressed a modified opinion on the Council's GPFS.

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

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

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

Modification to the opinion in the Independent Auditor's Report

Non-recognition of rural fire-fighting equipment

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

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

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

- these assets are vested in Council under section 119(2) of the *Rural Fires Act 1997* (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the *Rural Fires Act*, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed on 26 September 2007
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the *Rural Fires Act*. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the *Rural Fires Act*) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

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





Consequently, we were unable to determine the carrying values of rural fire-fighting equipment assets and related amounts that should be recorded and recognised in the Council's 30 June 2023 financial statements.

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

Refer to the Independent Auditor's report on the GPFS.

INCOME STATEMENT

Operating result

	2023 \$m	2022 \$m	Variance %
Rates and annual charges revenue	12.6	12.2	 3.3
Grants and contributions revenue	29.4	25.9	 13.5
Operating result from continuing operations	10.2	11.5	 11.3
Net operating result before capital grants and contributions	4.3	1.0	 330

Rates and annual charges revenue (\$12.6 million) increased by \$385 thousand (3.3 per cent) in 2022–23 due to:

- increase in ordinary rates in line with the 0.7% rate peg
- increase in the total number of rateable properties.

Grants and contributions revenue (\$29.4 million) increased by \$3.5 million (13.5 per cent) in 2022–23 due to:

- \$1.7 million increase in financial assistance grants received during the year
- \$6.8 million of natural disaster funding received during the year.

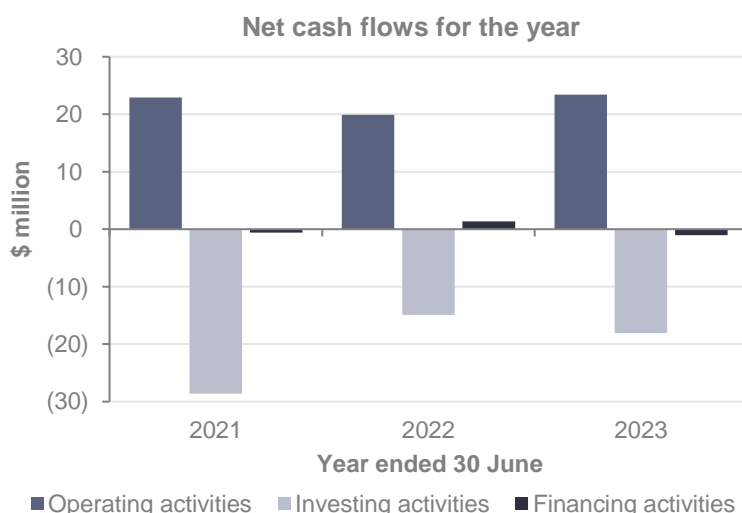
This was partially offset by \$4.9 million reduction in funding relating to capital projects (Holbrook Sportsground, Henty Sportsground and gifted assets) recognised in 2021–22.

The Council's operating result from continuing operations of \$10.2 million (including depreciation and amortisation expense of \$10.6 million) was \$1.3 million lower than the 2021–22 result.

The net operating result before capital grants and contributions (\$4.3 million) was \$3.3 million higher than the 2021–22 result. This is due to the \$1.1 million increase in user fees and charges and \$755 thousand increase in interest and investment income.

STATEMENT OF CASH FLOWS

- The Council's cash and cash equivalents was \$12.8 million (\$8.6 million for the year ended 30 June 2022). There was a net increase in cash and cash equivalents of \$4.2 million during the 2022–23 financial year.
- Net cash provided by operating activities has increased by \$3.5 million. This is due to an increase in receipts of grants and contributions of \$8.9 million, offset by an increase in payments for materials and services of \$4.6 million.
- Net cash used in investing activities has increased by \$3.3 million due to a net increase in payments for investments of \$6.1 million, offset by a decrease in payments for IPPE of \$3.3 million.
- Net cash flow used in financing activities decreased by \$2.4 million as a result of Council entering into a new borrowing arrangement during the 2021–22 financial year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	38.1	30.8	<ul style="list-style-type: none"> Externally restricted balances comprise mainly of specific purpose unexpended grants, water and sewer funds. The increase of \$4.8 million is primarily due to a \$4.6 million increase in specific purpose unexpended grants. Internal allocations are determined by Council policies or decisions, which are subject to change. The increase of \$5.5 million in the internal allocations is primarily due to a \$6.8 million increase in the Financial Assistance Grant.
Restricted cash and investments:			
• External restrictions	17.6	12.8	
• Internal restrictions	18.9	13.4	

Debt

At 30 June 2023, Council had:

- \$3.6 million of external borrowings (2022: \$4.7 million) which is secured over the revenue of Council.
- \$0.2 million bank overdraft facility (2022: \$0.2 million) which was undrawn as at 30 June 2023.

PERFORMANCE

Performance measures

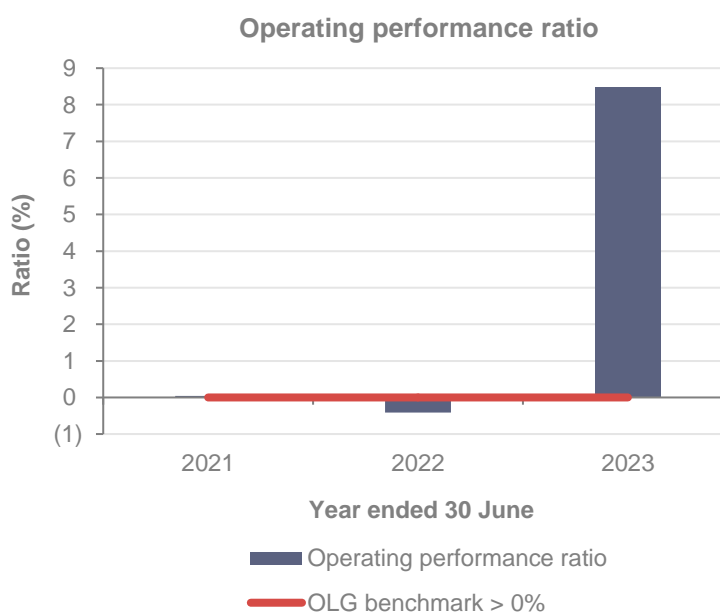
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

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

This is due to a \$8.1 million increase in operating grants and contributions.

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



Own source operating revenue ratio

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

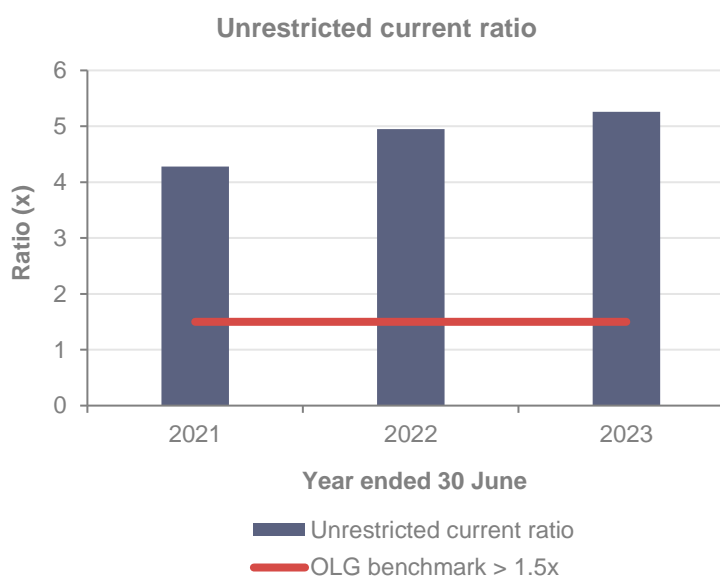
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

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

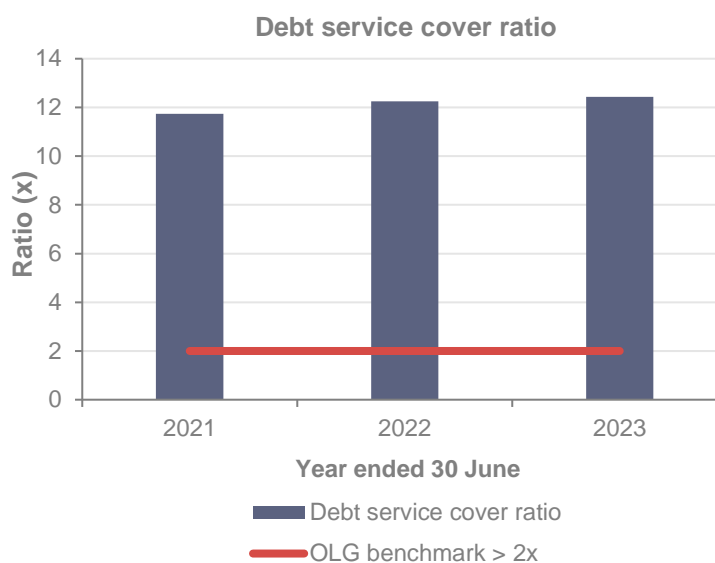
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

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

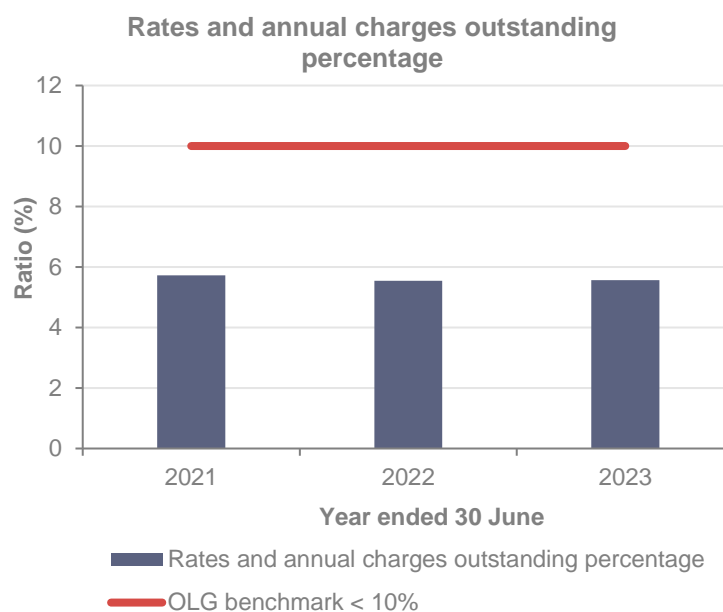
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

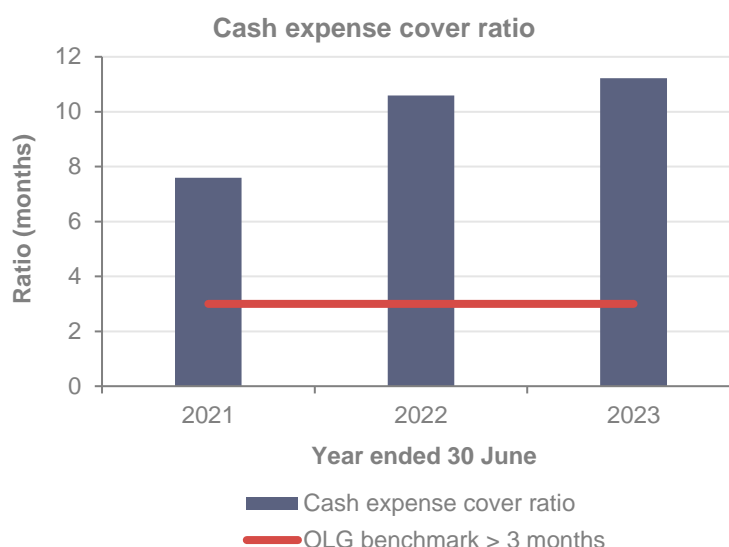
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

The Council renewed \$10.8 million of assets in the 2022–23 financial year, compared to \$10.1 million of assets in the 2021–22 financial year. This was mainly spent on roads (\$5.3 million) and capital work in progress (\$3.0 million),

The level of asset renewals in the current financial year increased by \$0.7 million compared to the prior year primarily due to a \$2.2 million increase in road asset renewals.

OTHER MATTERS

Legislative compliance

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

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

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

Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Ms Evelyn Arnold, General Manager
Mr David Maxwell, Chair of the Audit, Risk and Improvement Committee
Mr David Smith, Director Corporate & Community Services
Ms Kiersten Fishburn, Secretary of the Department of Planning and Environment



Greater
Hume
Council



Special Purpose Financial Statements

For the year ended 30 June 2023

Greater Hume Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
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Background

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

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

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

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

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

Greater Hume Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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


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

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

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

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

Signed in accordance with a resolution of Council made on 20 September 2023.



Councillor Tony Quinn

Mayor

20 September 2023



Councillor Annette Schilg

Councillor

20 September 2023



Evelyn Arnold

General Manager

20 September 2023



Dean Hart

Responsible Accounting Officer

20 September 2023

Greater Hume Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	729	700
User charges	1,021	959
Interest and investment income	142	60
Grants and contributions provided for operating purposes	139	16
Other income	80	59
Total income from continuing operations	2,111	1,794
Expenses from continuing operations		
Employee benefits and on-costs	486	530
Materials and services	324	304
Depreciation, amortisation and impairment	502	446
Water purchase charges	856	695
Total expenses from continuing operations	2,168	1,975
Surplus (deficit) from continuing operations before capital amounts	(57)	(181)
Grants and contributions provided for capital purposes	36	235
Surplus (deficit) from continuing operations after capital amounts	(21)	54
Surplus (deficit) from all operations before tax	(21)	54
Surplus (deficit) after tax	(21)	54
Opening accumulated surplus	11,527	11,473
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	11,506	11,527
Return on capital %	(0.2)%	(0.8)%
Subsidy from Council	1,064	1,041
Calculation of dividend payable:		
Surplus (deficit) after tax	(21)	54
Less: capital grants and contributions (excluding developer contributions)	(36)	(235)
Surplus for dividend calculation purposes	—	—
Dividend calculated from surplus	—	—

Greater Hume Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	1,490	1,400
User charges	155	158
Liquid trade waste charges	92	84
Interest and investment income	126	79
Grants and contributions provided for operating purposes	17	43
Other income	36	21
Total income from continuing operations	1,916	1,785
Expenses from continuing operations		
Employee benefits and on-costs	758	812
Materials and services	474	553
Depreciation, amortisation and impairment	686	610
Total expenses from continuing operations	1,918	1,975
Surplus (deficit) from continuing operations before capital amounts	(2)	(190)
Grants and contributions provided for capital purposes	57	291
Surplus (deficit) from continuing operations after capital amounts	55	101
Surplus (deficit) from all operations before tax	55	101
Surplus (deficit) after tax	55	101
Opening accumulated surplus	15,622	15,521
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	15,677	15,622
Return on capital %	0.0%	(0.5)%
Subsidy from Council	1,667	1,483
Calculation of dividend payable:		
Surplus (deficit) after tax	55	101
Less: capital grants and contributions (excluding developer contributions)	(57)	(291)
Surplus for dividend calculation purposes	—	—
Dividend calculated from surplus	—	—

Greater Hume Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	3,486	3,409
Receivables	621	511
Total current assets	4,107	3,920
Non-current assets		
Infrastructure, property, plant and equipment	25,050	23,497
Total non-current assets	25,050	23,497
Total assets	29,157	27,417
LIABILITIES		
Current liabilities		
Payables	226	408
Total current liabilities	226	408
Total liabilities	226	408
Net assets	28,931	27,009
EQUITY		
Accumulated surplus	11,506	11,527
Revaluation reserves	17,425	15,482
Total equity	28,931	27,009

Greater Hume Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	1,898	4,750
Receivables	355	332
Total current assets	2,253	5,082
Non-current assets		
Infrastructure, property, plant and equipment	41,423	35,316
Total non-current assets	41,423	35,316
Total assets	43,676	40,398
LIABILITIES		
Current liabilities		
Payables	16	58
Total current liabilities	16	58
Total liabilities	16	58
Net assets	43,660	40,340
EQUITY		
Accumulated surplus	15,677	15,622
Revaluation reserves	27,983	24,718
Total equity	43,660	40,340

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

Greater Hume Shire Council Combined Water Supplies

Comprising the whole of the operations and assets of the water supply systems servicing the towns of Jindera, Burrumbuttock, Brocklesby, Gerogery and Culcairn.

Category 2

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

Greater Hume Shire Council Combined Sewerage Service

Comprising the whole of the operations and assets of the sewerage reticulation and treatment system servicing the towns of Burrumbuttock, Culcairn, Henty, Holbrook, Jindera and Walla Walla.

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):

Notional rate applied (%)

Corporate income tax rate – **25%**

Note – Significant Accounting Policies (continued)

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

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

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

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

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

Income tax

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

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.03% at 30 June 2023.

Note – Significant Accounting Policies (continued)

(iii) Dividends

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

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

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

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

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Greater Hume Shire Council

To the Councillors of Greater Hume Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in dark ink, reading "Nirupama Mani". The signature is written in a cursive style with a small flourish at the end of the last name.

Nirupama Mani
Delegate of the Auditor-General for New South Wales

18 October 2023
SYDNEY



Greater
Hume
Council



Special Schedules

For the year ended 30 June 2023

Greater Hume Shire Council

Special Schedules

for the year ended 30 June 2023

Contents	Page
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Greater Hume Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
Notional general income calculation ¹			
Last year notional general income yield	a	9,272	9,554
Plus or minus adjustments ²	b	96	36
Notional general income	c = a + b	9,368	9,590
Permissible income calculation			
Or rate peg percentage	e	2.00%	4.70%
Or plus rate peg amount	i = e x (c + g)	187	451
Sub-total	k = (c + g + h + i + j)	9,555	10,041
Plus (or minus) last year's carry forward total	l	1	1
Less valuation objections claimed in the previous year	m	(1)	—
Sub-total	n = (l + m)	—	1
Total permissible income	o = k + n	9,555	10,042
Less notional general income yield	p	9,554	10,040
Catch-up or (excess) result	q = o – p	1	2
Carry forward to next year ⁶	t = q + r + s	1	2

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Greater Hume Shire Council

To the Councillors of Greater Hume Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

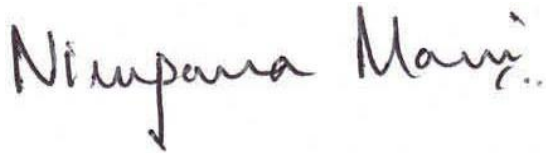
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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

A handwritten signature in dark ink, reading "Nirupama Mani". The signature is written in a cursive style with a small flourish at the end.

Nirupama Mani
Delegate of the Auditor-General for New South Wales

18 October 2023
SYDNEY

Greater Hume Shire Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Other	—	—	24	53	9,390	11,029	0.0%	16.0%	64.4%	19.0%	0.6%
	Council Offices / Administration Centres	10	10	48	54	4,427	8,042	0.0%	27.5%	72.5%	0.0%	0.0%
	Works Depots	—	—	42	40	3,191	5,106	0.0%	16.0%	84.0%	0.0%	0.0%
	Public Halls	40	40	47	23	4,804	2,181	19.7%	3.9%	41.1%	33.2%	2.1%
	Houses	—	—	18	18	2,144	2,181	0.0%	0.0%	87.4%	12.6%	0.0%
	Libraries	—	—	18	18	1,779	3,517	46.9%	1.3%	38.7%	13.0%	0.1%
	Museums	—	—	3	2	443	1,102	0.0%	4.0%	13.7%	82.3%	0.0%
	Amenities/Public Toilets	35	35	27	40	2,334	4,742	15.3%	13.0%	59.5%	11.3%	0.9%
	Sporting Facilities	45	45	58	25	11,650	23,113	0.0%	55.7%	44.3%	0.0%	0.0%
	Aged Care Facilities	—	—	63	46	3,555	5,861	15.1%	32.9%	46.8%	5.2%	0.0%
	Sub-total	130	130	348	319	43,717	66,874	5.5%	30.5%	55.8%	7.9%	0.3%
Other structures	Other structures	10	10	23	40	19,709	32,229	20.0%	15.2%	27.5%	28.5%	8.8%
	Sub-total	10	10	23	40	19,709	32,229	20.0%	15.2%	27.5%	28.5%	8.8%
Roads	Sealed Roads Surface	50	50	1,770	3,688	31,248	50,077	7.0%	49.0%	39.0%	4.8%	0.2%
	Sealed Roads Structure	—	—	—	—	228,950	278,669	8.0%	48.0%	39.0%	5.0%	0.0%
	Unsealed roads	—	—	1,086	2,230	17,829	34,043	0.0%	42.0%	49.0%	9.0%	0.0%
	Bridges	1,400	1,400	100	25	45,775	84,584	6.0%	9.0%	63.0%	17.0%	5.0%
	Footpaths	—	—	52	73	4,604	5,964	30.0%	27.0%	41.0%	2.0%	0.0%
	Kerb & Gutter	—	—	52	17	8,920	13,967	7.0%	42.0%	44.0%	7.0%	0.0%
	Bulk earthworks	—	—	—	—	262,939	262,939	4.0%	42.0%	44.0%	10.0%	0.0%
	Sub-total	1,450	1,450	3,060	6,033	600,265	730,243	6.0%	40.8%	44.2%	8.4%	0.6%
Water supply network	Mains	—	—	18	25	21,285	33,738	22.0%	47.0%	19.0%	12.0%	0.0%
	Pumping Station/s	—	—	14	—	522	823	6.0%	89.0%	5.0%	0.0%	0.0%
	Treatment Works	—	—	119	166	209	409	0.0%	100.0%	0.0%	0.0%	0.0%
	Reservoirs	—	—	6	5	2,055	4,612	7.0%	40.0%	15.0%	38.0%	0.0%
	Bores	—	—	—	—	373	497	0.0%	100.0%	0.0%	0.0%	0.0%
	Other	—	—	4	15	82	168	0.0%	78.0%	0.0%	2.0%	20.0%
	Sub-total	—	—	161	211	24,527	40,247	19.4%	48.4%	17.7%	14.4%	0.1%

Greater Hume Shire Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Sewerage network	Mains	—	—	44	54	25,691	41,680	19.0%	33.0%	48.0%	0.0%	0.0%
	Pumping Station/s	20	20	33	64	3,727	5,811	11.0%	77.0%	10.0%	2.0%	0.0%
	Treatment Works	—	—	39	69	5,696	9,971	5.0%	82.0%	11.0%	2.0%	0.0%
	Reuse Scheme	10	10	10	9	1,374	1,627	0.0%	94.0%	3.0%	3.0%	0.0%
	Sub-total	30	30	126	196	36,489	59,089	15.3%	47.3%	36.8%	0.6%	0.0%
Stormwater drainage	Stormwater drainage	—	—	135	112	15,945	20,099	22.0%	44.0%	23.0%	11.0%	0.0%
	Sub-total	—	—	135	112	15,944	20,099	22.0%	44.0%	23.0%	11.0%	0.0%
Open space / recreational assets	Swimming pools	150	150	142	119	7,872	12,629	15.1%	32.9%	46.8%	5.2%	0.0%
	Sub-total	150	150	142	119	7,872	12,629	15.1%	32.9%	46.8%	5.2%	0.0%
Total – all assets		1,770	1,770	3,995	7,030	748,523	961,410	8.1%	39.9%	42.4%	8.8%	0.8%

(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

Greater Hume Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	10,765	113.52%	115.64%	137.53%	> 100.00%
Depreciation, amortisation and impairment	9,483				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	1,770	0.24%	0.25%	0.09%	< 2.00%
Net carrying amount of infrastructure assets	752,338				
Asset maintenance ratio					
Actual asset maintenance	7,030	175.97%	138.83%	105.92%	> 100.00%
Required asset maintenance	3,995				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	1,770	0.18%	0.20%	0.07%	
Gross replacement cost	961,410				

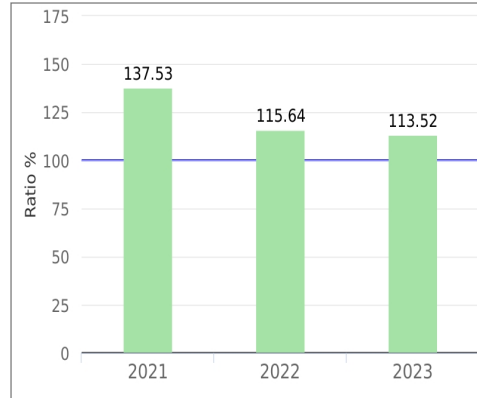
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Greater Hume Shire Council

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

22/23 ratio 113.52%

Major roads and stormwater drainage infrastructure renewal projects have resulted in a renewal ratio which exceeds Council's benchmark aim of at least 100% renewal.

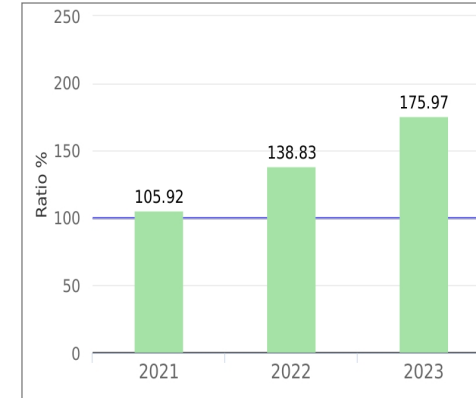
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

22/23 ratio 175.97%

Council's annual maintenance expenditure during 2022-23 has met Council's benchmark aim of at least 100%. Council's forward budgets provide for a 1:1 ratio in future budget periods.

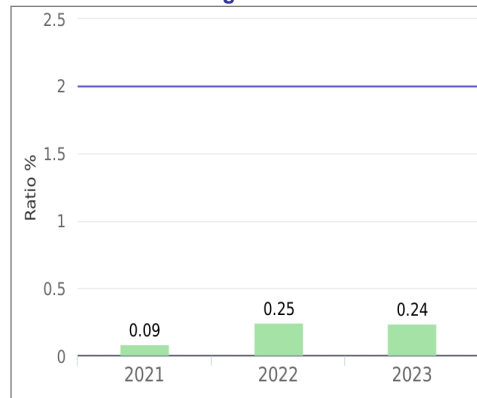
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

22/23 ratio 0.24%

Council has no serious backlog issues in its infrastructure network.

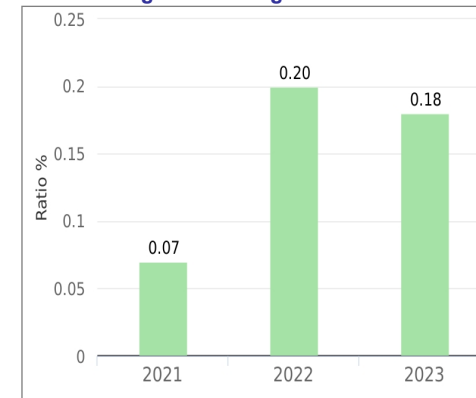
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

22/23 ratio 0.18%

Continuing major works on the renewals of roads and building infrastructure has been major contributor to achieving this result in 2022-23.

Greater Hume Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

	General fund		Water fund		Sewer fund		Benchmark
\$ '000	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	127.85%	131.30%	7.37%	3.14%	17.93%	0.00%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	0.25%	0.27%	0.00%	0.00%	0.08%	0.09%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	178.61%	139.74%	131.06%	87.59%	155.56%	155.56%	> 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	0.20%	0.22%	0.00%	0.00%	0.05%	0.06%	

(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.