

Dubbo Regional Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024



Dubbo Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024



Dubbo Regional Council

General Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Contents for the notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	75
On the Financial Statements (Sect 417 [3])	81

Dubbo Regional Council

General Purpose Financial Statements

for the year ended 30 June 2024

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 24 October 2024.



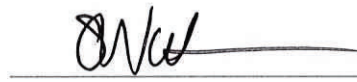
Josh Black
Mayor
24 October 2024



Phillip Toynton
Deputy Mayor
24 October 2024



Murray Wood
Chief Executive Officer
24 October 2024



Stephanie Williamson
Responsible Accounting Officer
24 October 2024

Dubbo Regional Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Net operating result for the year – from Income Statement		29,579	50,716
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	120,778	(83,931)
Other comprehensive income – joint ventures and associates	D2-1	1	–
Total items which will not be reclassified subsequently to the operating result		120,779	(83,931)
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements		(1)	–
Total items which will be reclassified subsequently to the operating result when specific conditions are met		(1)	–
Total other comprehensive income for the period		120,778	(83,931)
Total comprehensive income for the year attributable to Council		150,357	(33,215)

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

Dubbo Regional Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	53,196	60,652
Investments	C1-2	149,038	98,250
Receivables	C1-4	22,259	29,525
Inventories	C1-5	6,129	8,113
Contract assets	C1-6	5,463	4,843
Other	C1-11	841	933
Total current assets		236,926	202,316
Non-current assets			
Investments	C1-2	88,475	110,814
Receivables	C1-4	14	29
Inventories	C1-5	2,219	4,971
Infrastructure, property, plant and equipment (IPPE)	C1-8	2,728,017	2,595,567
Investments accounted for using the equity method	D2-1,D2-3	2,109	1,948
Other	C1-11	495	495
Total non-current assets		2,821,329	2,713,824
Total assets		3,058,255	2,916,140
LIABILITIES			
Current liabilities			
Payables	C3-1	14,672	17,195
Contract liabilities	C3-2	8,863	9,346
Borrowings	C3-3	5,463	6,230
Employee benefit provisions	C3-4	11,514	11,469
Total current liabilities		40,512	44,240
Non-current liabilities			
Payables	C3-1	13	3
Borrowings	C3-3	28,173	33,636
Employee benefit provisions	C3-4	836	883
Provisions	C3-5	11,738	10,752
Total non-current liabilities		40,760	45,274
Total liabilities		81,272	89,514
Net assets		2,976,983	2,826,626
EQUITY			
Accumulated surplus	C4-1	2,407,706	2,378,127
IPPE revaluation reserve	C4-1	569,277	448,499
Total equity		2,976,983	2,826,626

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

Dubbo Regional Council

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		2,378,127	448,499	2,826,626	2,327,411	532,430	2,859,841
Opening balance		2,378,127	448,499	2,826,626	2,327,411	532,430	2,859,841
Net operating result for the year		29,579	–	29,579	50,716	–	50,716
Net operating result for the period		29,579	–	29,579	50,716	–	50,716
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	120,778	120,778	–	(83,931)	(83,931)
Other comprehensive income		–	120,778	120,778	–	(83,931)	(83,931)
Total comprehensive income		29,579	120,778	150,357	50,716	(83,931)	(33,215)
Closing balance at 30 June		2,407,706	569,277	2,976,983	2,378,127	448,499	2,826,626

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

Dubbo Regional Council

Statement of Cash Flows

for the year ended 30 June 2024

<i>Original unaudited budget 2024</i>	<i>\$ '000</i>	Notes	<i>Actual 2024</i>	<i>Actual 2023</i>
Cash flows from operating activities				
Receipts:				
73,299	Rates and annual charges		74,291	72,787
43,061	User charges and fees		59,142	41,431
7,855	Interest received		11,462	6,082
49,678	Grants and contributions		60,167	71,011
–	Bonds, deposits and retentions received		256	59
2,729	Other		12,279	7,005
Payments:				
(51,787)	Payments to employees		(49,213)	(47,668)
(46,514)	Payments for materials and services		(72,831)	(53,447)
(2,640)	Borrowing costs		(2,437)	(3,358)
(2,717)	Other		(7,540)	(2,567)
72,964	Net cash flows from operating activities	G1-1	85,576	91,335
Cash flows from investing activities				
Receipts:				
–	Sale of investments		10,500	150,575
–	Redemption of term deposits		111,750	–
14,550	Sale of real estate assets		4,297	–
2,447	Proceeds from sale of IPPE		2,581	1,943
–	Deferred debtors receipts		39	75
Payments:				
(171)	Purchase of investments		–	(158,329)
–	Acquisition of term deposits		(151,000)	(20,750)
(75,926)	Payments for IPPE		(64,291)	(50,655)
(7,634)	Purchase of real estate assets		(678)	(3,122)
–	Deferred debtors and advances made		–	19
(66,734)	Net cash flows from investing activities		(86,802)	(80,244)
Cash flows from financing activities				
Payments:				
(6,230)	Repayment of borrowings		(6,230)	(5,984)
(6,230)	Net cash flows from financing activities		(6,230)	(5,984)
–	Net change in cash and cash equivalents		(7,456)	5,107
3,000	Cash and cash equivalents at beginning of year	C1-1b,C1-1	60,652	55,545
3,000	Cash and cash equivalents at end of year	C1-1	53,196	60,652
208,999	plus: Investments on hand at end of year	C1-2	237,513	209,064
211,999	Total cash, cash equivalents and investments		290,709	269,716

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

Dubbo Regional Council

Contents for the notes to the Financial Statements for the year ended 30 June 2024

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	14
B1 Functions or activities	14
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
B2 Sources of income	16
B2-1 Rates and annual charges	16
B2-2 User charges and fees	17
B2-3 Other revenues	18
B2-4 Grants and contributions	19
B2-5 Interest and investment income	22
B2-6 Other income	22
B3 Costs of providing services	23
B3-1 Employee benefits and on-costs	23
B3-2 Materials and services	24
B3-3 Borrowing costs	25
B3-4 Depreciation, amortisation and impairment of non-financial assets	26
B3-5 Other expenses	27
B4 Gains or losses	28
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	28
B5 Performance against budget	29
B5-1 Material budget variations	29
C Financial position	31
C1 Assets we manage	31
C1-1 Cash and cash equivalents	31
C1-2 Financial investments	31
C1-3 Restricted and allocated cash, cash equivalents and investments	32
C1-4 Receivables	34
C1-5 Inventories	35
C1-6 Contract assets	36
C1-7 Non-current assets classified as held for sale	37
C1-8 Infrastructure, property, plant and equipment	38
C1-9 Investment properties	42
C1-10 Intangible assets	43
C1-11 Other	43
C2 Leasing activities	43
C2-1 Council as a lessee	43
C2-2 Council as a lessor	43
C3 Liabilities of Council	44
C3-1 Payables	44
C3-2 Contract Liabilities	44
C3-3 Borrowings	44

Dubbo Regional Council

Contents for the notes to the Financial Statements for the year ended 30 June 2024

C3-4 Employee benefit provisions	47
C3-5 Provisions	47
C4 Reserves	49
C4-1 Nature and purpose of reserves	49
D Council structure	50
D1 Results by fund	50
D1-1 Income Statement by fund	50
D1-2 Statement of Financial Position by fund	51
D1-3 Details of internal loans	51
D2 Interests in other entities	52
D2-1 Interests in joint arrangements	52
D2-2 Unconsolidated structured entities	53
D2-3 Subsidiaries, joint arrangements and associates not recognised	53
E Risks and accounting uncertainties	54
E1-1 Risks relating to financial instruments held	54
E2-1 Fair value measurement	57
E3-1 Contingencies	61
F People and relationships	64
F1 Related party disclosures	64
F1-1 Key management personnel (KMP)	64
F1-2 Councillor and Mayoral fees and associated expenses	64
F2 Other relationships	65
F2-1 Audit fees	65
G Other matters	66
G1-1 Statement of Cash Flows information	66
G2-1 Commitments	67
G3-1 Events occurring after the reporting date	68
G4 Statement of developer contributions	69
G4-1 Summary of developer contributions	69
G4-2 Developer contributions by plan	70
G5 Statement of performance measures	71
G5-1 Statement of performance measures – consolidated results	71
G5-2 Statement of performance measures by fund	72
H Additional Council disclosures (unaudited)	74
H1-1 Council information and contact details	74

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 24 October 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policy information related to these consolidated financial statements are set out below. Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

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

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 2024.

The following new standard is effective for the first time at 30 June 2024:

- **AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates**
- **Equivalent standard for JO's is AASB 2021-6 Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards**

The most significant change introduced by this standard is to remove the requirement to disclose significant accounting policies and instead require disclosure of material accounting policy information.

“Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.”

In applying the new requirements, Council has after taking into account the various specific facts and circumstances applied professional judgement to ensure it discloses only material accounting policies as opposed to significant accounting policies throughout these financial statements.

Historical cost convention

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

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying 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. fair values of infrastructure, property, plant and equipment – refer Note C1-8
- ii. tip remediation provisions – refer Note C3-5
- iii. employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

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

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- general purpose operations
- water service
- sewerage service

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 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.

Volunteer services

Council operate volunteer programs whereby volunteers provide services in performing activities including bush generation, weed control and plantings; ushering patrons during performances at the Dubbo Regional Theatre Convention Centre; and greeting and providing information to visitors of the Western Plains Cultural Centre and Dubbo Visitor Information Centre. Under AASB 1058 Income of Not-for-Profit Entities, Council is required to recognise the volunteer services at fair value when the following criteria are met:

- Volunteer services can be reliably measured;
- The services would be purchased if they were not donated; and
- The value would be material.

Council has assessed the volunteer services for materiality. In relation to Council's overall operations, the value of the volunteer services are not material. Further, there are limitations on the ability for Council to reliably measure the services, and not all volunteer services would be purchased if they were not donated

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2023.

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

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

This Standard amends AASB 13, including adding authoritative implementation guidance and providing related illustrative examples, for application by not-for-profit public sector entities.

In particular, this standard provides guidance on:

- (a) highest and best use
- (b) financially feasible uses
- (c) use of assumptions
- (d) nature of costs to include in the replacement cost of a reference asset and on the identification of economic obsolescence when using the cost approach.

A1-1 Basis of preparation (continued)

The standard applies prospectively to annual periods beginning on or after 1 January 2024; i.e. Council's financial statements for the year ended 30 June 2025, with earlier application not permitted.

Council will assess any impact of the modifications to AASB 13 ahead of the 2024-25 reporting period.

Apart from the standard listed above there are no other released standards and interpretations (with future effective dates) that are expected to have a material impact on Council.

Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 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	<i>Income</i>		<i>Expenses</i>		<i>Operating result</i>		<i>Grants and contributions</i>		<i>Carrying amount of assets</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
Functions or activities										
Governance	–	11	650	635	(650)	(624)	–	–	–	–
Administration	1,357	1,910	(7,294)	9,313	8,651	(7,403)	–	–	197,697	206,566
Public order and safety	4,542	7,332	5,618	4,982	(1,076)	2,350	3,784	6,328	23,253	29,005
Health	–	–	132	264	(132)	(264)	–	–	–	–
Environment	19,643	21,344	17,658	16,610	1,985	4,734	1,054	4,812	198,447	181,564
Community services and education	3,357	3,117	5,239	4,874	(1,882)	(1,757)	2,484	2,175	2,105	1,505
Housing and community amenities	3,328	3,854	3,405	4,482	(77)	(628)	211	207	20,914	20,253
Water supplies	34,558	33,817	27,559	24,225	6,999	9,592	5,878	8,656	467,323	438,809
Sewerage services	26,778	24,164	15,395	12,084	11,383	12,080	2,958	1,978	397,365	364,387
Recreation and culture	5,340	10,430	37,073	36,628	(31,733)	(26,198)	2,185	7,131	202,176	194,172
Mining, manufacturing and construction	–	–	1,548	1,406	(1,548)	(1,406)	–	–	444	427
Transport and communication	44,868	40,147	63,057	35,367	(18,189)	4,780	32,751	34,322	1,460,328	1,387,774
Economic affairs	7,831	7,490	11,277	12,054	(3,446)	(4,564)	1,020	1,054	86,094	89,729
Share of gains/(losses) in associates and joint ventures (using the equity method)	160	71	–	–	160	71	–	–	2,109	1,949
General purpose income	59,134	59,953	–	–	59,134	59,953	12,876	18,431	–	–
Total functions and activities	210,896	213,640	181,317	162,924	29,579	50,716	65,201	85,094	3,058,255	2,916,140

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 and emergency services levy, fire protection, emergency services, enforcement of regulations and animal control.

Health

Includes immunisation, food control, health centres etc.

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 administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

Housing and community amenities

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

Water supplies

Provide safe reliable and cost effective water supply that caters for the sustainable growth.

Sewerage services

Provision of an environmentally responsible sewerage service that maintains the health of the community cost effectively, and caters for the sustainable growth.

Recreation and culture

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

Mining, manufacturing and construction

Includes building control, quarries and pits, mineral resources, and abattoirs.

Transport and communication

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

Economic affairs

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	24,644	23,367
Farmland	6,668	6,501
Mining	1	1
Business	9,626	9,226
Less: pensioner rebates (mandatory)	(501)	(507)
Rates levied to ratepayers	40,438	38,588
Pensioner rate subsidies received	274	281
Total ordinary rates	40,712	38,869
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	9,182	8,718
Water supply services	7,757	8,053
Sewerage services	14,840	14,881
Drainage	1,765	1,664
Waste management services (non-domestic)	847	780
Less: pensioner rebates (mandatory)	(625)	(637)
Less: pensioner rebates (Council policy)	(189)	(193)
Annual charges levied	33,577	33,266
Pensioner annual charges subsidies received:		
– Water	121	123
– Sewerage	117	116
– Domestic waste management	114	118
Total annual charges	33,929	33,623
Total rates and annual charges	74,641	72,492

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

Material accounting policy information

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2024	2023
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	1	17,276	14,342
Sewerage services	1	5,577	4,894
Waste management services (non-domestic)	1	6,683	5,475
Total specific user charges		29,536	24,711
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Regulatory/ statutory fees	2	2,825	3,011
Total fees and charges – statutory/regulatory		2,825	3,011
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aerodrome	2	5,765	3,925
Cemeteries	2	517	484
Leaseback fees – Council vehicles	2	321	309
Transport for NSW works (state roads not controlled by Council)	2	4,246	929
Tourism	2	202	180
Water service connections	2	50	147
Wellington Caves entry fees	2	971	896
Western Plains Cultural Centre	2	232	165
Dubbo Aquatic Leisure Centre	2	11	959
Family Day Care	2	290	304
Fodder sales 'greengrove' effluent reuse property	2	158	201
Old Dubbo Gaol	2	707	779
Private works	2	452	509
Public halls	2	2,114	2,139
Rainbow Cottage Childcare Centre	2	493	552
Dubbo Regional Livestock Markets	2	4,179	3,396
Dubbo Showground	2	189	225
Sewer plan drafting fees	2	132	152
Other	2	782	713
Sporting facilities	2	246	230
Total fees and charges – other		22,057	17,194
Total other user charges and fees		24,882	20,205
Total user charges and fees		54,418	44,916
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1) ¹		29,536	24,711
User charges and fees recognised at a point in time (2) ¹		24,882	20,205
Total user charges and fees		54,418	44,916

Material accounting policy information

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

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

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

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

(1) Prior year has been restated for comparative purposes.

B2-3 Other revenues

\$ '000	<i>Timing</i>	2024	2023
Rental income – other council properties	1	1,337	1,388
Fines	2	502	423
Commissions and agency fees	2	10	13
Insurance claims recoveries	2	272	218
Other	2	1,052	1,027
StateCover WHS Incentive	2	130	130
Caves / caravan park kiosk – sales	2	202	206
Total other revenue		<u>3,505</u>	<u>3,405</u>

Timing of revenue recognition for other revenue

Other revenue recognised over time (1) ¹	1,337	1,388
Other revenue recognised at a point in time (2) ¹	2,168	2,017
Total other revenue	<u>3,505</u>	<u>3,405</u>

Material accounting policy information for other revenue

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

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

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

(1) Prior year has been restated for comparative purposes.

B2-4 Grants and contributions

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)					
Financial Assistance Grant					
Relating to Current Year	2	596	3,409	–	–
Prepayment received in advance for subsequent year	2	12,198	13,742	–	–
Amount recognised as income during current year		12,794	17,151	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	2	–	–	2,865	4,463
Bushfire and emergency services	2	587	464	111	8
Heritage and cultural	2	124	306	–	–
Employment and training programs	2	10	30	–	–
Library	2	221	213	–	–
Noxious weeds	2	107	108	–	–
Storm/flood damage		3,361	9	–	–
Local Infrastructure Renewal Scheme interest subsidy	2	–	–	55	111
Tourism	2	–	–	238	533
Street lighting	2	211	207	–	–
Community services	2	225	193	–	–
Family Day Care	2	1,101	1,036	–	–
Rainbow Cottage Childcare Centre	2	1,086	873	–	–
Sporting facilities	2	1	121	382	2,176
Stormwater	2	–	39	–	–
Other specific grants	2	524	1,863	1,032	4,246
Transport (roads to recovery)	2	2,146	2,146	–	–
Transport (other roads and bridges funding)	1	7,113	1,167	9,979	12,829
Previously contributions:					
Transport for NSW contributions (regional roads, block grant)	2	2,101	2,463	–	–
Other contributions	2	367	153	1,880	5,307
Sporting facilities	2	–	–	54	104
Total special purpose grants and non-developer contributions – cash		19,285	11,391	16,596	29,777
Non-cash contributions					
NSW Rural Fire Services appliances ¹	2	–	–	1,439	551
Dubbo City Holiday Park electrical infrastructure	2	–	–	402	–
Contributed artworks		–	–	158	–
Total other contributions – non-cash		–	–	1,999	551
Total special purpose grants and non-developer contributions (tied)		19,285	11,391	18,595	30,328
Total grants and non-developer contributions		32,079	28,542	18,595	30,328
Comprising:					
– Commonwealth funding		15,281	19,988	7,448	2,275
– State funding		16,512	8,165	9,130	27,404
– Other funding ¹		286	389	2,017	649
		32,079	28,542	18,595	30,328

(1) Prior year has been restated for comparative purposes.

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions:					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 64 – water supply contributions	G4	–	–	1,258	2,304
S 64 – sewerage service contributions		–	–	1,387	1,404
S 7.11 – open space		–	–	509	894
S 7.11 – drainage		–	–	48	155
S 7.11 – roadworks		–	–	1,900	3,060
Voluntary planning agreements		–	–	205	414
Total developer contributions – cash		–	–	5,307	8,231
Non-cash contributions					
Infrastructure - Drainage		–	–	1,007	4,447
Infrastructure - Footpaths		–	–	374	633
Infrastructure - Roads and bridges		–	–	4,442	10,277
Infrastructure - Land under roads		–	–	127	296
Water supply services		–	–	1,734	1,843
Sewerage services		–	–	1,536	497
Total developer contributions non-cash		–	–	9,220	17,993
Total developer contributions		–	–	14,527	26,224
Total contributions		–	–	14,527	26,224
Total grants and contributions		32,079	28,542	33,122	56,552
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1) ¹		7,113	7,412	9,979	27,680
Grants and contributions recognised at a point in time (2) ¹		24,966	21,130	23,143	28,872
Total grants and contributions		32,079	28,542	33,122	56,552

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 2024	Operating 2023 ¹	Capital 2024	Capital 2023 ¹
Unspent grants and contributions				
Unspent funds at 1 July	1,699	1,294	21,933	10,968
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	8,533	3,356	3,989	18,831
Add: Funds received and not recognised as revenue in the current year	–	–	–	9,041
Less: grants recognised as income in a previous reporting period now spent	(849)	(1,854)	(4,858)	(7,136)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,188)	(1,097)	(9,090)	(9,771)
Unspent funds at 30 June	8,195	1,699	11,974	21,933

(1) Prior year has been restated for comparative purposes.

continued on next page ...

B2-4 Grants and contributions (continued)

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	367	232
– Cash and investments	12,845	7,616
– Other	54	96
Amortisation of premiums and discounts		
– Interest free (and interest reduced) loans provided	7	19
– Financial assets at amortised cost	(302)	(301)
Total interest and investment income (losses)	12,971	7,662

B2-6 Other income

\$ '000	Notes	2024	2023
Net share of interests in joint ventures and associates using the equity method			
Joint ventures		160	71
Total net share of interests in joint ventures and associates using the equity method	D2-1	160	71
Total other income		160	71

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	42,557	40,932
Travel expenses	202	176
Employee leave entitlements (ELE)	4,641	4,450
Superannuation	4,984	4,698
Workers' compensation insurance	2,350	2,582
Fringe benefit tax (FBT)	69	61
Payroll tax	259	195
Training costs (other than salaries and wages)	532	647
Other	257	310
Total employee costs	55,851	54,051
Less: capitalised costs	(6,511)	(6,732)
Total employee costs expensed	49,340	47,319
Number of 'full-time equivalent' employees (FTE) at year end	491	496

Material accounting policy information

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

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

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

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

B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		36,372	32,566
Contractor costs		18,982	12,952
Audit Fees	F2-1	163	147
Councillor and Mayoral fees and associated expenses ¹	F1-2	432	440
Advertising		395	519
Election expenses		7	–
Electricity and heating		4,766	3,923
Insurance		2,666	2,307
Postage		137	130
Printing and stationery		303	166
Street lighting		925	792
Telephone and communications		243	271
Valuation fees		217	200
Other expenses ¹		1,049	1,133
Vehicle registration		245	224
Water resource charge		969	669
Contributions to emergency services		1,836	1,645
Credit card merchant fees		20	17
Family day care – fee relief		1,075	1,016
Property rental		62	42
Subscription shires association		59	57
Legal expenses:			
– Legal expenses: planning and development		40	28
– Legal expenses: other		588	383
Total materials and services		71,551	59,627
Less: capitalised costs		(8,449)	(7,661)
Total materials and services		63,102	51,966

(1) Prior year has been restated for comparative purposes.

B3-3 Borrowing costs

\$ '000	Notes	2024	2023
(i) Interest bearing liability costs			
Interest on loans		2,398	2,742
Total interest bearing liability costs		2,398	2,742
Total interest bearing liability costs expensed		2,398	2,742
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	639	253
Total other borrowing costs		639	253
Total borrowing costs expensed		3,037	2,995

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Plant and equipment		4,732	4,373
Office equipment		485	711
Furniture and fittings		156	186
Land improvements (depreciable)		232	108
Infrastructure:			
	C1-8		
– Buildings – non-specialised		1,633	1,610
– Buildings – specialised		6,041	5,925
– Other structures		7,664	8,087
– Roads		20,811	17,589
– Airport runways		1,018	938
– Stormwater drainage		2,384	2,206
– Water supply network		6,697	6,874
– Sewerage network		6,125	5,506
– Swimming pools		138	132
Other assets:			
– Other		9	11
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-8,C3-5	1,367	1,174
– Quarry assets	C1-8,C3-5	12	61
Total gross depreciation and amortisation costs		59,504	55,491
Less: capitalised costs		(979)	(1,168)
Total depreciation and amortisation costs		58,525	54,323
Total depreciation, amortisation and impairment for non-financial assets		58,525	54,323

Material accounting policy information

Depreciation and amortisation

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

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are 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	Notes	2024	2023
Impairment of receivables			
Other		191	372
Total impairment of receivables	C1-4	191	372
Other			
Donations, contributions and assistance to other organisations (Section 356)		2,633	2,673
Total other		2,633	2,673
Total other expenses		2,824	3,045

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

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		302	–
Less: carrying amount of property assets sold/written off		(194)	–
Gain (or loss) on disposal		108	–
Gain (or loss) on disposal of plant and equipment			
	C1-8		
Proceeds from disposal – plant and equipment		2,279	1,943
Less: carrying amount of plant and equipment assets sold/written off		(2,647)	2,337
Gain (or loss) on disposal		(368)	4,280
Gain (or loss) on disposal of infrastructure			
	C1-8		
Less: carrying amount of infrastructure assets sold/written off		(6,351)	(7,552)
Gain (or loss) on disposal		(6,351)	(7,552)
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		4,297	–
Less: carrying amount of real estate assets sold/written off		(2,175)	–
Gain (or loss) on disposal		2,122	–
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal		124,250	150,575
Less: carrying value of investments		(124,250)	(150,579)
Gain (or loss) on disposal		–	(4)
Net gain (or loss) from disposal of assets		(4,489)	(3,276)

Material accounting policy information

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 2023 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	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
Rates and annual charges	73,156	74,641	1,485	2% F
User charges and fees	42,599	54,418	11,819	28% F
Significant increases were seen across multiple areas including an increase in water consumption above forecast amount largely due to changes in environmental forecasts, additional heavy patching and maintenance work completed on State Highways (which is offset by additional expenditure incurred to deliver the projects), and an increase in yard dues at Dubbo Regional Livestock Markets due to higher than anticipated throughput. Other increases include additional income received from trade waste and non-residential quarterly charges, tipping charges along with scrap metal and landfill gas, and sales from venues including the Regional Theatre and Convention Centre and Wellington Caves. These were offset by a reduction in income from Council's Aquatic Leisure Centres due to the commencement of the outsourced Management Contract from September 2023.				
Other revenues	2,545	3,505	960	38% F
The favourable increase in Other revenues was largely due to numerous low value increases across various areas of the organisation including rental income and venue hire adjustments. Other items of note include additional income for successful insurance claims that were not budgeted, an increase in enforcement income and an adjustment to account for the recoup of utilities of the Aquatic Leisure Centres which were contracted out during the year, as noted above.				
Operating grants and contributions	21,075	32,079	11,004	52% F
The favourable increase was largely due to the receipt of the NSW Government Natural Disaster Declaration funding relating to 2022/2023 flood grant expenditure, along with the Regional Emergency Road Repair Fund grant. There was also an additional unbudgeted Financial Assistance Grant allocation received for the 2023/2024 financial year.				
Capital grants and contributions	32,306	33,122	816	3% F
Interest and investment revenue	7,815	12,971	5,156	66% F
The favourable increase in Interest and investment revenue was the result of higher opening cash balances and lower capital expenditure than anticipated in the budget, combined with the significant increase in interest rates offered in the financial year compared to original economic forecasts.				
Other income	-	160	160	∞ F

Expenses

Employee benefits and on-costs	52,216	49,340	2,876	6% F
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Materials and services	46,540	63,102	(16,562)	(36)% U
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The unfavourable increase in Materials and services expenditure was largely due to an increase in costs incurred relating to Water Treatment maintenance and operations along with additional costs for chemicals, the recognition of cost reductions in other areas (such as employee benefits and on-costs) reallocated to materials and contracts to account for the commencement of the Management Contract of the Aquatic Leisure Centres, and additional expenditure on heavy patching and maintenance work completed on State Highways (which is offset by additional income received for these projects). There are various other minor expenditure increases across the organisation, including some increases being offset by savings across a wide range of activity including consultancies, surveys and studies and the non-utilisation of operational

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
contingencies.				
Borrowing costs	2,455	3,037	(582)	(24)% U
The unfavourable movement reflects the increase in Council's Asset remediation provision for tips and quarries. The provision represents the present value estimate of future costs of remediation. As part of the annual financial reporting process, Council's cost estimate underlying the provision is recalculated using the inflation rate and the 10-year bond rate as at the financial reporting date. As at 30 June 2024, the 10-year bond rate was 4.24% (2023: 3.92%) and the inflation rate was 3.74% (2023: 2.00%). The increases in these indices from the rates as at 30 June 2023 have resulted in an increase in the provision which is recognised as a borrowing cost.				
Depreciation, amortisation and impairment of non-financial assets	50,133	58,525	(8,392)	(17)% U
The revaluation of transport infrastructure assets and the indexation of other infrastructure and significant asset classes as at 30 June 2023 had a larger than expected impact on 2023/2024 depreciation calculations than budgeted.				
Other expenses	2,716	2,824	(108)	(4)% U
Statement of cash flows				
Cash flows from operating activities	72,964	85,576	12,612	17% F
The favourable budget variations in key User charges and fees; Operating grants and contributions; and Interest and investment revenue items detailed above generated cash flows from operating activities in excess of budget.				
Cash flows from investing activities	(66,734)	(86,802)	(20,068)	30% U
The performance against budget primarily reflects the reduction in the expected income and associated development costs for Keswick Estate Stage 5 Release 2 which is anticipated to be sold in the 2025 financial year.				
Cash flows from financing activities	(6,230)	(6,230)	-	0% F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	13	3
Cash equivalent assets		
– Deposits at call	53,183	60,649
Total cash and cash equivalents	53,196	60,652

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	53,196	60,652
Balance as per the Statement of Cash Flows	53,196	60,652

C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Debt securities at amortised cost				
Term deposits	113,000	57,000	90,750	53,000
NCD's, FRN's (with maturities > 3 months)	36,038	31,475	7,500	57,814
Total	149,038	88,475	98,250	110,814
Total financial investments	149,038	88,475	98,250	110,814
Total cash assets, cash equivalents and investments	202,234	88,475	158,902	110,814

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

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.

C1-2 Financial investments (continued)

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

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

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

Fair value through other comprehensive income – equity instruments

Council has a number of strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

Other net gains and losses excluding dividends are recognised in the Other Comprehensive Income Statement.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	290,709	269,716
Less: Externally restricted cash, cash equivalents and investments ¹	<u>(184,701)</u>	<u>(184,709)</u>
Cash, cash equivalents and investments not subject to external restrictions	106,008	85,007

External restrictions

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

Developer contributions – general	18,315	15,621
Unexpended grants ¹	20,169	23,632
Water fund	54,949	63,219
Sewer fund	82,490	73,660
Stormwater management	5,499	4,357
Domestic waste management	3,279	4,220
Total external restrictions	184,701	184,709

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	2024	2023
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(b) Internal allocations

Internal allocations

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

Employees leave entitlement	3,528	3,401
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C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

\$ '000	2024	2023
Dubbo Regional Airport	1,549	2,027
Dubbo Regional Livestock Markets	3,744	3,298
Other waste management services	25,026	21,612
Road network – state roads	1,439	1,401
Fleet management services	7,734	9,728
Future Asset Renewal ¹	62,988	43,540
Total internal allocations	106,008	85,007

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

(1) Prior year has been restated for comparative purposes.

C1-4 Receivables

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Rates and annual charges	3,848	–	3,407	–
Interest and extra charges	431	–	319	–
User charges and fees	8,868	–	10,857	–
Accrued revenues				
– Interest on investments	4,364	–	2,672	–
Deferred debtors	35	14	39	29
Government grants and subsidies	3,552	–	10,041	–
Net GST receivable	1,575	–	898	–
Due from other levels of government	30	–	32	–
Other debtors	452	–	1,967	–
Total	23,155	14	30,232	29
Less: provision for impairment				
User charges and fees	(896)	–	(707)	–
Total provision for impairment – receivables	(896)	–	(707)	–
Total net receivables	22,259	14	29,525	29

\$ '000	2024	2023
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 9)	707	371
+ new provisions recognised during the year	511	336
– amounts already provided for and written off this year	(2)	–
– amounts provided for but recovered during the year	(316)	–
– previous impairment losses reversed	(4)	–
Balance at the end of the year	896	707

Material accounting policy information

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

Impairment

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

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

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

When considering the ECL for rates and annual charges 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.

Credit losses are measured at 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.

Council writes off a 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 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	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
(i) Inventories at cost				
Stores and materials	1,548	–	1,231	–
Trading stock	162	–	173	–
Real estate for resale	4,419	2,219	6,709	4,971
Total inventories at cost	6,129	2,219	8,113	4,971
Total inventories	6,129	2,219	8,113	4,971

(i) Other disclosures

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
(a) Details for real estate development				
Residential ¹	4,419	1,873	6,709	1,169
Industrial/commercial ¹	–	346	–	3,802
Total real estate for resale	4,419	2,219	6,709	4,971

(1) Prior year has been restated for comparative purposes.

Material accounting policy information

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.

C1-6 Contract assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Contract assets	5,463	–	9,686	–
Total contract assets	5,463	–	9,686	–

C1-7 Non-current assets classified as held for sale

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

C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period							At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ⁽¹⁾	Additions	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers at cost	Revaluation increments/(decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	79,626	–	79,626	16,912	24,796	(4,249)	–	(45,518)	16,858	–	88,425	–	88,425
Plant and equipment	68,387	(32,553)	35,834	11	9,445	(2,362)	(4,732)	–	(1,005)	1,433	73,110	(34,486)	38,624
Office equipment	5,049	(2,568)	2,481	–	330	(33)	(485)	–	(240)	–	4,764	(2,711)	2,053
Furniture and fittings	4,794	(3,457)	1,337	28	92	(14)	(156)	–	(100)	–	4,750	(3,563)	1,187
Land:													
– Operational land	55,474	–	55,474	–	9,205	(194)	–	1,889	3,414	3,296	73,084	–	73,084
– Community land	40,582	–	40,582	–	–	–	–	–	–	2,237	42,819	–	42,819
– Land under roads (post 30/6/08)	1,856	–	1,856	–	127	–	–	–	131	–	2,114	–	2,114
Land improvements – non-depreciable	2,871	–	2,871	–	–	–	–	–	–	–	2,871	–	2,871
Land improvements – depreciable	10,989	(5,649)	5,340	–	255	–	(232)	–	–	–	11,244	(5,881)	5,363
Infrastructure:													
– Airport runways	74,623	(12,345)	62,278	–	582	–	(1,018)	2,021	(2,607)	1,908	76,946	(13,783)	63,163
– Buildings – non-specialised	60,605	(31,853)	28,752	56	–	–	(1,633)	–	286	2,872	62,333	(32,000)	30,333
– Buildings – specialised	251,808	(100,663)	151,145	161	1,377	–	(6,027)	6,843	(14,440)	4,753	240,549	(96,737)	143,812
– Other structures	196,585	(83,931)	112,654	107	1,233	(201)	(7,678)	719	(1,637)	7,177	209,794	(97,420)	112,374
– Roads	1,383,228	(460,071)	923,157	603	5,167	(704)	(20,811)	20,175	2,835	39,200	1,473,288	(503,666)	969,622
– Bulk earthworks (non-depreciable)	341,519	–	341,519	–	354	(325)	–	3,303	53	18,172	363,076	–	363,076
– Stormwater drainage	198,973	(53,295)	145,678	–	1,007	–	(2,384)	3,459	–	9,961	217,268	(59,547)	157,721
– Water supply network	488,915	(149,760)	339,155	111	1,954	(932)	(6,697)	590	–	16,905	515,258	(164,172)	351,086
– Sewerage network	416,265	(165,464)	250,801	742	1,642	(143)	(6,125)	6,519	–	12,807	444,980	(178,737)	266,243
– Swimming pools	8,451	(2,821)	5,630	33	–	(36)	(138)	–	–	–	8,396	(2,907)	5,489
Other assets:													
– Heritage collections	50	(2)	48	–	–	–	–	–	184	–	234	(2)	232
– Other	3,700	(53)	3,647	–	158	–	(9)	–	(183)	57	3,709	(39)	3,670
Restoration assets:													
– Quarry assets	1,187	(547)	640	–	–	–	(12)	–	82	–	1,270	(560)	710
– Tip assets	7,270	(2,208)	5,062	–	–	–	(1,367)	–	251	–	7,521	(3,575)	3,946
Total infrastructure, property, plant and equipment	3,702,807	(1,107,240)	2,595,567	18,764	57,724	(9,193)	(59,504)	–	3,882	120,778	3,927,803	(1,199,786)	2,728,017

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

C1-8 Infrastructure, property, plant and equipment (continued)

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	Carrying value of disposals	Depreciation expense	Impairment loss (recognised in P/L)	Remeasurement adjustment (via P&L)	WIP transfers	Adjustments and transfers at cost	Remeasurement adjustment (via P/L)	Revaluation increments/(decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	81,724	–	81,724	11,568	21,490	(11)	–	–	–	(34,159)	(987)	–	–	79,626	–	79,626
Plant and equipment	66,437	(30,958)	35,479	14	6,363	(1,703)	(4,373)	–	–	–	60	(6)	–	68,387	(32,553)	35,834
Office equipment	6,427	(3,538)	2,889	19	315	(32)	(711)	–	–	–	–	–	–	5,049	(2,568)	2,481
Furniture and fittings	4,967	(3,550)	1,417	–	155	(43)	(186)	–	–	–	(10)	5	–	4,794	(3,457)	1,337
Land:																
– Operational land	44,483	–	44,483	–	98	(32)	–	–	–	999	–	–	9,926	55,474	–	55,474
– Community land	33,432	–	33,432	–	–	(5)	–	–	–	–	–	–	7,156	40,582	–	40,582
– Land under roads (post 30/6/08)	1,560	–	1,560	–	296	–	–	–	–	–	–	–	–	1,856	–	1,856
Land improvements – non-depreciable	1,393	–	1,393	–	–	–	–	–	–	1,150	–	–	328	2,871	–	2,871
Land improvements – depreciable	7,651	(5,282)	2,369	62	–	(5)	(108)	–	–	82	640	(460)	2,760	10,989	(5,649)	5,340
Infrastructure:																
– Buildings – non-specialised	60,572	(29,888)	30,684	119	–	(3)	(1,610)	–	–	180	(4,302)	1,769	1,916	60,605	(31,853)	28,752
– Buildings – specialised	222,869	(87,817)	135,052	622	6,820	(162)	(5,925)	–	–	1,615	4,588	(1,771)	10,306	251,808	(100,663)	151,145
– Other structures	186,919	(71,998)	114,921	1,846	2,133	(2,141)	(8,087)	–	–	(4,204)	1,076	(238)	7,349	196,585	(83,931)	112,654
– Roads	1,376,658	(397,286)	979,372	6	11,753	(2,998)	(17,589)	–	–	22,627	(53)	1	(69,964)	1,383,228	(460,071)	923,157
– Airport runways	68,944	(10,807)	58,137	21	2,042	–	(938)	–	–	–	–	–	3,017	74,623	(12,345)	62,278
– Bulk earthworks (non-depreciable)	445,930	–	445,930	–	–	–	–	–	–	6,664	–	–	(111,075)	341,519	–	341,519
– Stormwater drainage	181,394	(47,533)	133,861	–	4,447	–	(2,206)	–	–	149	–	–	9,426	198,973	(53,295)	145,678
– Water supply network	447,673	(132,256)	315,417	–	1,950	(416)	(6,874)	–	–	4,827	–	–	24,250	488,915	(149,760)	339,155
– Sewerage network	385,508	(148,113)	237,395	233	671	–	(5,506)	–	–	70	17	(1)	17,922	416,265	(165,464)	250,801
– Swimming pools	8,451	(2,689)	5,762	–	–	–	(132)	–	–	–	–	–	–	8,451	(2,821)	5,630
Other assets:																
– Heritage collections	33	(5)	28	–	–	–	–	–	–	–	–	–	20	50	(2)	48
– Other	2,282	(916)	1,366	–	–	(1)	(11)	–	–	–	(1,141)	701	2,732	3,700	(53)	3,647
Restoration assets:																
– Tip assets	7,477	(1,032)	6,445	–	–	–	(1,174)	207	(207)	–	–	–	–	7,270	(2,208)	5,062
– Quarry assets	1,206	(485)	721	–	–	–	(61)	19	(19)	–	–	–	–	1,187	(547)	640
Total infrastructure, property, plant and equipment	3,643,990	(974,153)	2,669,837	14,510	58,533	(7,552)	(55,491)	226	(226)	–	(112)	–	(83,931)	3,702,807	(1,107,240)	2,595,567

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

C1-8 Infrastructure, property, plant and equipment (continued)

Material accounting policy information

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 15	Playground equipment	5 to 15
Office furniture	10 to 25	Benches, seats etc.	10 to 20
Computer equipment	1 to 8		
Vehicles	3 to 6	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 25	Buildings: other	20 to 100
		Stormwater assets	
Water and sewer assets		Drains	80 to 120
Dams and reservoirs	30 to 100	Culverts	80
Bores	30	Flood control structures	60 to 150
Reticulation pipes: PVC	70		
Reticulation pipes: other	25 to 120		
Pumps and telemetry	15 to 120		
		Other infrastructure assets	
Transportation assets			
Airport runways	12 to 120	Bulk earthworks	Infinite
Sealed roads: surface	15 to 30	Swimming pools	40 to 80
Sealed roads: structure	40 to 240	Other open space/recreational assets	15 to 80
Unsealed roads	10 to 24	Land improvements - depreciable	50 to 100
Bridge: concrete	110	Other structures	10 to 120
Bridge: other	80 to 100		
Road pavements	60 to 90		
Kerb, gutter and footpaths	40 to 120		

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. 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.

C1-8 Infrastructure, property, plant and equipment (continued)

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

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 C2-1.

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

Rural Fire Service assets

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

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

C1-9 Investment properties

Council has not classified any land or buildings as 'investment properties'

C1-10 Intangible assets

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

C1-11 Other

Other assets

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Prepayments	841	–	933	–
Shares in unlisted companies – StateCover	–	495	–	495
Total other assets	841	495	933	495

C2 Leasing activities

C2-1 Council as a lessee

Council does not have any Leases.

C2-2 Council as a lessor

Council does not have any Leases.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Prepaid rates	4,181	–	4,090	–
Goods and services – operating expenditure	5,211	9	3,466	–
Accrued expenses:				
– Borrowings	302	–	354	–
– Salaries and wages	2,735	–	2,298	–
Security bonds, deposits and retentions	2,243	–	1,987	–
Other ¹	–	4	5,000	3
Total payables	14,672	13	17,195	3

(1) Prior year has been restated for comparative purposes.

Material accounting policy information

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

Payables

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

C3-2 Contract Liabilities

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Grants and contributions received in advance:				
Unexpended capital grants to construct Council controlled assets (i) ¹	8,485	–	9,041	–
Total grants received in advance	8,485	–	9,041	–
User fees and charges received in advance:				
Payments Received in Advance	378	–	305	–
Total user fees and charges received in advance	378	–	305	–
Total contract liabilities	8,863	–	9,346	–

Notes

(i) Council has received funding to construct roads 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.

(1) Prior year has been restated for comparative purposes.

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

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

C3-3 Borrowings (continued)

\$ '000	2024 <i>Current</i>	2024 <i>Non-current</i>	2023 <i>Current</i>	2023 <i>Non-current</i>
Loans – secured	5,463	28,173	6,230	33,636
Total borrowings	5,463	28,173	6,230	33,636

C3-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	39,866	(6,230)	–	–	–	–	33,636
Total liabilities from financing activities	39,866	(6,230)	–	–	–	–	33,636

	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	45,850	(5,984)	–	–	–	–	39,866
Total liabilities from financing activities	45,850	(5,984)	–	–	–	–	39,866

(b) Financing arrangements

\$ '000	2024	2023
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Credit cards/purchase cards	600	600
Bank Guarantee	200	200
Total financing arrangements	800	800
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
– Credit cards/purchase cards	136	156
– Bank Guarantee	40	40
Total drawn financing arrangements	176	196
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Credit cards/purchase cards	464	444
– Bank Guarantee	160	160
Total undrawn financing arrangements	624	604

Breaches and defaults

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

Security over loans

Security is a statutory charge over the income of the Council under Regulation 23 of the Local Government (Financial Management) Regulations 1999.

C3-4 Employee benefit provisions

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Annual leave	4,241	–	4,362	–
Sick leave	432	–	419	–
Long service leave	6,698	836	6,559	883
Other leave	143	–	129	–
Total employee benefit provisions	11,514	836	11,469	883

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employee benefits	4,422	4,508
	4,422	4,508

Material accounting policy information

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2024		2023	
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	11,738	–	10,752
Sub-total – asset remediation/restoration	–	11,738	–	10,752
Total provisions	–	11,738	–	10,752

C3-5 Provisions (continued)

Description of and movements in provisions

\$ '000	Other provisions			Total
	Self insurance	Asset remediation	Other	
2024				
At beginning of year	–	10,752	–	10,752
Unwinding of discount	–	652	–	652
Remeasurement effects	–	334	–	334
Total other provisions at end of year	–	11,738	–	11,738
2023				
At beginning of year	–	10,738	–	10,738
Additional provisions	–	326	–	326
Unwinding of discount	–	(312)	–	(312)
Remeasurement effects	–	–	–	–
Total other provisions at end of year	–	10,752	–	10,752

Nature and purpose of provisions

Asset remediation

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

Material accounting policy information

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

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

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

Asset remediation – tips and quarries

Council recognises an obligation for the remediation of the Whylandra Landfill but cannot determine a reasonable estimate to the costs due to the useful life ranging from 50-100 years. Council declares a contingent liability for the Whylandra Landfill which currently undergoes remediation on an on-going basis when required.

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation Surplus

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2024	Water 2024	Sewer 2024
Income from continuing operations			
Rates and annual charges	51,617	8,415	14,609
User charges and fees	30,716	17,718	5,984
Interest and investment income	7,332	2,536	3,103
Other revenues	3,369	14	122
Grants and contributions provided for operating purposes	32,079	–	–
Grants and contributions provided for capital purposes	24,286	5,878	2,958
Other income	160	–	–
Total income from continuing operations	149,559	34,561	26,776
Expenses from continuing operations			
Employee benefits and on-costs	38,209	6,731	4,400
Materials and services	47,389	11,623	4,090
Borrowing costs	1,380	1,230	427
Depreciation, amortisation and impairment of non-financial assets	45,093	7,089	6,343
Other expenses	2,821	3	–
Net losses from the disposal of assets	3,474	883	132
Total expenses from continuing operations	138,366	27,559	15,392
Operating result from continuing operations	11,193	7,002	11,384
Net operating result for the year	11,193	7,002	11,384
Net operating result attributable to each council fund	11,193	7,002	11,384
Net operating result for the year before grants and contributions provided for capital purposes	(13,093)	1,124	8,426

D1-2 Statement of Financial Position by fund

\$ '000	General 2024	Water 2024	Sewer 2024
ASSETS			
Current assets			
Cash and cash equivalents	39,959	7,949	5,288
Investments	72,538	31,000	45,500
Receivables	12,554	6,418	3,287
Inventories	5,998	131	–
Contract assets and contract cost assets	5,463	–	–
Other	821	10	10
Total current assets	137,333	45,508	54,085
Non-current assets			
Investments	40,773	16,000	31,702
Receivables	14	–	–
Inventories	2,219	–	–
Infrastructure, property, plant and equipment	2,034,827	393,690	299,500
Investments accounted for using the equity method	2,109	–	–
Other	451	44	–
Total non-current assets	2,080,393	409,734	331,202
Total assets	2,217,726	455,242	385,287
LIABILITIES			
Current liabilities			
Payables	13,731	640	301
Contract liabilities	8,861	1	1
Borrowings	2,559	1,494	1,410
Employee benefit provision	10,388	1,126	–
Total current liabilities	35,539	3,261	1,712
Non-current liabilities			
Payables	13	–	–
Borrowings	6,225	16,997	4,951
Employee benefit provision	763	73	–
Provisions	11,738	–	–
Total non-current liabilities	18,739	17,070	4,951
Total liabilities	54,278	20,331	6,663
Net assets	2,163,448	434,911	378,624
EQUITY			
Accumulated surplus	1,845,055	268,982	293,669
Revaluation reserves	318,393	165,929	84,955
Council equity interest	2,163,448	434,911	378,624
Total equity	2,163,448	434,911	378,624

(in accordance with s410(3) of the *Local Government Act 1993*)

D2 Interests in other entities

\$ '000	Council's share of net assets	
	2024	2023
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	2,109	1,948
Total net share of interests in joint ventures and associates using the equity method – assets	2,109	1,948
Total Council's share of net assets	2,109	1,948

D2-1 Interests in joint arrangements

Net carrying amounts – Council's share

\$ '000	Place of business	Nature of relationship	Interest in ownership			
			2024	2023	2024	2023
Macquarie Regional Library	Branches in Dubbo, Narromine and Warrumbungle Council area	Joint Venture	71.0%	71.3%	2,109	1,948
Total carrying amounts – material joint ventures					2,109	1,948

Material joint ventures

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

Details

	Principal activity	Measurement method
Macquarie Regional Library	Public library services	Equity

Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2024	2023	2024	2023 ¹
Macquarie Regional Library	67.5%	69.9%	33.3%	33.3%

(1) Prior year has been restated for comparative purposes.

Summarised financial information for joint ventures

\$ '000	Macquarie Regional Library	
	2024	2023
Statement of financial position		
Current assets		
Cash and cash equivalents	2,630	2,305

continued on next page ...

D2-1 Interests in joint arrangements (continued)

\$ '000	<i>Macquarie Regional Library</i>	
	2024	2023
Other current assets	49	65
Non-current assets	1,150	1,221
Current liabilities		
Current financial liabilities (excluding trade and other payables and provisions)	831	825
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	26	34
Net assets	2,972	2,732
Statement of comprehensive income		
Income	3,611	3,570
Interest income	122	86
Depreciation and amortisation	(377)	(340)
Other expenses	(3,119)	(3,214)
Profit/(loss) from continuing operations	237	102
Profit/(loss) for the period	237	102
Total comprehensive income	237	102
Share of income – Council (%)	67.5%	69.9%
Profit/(loss) – Council (\$)	159	71
Total comprehensive income – Council (\$)	160	71
Reconciliation of the carrying amount		
Opening net assets (1 July)	2,736	2,634
Profit/(loss) for the period	237	102
Closing net assets	2,973	2,736
Council's share of net assets (%)	71.0%	71.3%
Council's share of net assets (\$)	2,109	1,948

Material accounting policy information

Council has determined that it has only joint ventures

Joint ventures

Interests in joint ventures are accounted for using the equity method where the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise Council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

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

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

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

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Council's 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.

The risks associated with the financial instruments held are:

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers before placing any cash and investments.

(a) Market risk – interest rate and price risk

\$ '000	2024	2023 ¹
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	2,802	2,531

(1) Prior year has been restated for comparative purposes.

(b) Credit risk

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

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

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

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

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

Credit risk profile

continued on next page ...

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

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 rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
2024				
Gross carrying amount	3,446	402	–	3,848
2023				
Gross carrying amount	2,863	544	–	3,407

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	
2024						
Gross carrying amount	22,440	463	159	208	1,514	24,784
Expected loss rate (%)	5.00%	5.00%	5.00%	5.00%	100.00%	10.80%
2023						
Gross carrying amount	31,126	446	8	40	77	31,697
Expected loss rate (%)	5.00%	5.00%	5.00%	5.00%	100.00%	5.23%

(c) Liquidity risk

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	Due within 1 year	Due between		Total contractual cash flows	Actual carrying values ¹
				1 and 5 years	Due after 5 years		
2024							
Payables	0.00%	2,243	12,442	–	–	14,685	14,685
Borrowings	6.52%	–	7,559	17,759	20,450	45,768	33,636
Total financial liabilities		2,243	20,001	17,759	20,450	60,453	48,321

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

<i>\$ '000</i>	<i>Weighted average interest rate</i>	<i>Subject to no maturity</i>	<i>Due within 1 year</i>	<i>Due between 1 and 5 years</i>	<i>Due after 5 years</i>	<i>Total contractu al cash flows</i>	<i>Actual carrying values ¹ Restated</i>
2023							
Payables	0.00%	1,987	10,213	–	–	12,200	17,198
Borrowings	6.40%	–	8,777	29,943	24,552	63,272	39,866
Total financial liabilities		<u>1,987</u>	<u>18,990</u>	<u>29,943</u>	<u>24,552</u>	<u>75,472</u>	<u>57,064</u>

(1) Prior year has been restated for comparative purposes.

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 for the asset or liability).

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2024	2023
		2024	2023 ¹	2024	2023 ¹	2024	2023
Recurring fair value measurements							
Infrastructure, property, plant and equipment							
	C1-8						
Plant and equipment		–	–	38,624	35,834	38,624	35,834
Office equipment		–	–	2,053	2,481	2,053	2,481
Furniture and fittings		–	–	1,187	1,337	1,187	1,337
Operational land		73,084	55,474	–	–	73,084	55,474
Community land		–	–	42,819	40,582	42,819	40,582
Land under roads (post 30/06/2008)		–	–	2,114	1,856	2,114	1,856
Land improvements – non-depreciable		–	–	2,871	2,871	2,871	2,871
Land improvement – depreciable		–	–	5,363	5,340	5,363	5,340
Airport runways/taxiways		–	–	63,163	62,278	63,163	62,278
Buildings – non-specialised		–	–	30,333	28,752	30,333	28,752
Buildings – specialised		–	–	143,812	151,145	143,812	151,145
Other structures		–	–	112,374	112,654	112,374	112,654
Roads		–	–	969,622	923,157	969,622	923,157
Bulk earthworks		–	–	363,076	341,519	363,076	341,519
Stormwater drainage		–	–	157,721	145,678	157,721	145,678
Water supply network		–	–	351,086	339,155	351,086	339,155
Sewerage network		–	–	266,243	250,801	266,243	250,801
Swimming pools		–	–	5,489	5,630	5,489	5,630
Heritage collections		–	–	232	48	232	48
Other assets		–	–	3,670	3,647	3,670	3,647
Tip restoration assets		–	–	3,946	5,062	3,946	5,062
Quarry restoration assets		–	–	710	640	710	640
Total infrastructure, property, plant and equipment		73,084	55,474	2,566,508	2,460,467	2,639,592	2,515,941

(1) Prior year has been restated for comparative purposes.

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

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant and equipment, Office equipment, Furniture and fittings

The Cost Approach is used for these asset classes, based on depreciated original cost representing fair value. The assets are primarily for operational purposes and are not of a nature where valuation increments are likely. Gross value is adjusted by depreciation representing the wear and tear of the assets based on the estimated useful life of the asset. The valuation process is conducted by Council staff. 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. Operational land was comprehensively valued by independent and professionally qualified valuers from Marsh Valuation Services as at 30 June 2024 using Level 2 inputs. Land valuations take into consideration the characteristics of the land, such as size, zoning, topography, configuration etc. There is an active liquid market for most of Council's Operational Land, however, the subjectivity of pricing has resulted in this land to be classified as predominantly Level 2 (observable) inputs.

Buildings - specialised and non-specialised and other structures

Comprehensive valuations of all building assets were undertaken by external, qualified valuers from Marsh Valuation Services as at 30 June 2024. The valuations are based on a range of inputs. These include sales data, market and current rental income data, design and construction costs, average cost of construction, and condition scores for each component as well as the dates of acquisition and decommissioning.

The unobservable inputs (such the relationship between condition and the assessed level of remaining service potential of the depreciable amount required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

Community land

Community land was valued using urban and rural average municipal site values. These were determined by analysing the total rateable value of urban and rural lands, and then dividing the total valuations by the total area to determine an average rate per hectare or square metre. This was then applied to the areas of community land. This work was carried out by Council's rating staff. This method has no market observable inputs as the rating value is the valuation provided by the Valuer General for rating purposes, and may or may not align with the market value of the land. However, it is not a market valuation of the land. The level 3 unobservable inputs are the valuations provided by the Valuer General on which the value of the land is determined.

Land under roads

Council has elected to only recognise land under roads that have been acquired after 30 June 2008. There are two methods by which this land is valued, neither of which represent the market value of the land as there is no market for land that is currently used for road or road reserve purposes. Land which is transferred to Council from private subdividers is valued using the municipal site value as outlined in valuation of community land above then discounted accordingly. Land under roads relating to Council's own subdivisions is valued at the cost of that land at acquisition, on an area basis. The level 3 unobservable inputs are the average municipal site value of subdividers land vested in Council, and the cost of the land acquired by Council for subdivision on an area basis.

Land improvements depreciable and non-depreciable

Land improvements - non-depreciable are valued at current replacement cost. This is a level 3 unobservable input as the valuation method does not reflect a market rate as there is no active market for sale of land improvements - non-depreciable.

Airport runways/taxiways

Airport runways/taxiways are valued at current replacement cost. This is a level 3 unobservable input as the valuation method does not reflect a market rate as there is no active market for sale of airport runways/taxiways.

Infrastructure roads, bridges and footpaths

E2-1 Fair value measurement (continued)

Valuation of roads was undertaken by Council staff, based on the current written down value of the road assets within Council's network. As this is based on the current costs of construction at time of valuation, and not market value, this valuation is a level 3 unobservable input valuation.

Bulk earthworks (non-depreciable)

Valuation of non-depreciable bulk earthworks has two different valuations depending on whether the earthworks relate to roads or stormwater retarding basins. All earthworks relating to roads were valued in conjunction with the valuation of the roads by Council staff, on a current replacement cost basis. All stormwater retarding basin earthworks were valued on a current replacement cost basis by Council staff as an internal valuation. The basis of determining the value for internal valuations was a combination of the cost of similar works carried out by Council, recent similar contract works, and reference rates for construction of similar earthworks. Both the internal and external valuations are level 3 unobservable inputs valuations due to the fact that market valuation was not a factor in determining the value of the assets.

Stormwater, water and sewer infrastructure assets

All three asset networks were valued by Council staff using recent Council cost of constructing similar assets, recent contractor costs to construct Council assets, and then cross validating the costs to construction cost indexes provided by the NSW Office of Water. The written down value was then assessed by estimating the total and remaining useful lives of the asset to determine the written down current replacement cost of each asset.

Heritage collection assets

These items comprise historical artefacts that have been obtained generally by purchase through antique dealers or through private sale. As there is not an active liquid market in the types of items acquired, they are valued at historical cost, and therefore have been assessed as being Level 3 unobservable input valuations.

Library books

The library books are reported at fair value in the notes, however, due to the nature of these items they are valued at historical cost. There are no major variances between the fair value and carrying amount of these assets. The cost of these assets were based on invoices at the time of capitalisation.

Tip and quarry restoration assets

It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill and quarry assets. Closure of the landfill and quarry sites will involve a wide range of activities, including final capping of the landfill waste and site revegetation, monitoring of landfill gas, revision of the surface water management system and leachate management infrastructure to suit post closure operation.

Valuations are based on actual timing of costs and future environmental management requirements.

There were no changes in valuation techniques from prior years.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

	<i>Valuation technique/s</i>	<i>Unobservable inputs</i>
Infrastructure, property, plant and equipment		
Community Land	NSW Valuer General land valuation	Land value, land area
Land under Roads	NSW Valuer General land valuation	Land value, land area
Land improvements non-depreciable	Cost approach	Asset condition, remaining lives, residual value
Land improvements depreciable	Cost approach	Asset condition, remaining lives, residual value
Buildings non specialised	Cost approach	Gross replacement cost
Building specialised	Cost approach	Gross replacement cost
Other structures	Cost approach	Asset condition, remaining lives, residual value
Roads	Cost approach	Asset condition, remaining lives, residual value
Airports, runways, taxiways	Cost approach	Asset condition, remaining lives, residual value
Bulk earthworks	Cost approach	Asset condition, remaining lives, residual value
Stormwater drainage	Cost approach	Asset condition, remaining lives, residual value
Water supply network	Cost approach	Asset condition, remaining lives, residual value
Sewerage network	Cost approach	Asset condition, remaining lives, residual value
Swimming pools	Cost approach	Asset condition, remaining lives, residual value
Other open space recreational	Cost approach	Asset condition, remaining lives, residual value
Heritage collections	Cost approach	Gross replacement cost
Library books	Cost approach	Gross replacement cost
Other assets	Cost approach	Gross replacement cost
Tip restoration assets	Cost estimate of future liability	
Quarry restoration assets	Cost estimate of future liability	

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is formally assessed at each triennial actuarial investigation. The next triennial actuarial investigation is due effective 30 June 2024. The adequacy of contributions is 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 Council.

With respect to a description of any allocation of a deficit or surplus:

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

E3-1 Contingencies (continued)

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2024 was \$335,770.95. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2023.

Council's expected contribution to the plan for the next annual reporting period is \$204,553.58.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2024 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,237.5	
Past Service Liabilities	2,141.9	104.5%
Vested Benefits	2,159.8	103.6%

* excluding other accumulation accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 1.36%

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

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

Investment return	6% per annum
Salary inflation	3.5% per annum
Increase in CPI	3.5% for FY 2023/2024 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 by December 2024.

(ii) CivicRisk Mutual Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

Council provides bank guarantees to the value of \$40,000 in relation to the development and registration of land for the purposes of property development.

2. Other liabilities

E3-1 Contingencies (continued)

(i) Third party claims

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

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

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

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

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

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

(iii) Landfill remediation

Council declares a contingent liability for the Whylandra Landfill which currently undergoes remediation on an on-going basis when required.

ASSETS NOT RECOGNISED

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2024	2023 ¹
Compensation:		
Short-term benefits	1,817	2,004
Post-employment benefits	175	179
Other long-term benefits	53	48
Total	2,045	2,231

The compensation amounts above relate to non-Councillor Key Management Personnel. Annual expenses related to Mayoral and Councillor fees are shown at Note F1-2 below.

(1) Prior year has been restated for comparative purposes.

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.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023 ¹
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	64	68
Councillors' fees	261	274
Councillors' (including Mayor) expenses	107	98
Total	432	440

(1) Prior year has been restated for comparative purposes.

F2 Other relationships

F2-1 Audit fees

\$ '000	2024	2023
Audit and other assurance services: Auditors of Dubbo Regional Council - NSW Auditor-General:		
Audit of financial statements	163	147
Total fees paid or payable to the Auditor-General	163	147

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	29,579	50,716
Add / (less) non-cash items:		
Depreciation and amortisation	58,525	54,323
(Gain) / loss on disposal of assets	4,489	3,276
Non-cash capital grants and contributions	(11,219)	(18,544)
Amortisation of premiums, discounts and prior period fair valuations		
– Financial assets at amortised cost / held to maturity	302	301
– Interest on all fair value adjusted interest free advances made by Council	(7)	(19)
Unwinding of discount rates on reinstatement provisions	318	(312)
Share of net (profits)/losses of associates/joint ventures using the equity method	(160)	(71)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	7,073	(11,257)
Increase / (decrease) in provision for impairment of receivables	189	336
(Increase) / decrease of inventories	(321)	(277)
(Increase) / decrease of other current assets	92	(220)
(Increase) / decrease of contract asset	(620)	–
Increase / (decrease) in payables	1,754	(1,204)
Increase / (decrease) in accrued interest payable	(52)	(51)
Increase / (decrease) in other accrued expenses payable	437	367
Increase / (decrease) in other liabilities	(4,652)	368
Increase / (decrease) in contract liabilities	(483)	13,993
Increase / (decrease) in employee benefit provision	(2)	(716)
Increase / (decrease) in other provisions	334	326
Net cash flows from operating activities	85,576	91,335

(b) Non-cash investing and financing activities

Infrastructure contributions	10,659	18,544
Total non-cash investing and financing activities	10,659	18,544

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	6,134	–
Road Infrastructure	4,443	209
Other structures	1,433	4,160
Water infrastructure	1,445	2,941
Sewer infrastructure	1,876	463
Sewer infrastructure	–	–
Total commitments	15,331	7,773

Details of capital commitments

As at 30 June 2024, significant capital projects included in the capital expenditure commitments are:

- Construction of New Animal Shelter facility
- Wheelers Lane Stage 2: Construction of Asphalt Deep Lift Road Pavement
- Benolong Bridge Replacement
- Construction of Upgrade works for Troy Gully Sewerage Pump Station

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	1,570	48	–	–	67	(12)	–	1,673	–
Roads	10,467	1,899	–	–	537	(491)	–	12,412	–
Parking	101	–	–	–	5	–	–	106	–
Open space	3,103	509	–	–	161	(59)	–	3,714	–
Voluntary planning agreements	211	–	–	–	–	–	–	211	–
S7.11 contributions – under a plan	15,452	2,456	–	–	770	(562)	–	18,116	–
S7.12 levies – under a plan	169	30	–	–	–	–	–	199	–
Total S7.11 and S7.12 revenue under plans	15,621	2,486	–	–	770	(562)	–	18,315	–
S64 contributions	–	2,646	–	–	53	(2,699)	–	–	–
Total contributions	15,621	5,132	–	–	823	(3,261)	–	18,315	–

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.

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
CONTRIBUTION PLAN (former Dubbo)										
Drainage	1,570	48	–	–	67	(12)	–	1,673	–	
Roads	10,467	1,899	–	–	537	(491)	–	12,412	–	
Parking	101	–	–	–	5	–	–	106	–	
Open space	3,103	509	–	–	161	(59)	–	3,714	–	
Voluntary planning agreements	211	–	–	–	–	–	–	211	–	
Total	15,452	2,456	–	–	770	(562)	–	18,116	–	

S7.12 Levies – under a plan

CONTRIBUTION PLAN NUMBER 2012 (former Wellington)										
Public order and safety	22	4	–	–	–	–	–	26	–	
Community services and education	22	4	–	–	–	–	–	26	–	
Household and community amenities	22	4	–	–	–	–	–	26	–	
Recreation and culture	33	6	–	–	–	–	–	39	–	
Transport and communication	28	5	–	–	–	–	–	33	–	
Economic affairs	42	7	–	–	–	–	–	49	–	
Total	169	30	–	–	–	–	–	199	–	

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023	Indicators 2022	Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	977	0.55%	(1.44)%	(0.86)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	177,614				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	145,535	69.06%	60.16%	60.88%	> 60.00%
Total continuing operating revenue ¹	210,736				
3. Unrestricted current ratio					
Current assets less all external restrictions	130,844	4.20x	3.49x	4.33x	> 1.50x
Current liabilities less specific purpose liabilities	31,119				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	62,539	6.75x	6.13x	5.64x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	9,267				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	4,279	5.43%	4.87%	5.13%	< 10.00%
Rates and annual charges collectable	78,734				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	223,196	19.37	21.70	20.20	> 3.00
Monthly payments from cash flow of operating and financing activities	11,521	months	months	months	months

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(6.85)%	(12.37)%	3.92%	3.77%	35.38%	41.71%	> 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	62.27%	51.66%	82.99%	74.04%	88.95%	92.01%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio ⁴							
Current assets less all external restrictions	4.20x	3.49x	13.96x	19.39x	31.59x	7.72x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	4.98x	4.13x	7.68x	7.18x	35.59x	30.33x	> 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	7.68%	6.99%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	18.22 months	20.53 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G5-1 above.

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

(4) Prior year has been restated for comparative purposes.

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:

Church Street
Dubbo NSW 2830

Contact details

Mailing Address:

PO Box 81
Dubbo NSW 2830

Telephone: 02 6801 4000

Facsimile: 02 6801 4259

Opening hours:

9:00am - 5:00pm
Monday to Friday

Internet: www.dubbo.nsw.gov.au

Email: council@dubbo.nsw.gov.au

Officers

Chief Executive Officer

Murray Wood

Responsible Accounting Officer

Stephanie Williamson

Auditors

Audit Office of New South Wales
GPO Box 12
Sydney NSW 2001

Elected members

Mayor

Josh Black

Councillors

Lukas Butler
Shibli Chowdhury
Jennifer Cowley
Mathew Dickerson
Richard Ivey
Kate Richardson
Adam Ryan
Phillip Toynton
Pamella Wells
Matt Wright

Other information

ABN: 53 539 070 928



Josh Black
 Mayor
 Dubbo Regional Council
 PO Box 81
 DUBBO NSW 2830

Contact: Nicky Rajani
 Phone no: 0403 743 080
 Our ref: [R008-2124742775-7587](#)

28 October 2024

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2024
 Dubbo Regional Council**

I have audited the general purpose financial statements (GPFS) of the Dubbo Regional Council (the Council) for the year ended 30 June 2024 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2024 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2024 \$m	2023 \$m	Variance %
Rates and annual charges revenue	74.6	72.5	↑ 2.9
Grants and contributions revenue	65.2	85.1	↓ 23.4
Operating result from continuing operations	29.6	50.7	↓ 41.6
Net operating result before capital grants and contributions	(3.5)	(5.8)	↑ 39.7

Rates and annual charges revenue (\$74.6 million) increased by \$2.1 million (2.9 per cent) in 2023–24 due to rate peg increase of 3.7 per cent.

Grants and contributions revenue (\$65.2 million) decreased by \$19.9 million (23.4 per cent) in 2023–24 due to:

- decrease of \$11.7 million of developer contributions recognised during the year
- decrease of \$11.7 million of capital grants and non-developer contributions primarily received for transport, sporting facilities, water supplies and other specific grants and contributions
- decrease of \$4.4 million of the financial assistance grant primarily due to receiving 85 per cent for 2024-25 in advance (100 per cent in 2022-23)

The above decreases were partially offset by a \$7.9 million increase in operating grants and non-developer contributions primarily received for transport and storm/flood damage.

Council’s operating result from continuing operations (\$29.6 million including depreciation, amortisation and impairment expense of \$58.5 million) was \$21.1 million lower than the 2022–23 result. The decrease is primarily attributable to a lower grants and contributions revenue of \$19.9 million and an increase of \$11.1 million in material and services expenses. These decreases were partially offset by the increase in user charges and fees revenue of \$9.5 million.

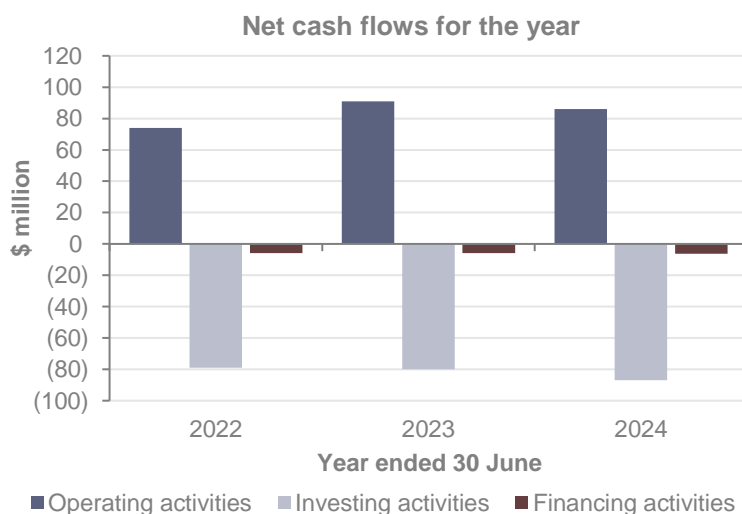
The net operating result before capital grants and contributions (deficit of \$3.5 million) improved by \$2.3 million compared to the 2022–23 result due to the lower proportion of revenue derived for capital purposes.

STATEMENT OF CASH FLOWS

Net cash inflows from operating activities decreased \$5.8 million, as growth in payments was higher than revenue growth.

Net cash outflows from investing activities increased by \$6.6 million mainly due to higher purchases of infrastructure, property plant and equipment.

Net cash outflows from financing activities marginally increased compared to prior year due to higher repayment of borrowings



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	290.7	269.7	Externally restricted balances comprise mainly of developer contributions, unspent specific purpose grants and water and sewer funds.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	184.7	184.7	
• Internal allocations	106.0	85.0	

Debt

At 30 June 2024, Council had:

- \$33.6 million in secured loans (\$39.9 million in 2022-23)
- \$600,000 in credit card facility with \$136,000 used.
- \$200,000 in bank guarantee with \$40,000 drawn.

PERFORMANCE

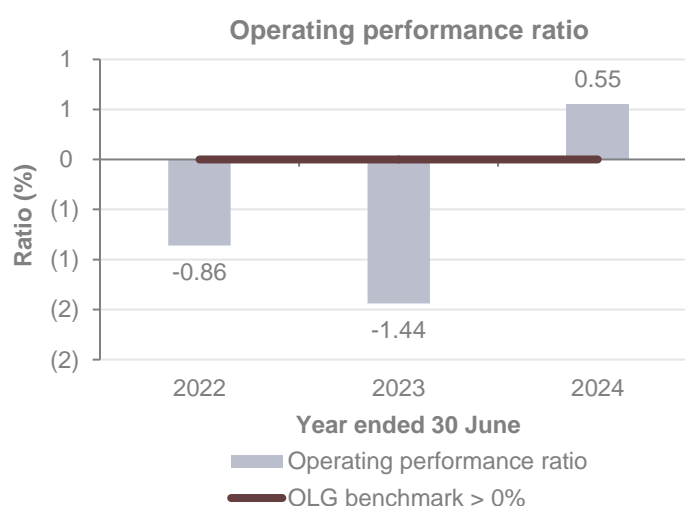
Performance measures

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, Housing and Infrastructure.

Operating performance ratio

Council exceeded the benchmark for the current reporting period.

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



Own source operating revenue ratio

Council exceeded the benchmark for the current reporting period.

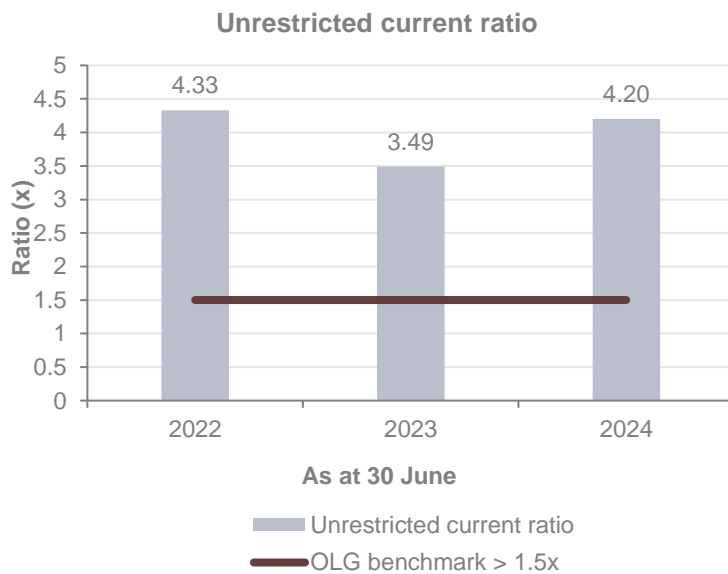
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council continues to exceed the benchmark for the current reporting period.

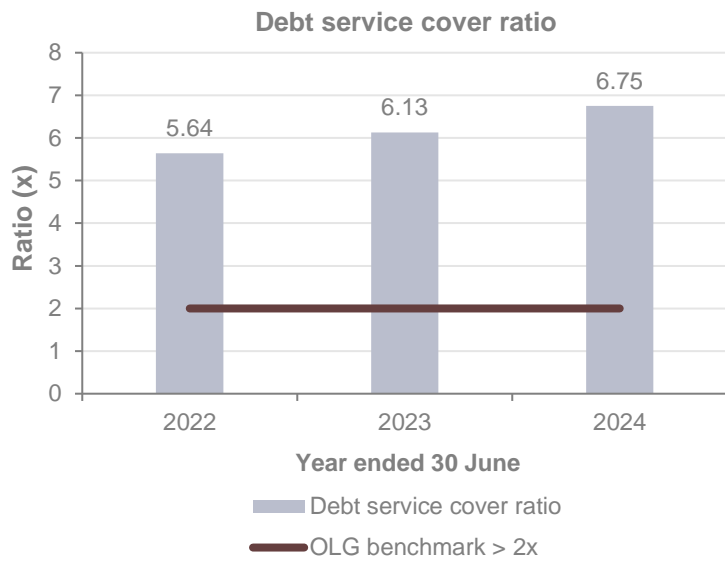
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council continues to exceed the benchmark for the current reporting period.

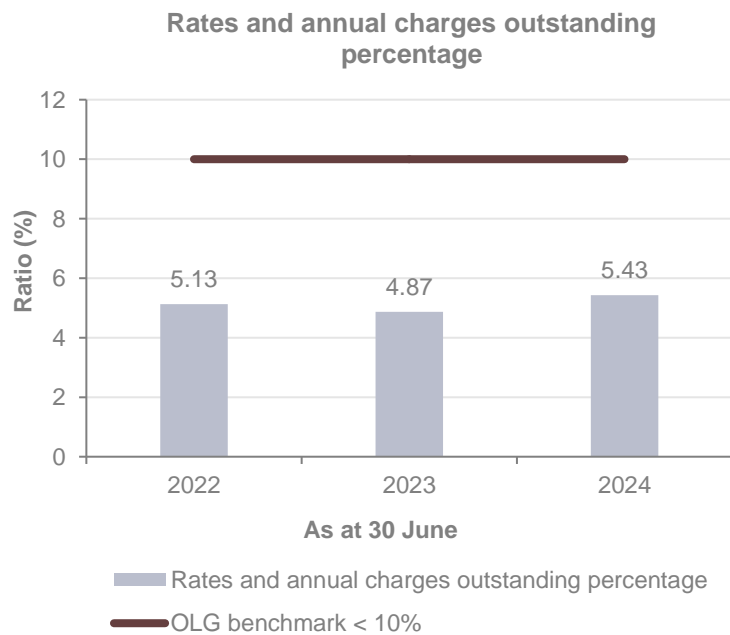
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council continues to exceed the benchmark for the current reporting period.

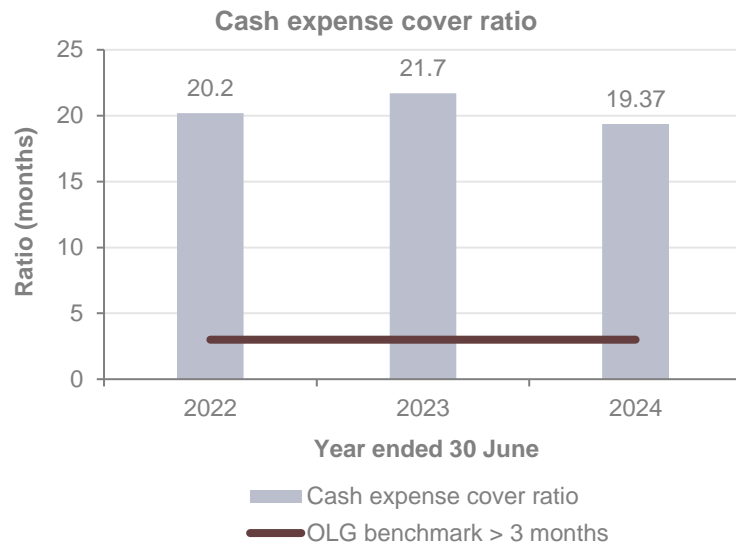
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council continues to exceed the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$18.8 million of infrastructure, property, plant and equipment during the 2023-24 financial year (\$14.5 million in 2022-23). A further \$57.7 million was spent on new assets primarily capital work in progress, plant and equipment, operational land and roads (\$58.5 million in 2022-23).

OTHER MATTERS

Legislative compliance

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

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

Nicky Rajani
Delegate of the Auditor-General for New South Wales



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Dubbo Regional Council

To the Councillors of Dubbo Regional Council

Opinion

I have audited the accompanying financial statements of Dubbo Regional 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 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of 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 2024, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2024 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 comprises:

- special purpose financial statements,
- Special Schedules (the Schedules), and
- Note H Additional Council disclosures (unaudited).

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.



Nicky Rajani
Delegate of the Auditor-General for New South Wales

28 October 2024
SYDNEY

Dubbo Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024



Dubbo Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Income Statement of Dubbo Regional Airport	6
Income Statement of Dubbo Regional Livestock Markets	7
Income Statement of Property Development	8
Income Statement of Rainbow Cottage Childcare Centre	9
Statement of Financial Position of water supply business activity	10
Statement of Financial Position of sewerage business activity	11
Statement of Financial Position of Dubbo Regional Airport	12
Statement of Financial Position of Dubbo Regional Livestock Markets	13
Statement of Financial Position of Property Development	14
Statement of Financial Position of Rainbow Cottage Childcare Centre	15
Note – Material accounting policy information	16
Auditor's Report on Special Purpose Financial Statements	19

Dubbo Regional Council
Special Purpose Financial Statements
for the year ended 30 June 2024

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:

- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the 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,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

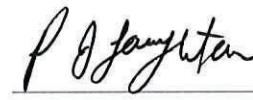
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

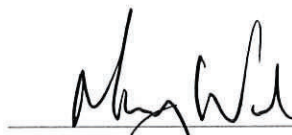
Signed in accordance with a resolution of Council made on 24 October 2024.



Josh Black
Mayor
24 October 2024



Phillip Toynton
Deputy Mayor
24 October 2024



Murray Wood
Chief Executive Officer
24 October 2024



Stephanie Williamson
Responsible Accounting Officer
24 October 2024

Dubbo Regional Council

Income Statement of water supply business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	8,415	8,672
User charges	17,718	14,889
Interest and investment income	2,536	1,423
Grants and contributions provided for operating purposes	–	134
Other income	14	55
Total income from continuing operations	28,683	25,173
Expenses from continuing operations		
Employee benefits and on-costs	6,731	5,926
Borrowing costs	1,230	1,306
Materials and services	11,623	9,472
Depreciation, amortisation and impairment	7,089	7,116
Net loss from the disposal of assets	883	403
Calculated taxation equivalents	189	134
Other expenses	3	–
Total expenses from continuing operations	27,748	24,357
Surplus (deficit) from continuing operations before capital amounts	935	816
Grants and contributions provided for capital purposes	5,878	8,644
Surplus (deficit) from continuing operations after capital amounts	6,813	9,460
Surplus (deficit) from all operations before tax	6,813	9,460
Less: corporate taxation equivalent (25%) [based on result before capital]	(234)	(204)
Surplus (deficit) after tax	6,579	9,256
Plus accumulated surplus	261,980	259,876
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	189	134
– Corporate taxation equivalent	234	204
Closing accumulated surplus	268,982	269,470
Return on capital %	0.5%	0.6%
Subsidy from Council	14,764	12,678
Calculation of dividend payable:		
Surplus (deficit) after tax	6,579	9,256
Less: capital grants and contributions (excluding developer contributions)	(5,878)	(8,644)
Surplus for dividend calculation purposes	701	612
Dividend calculated from surplus	351	306

Dubbo Regional Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	14,609	14,524
User charges	5,603	4,920
Liquid trade waste charges	23	35
Fees	358	429
Interest and investment income	3,103	1,991
Grants and contributions provided for operating purposes	–	116
Other income	122	170
Gain on Sale of Assets	–	2,037
Total income from continuing operations	23,818	24,222
Expenses from continuing operations		
Employee benefits and on-costs	4,400	4,153
Borrowing costs	427	534
Materials and services	4,090	3,872
Depreciation, amortisation and impairment	6,343	5,561
Net loss from the disposal of assets	132	–
Calculated taxation equivalents	191	198
Total expenses from continuing operations	15,583	14,318
Surplus (deficit) from continuing operations before capital amounts	8,235	9,904
Grants and contributions provided for capital purposes	2,958	1,978
Surplus (deficit) from continuing operations after capital amounts	11,193	11,882
Surplus (deficit) from all operations before tax	11,193	11,882
Less: corporate taxation equivalent (25%) [based on result before capital]	(2,059)	(2,476)
Surplus (deficit) after tax	9,134	9,406
Plus accumulated surplus	282,285	270,205
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	191	198
– Corporate taxation equivalent	2,059	2,476
Closing accumulated surplus	293,669	282,285
Return on capital %	2.9%	3.6%
Subsidy from Council	4,217	1,111
Calculation of dividend payable:		
Surplus (deficit) after tax	9,134	9,406
Less: capital grants and contributions (excluding developer contributions)	(2,958)	(1,978)
Surplus for dividend calculation purposes	6,176	7,428
Dividend calculated from surplus	3,088	3,714

Dubbo Regional Council

Income Statement of Dubbo Regional Airport

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
Income from continuing operations		
User charges	5,774	3,936
Grants and contributions provided for operating purposes	332	721
Other income	449	419
Total income from continuing operations	6,555	5,076
Expenses from continuing operations		
Employee benefits and on-costs	944	821
Borrowing costs	8	29
Materials and services	4,131	2,945
Depreciation, amortisation and impairment	2,613	2,443
Net loss from the disposal of assets	–	111
Calculated taxation equivalents	206	139
Total expenses from continuing operations	7,902	6,488
Surplus (deficit) from continuing operations before capital amounts	(1,347)	(1,412)
Grants and contributions provided for capital purposes	815	629
Surplus (deficit) from continuing operations after capital amounts	(532)	(783)
Surplus (deficit) from all operations before tax	(532)	(783)
Surplus (deficit) after tax	(532)	(783)
Plus accumulated surplus	81,987	80,607
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	206	139
Closing accumulated surplus	81,661	79,963
Return on capital %	(1.1)%	(1.3)%
Subsidy from Council	6,534	5,718

Dubbo Regional Council

Income Statement of Dubbo Regional Livestock Markets

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
Income from continuing operations		
User charges	4,189	3,407
Other income	29	40
Total income from continuing operations	4,218	3,447
Expenses from continuing operations		
Employee benefits and on-costs	782	786
Materials and services	2,489	1,648
Depreciation, amortisation and impairment	1,790	1,753
Net loss from the disposal of assets	54	943
Calculated taxation equivalents	73	29
Total expenses from continuing operations	5,188	5,159
Surplus (deficit) from continuing operations before capital amounts	(970)	(1,712)
Grants and contributions provided for capital purposes	591	10
Surplus (deficit) from continuing operations after capital amounts	(379)	(1,702)
Surplus (deficit) from all operations before tax	(379)	(1,702)
Surplus (deficit) after tax	(379)	(1,702)
Plus accumulated surplus	25,440	23,815
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	73	29
Closing accumulated surplus	25,134	22,142
Return on capital %	(3.0)%	(5.6)%
Subsidy from Council	2,373	2,935

Dubbo Regional Council

Income Statement of Property Development

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
Income from continuing operations		
Net gain from the disposal of assets	2,123	–
Other income	38	71
Total income from continuing operations	2,161	71
Expenses from continuing operations		
Employee benefits and on-costs	650	594
Materials and services	325	419
Depreciation, amortisation and impairment	37	34
Calculated taxation equivalents	259	163
Other expenses	17	–
Total expenses from continuing operations	1,288	1,210
Surplus (deficit) from continuing operations before capital amounts	873	(1,139)
Surplus (deficit) from continuing operations after capital amounts	873	(1,139)
Surplus (deficit) from all operations before tax	873	(1,139)
Less: corporate taxation equivalent (25%) [based on result before capital]	(218)	–
Surplus (deficit) after tax	655	(1,139)
Plus accumulated surplus	27,507	22,091
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	259	163
– Corporate taxation equivalent	218	–
Closing accumulated surplus	28,639	21,115
Return on capital %	20.2%	(156.0)%
Subsidy from Council	–	1,168

Dubbo Regional Council

Income Statement of Rainbow Cottage Childcare Centre

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Income from continuing operations		
User charges	493	551
Grants and contributions provided for operating purposes	1,087	883
Total income from continuing operations	1,580	1,434
Expenses from continuing operations		
Employee benefits and on-costs	1,279	1,245
Materials and services	412	345
Depreciation, amortisation and impairment	75	76
Calculated taxation equivalents	11	8
Total expenses from continuing operations	1,777	1,674
Surplus (deficit) from continuing operations before capital amounts	(197)	(240)
Surplus (deficit) from continuing operations after capital amounts	(197)	(240)
Surplus (deficit) from all operations before tax	(197)	(240)
Surplus (deficit) after tax	(197)	(240)
Plus accumulated surplus	(833)	(601)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	11	8
Closing accumulated surplus	(1,019)	(833)
Return on capital %	(9.5)%	(16.3)%
Subsidy from Council	286	299

Dubbo Regional Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	7,949	4,219
Investments	31,000	45,000
Receivables	6,418	5,807
Inventories	131	130
Other	10	21
Total current assets	45,508	55,177
Non-current assets		
Investments	16,000	14,000
Infrastructure, property, plant and equipment	393,690	368,165
Other	44	44
Total non-current assets	409,734	382,209
Total assets	455,242	437,386
LIABILITIES		
Current liabilities		
Contract liabilities	1	–
Payables	640	422
Borrowings	1,494	1,412
Employee benefit provisions	1,126	1,012
Total current liabilities	3,261	2,846
Non-current liabilities		
Borrowings	16,997	18,491
Employee benefit provisions	73	79
Total non-current liabilities	17,070	18,570
Total liabilities	20,331	21,416
Net assets	434,911	415,970
EQUITY		
Accumulated surplus	268,982	269,470
Revaluation reserves	165,929	146,500
Total equity	434,911	415,970

Dubbo Regional Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	5,288	6,864
Investments	45,500	10,500
Receivables	3,287	2,935
Other	10	38
Total current assets	54,085	20,337
Non-current assets		
Investments	31,702	56,296
Infrastructure, property, plant and equipment	299,500	287,283
Total non-current assets	331,202	343,579
Total assets	385,287	363,916
LIABILITIES		
Current liabilities		
Contract liabilities	1	–
Payables	301	201
Borrowings	1,410	2,432
Total current liabilities	1,712	2,633
Non-current liabilities		
Borrowings	4,951	6,361
Total non-current liabilities	4,951	6,361
Total liabilities	6,663	8,994
Net assets	378,624	354,922
EQUITY		
Accumulated surplus	293,669	282,285
Revaluation reserves	84,955	72,637
Total equity	378,624	354,922

Dubbo Regional Council

Statement of Financial Position of Dubbo Regional Airport

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
ASSETS		
Current assets		
Investments	749	654
Receivables	401	503
Total current assets	1,150	1,157
Non-current assets		
Infrastructure, property, plant and equipment	120,825	107,825
Total non-current assets	120,825	107,825
Total assets	121,975	108,982
LIABILITIES		
Current liabilities		
Payables	192	192
Borrowings	5,488	218
Employee benefit provisions	271	242
Total current liabilities	5,951	652
Non-current liabilities		
Employee benefit provisions	2	9
Total non-current liabilities	2	9
Total liabilities	5,953	661
Net assets	116,022	108,321
EQUITY		
Accumulated surplus	81,661	79,962
Revaluation reserves	34,361	28,359
Total equity	116,022	108,321

Dubbo Regional Council

Statement of Financial Position of Dubbo Regional Livestock Markets

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
ASSETS		
Current assets		
Investments	9,562	7,002
Receivables	388	232
Total current assets	9,950	7,234
Non-current assets		
Infrastructure, property, plant and equipment	32,628	30,432
Total non-current assets	32,628	30,432
Total assets	42,578	37,666
LIABILITIES		
Current liabilities		
Payables	81	65
Employee benefit provisions	60	188
Total current liabilities	141	253
Non-current liabilities		
Employee benefit provisions	1	8
Total non-current liabilities	1	8
Total liabilities	142	261
Net assets	42,436	37,405
EQUITY		
Accumulated surplus	25,134	22,142
Revaluation reserves	17,302	15,263
Total equity	42,436	37,405

Dubbo Regional Council

Statement of Financial Position of Property Development

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
ASSETS		
Current assets		
Investments	17,981	6,311
Receivables	16	2,568
Inventories	4,419	6,707
Total current assets	22,416	15,586
Non-current assets		
Inventories	2,219	4,967
Infrastructure, property, plant and equipment	4,312	730
Total non-current assets	6,531	5,697
Total assets	28,947	21,283
LIABILITIES		
Current liabilities		
Payables	38	28
Total current liabilities	38	28
Total liabilities	38	28
Net assets	28,909	21,255
EQUITY		
Accumulated surplus	28,639	21,115
Revaluation reserves	270	140
Total equity	28,909	21,255

Dubbo Regional Council

Statement of Financial Position of Rainbow Cottage Childcare Centre

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
ASSETS		
Current assets		
Receivables	20	18
Total current assets	20	18
Non-current assets		
Infrastructure, property, plant and equipment	2,075	1,474
Total non-current assets	2,075	1,474
Total assets	2,095	1,492
LIABILITIES		
Current liabilities		
Payables	72	50
Employee benefit provisions	251	239
Total current liabilities	323	289
Non-current liabilities		
Employee benefit provisions	22	21
Borrowings	970	882
Total non-current liabilities	992	903
Total liabilities	1,315	1,192
Net assets	780	300
EQUITY		
Accumulated surplus	(1,019)	(833)
Revaluation reserves	1,799	1,133
Total equity	780	300

Note – Material accounting policy information

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Water Supply Services

Comprising the whole of the water supply operations and net assets servicing the city of Dubbo, the town of Wellington and the villages of Wongarbron, Ballimore, Brocklehurst, Geurie, Mumbil and North Yeoval.

b. Sewerage Services

Comprising the whole of the sewerage reticulation and treatment operations and net assets system servicing the city of Dubbo, the town of Wellington and the villages of Wongarbron, Brocklehurst, Geurie and Mumbil.

c. Dubbo Regional Airport

Comprising the whole of the airport operations and net assets located on Coreena Road.

d. Dubbo Regional Livestock Markets

Comprising the whole of the livestock markets operations and net assets located on Bootherba Road.

e. Property Development

Council's property development function competes with other private land developers in Dubbo in the development of both industrial and residential land for purchase. The surplus on disposal of land is disclosed in the Income Statement of the Business Activities as operating revenue. In the General Purpose Financial Statements this is disclosed as gain/(loss) on disposal of assets.

Category 2

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

a. Rainbow Cottage Childcare Centre

Note – Material accounting policy information (continued)

Rainbow Cottage Childcare Centre is located on Mitchell Street, Dubbo and provides day care for children aged between 0 and 5 years. Several other childcare facilities operate within Dubbo and Rainbow Cottage is in direct competition with these centres.

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%** (22/23 25%)

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

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

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

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

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

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25% (22/23 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.

Note – Material accounting policy information (continued)

(ii) Return on investments (rate of return)

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

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.24% at 30 June 2024.

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with section 4 of DPE – Water's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with section 4 of DPE – Water's regulatory and assurance framework, statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DPE – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Dubbo Regional Council

To the Councillors of Dubbo Regional Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Dubbo Regional 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 2024, the Statement of Financial Position of each Declared Business Activity as at 30 June 2024 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage
- Dubbo Regional Airport
- Dubbo Regional Livestock Markets
- Property Development
- Rainbow Cottage Childcare Centre.

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 2024, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Nicky Rajani
Delegate of the Auditor-General for New South Wales

28 October 2024
SYDNEY

Dubbo Regional Council

SPECIAL SCHEDULES
for the year ended 30 June 2024



Dubbo Regional Council

Special Schedules

for the year ended 30 June 2024

Contents

Page

Special Schedules:

Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2024	7

Dubbo Regional Council

Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
Notional general income calculation ¹			
Last year notional general income yield	a	41,210	43,309
Plus or minus adjustments ²	b	634	415
Notional general income	c = a + b	41,844	43,724
Permissible income calculation			
Percentage increase	d	3.70%	5.00%
Plus percentage increase amount ³	f = d x (c + e)	1,548	2,186
Sub-total	g = (c + e + f)	43,392	45,910
Plus (or minus) last year's carry forward total	h	5	88
Sub-total	j = (h + i)	5	88
Total permissible income	k = g + j	43,397	45,998
Less notional general income yield	l	43,309	45,935
Catch-up or (excess) result	m = k - l	88	63
Carry forward to next year ⁴	p = m + n + o	88	63

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Dubbo Regional Council

To the Councillors of Dubbo Regional Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Dubbo Regional Council (the Council) for the year ending 30 June 2025.

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 2023–24 (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 2024 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 2024'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Nicky Rajani', written in a cursive style with a horizontal line underneath.

Nicky Rajani
Delegate of the Auditor-General for New South Wales

28 October 2024
SYDNEY

Dubbo Regional Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance \$ '000	2023/24 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring to the agreed level of service set by Council \$ '000					1	2	3	4	5
Buildings	Non-specialised and Specialised buildings	14,022	14,022	7,007	1,093	174,145	302,882	61.5%	15.4%	17.9%	3.2%	2.0%
	Sub-total	14,022	14,022	7,007	1,093	174,145	302,882	61.5%	15.4%	17.9%	3.2%	2.0%
Other structures	Other structures	8,342	8,342	3,442	1,424	112,374	209,793	38.8%	45.4%	9.9%	5.2%	0.7%
	Sub-total	8,342	8,342	3,442	1,424	112,374	209,793	38.8%	45.4%	9.9%	5.2%	0.7%
Roads	Roads including Bulk earthworks, Sealed roads, Unsealed roads, Bridges and Footpaths	50,706	50,706	28,968	30,621	1,332,698	1,836,364	54.4%	28.8%	13.2%	3.4%	0.2%
	Sub-total	50,706	50,706	28,968	30,621	1,332,698	1,836,364	54.4%	28.8%	13.2%	3.4%	0.2%
Water supply network	Water supply network	38,366	38,366	10,028	11,858	351,086	515,258	68.1%	10.7%	12.8%	4.7%	3.7%
	Sub-total	38,366	38,366	10,028	11,858	351,086	515,258	68.1%	10.7%	12.8%	4.7%	3.7%
Sewerage network	Sewerage network	40,158	40,158	11,446	4,543	266,243	444,980	40.7%	30.8%	18.5%	6.2%	3.8%
	Sub-total	40,158	40,158	11,446	4,543	266,243	444,980	40.7%	30.8%	18.5%	6.2%	3.8%
Stormwater drainage	Stormwater drainage	5,231	5,231	1,756	166	157,721	217,268	53.0%	35.3%	6.7%	4.4%	0.6%
	Sub-total	5,231	5,231	1,756	166	157,721	217,268	53.0%	35.3%	6.7%	4.4%	0.6%
Open space / recreational assets	Swimming pools	678	678	633	73	5,489	8,395	45.8%	1.0%	50.5%	2.7%	0.0%
	Sub-total	678	678	633	73	5,489	8,395	45.8%	1.0%	50.5%	2.7%	0.0%
Total – all assets		157,503	157,503	63,280	49,778	2,399,756	3,534,940	54.2%	26.6%	13.7%	4.1%	1.4%

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

Dubbo Regional Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicators		Benchmark
			2023	2022	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	18,764	36.44%	30.27%	44.78%	> 100.00%
Depreciation, amortisation and impairment	51,493				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	157,503	6.33%	6.30%	22.93%	< 2.00%
Net carrying amount of infrastructure assets	2,488,181				
Asset maintenance ratio					
Actual asset maintenance	49,778	78.66%	100.00%	100.66%	> 100.00%
Required asset maintenance	63,280				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	157,503	4.46%	4.48%	17.85%	
Gross replacement cost	3,534,940				

(*) 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.

Dubbo Regional Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

\$ '000	<i>General fund</i>		<i>Water fund</i>		<i>Sewer fund</i>		<i>Benchmark</i>
	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	46.32%	40.82%	1.66%	0.00%	12.11%	0.00%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	4.22%	4.21%	10.93%	10.54%	15.08%	15.52%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	79.84%	100.00%	118.25%	100.00%	39.69%	100.00%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	3.07%	3.08%	7.45%	7.31%	9.02%	9.35%	
Gross replacement cost							

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