



Ordinary meeting business paper

Wednesday, 30 October 2024

commencing 11.00 am

Rous Administration Centre (L4), 218-232 Molesworth Street, Lismore

OPENING OF THE MEETING

In accordance with clause 236 of the *Local Government (General) Regulation 2021*, attendees at today's Council meeting are advised that this meeting is being recorded (except for the confidential session) and will be made publicly available.

- All speakers should refrain from making any defamatory comments or releasing any personal information about another individual without their consent.
- Council accepts no liability for any damage that may result from defamatory comments made by persons attending meetings. All liability will rest with the individual who made the comments.
- This meeting must not be recorded by others without the prior written consent of the Council in accordance with Council's Code of Meeting Practice.

Please ensure that mobile phones and other electronic devices are turned off or are in silent mode for the duration of the meeting.

STATEMENT OF ETHICAL OBLIGATIONS

In accordance with clause 3.23 of Council's Code of Meeting Practice, councillors are reminded of their Oath or Affirmation of Office made at or before their first meeting of the council made under section 233A of the Act, to undertake their civic duties in the best interests of the people they represent and to faithfully and impartially carry out the functions, powers, authorities and discretions vested in them under the *Local Government Act 1993* or any other Act, to the best of their ability and judgement.

CONFLICTS OF INTEREST

Councillors are reminded of their obligations under Council's Code of Conduct to disclose and appropriately manage conflicts of interest in matters being considered at council meetings. All declarations of conflicts of interest will be recorded in the minutes of the meeting at which the declaration was made.

APPLICATIONS TO ATTEND BY AUDIO VISUAL LINK

In accordance with clause 5.18 and 5.19 of Council's Code of Meeting Practice, Councillors may attend and participate in meetings by audio-visual link with the approval of the Council.

Requests by Councillors for approval to attend a meeting by audio-visual link must be made in writing to the General Manager prior to the meeting in question and provide reasons why the Councillor will be presented from attending the meeting in person.

Councillors attending a meeting by audio-visual link are reminded that they must ensure that no other person is within sight or hearing of the meeting at any time that the meeting is closed to the public under section 10A of the *Local Government Act 1993*.

Note: Consistent with clause 5.44 of Council's Code of Meeting Practice, attendance by Council staff at meetings of the Council by audio-visual link shall be with the approval of the General Manager.

Copy of: CODE OF MEETING PRACTICE / CODE OF CONDUCT

AGENDA

1. **Opening of the meeting**
 2. **Acknowledgement of Country**
Council would like to show its respect and acknowledge the Traditional Custodians of the Land, of Elders past and present on which this meeting takes place.
 3. **Election of chairperson and deputy chairperson** 1 - 7
 4. **Apologies and Leave of Absence**
 5. **Confirmation of Minutes of previous meeting**
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 6. **Disclosure of Interest**
 7. **Chair's Minute**
 8. **Matters of urgency**
 9. **Notices of Motion / Questions with notice**
 10. **General Manager reports**
 - 10.1 Oath or affirmation of Office by Councillors 15 - 16
 - 10.2 Reconciliation Action Plan Advisory Group - appointment of Councillor members 17 - 21
 - 10.3 Audit, Risk and Improvement Committee - appointment of Councillor members 22 - 25
 - 10.4 Local Government NSW Annual Conference 2024 26 - 27
 11. **Group Manager Organisational Services**
 - 11.1 Audited Financial Reports for the year ended 30 June 2024 28 - 124
 - 11.2 Quarterly Budget Review Statement Quarter ending 30 September 2024 125 - 151
 12. **Group Manager Planning and Delivery reports**
 13. **Group Manager Operations reports**
 14. **Policies**
 - 14.1 Related Party Disclosure Policy revised 152 - 158
 - 14.2 Investments Policy revised 159 - 168
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16.	Confidential matters	
17.	Close of business	

Election of chairperson and deputy chairperson

Responsible Officer: General Manager (Phillip Rudd)

Recommendation

That Council conduct an election for a chairperson and deputy chairperson consistent with the election process for chairpersons of county councils set out in the *Local Government Act 1993* and the *Local Government (General) Regulation 2021* and that:

1. If there is more than one nomination, Council resolve the method of election (to be either by preferential ballot, ordinary ballot or open voting); and
2. The result of the election (including the names of those elected) be declared at the meeting and that those elected hold office for two years.

Background

A chairperson of a county council must be elected in accordance with Schedule 8 of the *Local Government (General) Regulation 2021* ('LG Regulation').¹

For the purposes of this report, an election for a chairperson is to be held at the first meeting of Council after the term of the previous chairperson has ended.² This occurred on the date of the ordinary council elections, being 14 September 2024.³

A copy of Schedule 8 of the LG Regulation which prescribes the procedure to be followed to elect the chairperson is attached for information [Attachment 1](#). A summary of that process is set out in [Attachment 2](#).

Election of a deputy chairperson – local rule

Council's Code of Meeting Practice ([Attachment 3](#)) contains a local rule that makes provision for the election of a deputy chairperson to occur at the same time and in the same manner as the election of the chairperson. This local rule is for administrative convenience given that the *Local Government Act 1993* ('LG Act') does not make provision for the election of a deputy chairperson.

Term of office – chairperson and deputy chairperson

The chairperson of a county council holds office for a two-year term.⁴ The office of chairperson commences on the day the person elected is declared to be elected, being the day of the council meeting at which the election is held by the returning officer.⁵ A vacancy occurs when the person's successor is declared to be elected to the office, or on the occurrence of a casual vacancy in the office.⁶

By virtue of Council's Code of Meeting Practice these arrangements also apply to the position of deputy chairperson.

Governance

This report has been prepared having regard to the requirements of the *Local Government Act 1993*, the *Local Government (General) Regulation 2021* and Council's Code of Meeting Practice.

Finance

The fees paid to members (including the chairperson) are in accordance with the 'Payment of expenses and provision of facilities for chairperson and councillors' policy ([Attachment 4](#)) and

the budget adopted in conjunction with the Operational plan for the relevant period. The policy provides that the fees payable to the chairperson and members are 100% of the maximum determined by the Local Government Remuneration Tribunal.

Council resolved at its meeting on 15 June 2022 [[23/22](#)] to make superannuation contribution payments for councillors in accordance with section 254B of the *Local Government Act 1993* ([Attachment 5](#)). Payments are made at the same time as councillor fees unless a councillor does not nominate a superannuation account for the payment before the end of the month to which the payment relates, or the councillor has agreed in writing to forgo or reduce the payment. The current superannuation guarantee rate is 11.5% and the estimated cost is \$12,500 for the financial year.

Legal

Refer to the 'Background' section of the report.

The General Manager, or a person appointed by the General Manager, is the returning officer for the purposes of holding the election for chairperson and deputy chairperson.⁷

Consultation

Not applicable.

Conclusion

Council elects a chairperson and deputy chairperson every second year. The election process for the chairperson is set out in Schedule 8 of the LG Regulation and Council has determined through its Code of Meeting Practice that that process will also apply to the election of the deputy chairperson.

Attachments

1. [Schedule 8 of the Local Government \(General\) Regulation 2021](#).
2. Summary of Schedule 8 LG Regulation election process.
3. [Rous County Council Code of Meeting Practice](#).
4. [Payment of fees, expenses and provision of facilities for chairperson and councillors policy](#).
5. ['Payment of superannuation for councillors' report furnished to Council's 15 June 2022 meeting](#).
6. Nomination forms (*copies will also be available at the meeting*).

¹ [Section 395](#) *Local Government (General) Regulation 2021* (NSW). Note that *ballot* means secret ballot.

² [Section 1\(b\)](#) Part 1 Schedule 8 *Ibid*.

³ [Section 391\(3\)\(b\)\(iii\)](#) *Local Government Act 1993* (NSW).

⁴ [Section 391\(2\)](#) *Ibid*.

⁵ [Section 391\(3\)\(a\)](#) *Ibid*.

⁶ [Section 391\(3\)\(b\)](#) *Ibid*.

⁷ [Section 2](#) Part 1 Schedule 8 *Local Government (General) Regulation 2021* (NSW).

Attachment 2

Summary of election process

All references cited in the following tables relate to the *Local Government (General) Regulation 2021*.

General Manager (or delegate) is the returning officer	Sch. 8 cl. 2
The general manager (or a person appointed by the general manager) is the returning officer.	
Nominations (Nomination forms enclosed)	Sch. 8 cl. 4
<p>(1) A councillor may be nominated for election as chairperson/deputy chairperson without notice.</p> <p>(2) Nominations must be in writing by two or more councillors (one of whom may be the nominee) and include the nominee's written consent to the nomination.</p> <p>(3) Nominations are to be delivered or sent to the returning officer.</p> <p>(4) The returning officer is to announce the names of the nominees at the meeting at which the election is to be held.</p>	
Resolving method of election	Sch. 8 cl. 5
<p>One nomination The nominee is elected.</p> <p>More than one nomination Council must resolve whether the election is to proceed by:</p> <p>(a) Preferential <i>ballot</i>* (Attachment 1 (Sch. 8 Part 3 clauses 10-13) refer to the green tables below), or</p> <p>(b) Ordinary <i>ballot</i>* or (Attachment 1 (Sch. 8 Part 2 clauses 6-9) refer to the red tables below), or</p> <p>(c) <i>Open voting</i>** (Attachment 1 (Sch. 8 Part 2 clauses 6-9) refer to the red tables below).</p> <p>*<i>ballot</i> has its normal meaning of secret ballot. **<i>open voting</i> means voting by a show of hands or similar means.</p>	

PREFERENTIAL BALLOT	
• Ballot-papers and voting	Sch. 8 cl. 11
<p>The ballot papers are to contain the names of all the candidates. Place the numbers '1', '2' and so on against the names listed to indicate the order of preference for all the candidates.</p> <p>An informal ballot-paper is one that has not been initialled on the front by an election official (except where the ballot-paper bears the name of the council), or contains a mark or writing that, in the returning officer's opinion, would enable the elector to be identified (cl. 305(2); cl. 345(1)(b) and (c) and (5)).</p> <p>An informal ballot-paper must be rejected at the count.</p>	
• Count	Sch. 8 cl. 12
<p>(1) If a candidate has an <i>absolute majority</i>* of first preference votes, that candidate is elected.</p> <p>(2) If not, the candidate with the lowest number of first preference votes is excluded and the votes on the unexhausted ballot-papers counted to the person are transferred to the candidates with second preferences on those ballot-papers.</p> <p>(3) A candidate who then has an absolute majority of votes is elected, but, if no candidate then has an absolute majority of votes, the process of excluding the candidate who has the lowest</p>	

PREFERENTIAL BALLOT

number of votes and counting each of his or her unexhausted ballot-papers to the candidates remaining in the election next in order of the voter's preference is repeated until one candidate has received an absolute majority of votes. That candidate is elected.

***absolute majority** in relation to votes, means a number that is more than one-half of the number of unexhausted formal ballot-papers.

- **Tied candidates**

Sch. 8 cl. 13

- (1) If, on any count of votes, there are 2 candidates in, or remaining in, the election and the numbers of votes cast for the 2 candidates are equal - **the candidate whose name is first chosen by lot** is taken to have received an absolute majority of votes and **is therefore taken to be elected.**
- (2) If, on any count of votes, there are 3 or more candidates in, or remaining in, the election and the numbers of votes cast for 2 or more candidates are equal and those candidates are the ones with the lowest number of votes on the count of the votes - **the candidate whose name is first chosen by lot** is taken to have the lowest number of votes and **is therefore excluded.**

Count: choosing by lot

Sch. 8 cl. 14

To choose a candidate by lot, the names of the candidates who have equal numbers of votes are written on similar slips of paper by the returning officer, the slips are folded by the returning officer so as to prevent the names being seen, the slips are mixed and one is drawn at random by the returning officer and **the candidate whose name is on the drawn slip is chosen.**

**ORDINARY BALLOT
OPEN VOTING**

- **Marking of ballot-papers**

Sch. 8 cl. 7

An informal ballot-paper is one that has not been initialled on the front by an election official (except where the ballot-paper bears the name of the council), or contains a mark or writing that, in the returning officer's opinion, would enable the elector to be identified (cl. 305(2); cl. 345(1)(b) and (c) and (5)).

An informal ballot-paper must be rejected at the count.

- **Count**

Sch. 8 cl. 8-9

Count: 2 candidates

- (1) If there are only 2 candidates, the candidate with the higher number of votes is elected.
- (2) If there are only 2 candidates and they are tied, **the one elected is to be chosen by lot.**

Count: 3 or more candidates

- (1) If there are 3 or more candidates, **the one with the lowest number of votes is to be excluded.**
- (2) If 3 or more candidates then remain, a further vote is to be taken of those candidates and **the one with the lowest number of votes from that further vote is to be excluded.**
- (3) If, after that, 3 or more candidates still remain, the procedure set out at (2) above is repeated until only 2 candidates remain.
- (4) A further vote is to be taken of the 2 remaining candidates:
 - (a) The candidate with **the higher number of votes is elected.**
 - (b) If the 2 candidates are tied, **the one elected is to be chosen by lot.**

(5) If at any stage during a count under (1) or (2) above, 2 or more candidates are tied on the lowest number of votes, the one excluded is to be chosen by lot.

Count: choosing by lot

Sch. 8 cl. 14

To choose a candidate by lot, the names of the candidates who have equal numbers of votes are written on similar slips of paper by the returning officer, the slips are folded by the returning officer so as to prevent the names being seen, the slips are mixed and one is drawn at random by the returning officer and the candidate whose name is on the drawn slip is chosen.

Result

Sch. 8 cl. 15

The result of the election (including the name of the elected chairperson and deputy chairperson) must be:

- (a) declared to the councillors at the council meeting at which the election is held by the returning officer, and
- (b) delivered or sent to the Chief Executive Officer and to the Secretary of Local Government NSW.

 ROUS COUNTY COUNCIL	NOMINATION FORM
Chairperson	
We nominate Councillor:	
.....	
for the position of Chairperson of Rous County Council.	
..... (name / signature)/...../2024
..... (name / signature)/...../2024
I consent to the nomination:	
..... Signature/...../2024



NOMINATION FORM

Deputy Chairperson

We nominate Councillor:

.....

for the position of Deputy Chairperson of Rous County Council.

...../...../2024
(name / signature)

...../...../2024
(name / signature)

I consent to the nomination:

...../...../2024
Signature

**MINUTES OF THE ORDINARY MEETING OF ROUS COUNTY COUNCIL HELD
WEDNESDAY, 21 AUGUST 2024 AT ADMINISTRATION OFFICE, 218-232 MOLESWORTH
STREET, LISMORE**

1 OPENING OF MEETING

The Chair opened the meeting at 10.05 am.

In attendance:

Councillors

- Cr Robert Mustow, Richmond Valley Council (Chair)
- Cr Sharon Cadwallader, Ballina Shire Council (Deputy Chair)
- Cr Rod Bruem, Ballina Shire Council
- Cr Michael Lyon, Byron Shire Council
- Cr Sarah Ndiaye, Byron Shire Council
- Cr Andrew Gordon, Lismore City Council
- Cr Big Rob, Lismore City Council
- Cr Sandra Humphrys, Richmond Valley Council

Council Officers

- Phillip Rudd, General Manager
- Helen McNeil, Group Manager Organisational Services
- Adam Nesbitt, Group Manager Operations
- Geoff Ward, Group Manager Transformation and Strategy
- Andrew Logan, Group Manager, Planning and Delivery
- Jonathan Patino, Finance Manager
- Tania Burls, Future Water Program Manager
- Robyn Waldron, Secretary

2 ACKNOWLEDGEMENT OF COUNTRY

Council showed its respect and acknowledged the Traditional Custodians of the Land, of all Elders, on which this meeting took place.

4 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

RESOLVED [38/24] (Cadwallader/Gordon) that the Minutes of the meeting held 19 June 2024 be approved as presented.

Confirmation for Previous Minutes (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, and Cr Big Rob	7
Against	None	0
Abstain	None	0
Conflict of Interests	None	0
Absent	Cr Sarah Ndiaye	1
Carried		

5 CONFIRMATION OF COUNCIL EXTRAORDINARY MINUTES

RESOLVED [39/24] (Bruem/Humphrys) that the Minutes of the extraordinary meeting held 17 July 2024 be approved as presented.

Confirmation of Council Extraordinary Minutes (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow and Cr Big Rob	7
Against	None	0
Abstain	None	0
Conflict of Interests	None	0
Absent	Cr Sarah Ndiaye	1
Carried		

6 DISCLOSURE OF INTEREST

Councillor Big Rob and Councillor Andrew Gordon declared a non-pecuniary interest in *Agenda item 16.1* and will vacate the Council meeting for discussion and voting on that item

7 CHAIR'S MINUTE

7.1 End of term for Rous' current county councillors

RESOLVED [40/24] (Mustow/Bruem) that Council receive and note the Chair's Minute and acknowledge the achievements of the General Manager and Staff during this term.

Cr Sarah Ndiaye joined the meeting at 10:10am

End of term for Rous' current county councillors (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Abstain	None	0
Conflict of Interests	None	0
Absent	None	0
Carried		

8 MATTERS OF URGENCY / QUESTIONS WITH NOTICE

Nil.

9 NOTICES OF MOTION

Nil.

10 PRESENTATIONS

10.1 Laurie Lefcourt (Chair) - Audit, Risk and Improvement Committee Annual Performance Report

RESOLVED [41/24] (Rob/Ndiaye) that the Audit, Risk and Improvement Committee Performance Review – period 2023-2024 be received and endorsed.

Laurie Lefcourt (Chair) - Audit, Risk and Improvement Committee Annual Performance Report (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Abstain	None	0
Conflict of Interests	None	0
Absent	None	0
Carried		

11 GENERAL MANAGER REPORTS

Nil.

12 GROUP MANAGER ORGANISATIONAL SERVICES REPORTS

12.1 Preliminary 2023/24 End of Financial Year Summary and Budget Carry Forwards

RESOLVED [42/24] (Rob/Lyon) that Council:

1. Receive and note the Preliminary 2023/24 End of Year Financial Summary Report, acknowledging that it is a preliminary summary prior to end of year adjustments and audit.
2. Approve the funds to be carried forward as detailed in Tables 2 - 5 of this report.

Preliminary 2023/24 End of Financial Year Summary and Budget Carry Forwards (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Abstain	None	0
Conflict of Interests	None	0
Absent	None	0
Carried		

12.2 Audit, Risk and Improvement Committee - meeting update

RESOLVED [43/24] (Rob/Cadwallader) that Council:

1. Receive and note the:
 - (a) Attached minutes from the Audit, Risk and Improvement Committee meeting of

22 July 2024, and

(b) Audit, Risk and Improvement Committee performance report for the period 2023-2024.

2. Revoke the Internal Audit Charter dated 23 November 2020, and any charter revived as a result, and approve the revised Internal Audit Charter attached to this report.

Audit, Risk and Improvement Committee - meeting update (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Abstain	None	0
Conflict of Interests	None	0
Absent	None	0
Carried		

13 GROUP MANAGER PLANNING AND DELIVERY REPORTS

13.1 Purified Recycled Water Investigation report

RESOLVED [44/24] (Rob/Lyon) that Council:

1. Receive and note the *Purified Recycled Water (PRW) Investigations Report (Attachment 1)*.
2. Defer further investigations into a Purified Recycled Water pilot / demonstration plant until Purified Recycled Water becomes a viable Stage 3 source option.

Purified Recycled Water Investigation report (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Abstain	None	0
Conflict of Interests	None	0
Absent	None	0
Carried		

13.2 Desalination Options Assessment Report

RESOLVED [45/24] (Lyon/Bruem) that Council:

1. Receive and note the *Desalination Options Assessment Report (June 2024) (Attachment 1)*.
2. Include Temporary Desalination as an option for consideration in an adaptive approach for the next revision of the Drought Management Plan.
3. Continue to focus planning efforts on preventative measures to reduce the impact of future droughts, through additional source augmentations.
4. Note the significant cost of a Permanent Desalination plant and poor comparison to previously costed groundwater and surface water alternatives.

5. Include Permanent Desalination, and the learnings from the Report, as an option for consideration in the next update to Rous’s Integrated Water Cycle Management Strategy (IWCM).

Desalination Options Assessment Report (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Abstain	None	0
Conflict of Interests	None	0
Absent	None	0
Carried		

14 POLICIES

14.1 Revised Workplace Surveillance Policy

RESOLVED [46/24] (Cadwallader/Bruem) that Council:

1. Revoke the Workplace Surveillance Policy adopted by Rous Water on 17 June 2015 and the former Richmond River County Council and Far North Coast County Council on 22 June 2015, and any policy revived as a result of the revocation; and
2. Approve the revised Workplace Surveillance Policy attached.

Desalination Options Assessment Report (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Abstain	None	0
Conflict of Interests	None	0
Absent	None	0
Carried		

14.2 People and Culture policies (reviewed)

RESOLVED [47/24] (Cadwallader/Humphrys) that Council:

1. Re-adopt the Human Resources – Employment Conditions Policy dated 20 October 2021 without change.
2. Re-adopt the Equal Employment Opportunity (EEO) Policy and Management Plan dated 19 April 2017 with updated schedule and dates.

People and Culture policies (reviewed) (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Abstain	None	0
Conflict of Interests	None	0
Absent	None	0
Carried		

15 INFORMATION REPORTS (COVER REPORT)

RESOLVED [48/24] (Cadwallader/Bruem) that the following information reports be received and noted:

1. Rous Regional Demand Management Plan 2023-2024: Annual report
2. Tenders awarded by the General Manager under Delegation
3. Temporary Water Allocation for the Nimbin supply
4. Investments – July 2024
5. Retail Water Customer Account Assistance
6. Water production and usage – July 2024
7. Retail Water Debt Write-off
8. Delivery program | Operational plan result for year ending 30 June 2024
9. Reports/Actions pending.

Information Reports (cover sheet) (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Andrew Gordon, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow, Cr Sarah Ndiaye and Cr Big Rob	8
Against	None	0
Abstain	None	0
Conflict of Interests	None	0
Absent	None	0
Carried		

16 CONFIDENTIAL MATTERS

MOVED TO CLOSED COUNCIL

RESOLVED [49/24] (Lyon/Ndiaye) that Council move into Closed Council with the press and public excluded from the meeting based on the grounds detailed below:

Report	Perradenya Estate – update report
Grounds for closure	1. Section 10A(2)(d) commercial information of a confidential nature that would, if disclosed: (i). prejudice the commercial position of the person who supplied it, or (ii). confer a commercial advantage on a competitor of the Council, or reveal a trade secret.

CARRIED

The meeting moved to Closed Council at 11:35am

Councillor Andrew Gordon and Councillor Big Rob left the meeting 11:35am

16.1 Perradenya Estate - update report

RESOLVED [50/24] (Cadwallader/Ndiaye) that Council receive and note the Perradenya Estate update report.

RESUME TO OPEN COUNCIL

RESOLVED [51/24] (Humphrys/Cadwallader) that the meeting resume to Open Council.

CARRIED

The meeting reopened at 11:46am

Councillor Andrew Gordon rejoined the meeting at 11:47am

The General Manager read the meeting the following resolution.

RESOLVED [50/24] that the Council receive and note the Perradenya Estate update report.

Perradenya Estate - update report (Resolution)		
For	Cr Rod Bruem, Cr Sharon Cadwallader, Cr Sandra Humphrys, Cr Michael Lyon, Cr Robert Mustow and Cr Sarah Ndiaye	6
Against	None	0
Abstain	None	0
Conflict of Interests	Cr Andrew Gordon and Cr Big Rob	2
Absent	None	0
Carried		

17 CLOSE OF BUSINESS

There being no further business the meeting closed at 11.48 am.

Oath or affirmation of Office by Councillors

Responsible Officer: General Manager (Phillip Rudd)

Recommendation

That in accordance with section 233A of the *Local Government Act 1993*, it is noted that:

1. The General Manager has confirmed all councillors have undertaken the Oath of Office or Affirmation of Office prior to the first Ordinary meeting of the new Council held on 30 October 2024.
2. A signed statement acknowledging the taking of either an oath or affirmation by each Councillor will be included in the meeting minutes.

Background

Councillors are required to take an oath or make an affirmation of office at or before the first meeting of the new term of Council¹. This report is a record of the oath or the affirmations taken before the General Manager prior to the 30 October 2024 Council meeting.

Oath

I [name of councillor] swear that I will undertake the duties of the office of councillor in the best interests of the people within Rous County Council's operational footprint and the Rous County Council, and that I will faithfully and impartially carry out the functions, powers, authorities and discretions vested in me under the [Local Government Act 1993](#) or any other Act to the best of my ability and judgment.

Affirmation

I [name of councillor] solemnly and sincerely declare and affirm that I will undertake the duties of the office of councillor in the best interests of the people within Rous County Council's operational footprint and the Rous County Council, and that I will faithfully and impartially carry out the functions, powers, authorities and discretions vested in me under the [Local Government Act 1993](#) or any other Act to the best of my ability and judgment.

Governance

This report has been prepared having regard to the requirements of the *Local Government Act 1993*.

Finance

Not applicable.

Legal

A councillor must take an oath or make an affirmation of office to attend a meeting as a councillor (other than the first meeting of the council after the councillor is elected to the office or a meeting at which the councillor takes the oath or makes the affirmation) until the councillor has taken the oath or made the affirmation.

A record is to be kept of the taking of an oath or the making of an affirmation (whether in the minutes of the council meeting or otherwise).

¹ [Section 233A](#) of the *Local Government Act 1993 (NSW)*

Consultation

Not applicable

Conclusion

In accordance with section 233A of the *Local Government Act 1993*, all councillors are required to undertake the Oath of Office or Affirmation of Office prior to the first Ordinary meeting of the new Council. A signed statement acknowledging the taking of either an oath or affirmation by each Councillor will be witnessed by the General Manager and included in the meeting minutes.

Reconciliation Action Plan Advisory Group - appointment of Councillor Members

Responsible Officer: General Manager (Phillip Rudd)

Recommendation

That:

1. Nominations for the appointment of Councillor Member and alternate Councillor Member as Chair of the Reconciliation Action Plan Advisory Group (RAPAG) be sought from councillors, and
2. The Chair hold the position for the duration of the current term of Council.

Background

Reconciliation Action Plans (RAP) are practical plans of action built on relationships, respect and opportunities. They are designed to create social change and economic opportunities for Aboriginal and Torres Strait Islander people.

Rous is continuing the process of reconciliation with Aboriginal and Torres Strait Islander people through its RAP. The 2021-2023 Plan has been endorsed by Reconciliation Australia ([Attachment 1](#)).

Rous' Innovate 2021-2023 RAP (extended to 2024/25) builds on the foundations and achievement of the initial Reflect RAP and aims to consolidate and increase engagement with Aboriginal and Torres Strait Islander peoples. Rous' aim is to focus on relationships with an intent to increase representatives in the Advisory Group to enable increased visibility and further opportunity to provide input into the work we do. Rous is continuing to encourage staff to become a part of the RAP implementation process and learn and share alongside Elders and community members.

In relation to the bulk water supply function, Rocky Creek Dam, our supply network's principal source, sits on Widjabul Wia-bal country of the Bundjalung Nation. We acknowledge the Widjabul Wia-bal people's deep relationship with the land and water, and strongly value their traditional laws, knowledge and lessons about places and sustainability. Our flood mitigation and weed biosecurity functions extend across many other tribal/clan areas within the Bundjalung Nation.

Reconciliation aims to recognise, protect and restore ecological, cultural and social values that are unique to our region.

The RAP provides for the establishment of a RAP Advisory Group to assist staff with implementation of RAP actions.

The RAP Advisory Group is supported by a Terms of Reference (refer [Attachment 2](#)).

Membership

The RAPAG consists of up to fifteen (15) members as follows:

- a) One (1) Rous councillor; and
- b) Fourteen (14) community members

The community members consist of up to:

- i) Two (2) Traditional Custodians of Widjabal/Wia-bal catchment areas
- ii) Six (6) representatives in total – 1 from each of the following Local Aboriginal Land Councils (LALCs) in the RCC operational footprint: Ngulingah, Jali, Tweed-Byron, Bogal, Casino-Boolangle, and Gugin Gudduba;
- iii) Three (3) representatives in total: One (1) from Prescribed Body Corporates (PBCs) of each of the following Native Title Holder groups in the RCC operational footprint: Widjabul Wia-bal (or interim body); Bundjalung Aboriginal Corporation, Bundjalung of Byron Bay Aboriginal Corporation (Arakwal).

(NB. An alternate (male/female) representative can be nominated. If there are issues identified on the agenda that can only be spoken to by the alternate representative, then the alternate (male/female) representative shall be invited and welcome to attend).

- iv) Three (3) additional community representatives.

Meeting attendees

Staff representatives as required.

Term

The term of membership of the RAP Advisory Group is two (2) years with the possibility of extension as Council develops future RAPs.

The Rous Councillor Member is the Chair of the RAP Advisory Group meetings and the term of that role aligns with Council's term. The alternate Councillor Member is appointed as a contingency for situations when the primary Councillor Member is unable to attend meetings.

Meeting schedule

Meetings are held quarterly in person or via video conferencing if required.

Multiple nominations

If there are multiple Councillor nominations for the position of Chair an election process will be undertaken.

Finance

The Operational Plan 2024/25 includes a budget of \$121,300 for Reconciliation initiatives, which covers costs for:

- Reconciliation Liaison Officer (1 x full time employee)
- RAP Advisory Group meetings, including sitting fees
- participation in NAIDOC and Reconciliation Week events; and
- cultural awareness training.

The Chair position is not a paid position, however actual travel and out-of-pocket expenses are reimbursed.

Conclusion

The position of Chair on the RAP Advisory Group is vacant. It is proposed that nominations from Councillors be called to fill that vacancy. Term of office for the Chair is for the term of this Council.

Nominations are to be made by Councillors by completing the form provided at [Attachment 3](#).

Attachments

1. [Reconciliation Action Plan \(RAP\)](#)
2. [Terms of Reference](#)
3. Nomination form (*copy also available at the meeting*)



NOMINATION FORM
Reconciliation Action Plan
(RAP) Advisory Group
Chair

We nominate:

.....
(Councillor name)

for the position of Chair of the RAP Advisory Group.

.....
(Councillor/signature)

.....
(Councillor/signature)

Date:

I consent to the nomination.

.....
(Councillor/signature)

Date:



ROUS
COUNTY COUNCIL

NOMINATION FORM
Reconciliation Action Plan
(RAP) Advisory Group
Alternate Chair

We nominate:

.....
(Councillor name)

for the position of alternate Chair of the RAP Advisory Group.

.....
(Councillor/signature)

.....
(Councillor/signature)

Date:

I consent to the nomination.

.....
(Councillor/signature)

Date:

Audit, Risk and Improvement Committee - appointment of Councillor Members

Responsible Officer: General Manager (Phillip Rudd)

Recommendation

1. That nominations for a primary and alternate member on the Audit, Risk and Improvement Committee be sought from Councillors (excluding the Chair).
2. Note that the Audit, Risk and Improvement Committee Charter will be updated to reflect membership and contact detail changes as required.

Background

Council's [Audit, Risk and Improvement Committee](#) ('Committee') is comprised of the following:

1. **Independent External Chair (voting member):** Four-year term – **Occupied** by Laurie Lefcourt until September 2027;
2. **Independent External Member (voting member):** Four-year term – **Occupied** by Andrew MacLeod until April 2025;
3. **Independent External Member (voting member):** Four-year term – **Occupied** by Raymond Wong until September 2027;
4. **Optional appointee: Councillor Member** (and alternate Councillor member) (**non-voting member**): Four-year term - **Vacant**.

The alternate Councillor member is appointed as a contingency for situations when the Councillor Member is unavailable.

Governance

The Committee meets five times a year (March, May, July, October and November) on Monday with meetings commencing from 10am.

The October meeting is reserved for consideration of Council's Financial Statements prior to being furnished to Council.

Committee Members can attend meetings in-person or remotely via Microsoft Teams.

A report on the key points of business and a copy of the minutes of each Committee meeting are, where possible, provided to the next Council meeting following that meeting of the Committee.

Committee members are covered by Council's Public Liability, Professional Indemnity and Voluntary Workers' Insurance (excluding medical expenses) subject to the applicable policy terms and conditions.

Finance

Council maintains a recurrent budget allocation that covers all costs associated with payment for three independent Committee members and contract internal auditors. For 2024/25 the budgeted costs associated with the Committee are:

Description	Rate	Budget allocation
Independent External Chair	\$574 per meeting (CPI increase annually)	\$2,870
Independent External Member	\$349 per meeting (CPI increase annually)	\$1,745 x 2
Travel expenses – Chair and Independent Member	Vehicle expenses: \$0.98 per km Accommodation expenses: as per ATO Tax Determination for applicable FY (currently TD 2021/6)	E\$2,688
TOTAL		\$9,048

No sitting fee is payable to the Councillor member.

Legal

Legislative changes in 2022 mandated that all local Councils must have a Committee² and enabled shared Committee arrangements. Rous's current Committee (excluding the councillor member) also services the Northern Rivers Joint Organisation.

Rous has had a Committee in place since 2014. The Committee has historically included a voting councillor member. As a result of legislative changes commencing on 1 July 2024, Council has the option to appoint a councillor member, however they must be a non-voting member. Council's Chairperson is ineligible to be appointed.

Consultation

Not applicable.

Conclusion

The position of Councillor member and alternate Councillor member on Council's Committee are vacant, and nominations are sought to fill these positions.

A vote will be taken in the event of more than one nomination being received for each position.

Nominations are to be made by Councillors by completing the nomination form provided at [Attachment 1](#).

Attachment

1. Nomination forms (*copies also available at the meeting*)

¹ Refer to the Office of Local Government's website for further information :
<https://www.olg.nsw.gov.au/councils/governance/risk-management-audit-and-internal-controls/risk-management-and-internal-audit-framework-for-local-councils-in-nsw/>

² [Section 428A](#) *Local Government Act 1993* (NSW).



NOMINATION FORM
Audit, Risk and Improvement
Committee
Councillor Member (primary)

We nominate:

.....
(Councillor name)

for the position of **councillor member (primary)** of the Audit, Risk and Improvement Committee.

.....
(Councillor/signature)

.....
(Councillor/signature)

Date:

I consent to the nomination.

.....
(Councillor/signature)

Date:



NOMINATION FORM
Audit, Risk and Improvement
Committee
Councillor Member (alternate)

We nominate:

.....
(Councillor name)

for the position of **councillor member (alternate)** of the Audit, Risk and Improvement Committee.

.....
(Councillor/signature)

.....
(Councillor/signature)

Date:

I consent to the nomination.

.....
(Councillor/signature)

Date:

Local Government NSW Annual Conference 2024

Responsible Officer: General Manager (Phillip Rudd)

Recommendation that Council:

1. Approve the attendance of the Chairperson and the General Manager at the 2024 LGNSW Annual Conference to be held at the Tamworth Regional Entertainment and Conference Centre from 17 November to 19 November 2024.
2. Appoint the Chairperson as Council's voting delegate at the Conference.
3. Nominations be called for other Councillors to attend.

Background

The Local Government NSW Annual Conference will be held on 17 – 19 November 2024 in Tamworth. Following a recommendation of Council's Audit Risk and Improvement Committee, Council resolved at its meeting on 19 June 2024 to submit the following motion to the Conference:

Financial Performance Indicators for County Councils

That Local Government NSW lobby the NSW Government to amend the Office of Local Government's protocols for the calculation of the Operating performance ratio and the Debt service ratio to include capital revenue from Section 64 contributions when assessing the financial performance of County Councils. The proposed change is not intended to include revenue from capital grants.

Rationale for proposed motion

These financial performance ratios were introduced to Local Government as part of the NSW Government's Fit for the Future program in 2014 and were informed by the participating general-purpose councils. County Councils were not required to participate in the Fit for the Future program, however these financial performance ratios and their associated benchmarks were implemented across the Local Government sector, inclusive of County Councils, despite being designed for general purpose councils. Consequently, with respect to Council, they do not account for the (1) long-lived nature of water source and supply infrastructure, and (2) obligation and criticality of securing additional water sources to meet increasing demand for water across the region. Council's bulk water supply function is its biggest area of operations and is the subject of the majority of infrastructure renewal and maintenance programs in order to ensure continued service delivery. Capital revenue from developer contributions in relation to water supply works represent Council's second largest source of revenue. As such, Council has difficulty in meeting these financial performance ratios and benchmarks unless a significant operating surplus is achieved.

The only reasonable way to achieve this surplus would be through significantly increased charges to Constituent Councils for the supply of bulk water. As these costs are passed on to the Constituent Council customers it would place a financial burden upon residents already facing challenges from recent flood events and the current cost of living crisis. This is not seen as an acceptable option for our wider community.

Councils typically have an opportunity to advocate for their motions and are entitled to vote. As a result, it is necessary to identify the Councillor to attend and vote as representative of Rous County Council.

Governance

Not applicable.

Finance

Costs and expenses will be met and reimbursed consistent with Council's ['Payment of fees, expenses and provision of facilities for chairperson and councillors'](#) policy.

Legal

Not applicable.

Consultation

Not applicable.

Conclusion

The Local Government NSW Annual Conference will be held in November 2024. It is recommended that Council determine what Councillors will attend to represent Rous and vote at the Conference.

Attachment

1. ['2024 Local Government NSW Annual Conference motion'](#) report to Council's 19 June 2024 meeting.

Audited Financial Reports for the year ended 30 June 2024

Responsible Officer: Group Manager Organisational Services (Helen McNeil)

Recommendation

That Council:

1. Receive the 2023/24 Audited Financial Reports, and the Engagement Closing Report for the year ended 30 June 2024 prepared by the NSW Audit Office,
2. Fix the date for presenting the 2023/24 Audited Financial Reports to the public at an extraordinary meeting of Council on 20 November 2024 to be held at 11:00am,
3. Provide at least seven (7) days' prior public notice, containing the matters outlined in section 418(3) *Local Government Act 1993*, of the meeting at item (2) above and invite both inspection and submissions from the public,
4. Authorise the Chairperson and Deputy Chairperson to sign the "Statement by Councillors and Management" prepared in accordance with section 215 *Local Government (General) Regulation 2021* for both the General-Purpose Financial Reports and the Special-Purpose Financial Reports on behalf of Council, and
5. Forward a copy of the 2023/24 Audited Financial Reports to the Office of Local Government.

Background

Council's 2023/24 financial reports have been completed ([Attachment 2](#)) and the Engagement Closing Report ([Attachment 1](#)) received from the NSW Audit Office (NSWAO).

To comply with the provisions of the *Local Government Act 1993* (LG Act) and *Local Government (General) Regulation 2021* (LG Reg), the following actions must be implemented to allow for the finalisation of the year end accounts:

- a) A council must prepare financial reports, including Financial Reports and 'Statement by Councillors and Management' for both the General-Purpose Financial Reports and Special Purpose Financial Reports; for each year, and must refer them for audit and be audited by 31 October.¹
- b) The financial reports must be accompanied by a statement of Council's opinion made pursuant to a resolution and signed by the Chairperson, at least one other councillor, General Manager and the Responsible Accounting Officer.²
- c) Council must fix a meeting date to present the financial reports to the public and advertise, for a minimum of seven (7) days prior to the meeting, that the financial reports and the auditor's report are available for public inspection.³

Provided Council accepts the financial reports as presented, it is proposed that public advertising will commence from 30 October 2024 for a minimum of seven days and public presentation of the final reports will occur at the 20 November 2024 extraordinary Council meeting.

¹ Sections 413, 415, and 416 *Local Government Act 1993*.

² Section 215 *Local Government (General) Regulation 2021*.

³ Section 418 *Local Government Act 1993*.

Financial Summary

Council's Net Operating Result for the financial year ended 30 June 2024 was a deficit of \$0.15M, which includes Capital Income of \$5.1M. This compares to a surplus in 2023 of \$4.2M (including Capital Income of \$5.2M).

Council's financial position remains sound as is demonstrated by the following key financial indicators for the past three years:

Table 1: Key Financial Indicators

	2023/24 (\$000's)	2022/23 (\$000's)	2021/22 (\$000's)
Operating Results			
Operating Result (Deficit) before Capital Amounts	(5,250)	(971)	(2,268)
Operating Result Adjusted for Capital Revenue	(148)	4,205	3,363
Performance Measures			
Unrestricted Current Ratio (Benchmark: > 1.5x)	3.62:1	4.02:1	4.26:1
Debt Service Cover Ratio (Benchmark: > 2x)	0.95:1	1.71:1	1.65:1
Building & Infrastructure Renewals Ratio (Benchmark: > 100%)	68.60%	97.05%	61.95%
Performance Measure (including Capital Revenue)			
Debt Service Ratio (Benchmark: > 2x)	1.98:1	2.71:1	2.73:1
Cash on Hand	34,210	37,772	40,554
Plus: Receivables	4,188	4,326	2,994
Less: Payables	(4,075)	(3,598)	(2,907)
Sub Total	34,323	38,500	40,641
Indebtedness	21,530	25,355	28,960
Restrictions			
External	6,039	4,755	5,428
Internal	25,443	30,288	32,421
Total	31,482	35,043	37,849
Equity			
Accumulated Surplus	252,319	252,467	248,262
IPPE Revaluation Reserve	358,720	330,325	273,921
Total Equity (including Revaluations)	611,039	582,792	522,183

The yearly operating performance is monitored and reported to Council through the Quarterly Budget Review Statement process and integrated with Council's long-term financial plan.

Key Movements from Interim Financial Statements

Interim Financial Statements to 31 March 2024 were prepared ahead of the interim external audit and a preliminary 2023/24 end of financial year summary was reported to Council's 21 August 2024 meeting.

In addition to the additional 3 months of transactions to 30 June 2024, key end of financial year adjustments included: -

- A reduction in revenue due to capital grant revenue of \$872K re-allocated to Contract Liabilities.
- An increase to employee costs of \$715K for transactions previously held in Capital 'work in progress' (WIP).

- An increase to employee costs of \$395K for additional employee leave provisions.
- Loss on disposal of assets of \$341K.

Major Income Statement Movements

Revenue

Bulk water revenue provides the majority of Council's operating revenue at \$23.8M or 61% of total revenue. This increased by 4.5% compared to last year.

Total Kilolitres used during 2023/24 decreased by 11.1% from the prior year.

Table 2: Total Bulk Water Sales in Kilolitres

	2023/24	2022/23	2021/22
Bulk Water Charge (nominal per kilolitre)*	\$2.2873	\$2.1579	\$2.0023
Total Bulk Water Sales Income	\$23,837,700	\$22,808,100	\$21,215,500
Bulk Water Consumption in Kilolitres			
Ballina Shire Council	3,278,314	3,658,201	3,675,654
Byron Shire Council	2,191,412	2,311,496	2,427,908
Lismore City Council	2,573,342	2,979,799	3,001,977
Richmond Valley Council	530,501	593,244	601,307
Rous Retail Customers	802,817	878,868	888,504
	9,376,386	10,421,608	10,595,350

* The annual charge for all constituent Councils determines the current rate per kilolitre based on the respective Council's consumption for the previous year ending in February (Kilolitres based upon March to February readings). However, due to issues in the previous year relating to the March 2022 flood events the reading at the end of February 2022 was not available. The charge for 2022/23 was based on the consumption for 11 months to February 2023. The data in the table above has been annualised for the full year.

Revenue received from retail water customers increased by \$98,200 to \$2.8M (3.6%) while revenue received from filling stations increased by \$153,800 (50.2%).

Interest revenue from cash and investments increased by \$584,500 to \$1.7M (49.5%) compared to the previous year. The weighted average return on investments has increased from 0.48% in 2023/24 to 4.56%, due to the current level of interest rates.

Council receives operating grants and contributions from various sources. The revenue received each year is influenced by the nature and extent of Council's improvement program and general economic activity. Grants and contributions increased by \$392K (5.3%) compared to the previous year, with an increase in both operating and capital grants of \$2.4M, offset by a reduction in Section 64 Developer Contributions of \$2.0M.

Developer Contributions revenue decreased by \$2.0M (-40.1%) when compared to 2023/24, with the majority of contributions received from Ballina Shire Council (\$1.2M) and Byron Shire Council (\$910K):

Table 3: Developer Contributions

Constituent Council	2023/24 (\$)	ET's 2023/24*	2022/23 (\$)	ET's 2022/23*
Ballina Shire Council	1,234,245	124.85	2,492,980	271.76
Byron Shire Council	916,516	106.28	810,264	88.32
Lismore City Council	442,800	30.06	1,161,849	128.09
Richmond Valley Council	305,658	31.07	579,670	62.63
Rous County Council	201,914	19.58	130,894	15.00
TOTAL	3,101,133	311.83	5,175,657	565.79

* ET = \$9,951 in the 2023/24 financial year.

Expenditure

Employee benefits and on-costs increased by \$3.1M from \$11.4M to \$14.5M (27.5%) compared to the previous year's actuals. In previous years Rous has typically had several vacant positions and a salary saving of \$472K was factored into the original budget of \$12.4M due to this. The actual result represents an increase of \$2.1M from the original budget of from \$12.4M that was adopted in June 2023. Further costs increases have been incurred due to a correction from Capital WIP of \$715K, an adjustment for leave provisions of \$395K, and additional other costs (including superannuation, payroll tax, workers compensation etc) of \$342K.

Additionally, staff costs for the Northern Rivers Joint Organisation (NRJO) are processed by Rous and later reimbursed. In 2023/24 employee and associated costs for the NRJO were \$361K, an increase of \$270K from the previous year. Total employee costs increased by \$754K on project works, increased by \$154K on grant projects, with the remaining increases relating to business-as-usual work.

Materials and services increased by \$3.4M to \$14.2M (32.6%) when compared to 2022/23, the majority of the increase was due to planned project expenditure and further increases to chemicals and electricity costs.

Generally operational expenditure was in line with or under budget.

Major Statement of Financial Position Movements

Cash and Investments

Cash and investments have decreased by \$3.5M (9.4%) compared to last year. This was due to planned expenditures.

Infrastructure, Property, Plant and Equipment

\$10.8M was spent on capital works projects during the year. The major projects capitalised in terms of value were:

- St Helena stage 2 upgrade (\$738K)
- Richmond Hill reticulation project (\$842K)
- Grace Road reticulation projects (\$528K) and plant
- Equipment upgrades (\$1.2M).

As at 30 June 2024, \$8.2M remained in WIP.

The Office of Local Government, through the Local Government Code of Accounting Practice and Financial Reporting Guidelines, has recommended that full revaluations of assets are conducted at five yearly intervals.

APV Pty Ltd were engaged to conduct an independent review of Council's building assets after this project was deferred in the previous year.

As a result of the revaluation and the indexation of other asset classes the carrying amount of the assets was increased by \$28.4M, which was recognised in the asset revaluation reserve. This is largely due to increased asset values for buildings and fair value indexation on water supply and flood mitigation assets.

Contract Liabilities

Total contract liabilities have increased by \$872K (171.8%) from the previous year. This relates to capital grant funds that were received but are yet to be spent.

Borrowings

Council's net borrowing position decreased by \$3.8M (15.1%) during the year, as no new loans were sourced.

Cash reserve targets for the year ending 30 June 2024

Rous' primary cash reserve target is six months of forecast operating expenditure less depreciation. This relates to a covenant over Rous' NSW TCorp loan funding. The target from the original budget including carryovers for 2024/25 is \$15,214,950 with total cash reserves at 30 June 2024 of \$34,210,657 exceeding this target by \$18,995,707.

Council adopted [12/24] the [Financial Reserves policy](#) at the 17 April 2024 Council meeting. The policy provides target reserve balances for cash reserves. The targets identify the minimum balance of the reserve and are viewed as a guide rather than a mandatory benchmark. The target rationale for each reserve is detailed in the policy.

The cash reserves for each Reporting Unit compared to their targets are shown in Table 4.

Table 4: Reserves Scorecard for Year Ending 30 June 2024

Cash Reserves Compared to Targets							
Reporting Unit	Whole Organisation	Bulk Water	Retail Water	Flood Mitigation	Weeds Bio	Property	Fleet
2023/24 operating expenditure	38,675,200	29,387,100	3,665,500	2,348,000	2,536,400	429,700	1,323,800
2023/24 depreciation	8,473,000	6,796,300	262,200	859,600	28,800	83,900	442,200
Target	6 months opex less depreciation	4 months opex less depreciation + ELE and REERP reserves	4 months opex less depreciation	4 months opex less depreciation	4 months opex less depreciation	4 months opex less depreciation	4 months opex less depreciation
Target reserve balance	15,101,100	8,593,499	1,134,433	496,133	835,867	115,267	293,867
Cash reserve balance at 30/06/2024 (excludes external restrictions)	28,171,857	25,471,814	298,958	520,996	515,780	997,975	366,333
Result	Above	Above	Below	Above	Below	Above	Above
External restrictions	6,038,800	5,038,100	-	274,800	725,900	-	-
Total reserves	34,210,657	30,509,914	298,958	795,796	1,241,680	997,975	366,333
Bulk Water Notional Reserves							
Bulk Water - Employee Leave Entitlement Reserve							
Cash reserve balance at 30/06/2024							2,845,136
Bulk Water - Renewable Energy and Emissions Reduction Plan							
Cash reserve balance at 30/06/2024							344,562

The scorecard in Table 4 shows that actual cash reserve balances as at 30 June 2024 for Rous as a Whole Organisation, Bulk Water, Weeds Biosecurity and Property were above their targets while Retail Water, Flood Mitigation and Fleet were below their targets. These funds operate on tight budgets and can struggle to meet internal targets. Retail Water in particular has been impacted by the expenditure on key projects such as smart metering and backflow.

The scorecard shows that Rous as a whole organisation has healthy cash reserves and will continue to be able to meet its future obligations.

Consultation

The Financial Statements were presented to the Audit, Risk and Improvement Committee held on 14 October 2024. The Committee recommended that the reports be presented to Council at its 30 October 2024 meeting.

Council will display the Financial Statements for a minimum period of seven (7) days from the date of the meeting (as soon as practicable) and invite submissions and responses from the public.

Comment

As per Note E2-1 Audit fees in the Financial Statements, audit fees payable for the past two years have been \$86,000 in 2023/2024 and \$71,000 in 2022/2023.

The NSWAO will be conducting the external audit for Rous for the year ending 30 June 2025. An indicative estimated cost places the audit fee at between \$85,000 and \$90,000.

Conclusion

Council remains in a sound financial position with cash and investments at satisfactory levels to ensure that all current liabilities can be met when they fall due.

Attachments

1. Engagement Closing Report
2. Annual Financial Statements for the year ended 30 June 2024

Mr Phillip Rudd
General Manager
Rous County Council
PO Box 230
LISMORE NSW 2480

Contact: Quentin Wong
Phone no: 02 9275 7454
Our ref: R008-2124742775-7116

10 October 2024

Dear Mr Rudd

**Engagement Closing Report
for the year ended 30 June 2024
Rous County Council**

We have audited the Rous County Council (the Council's):

- general purpose financial statements (GPFS)
- special purpose financial statements (SPFS) for the Council's Declared Business Activities

Attached is the Engagement Closing Report, which details findings relevant to you in your role as one of those charged with governance. This report gives the General Manager, the Chair and the Audit, Risk and Improvement Committee the opportunity to assess the audit findings, before the representation letter and the Statements by Council and Management, required for the GPFS and SPFS under section 413(2)(c) of the *Local Government Act 1993* (the LG Act), are signed.

The information in this letter and any attachments are confidential and intended for management and those charged with governance only. This document may not be shared with other parties without the consent of the Audit Office.

If you need more information about the audit, please contact me on 9275 7454 or Mr Richard Watkinson from HLB Mann Judd on 1300 000 452.

Yours sincerely



Quentin Wong
Delegate of the Auditor-General for New South Wales

cc: Cr Robert Mustow, Chairperson
Ms Laurie Lefcourt, Chair of the Audit, Risk and Improvement Committee

Engagement Closing Report

for the year ended 30 June 2024

Rous County Council

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1. INTRODUCTION

We have audited the Rous County Council (the Council):





- general purpose financial statements (GPFS)
- special purpose financial statements (SPFS) for the Council's Declared Business Activities.






This report informs the General Manager, Chair and the Audit, Risk and Improvement Committee of audit findings relevant to their responsibilities and oversight of the Council financial statements. We will inform you if significant new matters are found while finalising the audit.

An audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify all matters of governance interest, nor is it conducted to express an opinion on the effectiveness of internal control. Matters of governance interest identified during the audit are included in this report.

2. AUDIT OVERVIEW

The table below provides an overview of findings identified during the audit of the Council.

Impact assessment		
	High	Matters identified which had a high impact on the financial statements and/or audit.
	Moderate	Matters identified which had a moderate impact on the financial statements and/or audit.
	Low	Matters identified which had a low impact on the financial statements and/or audit.
	None	No matters identified with an impact on the financial statements and/or audit.

Section	Outcome	Impact	Reference
Audit outcome:			
GPFS	Unqualified opinion	 None	3.1
SPFS for Council's Declared Business Activities	Unqualified opinion	 None	3.1
Response to key issues and audit risks	Matters addressed	 Low	4.1
Misstatements	Misstatements noted	 Moderate	4.2
Compliance with legislative requirements	No matters noted	 None	4.3

3. AUDIT OUTCOME AND REPORTS

3.1 Audit outcome

We are likely to express an unmodified opinion on the GPFS and the SPFS for Declared Business Activities.

The Independent Auditor's Report for the SPFS for Declared Business Activities will advise users that this engagement has been prepared in accordance with a special purpose framework to fulfil the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice

and Financial Reporting 2023–24 (LG Code). As a result, the SPFS engagement may not be suitable for another purpose.

The Independent Auditor's Reports will be signed after the outstanding matters listed below are completed and the signed financial statements and management representation letters are received.

The following matters are outstanding at the date of this report:

- finalisation of quality review procedures
- review of subsequent events up to the date of issuing the Independent Auditor's Reports.

'Other Information' section

The Council annual report will include information in addition to the financial statements and Independent Auditor's Report. For the purposes of our audit this is considered 'other information'. Auditing Standards require us to consider whether the other information is materially consistent with the financial statements and the knowledge we obtained during the audit. Where matters are identified, we are required to disclose them in the Independent Auditor's Report.

3.2 Report on the Conduct of the Audit

We will issue the Report on the Conduct of the Audit required by section 417(3) of the *Local Government Act 1993* at the same time as the Independent Auditor's Reports. The Report on the Conduct of the Audit will incorporate comments we consider appropriate, based on the audit of the Council financial statements.

3.3 Auditor-General's Report to Parliament

The 2024 Auditor-General's Report to Parliament will incorporate the results of the audit.

3.4 Management Letter

We issue Management Letters detailing matters of governance interest identified during the audit. Our current audit identified:

- 1 prior year matter not resolved by management
- 2 current year matters

We issued a final Management Letter in October 2024, which included observations from the final phase of the audit.

4. AUDIT FINDINGS

4.1 Response to key issues and audit risks

The Annual Engagement Plan sent on 15 March 2024, identified key issues affecting the Council and how the audit team planned to respond to them. The results of the audit work are detailed below.

Issue or risk	Audit outcome
Revaluation of Infrastructure, Property, Plant and Equipment (IPPE)	
<p>The following IPPE classes were comprehensively revalued this year:</p> <ul style="list-style-type: none"> • Buildings <p>Insufficient governance over the valuation process, including the instruction and management of valuers, can impact on the quality and timeliness of financial reporting.</p>	<p>Council engaged an independent valuer to perform a comprehensive revaluation of Buildings as at 1 July 2023. Council have also considered the impact of indexation for the period to 30 June 2024.</p> <p>Council recorded a revaluation increment of \$3.0 million relating to the revaluation of Buildings.</p> <p>As part of our audit procedures, we have assessed:</p> <ul style="list-style-type: none"> • Council's instructions to valuers, where applicable

Issue or risk	Audit outcome
	<ul style="list-style-type: none"> the methodology's compliance with AASB 13 'Fair Value Measurement' the qualifications and experience of experts used, where applicable the completeness and accuracy of data provided to valuers, such as spreadsheets the effectiveness of management's process in assessing the valuation outcomes the process used to assess the assets' condition whether key asset management systems are regularly reconciled to the general ledger the reasonableness of expected useful lives, an assessment of the assets condition and depreciation rates accuracy of adjustments made to the fixed asset register and general ledger adequacy of financial statements disclosures.
<p>We are satisfied that the methodology used in the valuation complies with the requirements of AASB 13.</p>	<p>We are satisfied that the methodology used in the valuation complies with the requirements of AASB 13.</p>
Assessing the fair value of Council's infrastructure, property, plant and equipment (IPPE)	
<p>The Australian Accounting Standards require the Council to annually assess:</p> <ul style="list-style-type: none"> whether the carrying value of IPPE materially reflects fair value useful lives remain reasonable whether any assets are impaired, including the impact of natural disaster events. 	<p>Council performed and documented an assessment of the fair value of IPPE infrastructure asset classes not subject to comprehensive revaluation as at 30 June 2024.</p> <p>The indexation increased the fair value of these asset classes by \$25.4 million, comprising:</p> <ul style="list-style-type: none"> (\$0.3) million decrement to Operational Land \$18.3 million increment to Water Supply Network assets \$7.4 million increment to Flood Mitigation assets.
<p>This annual assessment along with significant judgements and assumptions should be documented, with evidence to support the assessment.</p>	<p>We assessed the:</p> <ul style="list-style-type: none"> effectiveness and reliability of process to determine fair value of assets methodology and key assumptions used reasonableness of useful lives and depreciation qualifications and experience of any experts used management's assessment of impairment adequacy of disclosure in the financial statements.
<p></p>	<p>We did not identify any material exceptions in the amounts reported in the financial statements.</p>
Quality and timeliness of financial reporting	
<p>Quality and timeliness of financial reporting is key for sound financial management, public accountability and effective decision making. Absence of an effective project plan for year-end financial reporting can result in delays, errors, poor quality and increased audit costs.</p>	<p>The Council commenced the financial reporting process early and performed an assessment of the impact of new and revised accounting standards effective in the current and future years.</p> <p>Draft general purpose financial statements and supporting workpapers were provided to the audit team in line with agreed timeframes.</p>
<p>Quality and timeliness can improve by:</p> <ul style="list-style-type: none"> preparing proforma financial statements before 30 June 2024 	<p>Management did encounter delays in providing the audit team with documentation to assess the revaluation process. Whilst this did delay the audit of the revaluation of Council's building</p>

Issue or risk	Audit outcome
<ul style="list-style-type: none"> • assessing the impact of material, complex and one-off significant transactions • documenting significant judgements and assumptions used to prepare financial statements • completing valuations, fair value assessments and other IPPE requirements before the interim audit • involving the Audit, Risk and Improvement Committee early in the financial reporting process, to review the project plan and the financial statements. 	<p>assets, we have worked with management to complete our procedures in as timely a manner as possible.</p>
Information Technology General Controls	
<p>Australian Auditing Standards require the auditor to understand the Council control activities and obtain an understanding of how it has responded to risks arising from Information Technology (IT).</p>	<p>We reconfirmed our understanding of the IT dependencies and related risks relevant to our audit approach, as well as updating our understanding of IT criticality and complexity of key accounting systems.</p> <p>Our substantive procedures were commensurate to risks associated with IT.</p> <p>We identified the following matters that will be reported in the Final Management Letter:</p> <ul style="list-style-type: none"> • unsupported IT software.
Cyber Security	
<p>The Council relies on digital technology to deliver services, organise and store information, manage business processes, and control critical infrastructure. The increasing global interconnectivity between computer networks has dramatically increased the risk of cyber security incidents. Such incidents can harm the Council service delivery and may include the theft of information, denial of access to critical technology, or even the hijacking of systems for profit or malicious intent.</p> <p>Cyber security risks may represent a risk of material misstatement to the Council financial statements. Our work is performed in this context and is not designed to provide assurance to the Council about the overall sufficiency or effectiveness of their system of cyber security controls.</p>	<p>We assessed whether cyber security risks represent a risk of material misstatement to the Council financial statements. As part of our audit procedures, we have:</p> <ul style="list-style-type: none"> • assessed whether the risk assessment process considers cyber security risks • determined how the roles and responsibilities for cyber security are established • obtained an understanding of the process for: <ul style="list-style-type: none"> – safeguarding of assets that may be exposed to security breaches – monitoring and detecting security breaches and incidents – disclosing cyber security risks and incidents • performed additional procedures as required based on our risk assessment. <p>The systems within the scope of the review was Microsoft Dynamics NAV.</p> <p>We identified the following matter that will be reported in the Final Management Letter:</p> <ul style="list-style-type: none"> • cyber awareness training

Issue or risk	Audit outcome
Capital Expenditure	
<p>The Council had a budgeted significant capital works program (\$19.1 million) for 2023–24. The significant capital works program includes for the year:</p> <ul style="list-style-type: none"> • St Helena 600 Upgrade stages 2 - \$0.7 million • Smart Metering and backflow - \$2.8 million • Future Water Project - \$2.4 million • Gallans Road - \$4.1 million. <p>There is an expectation from a broad range of stakeholders that the Council will deliver its capital works program in a timely manner and within budget.</p>	<p>For a sample of capital projects, we:</p> <ul style="list-style-type: none"> • reviewed the dissection of costs between expenses and assets • reviewed the componentisation of project costs into separate assets • reviewed the capitalisation of overhead costs • examined the timeliness of asset additions to the fixed asset register • assessed whether replaced assets were removed from the asset register • tested any unspent contractual amounts are disclosed as capital commitment • enquired of any contractual disputes and assessed whether are properly accounted for at year-end • assessed whether funding contributions were appropriately accounted for and disclosed in the financial statements. <p>We did not identify any material matters to report.</p>

4.2 Misstatements

Auditing Standards require matters of governance interest and significant misstatements identified during the audit to be communicated to those charged with governance.

Misstatements (both monetary and disclosure deficiencies) are differences between what has been reported in the financial statements and what is required in accordance with the Council financial reporting framework. Misstatements can arise from error or fraud. Misstatements that resulted from failures in internal controls and / or systemic deficiencies will be reported in the Management Letter.

General Purpose Financial Statements (GPFS)

Appendix One lists and explains the nature and impact of the misstatement contained in the GPFS.

- Table one reports significant uncorrected misstatements
- Table two reports the effect on the reported net operating result of misstatements that have not been corrected in the period in which they occurred.

Based on our evaluation, none of the misstatements reported are due to fraud.

Special Purpose Financial Statements (SPFS)

Declared Business Activities

The SPFS for Declared Business Activities contained misstatements. Appendix Two lists and explains the nature and impact of the misstatement on the SPFS for Declared Business Activities.

Based on our evaluation, none of the misstatements reported are due to fraud.

4.3 Compliance with legislative requirements

The Annual Engagement Plan and Terms of Engagement explain that audit procedures are targeted specifically towards forming an opinion on the Council's financial statements. This includes testing whether the Council has complied with legislative requirements that may materially impact the financial statements.

Our audit procedures did not identify reportable findings on compliance with legislative requirements.

4.4 Preparedness for amendments to AASB 13 'Fair Value Measurement'

AASB 2022-10 'Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities' amends AASB 13 'Fair Value Measurement' by adding authoritative implementation guidance and illustrative examples. The guidance is relevant to the fair value measurements of non-financial assets of not-for-profit (NFP) public sector entities where the assets are not held primarily for their ability to generate net cash inflows. Specifically, while the amendment did not change the requirements of the standard, it did provide useful guidance and examples for NFP entities to consider, such as:

- whether the asset's highest and best use differs from its current use
- when an asset's use is 'financially feasible'
- the circumstances when it is appropriate for an entity to use its own assumptions as a starting point in developing unobservable inputs
- how the cost approach should be applied to measure an asset's fair value.

Our Annual Engagement plan advised that the amendments to AASB 13 apply to the non-financial assets of the Council not held primarily for their ability to generate net cash inflows prospectively for the 2024–25 financial year. While Appendix M to the Code advises the potential impacts flowing from the additional guidance and examples are likely to be minimal, we nonetheless recommend councils review the new guidance and examples within AASB 13 and:

- assess whether their current valuation assumptions, processes are consistent with the guidance and examples
- prepare accounting position papers documenting the possible impacts on the fair value measurements of relevant assets, quantifying the impact and highlighting any changes to significant management assumptions.

The Council should complete their impact assessment early in the 2024–25 reporting cycle.

5. THE AUDIT PROCESS

5.1 Management co-operation

We appreciated the co-operation and help received from the Council staff, in particular the finance team.

APPENDIX ONE – GENERAL PURPOSE FINANCIAL STATEMENTS

Table one: Uncorrected monetary misstatements

Uncorrected monetary misstatements

The following uncorrected monetary misstatements were identified and discussed with management. Management believes the effect of not correcting these misstatements is immaterial, individually and in aggregate, to the GPFS as a whole. We agree with management's determination and do not consider the uncorrected misstatements significant enough to modify the opinion in the Independent Auditor's Report. Management is required to attach the schedules of uncorrected misstatements to the Representation Letter. The misstatements were discussed with Jonathan Patino on 30 September 2024.

Description	Assets	Liabilities	Net operating result / Net result for the year	Equity
	Increase/ (decrease) \$'000	(Increase)/ decrease \$'000	(Increase)/ decrease \$'000	(Increase)/ decrease \$'000
Operating expenditure incorrectly recorded in current period*	-	-	(715)	715
To correct classification split of term deposits between current / non-current	1,000 (1,000)	-	-	-
Total impact if misstatements were corrected	-	-	(715)	715

* Misstatement identified by management.

Table two: Effect of misstatements on the reported net operating result

To fully understand the current year's financial result, those charged with governance should consider the impact of misstatements from previous years corrected in the current period, and current period errors that remain uncorrected.

This table illustrates the effect of misstatements that have not been corrected in the period in which they occurred.

Description and effect	Net operating result / Net result for the year
	Increase/ (decrease) \$'000
Net operating result as reported	(148)
Prior year transactions recorded in the current year's net operating result	715
Adjusted current year net operating result	567

APPENDIX TWO – SPECIAL PURPOSE FINANCIAL STATEMENTS FOR DECLARED BUSINESS ACTIVITIES

Table one: Uncorrected monetary misstatements and disclosure deficiencies

Uncorrected monetary misstatements

The following uncorrected monetary misstatements were identified and discussed with management. Management has determined the effect of not correcting these misstatements is immaterial, individually and in aggregate, to the SPFS for Declared Business Activities taken as a whole. We agree with management's determination and do not consider the uncorrected misstatements significant enough to modify the opinion in the Independent Auditor's Report. Management is required to attach the uncorrected misstatements to the Representation Letter. These misstatements were discussed with Jonathan Patino on 30 September 2024.

Description	Assets	Liabilities	Surplus (deficit) after tax	Accumulated surplus
Effect of potential correction	Increase/ (decrease)	(Increase)/ decrease	(Increase)/ decrease	(Increase)/ decrease
	\$'000	\$'000	\$'000	\$'000
Operating expenditure incorrectly recorded in current period*	-	-	(715)	715
Correct classification split of term deposits between current / non-current	1,000 (1,000)	- -	- -	- -
Total impact if misstatements were corrected	-	-	(715)	715

* Misstatement identified by management.

OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

OUR PURPOSE

To help parliament hold government accountable for its use of public resources.

Rous County Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2024



Rous County Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



Rous County Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Rous County 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 30 October 2024.

TBC
Chairperson
30 October 2024

TBC
Deputy Chairperson
30 October 2024

Phillip Rudd
General Manager
30 October 2024

Jonathan Patino
Responsible Accounting Officer
30 October 2024

Rous County Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024 \$ '000		Notes	Actual 2024 \$ '000	Actual 2023 \$ '000
	Income from continuing operations			
25,220	User charges and fees	B2-1	25,490	24,045
2,053	Other revenues	B2-2	3,207	3,275
2,531	Grants and contributions provided for operating purposes	B2-3	2,687	2,222
4,386	Grants and contributions provided for capital purposes	B2-3	5,102	5,176
1,179	Interest and investment income	B2-4	1,767	1,181
162	Other income	B2-5	172	189
35,531	Total income from continuing operations		38,425	36,088
	Expenses from continuing operations			
12,354	Employee benefits and on-costs	B3-1	14,494	11,370
17,240	Materials and services	B3-2	14,167	10,680
2,180	Borrowing costs	B3-3	1,098	1,313
8,305	Depreciation, amortisation and impairment of non-financial assets	B3-4	8,473	8,060
–	Net loss from the disposal of assets	B4-1	341	460
40,079	Total expenses from continuing operations		38,573	31,883
(4,548)	Operating result from continuing operations		(148)	4,205
(4,548)	Net operating result for the year attributable to Council		(148)	4,205
(8,934)	Net operating result for the year before grants and contributions provided for capital purposes		(5,250)	(971)

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

Rous County Council

Statement of Comprehensive Income

for the year ended 30 June 2024

	Notes	2024 \$ '000	2023 \$ '000
Net operating result for the year – from Income Statement		(148)	4,205
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	28,435	56,404
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-6	(40)	–
Total items which will not be reclassified subsequently to the operating result		28,395	56,404
Total other comprehensive income for the year		28,395	56,404
Total comprehensive income for the year attributable to Council		28,247	60,609

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

Rous County Council

Statement of Financial Position

as at 30 June 2024

	Notes	2024 \$ '000	2023 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	8,211	8,772
Investments	C1-2	26,000	29,000
Receivables	C1-4	4,188	4,326
Inventories	C1-5	369	403
Other		1,247	1,313
Total current assets		40,015	43,814
Non-current assets			
Inventories	C1-5	1,827	1,384
Infrastructure, property, plant and equipment (IPPE)	C1-6	598,128	569,037
Intangible assets	C1-7	235	453
Right of use assets	C2-1	257	421
Total non-current assets		600,447	571,295
Total assets		640,462	615,109
LIABILITIES			
Current liabilities			
Payables	C3-1	3,406	3,598
Contract liabilities	C3-2	1,381	508
Lease liabilities	C2-1	261	257
Borrowings	C3-3	3,870	3,825
Employee benefit provisions	C3-4	2,648	2,367
Total current liabilities		11,566	10,555
Non-current liabilities			
Lease liabilities	C2-1	–	164
Borrowings	C3-3	17,660	21,530
Employee benefit provisions	C3-4	197	68
Total non-current liabilities		17,857	21,762
Total liabilities		29,423	32,317
Net assets		611,039	582,792
EQUITY			
Accumulated surplus	C4-1	252,319	252,467
IPPE revaluation reserve	C4-1	358,720	330,325
Total equity		611,039	582,792

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

Rous County Council

Statement of Changes in Equity

for the year ended 30 June 2024

	Notes	2024			2023		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		252,467	330,325	582,792	247,112	273,921	521,033
Correction of errors		-	-	-	1,150	-	1,150
Opening balance		252,467	330,325	582,792	248,262	273,921	522,183
Net operating result for the year		(148)	-	(148)	4,205	-	4,205
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	-	28,435	28,435	-	56,404	56,404
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-6	-	(40)	(40)	-	-	-
Other comprehensive income		-	28,395	28,395	-	56,404	56,404
Total comprehensive income		(148)	28,395	28,247	4,205	56,404	60,609
Closing balance at 30 June		252,319	358,720	611,039	252,467	330,325	582,792

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

Rous County Council

Statement of Cash Flows

for the year ended 30 June 2024

<i>Original unaudited budget 2024 \$ '000</i>		Notes	<i>Actual 2024 \$ '000</i>	<i>Actual 2023 \$ '000</i>
Cash flows from operating activities				
<i>Receipts:</i>				
25,220	User charges and fees		25,869	24,651
1,179	Interest received		1,627	811
7,106	Grants and contributions		8,688	7,235
2,026	Other		5,628	4,332
<i>Payments:</i>				
(12,354)	Payments to employees		(14,113)	(11,256)
(17,240)	Payments for materials and services		(15,904)	(12,585)
(2,180)	Borrowing costs		(1,139)	(1,353)
–	Other		(208)	(688)
3,757	Net cash flows from operating activities	F1-1	10,448	11,147
Cash flows from investing activities				
<i>Receipts:</i>				
37,000	Redemption of term deposits		48,500	40,500
–	Proceeds from sale of IPPE		143	112
–	Sale of intangible assets		61	–
<i>Payments:</i>				
(22,000)	Acquisition of term deposits		(45,500)	(32,000)
(28,880)	Payments for IPPE		(9,703)	(9,890)
(2,296)	Purchase of real estate assets		(443)	(183)
–	Purchase of intangible assets		–	(101)
(16,176)	Net cash flows from investing activities		(6,942)	(1,562)
Cash flows from financing activities				
<i>Receipts:</i>				
15,000	Proceeds from borrowings		–	–
<i>Payments:</i>				
(4,191)	Repayment of borrowings		(3,825)	(3,605)
–	Principal component of lease payments		(242)	(262)
10,809	Net cash flows from financing activities		(4,067)	(3,867)
(1,610)	Net change in cash and cash equivalents		(561)	5,718
8,772	Cash and cash equivalents at beginning of year		8,772	3,054
7,162	Cash and cash equivalents at end of year	C1-1	8,211	8,772
14,000	plus: Investments on hand at end of year	C1-2	26,000	29,000
21,162	Total cash, cash equivalents and investments		34,211	37,772

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

Rous County Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 16 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 financial statements are set out below. Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties – refer Note C1-7
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (iii) employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- (i) 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 B2-3.
- (ii) Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

Monies and other assets received by Council

The Consolidated Fund

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

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

- Water service
- Flood mitigation services
- Biological weeds management.

A1-1 Basis of preparation (continued)

The Trust Fund

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

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council has no volunteer services.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2024 reporting period.

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

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2024. None of these standards had a significant impact on reported position or performance.

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.

	<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>
	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>
Functions or activities										
Bulk Water Supply	29,435	28,559	29,366	23,227	69	5,332	4,687	5,747	467,330	448,512
Property	327	242	430	366	(103)	(124)	–	–	2,720	2,767
Fleet Operations	145	272	232	145	(87)	127	–	–	1,878	2,612
Flood Mitigation	3,149	1,115	2,348	1,990	801	(875)	2,177	191	152,037	144,899
Retail Water Supply	3,507	3,227	3,661	3,275	(154)	(48)	6	–	15,252	14,330
Richmond Water Laboratories	–	272	–	501	–	(229)	–	–	–	–
Weeds Biosecurity	1,862	2,401	2,536	2,379	(674)	22	919	1,460	1,243	1,989
Other	–	–	–	–	–	–	–	–	2	–
Total functions and activities	38,425	36,088	38,573	31,883	(148)	4,205	7,789	7,398	640,462	615,109

B1-2 Components of functions or activities

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

Bulk Water Supply

The regional water supply authority providing water in bulk to the local government areas of Lismore (excluding Nimbin), Ballina (excluding Wardell), Byron (excluding Mullumbimby) and Richmond Valley (excluding land to the west of Coraki).

Property

Real estate development and various rental properties.

Fleet Operations

All functions relating to vehicle investment, improving efficiency and productivity.

Flood Mitigation

Responsible for the construction, replacement and routine maintenance of various flood mitigation infrastructure. This includes floodgates and some rural drains and canals. In addition, we also have a key role in relation to an urban levee designed to protect the central business district of Lismore.

Retail Water Supply

Retail water services that are directly connected to Council's trunk main system.
Water filling stations.

Weeds Biosecurity

Wide range of activities to combat the spread of targeted weeds across the Northern Rivers region of NSW.

B2 Sources of income

B2-1 User charges and fees

	Timing	2024 \$ '000	2023 \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	1	24,897	23,998
Other	2	493	–
Total specific user charges		25,390	23,998
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Private works – section 67	2	19	3
Regulatory/ statutory fees	2	81	44
Total fees and charges – statutory/regulatory		100	47
Total other user charges and fees		100	47
Total user charges and fees		25,490	24,045
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		24,897	23,678
User charges and fees recognised at a point in time (2)		593	367
Total user charges and fees		25,490	24,045

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, the customer is required to pay a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Prepaid filling station keys granted by Council are all either short-term or low value and all revenue is recognised at the time that the key is granted.

B2-2 Other revenues

	Timing	2024 \$ '000	2023 \$ '000
Assessment on other councils	2	1,776	1,661
Water testing	2	–	271
Other	2	1,431	1,343
Total other revenue		3,207	3,275
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		3,207	3,275
Total other revenue		3,207	3,275

Material accounting policy information for other revenue

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

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

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

B2-3 Grants and contributions

		Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
	<i>Timing</i>				
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Weed biosecurity	1,2	919	1,462	–	–
Flood mitigation	2	593	105	1,344	–
Water	2	985	559	602	–
Previously contributions:					
Drainage	2	88	–	–	–
Water	2	–	11	6	–
Flood mitigation	2	97	85	–	–
Total special purpose grants and non-developer contributions – cash		2,682	2,222	1,952	–
Non-cash contributions					
Other		5	–	49	–
Total other contributions – non-cash		5	–	49	–
Total special purpose grants and non-developer contributions (tied)		2,687	2,222	2,001	–
Total grants and non-developer contributions		2,687	2,222	2,001	–
Comprising:					
– State funding		2,596	1,564	2,001	–
– Other funding		91	658	–	–
		2,687	2,222	2,001	–

Developer contributions

		Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
	<i>Notes</i>				
Developer contributions:					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 64 – water supply contributions	F4				
	2	–	–	3,101	5,176
Total developer contributions		–	–	3,101	5,176
Total grants and contributions		2,687	2,222	5,102	5,176
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		54	37	–	–
Grants and contributions recognised at a point in time (2)		2,633	2,185	5,102	5,176
Total grants and contributions		2,687	2,222	5,102	5,176

B2-3 Grants and contributions (continued)

Unspent grants and contributions

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

	<i>Operating</i> 2024 \$ '000	<i>Operating</i> 2023 \$ '000	<i>Capital</i> 2024 \$ '000	<i>Capital</i> 2023 \$ '000
Unspent grants				
Unspent grants at 1 July	2,363	1,930	–	–
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	678	764	974	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,345)	(331)	(101)	–
Unspent grants at 30 June	1,696	2,363	873	–

Water grants:

- Northern Rivers March 2022 Flood Water/Sewerage Program funding from the Northern Rivers Reconstruction Corporation.
- Safe and Secure Grant funding from NSW Department of Planning and Environment towards the Future Water Program.
- Department of Regional NSW funding for the Wilsons River Elevated Crossing.
- Fish Habitat Action Grant funding from the Department of Primary Industries towards the Boat Harbour Riparian Repair Project.

Weed grants:

- Early Needs Weeds Management Project funding from NSW Local Land Services.
- Frogbit funding from NSW Department of Primary Industries.
- Tropical Soda Apple funding from NSW Department of Primary Industries.
- Washdown Bay Facility funding from NSW Department of Primary Industries.

Flood grants:

- Coastal Management Plan funding from The Department of Primary Industries.
- Coastal & Estuary Grants Program funding from NSW Department of Primary Industries towards the Richmond River Water Qlty Monitoring Project.
- Preparing Australian Communities – Local Stream Program funding from the Department of Industry, Science, Energy and Resources for the Richmond and Wilsons Rivers NSW Flood Mitigation Planning program.
- Northern Rivers Reconstruction Corporation funding to Improve the Condition of Coraki and Woodburn Town Drains.
- Northern Rivers Reconstruction Corporation funding to Improve the Condition of South & East Lismore Town Drains

Contributions

Unspent contributions at 1 July	308	223	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	85	85	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(158)	–	–	–
Unspent contributions at 30 June	235	308	–	–

Flood Fund receives a number of operating contribution each year. They consist of:

- Private landholder contributions
- Constituent Council contributions for drainage union maintenance

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.

B2-3 Grants and contributions (continued)

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, whereas over time recognition is where the control of the services is ongoing throughout the project.

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.

B2-4 Interest and investment income

	2024 \$ '000	2023 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue user fees and charges	11	1
– Cash and investments	1,756	1,180
Total interest and investment income (losses)	1,767	1,181

Material accounting policy information

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

B2-5 Other income

	2024 \$ '000	2023 \$ '000
Rental income	172	189

B2-5 Other income (continued)

	2024	2023
	\$ '000	\$ '000
Total other income	172	189

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2024 \$ '000	2023 \$ '000
Salaries and wages	10,543	8,041
Employee leave entitlements (ELE)	2,220	1,917
Superannuation	1,267	1,005
Workers' compensation insurance	209	146
Fringe benefit tax (FBT)	55	40
Payroll tax	482	425
Training costs (other than salaries and wages)	231	247
Other	83	122
Total employee costs	15,090	11,943
Less: capitalised costs	(596)	(573)
Total employee costs expensed	14,494	11,370

Material accounting policy information

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note D3-1 for more information.

B3-2 Materials and services

	Notes	2024 \$ '000	2023 \$ '000
Raw materials and consumables		6,420	5,078
Contractor costs		4,687	3,209
Audit Fees	E2-1	86	71
Councillor fees and associated expenses	E1-2	127	134
Advertising		9	9
Bank fees		5	3
Electricity		2,055	1,360
Insurance		367	364
Postage		28	15
Printing and stationery		13	15
Subscriptions and publications		66	45
Telephone		37	28
Internal audit		24	21
Water billing and collection		62	153
Other expenses		64	69
Legal expenses:			
– Other		28	9
Expenses from leases of low value assets		89	97
Total materials and services		14,167	10,680

Material accounting policy information

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

B3-3 Borrowing costs

	2024 \$ '000	2023 \$ '000
(i) Interest bearing liability costs		
Interest on leases	9	2
Interest on loans	1,089	1,311
Total borrowing costs expensed	1,098	1,313

Material accounting policy information

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

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

	Notes	2024 \$ '000	2023 \$ '000
Depreciation and amortisation			
Plant and equipment		553	391
Office equipment		132	168
Furniture and fittings		24	24
Land improvements (depreciable)		80	65
Infrastructure:			
– Buildings		292	254
– Water supply network		6,168	5,778
– Flood mitigation assets		821	740
Right of use assets	C2-1	246	246
Intangible assets	C1-7	157	154
Total depreciation and amortisation costs		8,473	7,820
Impairment / revaluation decrement of IPPE			
Land improvements (depreciable)		40	–
Infrastructure:			
– Water supply network	C1-6	–	240
Total gross IPPE impairment / revaluation decrement costs		40	240
Amounts taken through revaluation reserve	C1-6	(40)	–
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	240
Total depreciation, amortisation and impairment for intangibles and IPP&E		8,473	8,060

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. Useful lives are included in Note C1-6 for IPPE assets and Note C1-8 for intangible assets and Note C2-1 for right of use assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

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

Material accounting policy information

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

B4 Gains or losses

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

	Notes	2024 \$ '000	2023 \$ '000
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		139	105
Less: carrying amount of plant and equipment assets sold/written off		(41)	(47)
Gain (or loss) on disposal		98	58
Gain (or loss) on disposal of infrastructure	C1-6		
Proceeds from disposal – infrastructure		4	7
Less: carrying amount of infrastructure assets sold/written off		(443)	(523)
Gain (or loss) on disposal		(439)	(516)
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Less: carrying amount of real estate assets sold/written off		–	(2)
Gain (or loss) on disposal		–	(2)
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		48,500	40,500
Less: carrying amount of term deposits sold/redeemed/matured		(48,500)	(40,500)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(341)	(460)

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 21 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					
User charges and fees	25,220	25,490	270	1%	F
Other revenues	2,053	3,207	1,154	56%	F
Other revenues resulted in an increase of \$1.1M (F) (56%) above budget. The revenue increase can be attributed to revenue received on insurance claims \$725k and NRJO service fees and reimbursements \$455k.					
Operating grants and contributions	2,531	2,687	156	6%	F
Capital grants and contributions	4,386	5,102	716	16%	F
Grants and contributions provided for capital purposes resulted in an increase of \$716k (F) (16%) above budget. Section 64 Developer Contributions were \$1.2M less than forecast but were offset by additional capital grants.					
Interest and investment revenue	1,179	1,767	588	50%	F
Interest and investment revenue was \$588k (F) (50%) above the original budget. The original budget for investment interest was based on a much smaller portfolio size due to forecast expenditure. Council's cash balance at 30 June 2023 was favourable and high interest rates continued. This revenue was adjusted during Council's quarterly budget review statements throughout the year.					
Other income	162	172	10	6%	F

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Expenses				
Employee benefits and on-costs	12,354	14,494	(2,140)	(17)% U
Employee benefits and on-costs were \$2.1M (U) (17%) compared to the original budget forecast. This was due to increased costs in 2023/2024 with very few staff vacancies, an adjustment from previous capital works in progress (\$715k) and increased employee leave entitlement costs (\$395k).				
Materials and services	17,240	14,167	3,073	18% F
Materials and services were \$3.1M (F) (18%) below the original budget forecast. Significant contractor and consultant projects were unable to be completed in the financial year and have contributed to Council's budget carryovers into the 2024/25 financial year. Additionally, electricity costs were \$1.9M less than originally forecast.				
Borrowing costs	2,180	1,098	1,082	50% F
Borrowing costs were \$1.1M (F) (50%) below the original budget forecast. Council initially planned to borrow \$15M to fund its capital works program, however due to the improved financial position at 30 June 2023 this proposed borrowing was not undertaken. This resulted in significant savings on debt financing costs.				
Depreciation, amortisation and impairment of non-financial assets	8,305	8,473	(168)	(2)% U
Net losses from disposal of assets	-	341	(341)	∞ U
Traditionally, Council has not provided a budget for loss on disposal of assets due to the inherent difficulty in estimating proceeds from asset disposal. As a result, actual loss on disposal of assets has produced a variance of \$341k (U) (100%). This loss is comprised of loss from the disposal of Infrastructure assets \$439k (U), offset by net gains on disposal of plant and equipment of \$98k (F).				
Statement of cash flows				
Cash flows from operating activities	3,757	10,448	6,691	178% F
Cash flows from operating activities was \$6.7M (F) (178%) above the original budget forecast. The increase is a combination of increased interest and investment revenue, additional grant funds, a decrease in materials and services and borrowing costs.				
Cash flows from investing activities	(16,176)	(6,942)	9,234	(57)% F
Cash flows from investing activities was \$9.2M (F) (57%) above the original budget forecast. The increase is a combination of reduced payments for IPPE and a reduction in investments held (\$3.0M).				
Cash flows from financing activities	10,809	(4,067)	(14,876)	(138)% U
Cash flows from financing activities was \$14.9M (U) (138%) below the original budget forecast. This was due to Council not borrowing the original budgeted funds of \$15.0M.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2024 \$ '000	2023 \$ '000
Cash assets		
Cash on hand and at bank	2,013	2,032
Cash equivalent assets		
– Deposits at call	6,198	6,740
Total cash and cash equivalents	8,211	8,772

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	8,211	8,772
Balance as per the Statement of Cash Flows	8,211	8,772

Material accounting policy information

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

C1-2 Financial investments

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Debt securities at amortised cost				
Term deposits	26,000	–	29,000	–
Total financial investments	26,000	–	29,000	–
Total cash assets, cash equivalents and investments	34,211	–	37,772	–

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

continued on next page ...

C1-2 Financial investments (continued)

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

	2024 \$ '000	2023 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	34,211	37,772
Less: Externally restricted cash, cash equivalents and investments	(6,039)	(4,755)
Cash, cash equivalents and investments not subject to external restrictions	28,172	33,017
External restrictions included in cash, cash equivalents and investments above comprise:		
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Bulk water	5,039	3,567
Flood mitigation	275	417
Weed biosecurity	725	771
External restrictions – other	6,039	4,755
Total external restrictions	6,039	4,755

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.

	2024 \$ '000	2023 \$ '000
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	28,172	33,017
Less: Internally restricted cash, cash equivalents and investments	(25,443)	(30,288)
Unrestricted and unallocated cash, cash equivalents and investments	2,729	2,729
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Flood Fund	422	445
Weeds Bio Fund	490	1,061
Retail Water Fund	199	2,610
Commercial Property Fund	899	1,505
Fleet Fund	316	1,093
Bulk Fund - Building & structures	–	66
Bulk Fund - Assets & programs	–	16,815
Bulk Fund - Employees leave entitlement (Notional)	2,845	2,394
Bulk Fund - Electricity	–	2,611
Bulk Fund - Office equipment & computers	–	1,404
Bulk Fund - REERP (Notional)	345	284
Bulk Fund	19,927	–
Total internal allocations	25,443	30,288

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

2024

2023

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

	<u>\$ '000</u>	<u>\$ '000</u>
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	<u>2,729</u>	<u>2,729</u>

C1-4 Receivables

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
User charges and fees	483	–	445	–
Accrued revenues				
– Interest on investments	609	–	469	–
– Other income accruals	1,587	–	1,274	–
Finance lease receivable	–	–	4	–
Government grants and subsidies	534	–	614	–
Sundry debtors	713	–	1,119	–
Other debtors	262	–	401	–
Total	4,188	–	4,326	–
Total net receivables	4,188	–	4,326	–

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

When considering the ECL, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

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

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

C1-5 Inventories

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Inventories at cost				
Real estate for resale (refer to (i) below)	–	1,601	–	1,158
Stores and materials	369	226	403	226
Total inventories at cost	369	1,827	403	1,384
Total inventories	369	1,827	403	1,384

(i) Real estate development

Residential – undeveloped	–	1,601	–	1,158
Total real estate for resale	–	1,601	–	1,158

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.

Real estate held for resale/capitalisation of borrowing costs

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

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period							At 30 June 2024			
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	Transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress ²	5,576	–	5,576	1,392	3,458	(1,577)	–	–	(699)	–	–	8,150	–	8,150
Plant and equipment	4,501	(2,679)	1,822	30	1,150	(52)	(553)	–	–	–	–	5,390	(2,993)	2,397
Office equipment	2,258	(1,933)	325	–	336	–	(132)	–	–	–	–	2,574	(2,045)	529
Furniture and fittings	492	(377)	115	–	2	–	(24)	–	–	–	–	494	(401)	93
Land:														
– Operational land	34,679	–	34,679	–	–	–	–	–	–	(270)	–	34,409	–	34,409
– Non-depreciable land improvements	3,163	–	3,163	–	–	–	–	–	–	(69)	–	3,094	–	3,094
– Depreciable land improvements	3,955	(1,642)	2,313	–	–	–	(80)	(40)	–	–	2	3,799	(1,600)	2,199
Infrastructure:														
– Buildings	15,072	(4,862)	10,210	477	32	(33)	(292)	–	2	–	2,993	18,447	(5,063)	13,384
– Water supply network	541,385	(174,404)	366,981	2,886	755	(310)	(6,168)	–	607	–	18,341	572,610	(189,517)	383,093
– Flood mitigation	160,121	(16,268)	143,853	240	76	(97)	(821)	–	90	–	7,438	168,834	(18,054)	150,780
Total infrastructure, property, plant and equipment	771,202	(202,165)	569,037	5,025	5,809	(2,069)	(8,070)	(40)	–	(339)	28,774	817,801	(219,673)	598,128

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

(2) Carrying amount at 1 July 2022 has been restated due to a prior year error adjustment; refer to Note F4-1

C1-6 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 new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	Transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR) ₁	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress ²	4,290	–	4,290	1,619	2,079	(554)	–	–	(1,858)	–	–	5,576	–	5,576
Plant and equipment	3,509	(2,435)	1,074	–	1,185	(45)	(391)	–	–	–	–	4,501	(2,679)	1,822
Office equipment	2,070	(1,814)	256	–	240	(2)	(168)	–	–	–	–	2,258	(1,933)	325
Furniture and fittings	492	(353)	139	–	–	–	(24)	–	–	–	–	492	(377)	115
Land:														
– Operational land	18,220	–	18,220	–	–	(2)	–	–	–	–	16,461	34,679	–	34,679
Land improvements – non-depreciable	2,951	–	2,951	–	–	–	–	–	–	–	212	3,163	–	3,163
Land improvements – depreciable	3,594	(969)	2,625	18	–	–	(65)	–	(82)	(182)	–	3,955	(1,642)	2,313
Infrastructure:														
– Buildings	13,429	(4,191)	9,238	–	142	–	(254)	–	189	–	895	15,072	(4,862)	10,210
– Water supply network	499,042	(158,048)	340,994	5,168	448	(432)	(5,778)	(240)	596	–	26,226	541,385	(174,404)	366,981
– Flood mitigation	144,757	(14,046)	130,711	–	24	(91)	(740)	–	1,155	–	12,792	160,121	(16,268)	143,853
Total infrastructure, property, plant and equipment	692,354	(181,856)	510,498	6,805	4,118	(1,126)	(7,420)	(240)	–	(182)	56,586	771,202	(202,165)	569,037

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

(2) Additions (renewals) and Carrying amount at 30 June 2022 have been restated due to the prior year error adjustment; refer to Note F4-1.

C1-6 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:

	Useful lives
Equipment, furniture and fittings	2 - 20 yrs
Land	Infinite
Land improvements	5 - 20 yrs
Infrastructure:	
– Buildings and other structures	20 - 100 yrs
– Bulk earthworks	Infinite
– Water supply network	15 - 150 yrs
– Open space / recreational assets	5 - 20 yrs
– Flood mitigation infrastructure	20 - 100 yrs

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

Revaluation model

Equipment, furniture and fittings are held at cost. All other infrastructure, property, plant and equipment is held at fair value. Comprehensive valuations are generally performed 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. Flood mitigation assets have been indexed for 2023 based on indexation rates provided by an independent valuer while building assets have been indexed using Valuer General rates. Operational land, and site improvements have been comprehensively revalued for 2023 and as such no indexation has been applied.

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.

C1-7 Intangible assets

Intangible assets are as follows:

	2024	2023
	\$ '000	\$ '000

Software

Opening values at 1 July

Gross book value	1,795	1,787
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C1-7 Intangible assets (continued)

	2024 \$ '000	2023 \$ '000
Accumulated amortisation	(1,342)	(1,281)
Net book value – opening balance	453	506
Movements for the year		
Purchases	–	102
Amortisation charges	(157)	(155)
Gross book value written off	(102)	(94)
Accumulated amortisation charges written off	41	94
Closing values at 30 June		
Gross book value	1,693	1,795
Accumulated amortisation	(1,458)	(1,342)
Total software – net book value	235	453
Total intangible assets – net book value	235	453

Material accounting policy information**IT development and software**

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to ten years.

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over buildings. Information relating to the leases in place and associated balances and transactions is provided below.

Buildings

Council leases land and buildings for their corporate office; the lease has recently been renewed and runs until 28 February 2025.

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

Extension options

Council includes options in the building lease to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

There are no potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is reasonably certain.

(a) Right of use assets

	<i>Administration building \$ '000</i>	<i>Total \$ '000</i>
2024		
Opening balance at 1 July	421	421
Adjustments due to re-measurement of lease liability	82	82
Depreciation charge	(246)	(246)
Balance at 30 June	257	257
2023		
Opening balance at 1 July	34	34
Adjustments due to re-measurement of lease liability	634	634
Depreciation charge	(245)	(245)
Balance at 30 June	421	421

(b) Lease liabilities

	<i>2024 Current \$ '000</i>	<i>2024 Non-current \$ '000</i>	<i>2023 Current \$ '000</i>	<i>2023 Non-current \$ '000</i>
Lease liabilities	261	–	257	164
Total lease liabilities	261	–	257	164

C2-1 Council as a lessee (continued)

(c) (i) The maturity analysis

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

	<i>< 1 year</i> \$ '000	<i>1 – 5 years</i> \$ '000	<i>> 5 years</i> \$ '000	<i>Total</i> \$ '000	<i>Total per Statement of Financial Position</i> \$ '000
2024					
Cash Flows	261	–	–	261	261
2023					
Cash Flows	257	164	–	421	421

(d) Income Statement

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

	<i>2024</i> \$ '000	<i>2023</i> \$ '000
Interest on lease liabilities	9	2
Depreciation of right of use assets	246	246
Expenses relating to leases of low-value assets	89	94
	344	342

(e) Statement of Cash Flows

Total cash outflow for leases	242	458
	242	458

Material accounting policy information

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

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

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

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

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

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

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

C2-1 Council as a lessee (continued)

Exceptions to lease accounting

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

C2-2 Council as a lessor

(a) Operating leases

Council leases out a number of properties; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

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

	2024	2023
	\$ '000	\$ '000

(i) Assets held as investment property

Investment property operating leases relate to Council owned buildings not required for the operations of Council business.

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

Operating lease expenses

Repairs and maintenance: investment property

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council land and buildings that are currently not required for operational purposes.

Lease income (excluding variable lease payments not dependent on an index or rate)	147	130
Total income relating to operating leases for Council assets	147	130

Other leased assets expenses

Other	107	97
Total expenses relating to other leases assets	107	97

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

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

< 1 year	112	180
Total undiscounted lease payments to be received	112	180

C2-2 Council as a lessor (continued)

(b) Finance leases

	2024	2023
	\$ '000	\$ '000

Council has sub-leased a section of the Administration building and has classified this as finance leases since the sub-lease is for the remaining life of the Council's lease to the building.

Finance income on the net investment in the lease	81	65
Total Income relating to finance leases	81	65

Maturity analysis of undiscounted lease payments to be received after reporting date for finance leases:

< 1 year	47	74
Total lease payments receivable	47	74

Net investment in the lease	-	4
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Material accounting policy information

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
	\$ '000	\$ '000	\$ '000	\$ '000
Goods and services	1,025	–	1,367	–
Capital creditors	777	–	1,284	–
Accrued expenses:				
– Borrowings	160	–	201	–
– Salaries and wages	236	–	265	–
Accrued expenses	1,208	–	481	–
Total payables	3,406	–	3,598	–

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 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

	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
	\$ '000	\$ '000	\$ '000	\$ '000
Funds held on behalf of other Government departments	508	–	508	–
Unexpended capital grants (to construct Council controlled assets)	873	–	–	–
Total contract liabilities	1,381	–	508	–

Material accounting policy information

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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Loans – secured	3,870	17,660	3,825	21,530
Total borrowings	3,870	17,660	3,825	21,530

(a) Changes in liabilities arising from financing activities

	2023		Non-cash movements				2024
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	25,355	(3,825)	–	–	–	–	21,530
Lease liability (Note C2-1b)	421	(242)	–	82	–	–	261
Total liabilities from financing activities	25,776	(4,067)	–	82	–	–	21,791

	2022		Non-cash movements				2023
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	28,960	(3,605)	–	–	–	–	25,355
Lease liability (Note C2-1b)	50	–	–	371	–	–	421
Total liabilities from financing activities	29,010	(3,605)	–	371	–	–	25,776

(b) Financing arrangements

	2024 \$ '000	2023 \$ '000
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Total facilities

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

Bank overdraft facilities ¹	100	100
Credit cards/purchase cards	70	110
Total financing arrangements	170	210

Drawn facilities

Financing facilities drawn down at the reporting date are:

Undrawn facilities

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

– Bank overdraft facilities	100	100
– Credit cards/purchase cards	67	110
Total undrawn financing arrangements	167	210

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

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.

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

C3-3 Borrowings (continued)

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

C3-4 Employee benefit provisions

	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
	\$ '000	\$ '000	\$ '000	\$ '000
Annual leave	938	–	838	–
Long service leave	1,649	197	1,488	68
TIL	61	–	41	–
Total employee benefit provisions	2,648	197	2,367	68

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

	2024	2023
	\$ '000	\$ '000
	1,672	1,895

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

Provisions – employees benefits	1,672	1,895
	1,672	1,895

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

Other long-term employee benefit obligations

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

On-costs

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Risks and accounting uncertainties

D1-1 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:

- Market risk – 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

	2024	2023
	\$ '000	\$ '000
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	342	377

(b) Credit risk

Council's major receivables comprise user charges and fees, contributions from constituent councils and sundry debtors.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures.

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

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

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

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

Receivables

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

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

D1-1 Risks relating to financial instruments held (continued)

	<i>Not yet overdue \$ '000</i>	<i>0 - 30 days \$ '000</i>	<i>Overdue debts</i>			<i>Total \$ '000</i>
			<i>31 - 60 days \$ '000</i>	<i>61 - 90 days \$ '000</i>	<i>> 91 days \$ '000</i>	
2024						
Gross carrying amount	3,605	256	114	97	116	4,188
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2023						
Gross carrying amount	3,559	584	71	24	88	4,326
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	27.37%	0.56%
ECL provision	–	–	–	–	24	24

(c) Liquidity risk

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

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

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

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

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

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

	<i>Weighted average interest rate %</i>	<i>Subject to no maturity \$ '000</i>	<i>payable in:</i>			<i>Total cash outflows \$ '000</i>	<i>Actual carrying values \$ '000</i>
			<i>≤ 1 Year \$ '000</i>	<i>1 - 5 Years \$ '000</i>	<i>> 5 Years \$ '000</i>		
2024							
Payables	0.00%	–	3,406	–	–	3,406	3,406
Borrowings	5.88%	–	4,770	10,366	10,516	25,652	21,530
Total financial liabilities		–	8,176	10,366	10,516	29,058	24,936
2023							
Payables	0.00%	–	3,598	–	–	3,598	3,598
Borrowings	6.02%	–	4,955	14,260	11,393	30,608	25,355
Total financial liabilities		–	8,553	14,260	11,393	34,206	28,953

D2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

Fair value hierarchy

All assets and liabilities measured at fair value are assigned to a level in the fair value hierarchy as follows:

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

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

Level 3: Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by Council:

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Recurring fair value measurements									
Infrastructure, property, plant and equipment									
	C1-6								
Buildings		01/07/23	01/07/23	–	–	13,384	10,210	13,384	10,210
Land		01/07/22	01/07/22	–	–	34,410	34,679	34,410	34,679
Non-depreciable land improvements		01/07/22	01/07/22	–	–	3,094	3,163	3,094	3,163
Depreciable land improvements		01/07/22	01/07/22	–	–	2,198	2,313	2,198	2,313
Water infrastructure: water distribution assets		31/12/21	31/12/21	–	–	200,498	190,671	200,498	190,671
Water infrastructure: dams and treatment assets		31/12/21	31/12/21	–	–	182,594	176,309	182,594	176,309
Flood mitigation infrast.		23/06/20	23/06/20	–	–	150,780	143,853	150,780	143,853
Total infrastructure, property, plant and equipment				–	–	586,958	561,198	586,958	561,198

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).

Level 3 measurements

Valuation techniques

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

Class	Valuation Technique(s)	Unobservable Inputs
IPPE		
Plant, equipment, furniture, fittings and office equipment	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value

D2-1 Fair value measurement (continued)

Operational land	Market approach Land values obtained from the NSW Valuer-General	Price per square metre A NSW Valuer-General indexation factor of between - 17.8% and 20.8% has been applied to this asset class resulting in a revaluation decrement of \$270k.
Non-depreciable land improvements	Cost approach Land values obtained from the NSW Valuer-General	Patterns of consumption, asset conditions and remaining useful lives. A NSW Valuer-General indexation factor of -2.20% has been applied to this asset class resulting in a revaluation decrement of \$70k.
Depreciable land improvements	Cost approach	Patterns of consumption, asset conditions and remaining useful lives. A NSW Valuer-General indexation factor of between -18.1% and 3.8% has been applied to this asset class resulting in a revaluation increment of \$2k.
Buildings	Cost approach NSW building construction index	Patterns of consumption, asset conditions and remaining useful lives. A comprehensive revaluation resulted in a revaluation increment of \$2.9M for the year ended 30 June 2024.
Water infrastructure: water distribution assets	Cost approach NSW water supply and sewerage construction index	Asset condition, remaining lives using componentisation A NSW water supply and sewerage construction indexation factor of 5.07% have been applied to this asset class resulting in a revaluation increment of \$9.8M.
Water infrastructure: dams and treatment assets	Cost approach NSW water supply and sewerage construction index	Asset condition, remaining lives using componentisation A NSW water supply and sewerage construction indexation factor of 5.07% have been applied to this asset class resulting in a revaluation increment of \$8.5M.
Flood mitigation infrastructure	Cost approach Independent cost indices	Asset condition, remaining lives using componentisation Independent cost indexation factors of between 4.2% and 13.6% have been applied to this asset class resulting in a revaluation increment of \$7.4M.

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

Infrastructure, property, plant and equipment (IPPE)

For land, buildings and infrastructure council generally obtains external valuations by independent valuers every five years. The last revaluation was performed by:

D2-1 Fair value measurement (continued)

- Buildings – APV Valuers & Asset Management for the 2023/24 financial year. APV Valuers & Asset Management is an independent entity and is not an employee of Council.
- Land & Site Improvements – APV Valuers & Asset Management for the 2022/23 financial year. APV Valuers & Asset Management is an independent entity and is not an employee of Council.
- Water Infrastructure – APV Valuers & Asset Management for the 2021/22 financial year. APV Valuers & Asset Management is an independent entity and is not an employee of Council.
- Flood Mitigation Infrastructure – Assetic for the 2019/20 financial year. Assetic is an independent entity and is not an employee of Council.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices.

In accordance with AASB 13 Fair Value Measurement no assets have been found to have a higher and better use than their current use. Highest and best use takes account of use that is physically possible, legally permissible and financially feasible.

The following non-current assets categorised above have been measured as either level 2 or level 3 based on the following valuation techniques and inputs:

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Council considers information from a variety of sources, including:

- Current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- Discounted cash flow projections based on reliable estimates of future cash flows.
- Capitalised income projections based on a property's estimated not market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3.

Specialised buildings were valued using the cost approach using professionally qualified Registered Valuers. The approach estimated replacement cost for each building componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of useful life, pattern of consumption and asset condition) 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.

Newly Completed Buildings are categorised as level 2, as the initial measurement is recognised at cost and is represented accordingly until subject to revaluation. This is considered appropriate as, once assets are brought into use, there is no longer an identical correlation with the "shelf product". Council did not have any of these assets at reporting date.

For infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is current replacement cost. These assets are included as Level 3 as these assets have a high level of unobservable inputs.

For non-specialised assets with short useful lives, AASB 13 allows recognition at depreciated historical cost as an acceptable surrogate for fair value as differences are considered immaterial.

Water Infrastructure Assets

Council's water infrastructure assets include Distributions Assets (such as water pipelines), Treatment Assets (such as treatment plants) and Source Assets (such as Rocky Creek Dam) and Catchment Assets.

These assets are valued by an external valuer every 5 years using the cost approach.

In between full revaluations, these assets are indexed each year in line with the NSW Reference Rates Manuals as published by the NSW Office of Water.

Whilst the units rates based on linear metres of certain diameter pipes and prices per unit per pit or similar capacity can be supported by market evidence (Level 2), other inputs (such as estimates or residual value, useful life, pattern of consumption and asset condition) require extensive professional judgement and impact significantly on the final determination of fair value. As such, this asset class is classified as being valued using Level 3 inputs. There has been no change to the valuation process during the reporting period.

D2-1 Fair value measurement (continued)

The current replacement cost of each asset is calculated to assess fair value. The current replacement cost of the individual infrastructure assets is assessed by referencing to building costs in external publications such as the Rawlinson's Australian Construction Handbook and with allowances made for the regional locations as well as internal project costs for similar assets. The useful economic life of the assets is assessed in accordance with Council's Asset Capitalisation Policy as described in Note A1-1. The remaining economic life is assessed based upon physical depreciation and obsolescence. The council provides details to the valuer, of any known structural faults and future planning which may involve the demolition or removal of an asset. Any new assets constructed in between full revaluation years are included and where refurbishment has been undertaken the capital expenditure is reflected in the remaining life of the asset.

Construction costs used to establish gross replacement cost are not expected to have significant variations, unless new construction is impacted by building/construction variations. Sensitivity to changes in unobservable inputs may significantly impact on fair value. Council's exposure to sensitivity of the unobservable inputs is generally limited to the projected increase in infrastructure construction costs which has historically been in the range of 2-5% per annum. Disclosure of additional quantitative information about significant unobservable inputs is considered immaterial.

Flood Mitigation Infrastructure

The current replacement cost of each asset is calculated to assess fair value. The current replacement cost of the individual infrastructure assets is assessed by referencing to building costs in external publications such as the Rawlinson's Australian Construction Handbook and with allowances made for the regional locations as well as internal project costs for similar assets. The useful economic life of the assets is assessed in accordance with Council's Asset Capitalisation Policy as described in Note A1-1. The remaining economic life is assessed based upon physical depreciation and obsolescence. The council provides details to the valuer, of any known structural faults and future planning which may involve the demolition or removal of an asset. Any new assets constructed in between full revaluation years are included and where refurbishment has been undertaken the capital expenditure is reflected in the remaining life of the asset.

Construction costs used to establish gross replacement cost are not expected to have significant variations, unless new construction is impacted by building/construction variations. The Council is not aware of any sensitivity to changes in unobservable inputs that may significantly impact on fair value.

D2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

	<i>Buildings</i>		<i>Land</i>		<i>Non-deprec. Land improv.</i>		<i>Deprec. Land improv.</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>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>
Opening balance	10,210	9,238	34,679	18,220	3,163	2,951	2,313	2,625
Total gains or losses for the period								
Recognised in other comprehensive income								
– revaluation surplus	2,992	895	(270)	16,461	(69)	212	(38)	(183)
Other movements								
Transfers from/(to) another asset class	2	189	–	–	–	–	–	(82)
Purchases (GBV)	508	142	–	–	–	–	–	18
Disposals (WDV)	(32)	–	–	(2)	–	–	–	–
Depreciation and impairment	(296)	(254)	–	–	–	–	(77)	(65)
Closing balance	13,384	10,210	34,409	34,679	3,094	3,163	2,198	2,313

	<i>Water distribution</i>		<i>Water dams & treatment</i>		<i>Flood mitigation</i>		<i>Total</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>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>	<i>\$ '000</i>
Opening balance	190,671	174,679	176,309	166,314	143,852	130,711	561,197	504,738
Recognised in other comprehensive income								
– revaluation surplus	9,817	13,403	8,523	12,823	7,438	12,792	28,393	56,403
Transfers from/(to) another asset class	177	219	431	377	90	1,155	700	1,858
Purchases (GBV)	2,733	5,437	908	178	317	24	4,466	5,799
Disposals (WDV)	(113)	(303)	(196)	(129)	(96)	(90)	(437)	(524)
Depreciation and impairment	(2,787)	(2,764)	(3,381)	(3,254)	(821)	(740)	(7,362)	(7,077)
Closing balance	200,498	190,671	182,594	176,309	150,780	143,852	586,957	561,197

D2-1 Fair value measurement (continued)

Highest and best use

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

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 8.5% 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 for 1 July 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 assessed at each triennial actuarial investigation and monitored annually between triennials.

Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

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

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

D3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$45,053.69. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA, and covers the period ended 30 June 2023.

Council's expected contribution to the plan for the next annual reporting period is \$52,426.92.

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 member accounts and reserves in both assets and liabilities.

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	3.5% for FY 23/24 2.5% per annum thereafter

* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2024.

E People and relationships

E1 Related party disclosures

E1-1 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:

	2024	2023
	\$ '000	\$ '000
Compensation:		
Short-term benefits	410	361
Post-employment benefits	40	41
Other long-term benefits	12	10
Total	462	412

E1-2 Councillor and Chairperson fees and associated expenses

	2024	2023
	\$ '000	\$ '000

The aggregate amount of Councillor and Chairperson fees and associated expenses included in materials and services expenses in the Income Statement are:

Chairperson's fee	18	17
Councillors' fees	96	94
Councillors' (incl. Chairperson) expenses	13	23
Total	127	134

E2 Other relationships

E2-1 Audit fees

	2024	2023
	\$ '000	\$ '000
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	86	71
Remuneration for audit and other assurance services	86	71
Total Auditor-General remuneration	86	71
Non NSW Auditor-General audit firms		
Total audit fees	86	71

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of Operating Result

	2024 \$ '000	2023 \$ '000
Net operating result from Income Statement	(148)	4,205
Add / (less) non-cash items:		
Depreciation and amortisation	8,473	7,820
(Gain) / loss on disposal of assets	341	460
Non-cash capital grants and contributions	(54)	–
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Revaluation decrements / impairments of IPP&E direct to P&L	–	240
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	138	(1,332)
(Increase) / decrease of inventories	34	(28)
(Increase) / decrease of other current assets	66	(699)
Increase / (decrease) in payables	(342)	116
Increase / (decrease) in accrued interest payable	(41)	(40)
Increase / (decrease) in other accrued expenses payable	698	147
Increase / (decrease) in other liabilities	–	(7)
Increase / (decrease) in contract liabilities	873	280
Increase / (decrease) in employee benefit provision	410	(15)
Net cash flows from operating activities	10,448	11,147

F2-1 Commitments

Capital commitments (exclusive of GST)

	2024 \$ '000	2023 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	362	222
Plant and equipment	–	71
Infrastructure	2,275	4,972
Land development	423	103
Total commitments	3,060	5,368

Details of capital commitments

Council has committed to progressing several projects including the Future Water Program, the Smart Metering and Backflow program and the Gallans Road workplace consolidation project.

F3-1 Events occurring after the reporting date

Below are the known events that will impact on the Council or have a material impact on the financial statements.

- 1) Gallans Road Workplace Consolidation - a construction project for the site is underway and is estimated to cost \$24.5M in total including costs already incurred. The contract for the construction costs was signed in July 2024.
- 2) Loan Borrowings - a \$30M loan is planned for 2024/25 to fund the Gallans Road Workplace Consolidation project and the Future Water Program.
- 3) Lismore Levee Upgrade - Lismore City Council has received grant funding of \$29M to upgrade the Lismore CBD levee infrastructure. This work will be carried out on Rous assets and will be brought to account when completed.

F4 Statement of developer contributions

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.

F4-1 Summary of developer contributions

	Opening balance at 1 July 2023 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2024 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
S64									
S64 contributions	-	3,101	-	-	-	(3,101)	-	-	-
Total	-	3,101	-	-	-	(3,101)	-	-	-

F5 Statement of performance measures

F5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators		Benchmark
			2023	2022	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(4,909)	(14.73)%	(0.88)%	(5.58)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	33,323				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	30,636	79.73%	79.50%	73.82%	> 60.00%
Total continuing operating revenue ¹	38,425				
3. Unrestricted current ratio					
Current assets less all external restrictions	33,976				
Current liabilities less specific purpose liabilities	9,386	3.62x	4.02x	4.26x	> 1.50x
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	4,662				
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	4,923	0.95x	1.71x	1.65x	> 2.00x
5. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	34,211				
Monthly payments from cash flow of operating and financing activities	2,953	11.59 months	15.24 months	19.90 months	> 3.00 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

End of the audited financial statements

Rous County Council

General Purpose Financial Statements

for the year ended 30 June 2024

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

Rous County Council

General Purpose Financial Statements

for the year ended 30 June 2024

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

Rous County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



Rous County Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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Background

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

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

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

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

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

Rous County 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:

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

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

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

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

Signed in accordance with a resolution of Council made on 30 October 2024.

TBC
Chairperson
30 October 2024

TBC
Deputy Chairperson
30 October 2024

Phillip Rudd
General Manager
30 October 2024

Jonathan Patino
Responsible Accounting Officer
30 October 2024

Rous County Council

Income Statement of water supply business activity

for the year ended 30 June 2024

	2024 \$ '000	2023 \$ '000
Income from continuing operations		
User charges	25,470	24,041
Interest and investment income	1,587	1,037
Grants and contributions provided for operating purposes	990	571
Other income	1,331	1,234
Total income from continuing operations	29,378	26,883
Expenses from continuing operations		
Employee benefits and on-costs	12,475	9,238
Borrowing costs	1,098	1,313
Materials and services	11,903	8,522
Depreciation, amortisation and impairment	7,501	7,204
Net loss from the disposal of assets	282	369
Total expenses from continuing operations	33,259	26,646
Surplus (deficit) from continuing operations before capital amounts	(3,881)	237
Grants and contributions provided for capital purposes	3,709	5,175
Surplus (deficit) from continuing operations after capital amounts	(172)	5,412
Surplus (deficit) from all operations before tax	(172)	5,412
Surplus (deficit) after tax	(172)	5,412
Plus accumulated surplus	133,645	128,233
Plus/less: Correction of error	-	-
Plus adjustments for amounts unpaid:		
Less:		
Closing accumulated surplus	133,473	133,645
Return on capital %	0.0%	0.0%
Subsidy from Council	-	-
Calculation of dividend payable:		
Surplus (deficit) after tax	(172)	5,412
Less: capital grants and contributions (excluding developer contributions)	(608)	-
Surplus for dividend calculation purposes	-	5,412
Potential dividend calculated from surplus	-	2,706

Rous County Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

	2024 \$ '000	2023 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	7,482	7,744
Investments	23,693	25,603
Receivables	3,701	4,263
Inventories	321	334
Other	1,247	1,313
Total current assets	36,444	39,257
Non-current assets		
Right of use assets	257	421
Inventories	226	226
Infrastructure, property, plant and equipment	447,299	425,098
Intangible assets	235	453
Total non-current assets	448,017	426,198
Total assets	484,461	465,455
LIABILITIES		
Current liabilities		
Contract liabilities	873	–
Lease liabilities	261	257
Payables	3,136	3,382
Borrowings	3,870	3,825
Employee benefit provisions	2,648	2,366
Total current liabilities	10,788	9,830
Non-current liabilities		
Lease liabilities	–	164
Borrowings	17,660	21,530
Employee benefit provisions	197	68
Total non-current liabilities	17,857	21,762
Total liabilities	28,645	31,592
Net assets	455,816	433,863
EQUITY		
Accumulated surplus	133,472	133,644
Revaluation reserves	322,344	300,219
Total equity	455,816	433,863

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 2022 (Regulation)* and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

Water

Provision of safe drinking water to the Constituent Councils and their consumers.

Category 2

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

Nil

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.

Note – Material accounting policy information (continued)

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

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

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

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

Income tax

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

(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.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.351% at 30/06/24.

(iii) Dividends

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

Note – Material accounting policy information (continued)

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

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

- 50% of this surplus in any one year, or
- the number of water supply assessments at 30 June 2020 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Rous County Council

Special Purpose Financial Statements
for the year ended 30 June 2024

Rous County Council

SPECIAL SCHEDULES
for the year ended 30 June 2024



Rous County Council

Special Schedules

for the year ended 30 June 2024

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Rous County Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings	–	–	202	170	8,642	10,919	7.0%	0.8%	92.2%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Council works depot	–	–	240	255	4,742	7,528	4.1%	0.0%	95.9%	0.0%	0.0%
	Sub-total	–	–	442	425	13,384	18,447	5.8%	0.5%	93.7%	0.0%	0.0%
Water supply network	Water supply network	5,456	5,456	8,781	7,142	383,093	572,610	38.3%	26.2%	32.6%	2.9%	0.1%
	Sub-total	5,456	5,456	8,781	7,142	383,093	572,610	38.3%	26.2%	32.6%	2.9%	0.0%
Flood mitigation network	Flood mitigation	1,179	1,179	676	356	150,780	168,834	8.6%	47.9%	41.7%	1.8%	0.0%
	Sub-total	1,179	1,179	676	356	150,780	168,834	8.6%	47.9%	41.7%	1.8%	0.0%
Total – all assets		6,635	6,635	9,899	7,923	547,257	759,891	30.9%	30.4%	36.1%	2.6%	0.0%

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Rous County 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	4,995	68.60%	97.05%	61.95%	> 100.00%
Depreciation, amortisation and impairment	7,281				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	6,635	1.19%	1.16%	1.81%	< 2.00%
Net carrying amount of infrastructure assets	555,407				
Asset maintenance ratio					
Actual asset maintenance	7,923	80.04%	87.99%	69.68%	> 100.00%
Required asset maintenance	9,899				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	6,635	0.87%	0.86%	2.65%	
Gross replacement cost	759,891				

(*) 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.

Quarterly Budget Review Statement Quarter ending 30 September 2024

Responsible Officer: Group Manager Organisational Services (Helen McNeil)

Recommendation

That Council note the results presented in the Quarterly Budget Review Statement as at 30 September 2024 and authorise the variations to the amounts from those previously estimated.

Background

The Integrated Planning and Reporting (IP&R) framework sets out minimum standards of reporting that will assist Council in adequately disclosing its overall financial position and to provide sufficient additional information to enable informed decision-making and enhance transparency.

The Quarterly Budget Review Statement (QBRs) is made up of a minimum of six key statements:

- (QBRs1) Statement by the Responsible Accounting Officer on Council's financial position
- (QBRs2) Budget Review Income and Expenses Statement
- (QBRs3) Budget Review Capital Budget
- (QBRs4) Budget Review Cash and Investments Position
- (QBRs5) Budget Review Contracts and Other Expenses
- (QBRs6) Budget Review Key Performance Indicators

For the information of Council, the original 2024/25 budget was adopted on 19 June 2024 as part of the 2024/25 Operational plan and the 2024/28 Delivery program.

Finance

(QBRs1) Report by Responsible Accounting Officer

The following statement is made in accordance with clause 203(2) of the *Local Government (General) Regulation 2021*.

"It is my opinion that the Quarterly Budget Review Statement of Rous County Council for the quarter ended 30 September 2024 indicates that Council's projected financial position at 30 June 2025 will be satisfactory at year end, having regard to the projected estimates of income and expenditure, the original budgeted income and expenditure and Council's short-term liquidity position."



Jonathan Patino
Responsible Accounting Officer

Commentary on Proposed Adjustments – September 2024 (Table 1)

Table 1 details proposed budget variations as compared to the original budget and quarterly adjustments. The tables that follow summarise the changes on a reporting unit basis. For reporting purposes, only changes over \$10,000 are individually referenced.

Revenue has increased by \$4.8M, operating expenditure has increased by \$6.1M, capital expenditure has decreased by \$5.9M and loan drawdowns have decreased by \$5M, resulting in an overall change of \$0.4M to be transferred from reserves.

Significant Adjustments

Capital Works Program

Management have taken the QBRS as an opportunity to review the capital works program, particularly the impact of carry over budgets and the resources available to complete works. This remains an important focus with a complete review of proposed capital works to be undertaken as part of the annual budget process.

Impact on Reserves as a Whole

The required changes this quarter will provide a decrease to Rous' budgeted reserves. The overall internal reserves policy position is still forecast to be met, along with the New South Wales Treasury Corporation loan covenant requirement to hold reserves that equal 6 months of the next financial year's operating expenditure less depreciation.

(QBR2) Table 1: Summary of Proposed Changes Whole Organisation – September 2024

BUDGET ITEMS	Original Budget 2024/25	2023/24 Carryovers	September	Ref	Projected Year End Result 2024/25
			30-Sep-24		
			Quarter		
Operating Income					
Bulk	31,058,300	0	391,000	BW1, BW2, BW3, BW4, BW5	31,449,300
Retail	3,966,700	0	(170,800)	RW1, RW2	3,795,900
Flood	1,910,300	0	3,845,800	FM1, FM2, FM3, FM4, FM5, FM6, FM7, FM8, FM9, FM 10, FM11	5,756,100
Weeds	1,632,500	0	804,800	WB1, WB2	2,437,300
Property	162,600	0	(35,700)	P1, P2	126,900
Fleet	123,500	0	0		123,500
TOTAL OPERATING INCOME	38,853,900	0	4,835,100		43,689,000
Operating Expenses					
Bulk	28,211,300	1,923,100	2,580,000	BW3, BW4, BW6, BW7, BW8, BW9, BW10, BW11, BW12, BW13, BW14	32,714,400
Retail	3,959,000	0	13,500	RW3	3,972,500
Flood	2,461,600	278,300	2,634,900	FM7, FM8, FM9, FM10	5,374,800
Weeds	1,794,400	0	968,400	WB1, WB2, WB3, WB4, WB5, WB6	2,762,800
Property	333,400	0	(52,100)	P1, P2	281,300
Fleet	225,300	0	(56,700)	F1	168,600
TOTAL OPERATING EXPENSES	36,985,000	2,201,400	6,088,000		45,274,400
OPERATING RESULT	1,868,900	(2,201,400)	(1,252,900)		(1,585,400)
Exclude Depreciation	8,756,500	0	0		8,756,500
Cash Result	10,625,400	(2,201,400)	(1,252,900)		7,171,000
Less: Capital Expense	38,305,600	6,484,600	(5,891,800)	BW9, BW10, BW11, BW12, BW15, BW16, BW17, BW18, BW19, BW20, BW21, P3, F1	38,898,400
Add: Loan Funds	30,000,000	0	(5,000,000)	BW22	25,000,000
Less: Loan Repayments	4,256,900	0	0		4,256,900
Add: From/Less: (To) Reserve	1,937,100	8,686,000	361,100		10,984,200
Estimated Cash Movement	0	0	0		0

Budget Adjustments Required this Quarter

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2024/25)	LTFP (2025/26-2033/34)	
Existing	Interest on Term Deposits	BULK	Operating Revenue	BW1	(400,000)	0	Council's cash reserves were higher than budgeted at the end of the last financial year. Therefore, interest to be earned on these reserves during the current financial year is now expected to be higher than originally budgeted.
Existing	Water Security Grant Funding	BULK	Operating Revenue	BW2	182,900	0	Due to adjustments in the timing of the milestones for the grant funding secured from the Department of Planning and Environment under the Safe and Secure Water program, a higher proportion of the funding than expected was received in the 2023/24 financial year. Therefore, the amount originally budgeted to be received in the current financial year needs to be reduced accordingly.
New	Grant Funding - Fish Habitat Action Grant - Boatharbour Riparian Repair Project	BULK	Operating Revenue Operating Expenditure	BW3 BW3	(15,700) 39,300	0 0	Council has been successful in obtaining a Fish Habitat Action Grant from the Department of Primary Industries and Regional Development for the Boatharbour Riparian Repair Project to restore a high priority section of the Wilsons River riparian zone, improving waterway health and fish habitat. A portion of the funding was received late in the 2023/24 financial year, after the budget for the 2024/25 financial year was finalised. The balance of the funding will be received in the current financial year. The expenditure on this project will be incurred in the current financial year. A net amount of \$23,600 is requested from the Bulk Water cash reserve to undertake the work required to acquit the grant funding.
Existing	Grant Funding - Wilsons River Tidal Pool Coastal and Estuary Riparian Works	BULK	Operating Revenue Operating Expenditure	BW4 BW4	(9,600) (18,300)	(18,300) 18,300	Coastal and Estuary grant funding from the NSW Department of Climate Change, Energy, the Environment and Water for riparian works at the Wilson River tidal pool is to be reinstated in the current and next two financial years. The budget for the related expenditure was carried over from the last financial year. The final milestone is not due until the 2026/27 financial year and, therefore, the budget for some of this expenditure can be deferred to the 2025/26 and 2026/27 financial years.
Existing	Grant Funding - Wilsons River Water Main Crossing	BULK	Capital Revenue	BW5	(148,600)	0	A portion of the grant funding secured from the State Government under the Infrastructure Betterment Fund for the burial of an elevated water main crossing of the Wilsons River near Bexhill is to be reinstated this financial year. The amount of the funding recognised as income in the last financial year was lower than originally budgeted due to the timing of the project. The budget for the related expenditure was carried over from the last financial year and is expected to be spent this financial year.
Existing	Employee Value Proposition	BULK	Operating Expenditure	BW6	(40,000)	40,000	This project has been identified to be better aligned with the timing of the rebranding project and Council's relocation to Ballina and will therefore be deferred to the 2025/26 financial year.

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2024/25)	LTFP (2025/26-2033/34)	
Existing	ASANA Project Management Software	BULK	Operating Expenditure	BW7	10,200	0	Additional licences for ASANA project management software are required in the current financial year beyond what was originally budgeted. These are for the Future Water team (10 licences) and the Digital Transformation team (15 licences) to manage their programmes of work. A transfer of \$10,200 is requested from the Bulk Water cash reserve to fund this additional cost.
Existing	Catchment Management Plan	BULK	Operating Expenditure	BW8	(250,000)	250,000	Due to the volume of work carried over from the 2023/24 financial year and competing priorities in Council's Catchment and Cultural Awareness team, including the management of the new Northern Rivers Watershed Initiative, some actions in the Catchment Management Plan will need to be deferred to the 2025/26 financial year.
Existing	Digital Transformation	BULK	Operating Expenditure Capital Expenditure	BW9 BW9	2,916,500 (2,916,500)	1,564,300 (1,564,300)	As foreshadowed in the budget carryovers report to Council in August 2024, the cost of Phase 2 of the Digital Transformation project is now considered to be an operating expense rather than a capital expense. There is no overall impact on the budget result.
Existing	Change Management	BULK	Operating Expenditure Capital Expenditure	BW10 BW10	219,200 (219,200)	162,500 (162,500)	As foreshadowed in the budget carryovers report to Council in August 2024, the cost of the Change Management project is now considered to be an operating expense rather than a capital expense. There is no overall impact on the budget result.
Existing	Intranet	BULK	Operating Expenditure Capital Expenditure	BW11 BW11	50,000 (50,000)	0 0	As foreshadowed in the budget carryovers report to Council in August 2024, the cost of Phase 2 of the intranet project (bringing online additional Powell Intranet Modules and the consulting hours to implement this) is now considered to be an operating expense rather than a capital expense. There is no overall impact on the budget result.
Existing	Dam Safety Management System	BULK	Operating Expenditure Capital Expenditure	BW12 BW12	(507,300) 632,300	0 0	Funding has been allocated in the current financial year to complete the Dam Safety Management System in compliance with Dams Safety Regulation 2019. However, due to additional costs to appoint independent peer reviewers to review the Dam Safety Reports and Comprehensive Risk Assessments, as well as the need to perform additional investigations and comply with recommendations of safety reviews, the available funding will not be sufficient to complete the project. Originally, Water NSW offered to assist with the Dam Safety program, committing to provide and pay for the peer review process. However, they have now withdrawn this commitment and Council will now need to fund this cost. A transfer of \$125,000 is requested from the Bulk Water cash reserve to complete the project. The budgeted expenditure is also being moved from operating expenditure to capital expenditure as the costs can be capitalised.

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2024/25)	LTFP (2025/26-2033/34)	
New	Molesworth Street Lease Termination	BULK PROPERTY PROPERTY	Operating Expenditure Operating Revenue Operating Expenditure	BW13 P1 P1	143,100 20,700 (39,800)		0 Council's lease on the Molesworth Street administration building is to end in 0 February 2025. Other arrangements are being made to accommodate all staff 0 for the interim period until the Gallans Road campus is complete. The budgeted expenses on makegood of the building and exit costs of \$225,000 will be offset by a reduction of \$81,900 in budgeted lease expenses, resulting in a \$143,100 transfer being required from the Bulk Water cash reserve. The budgeted rental income from the subleased section of the building and the related property expenses will also be reduced, resulting in a return of \$19,100 to the Property cash reserve.
Existing	Kyogle Street Depot and Conway Street Commercial Property repurposed for Council use	BULK PROPERTY PROPERTY	Operating Expenditure Operating Expenditure Operating Revenue	BW14 P2 P2	12,300 (12,300) 15,000	74,000 (74,000) 150,000	0 Council's Kyogle Street depot, which was not re-occupied by Council after the 2022 floods and instead rented to Lismore City Council for a period, and the Conway Street commercial property are now to be used by Council for operational purposes while construction is underway at the Gallans Road campus and following the end of the lease on the Molesworth Street administration building. Therefore, the rental income for the Conway Street property needs to be removed from the budget and the budgeted property expenses for both properties need to be moved from the Property reporting unit to the Bulk Water reporting unit.
New	Kyogle Street Depot Rebuild	BULK	Capital Expenditure	BW15	336,000		0 The flood damaged sections of the Kyogle Street Depot are being rebuilt to be used by Council for operational purposes as mentioned above. A transfer of \$336,000 is requested from the Bulk Water cash reserve for this purpose. An insurance claim of \$199,000 for the flood damage was received in the last financial year.
New	Nightcap Water Treatment Plant Centrifuge Emergency Repairs	BULK	Capital Expenditure	BW16	71,500		0 The centrifuge system is a critical process in the wastewater management system at Nightcap Water Treatment Plant. It was recently discovered that excessive sediment has caused abnormal wear to the two centrifuge dewatering units. This had triggered the automatic shutdown of both units and further equipment upstream. The sediment has been removed, investigations were undertaken to identify the source of the excessive sediment and actions are well underway to address these issues. However, the wear to the centrifuge units require emergency repairs which are not covered by the current budget. The site is currently operating on one centrifuge as the second unit is too damaged to return to service. A transfer of \$71,500 is requested from the Bulk Water cash reserve to complete these repairs.

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2024/25)	LTFP (2025/26-2033/34)	
New	Purchase of Marom Creek Water Treatment Plant and associated infrastructure	BULK	Capital Expenditure	BW17	6,900,000	(6,200,000)	Negotiations have been ongoing for some time for Council to purchase the Marom Creek Water Treatment Plant and associated infrastructure from Ballina Shire Council as part of the Future Water Program. The current approved Long Term Financial Plan includes this purchase, with small instalments to be paid in the 2024/25, 2025/26 and 2026/27 financial years and the majority of the purchase price to be paid in the 2027/28 financial year. However, Council has recently been made aware that Ballina Shire Council would impose a significant interest charge for this arrangement. Therefore, rather than incur this interest charge, it has been decided to purchase the assets outright in the current financial year. The total forecast expense has also increased from that originally budgeted. Therefore, a transfer of \$6,900,000 is requested from the Bulk Water cash reserve in the current financial year, with \$6,200,000 previously approved for future years no longer required.
New	Purchase of Land on Woodburn Evans Head Road	BULK	Capital Expenditure	BW18	556,700	0	An opportunity has arisen to purchase some land on Woodburn Evans Head Road. This land is part of the Woodburn groundwater scheme and contains at least one identified bore site. A transfer of \$556,700 is requested from the Bulk Water cash reserve to allow for this strategically important purchase.
Existing	Byron 200 Mains Renewal	BULK	Capital Expenditure	BW19	(1,637,600)	1,637,600	The budget for the 2024/25 financial year includes the renewal of the Byron 200 water main. An open tender for this project was called for in March 2024, with tenders closing in May. Following careful consideration, it was determined that none of the tender submissions fully met Council's requirements and expectations with significant risks associated with each of the options submitted. Therefore, the project has been deferred for 12 months to allow Council staff time for further surveys, re-design and re-scoping, aimed at reducing project risks. A steering committee has been established for this purpose. It is requested that \$300,000 of the approved budget be retained in the current financial year to facilitate changes to the design and methodology following more detailed site investigations, with the balance of \$1,637,600 being deferred to the 2025/26 financial year.
Existing	Broadwater DN250 Watermain Upgrade	BULK	Capital Expenditure	BW20	90,000	0	The upgrade of the Broadwater watermain is included in the Long Term Financial Plan, with the majority of this capital project to be undertaken in the 2025/26 and 2026/27 financial years. However, a 100m long section at the Broadwater Reservoir end is considered more urgent due to the risk of flooding residential properties should it fail and is approved for completion in the current financial year. A tender was called for this work, with four tenders received and evaluated. The results show that the approved budget of \$250,000 is not sufficient to complete this work. Therefore, an additional \$90,000 is requested from the Bulk Water cash reserve to complete this essential infrastructure project in the current financial year.

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2024/25)	LTFP (2025/26-2033/34)	
Existing	Gallans Road - Workplace Consolidation	BULK	Capital Expenditure	BW21	(10,000,000)	10,000,000	A delay in obtaining DA approval has pushed back this multi-year project. Therefore a portion of the budget can be deferred to the 2025/26 financial year.
Existing	External Borrowings	BULK	Loan Drawdowns	BW22	5,000,000	(5,000,000)	Due to changes in the capital expenditure programme detailed above, a portion of the external borrowings budgeted for the current financial year will now not be required until the 2025/26 financial year.
Existing	Pension Rebates	RETAIL	Operating Revenue	RW1	(35,000)	(350,000)	Due to a systems error, pension rebate income was omitted from the original budget presented to Council. Correction of this error results in the forecast Retail Water cash reserve being increased by \$35,000 in the 2024/25 financial year and each year of the 10 year period of the Long Term Financial Plan.
Existing	Backflow Device Fees	RETAIL	Operating Revenue	RW2	205,800	0	While the installation of the backflow devices is now complete, it is now expected that the fees for these devices will be charged from the beginning of the 2025 calendar year. This change will result in the budgeted revenue for the 2024/25 financial year being reduced by \$205,800.
Existing	Smart Meter Testing and Backflow Prevention	RETAIL	Operating Expenditure	RW3	13,500	(880,800)	Council has made the decision to undertake the annual smart meter testing and backflow prevention program using internal staff, rather than contractors as originally budgeted. While this decision will require a small increase in the budget of \$13,500 for the current financial year, it is expected to save \$880,800 over the 10 year period of the Long Term Financial Plan.
Existing	Grant Funding - Coraki & Woodburn Town Drains and South & East Lismore Town Drains	FLOOD	Operating Revenue	FM1	79,500	0	The budget for the 2024/25 financial year includes funding under the Emergency Response Fund Northern Rivers Recovery and Resilience Program 2022-23 for 2 projects to improve the condition of the Coraki and Woodburn town drains and to revitalise the Couth and East Lismore town drains. A portion of this funding was received before the end of the last financial year and, therefore, needs to be removed from budgeted income in the 2024/25 financial year.
Existing	Grant Funding - Preparing Australian Communities	FLOOD	Operating Revenue	FM2	(70,000)	0	Grant funding from the Federal Government under the Preparing Australian Communities - Local Stream Program for the Richmond and Wilsons Rivers NSW Flood Mitigation Planning project is to be reinstated this financial year. The budget for the related expenditure was carried over from the last financial year and is expected to be spent this financial year.
New	Natural Disaster Relief Assistance Program Funding - Immediate Reconstruction Works - East Coraki Levee	FLOOD	Operating Revenue	FM3	(49,300)	0	Council was successful in obtaining funding from the NSW Government under the Natural Disaster Relief Assistance Program to reimburse the cost of restoring the East Coraki Levee which was damaged in the flood events of 2022. The expenditure on restoring the levee was incurred in the 2022/23 financial year and the work completed in December 2022.
New	Natural Disaster Relief Assistance Program Funding - Immediate Reconstruction Works - West Ballina Levee	FLOOD	Operating Revenue	FM4	(59,400)	0	Council was successful in obtaining funding from the NSW Government under the Natural Disaster Relief Assistance Program to reimburse the cost of restoring the West Ballina Levee which was damaged in the flood events of 2022. The expenditure on restoring the levee was incurred in the 2022/23 financial year and the work completed in September 2022.

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2024/25)	LTFP (2025/26-2033/34)	
New	Natural Disaster Relief Assistance Program Funding - Immediate Reconstruction Works - Bungawalbin East Levee	FLOOD	Operating Revenue	FM5	(85,000)	0	Council was successful in obtaining funding from the NSW Government under the Natural Disaster Relief Assistance Program to reimburse the cost of restoring the Bungawalbin East Levee which was damaged in the flood events of 2022. The expenditure on restoring the levee was incurred in the 2022/23 financial year and the work completed in December 2022.
Existing	Grant Funding - Water Quality Monitoring	FLOOD	Operating Revenue	FM6	(7,000)	0	Grant Funding for Water Quality Monitoring is to be reinstated this financial year. The budget for the current year already includes the related expenditure, which is expected to be spent this financial year, with the final milestone due in January 2025.
New	Grant Funding - Northern Rivers Watershed Initiative	FLOOD	Operating Revenue Operating Expenditure	FM7 FM7	(3,500,000) 2,580,000	(1,500,000) 2,420,000	Council has been successful in obtaining NSW Government Election Policy Statement Funding administered by the Department of Primary Industries and Regional Development for the Northern Rivers Watershed Initiative. This involves undertaking works in the Richmond, Evans, Brunswick and Tweed catchments to improve river health and restore natural hydrologic functioning to deliver environmental, social and economic benefits. It includes soil health improvement / soil conservation on macadamia / grazing farms, riparian restoration and catchment revegetation, redesigned floodplain drainage and natural flood mitigation / landscape hydration. Rous will administer the \$5 million funding on behalf of ten program partners over the 2024/25, 2025/26 and 2026/27 financial years. This project has no overall impact on the budget result.
Existing	Grant Funding - East Coraki Coastal and Estuary Riparian Works	FLOOD	Operating Revenue Operating Expenditure	FM8 FM8	(21,600) (33,700)	(18,400) 33,700	Coastal and Estuary grant funding from the NSW Department of Climate Change, Energy, the Environment and Water for riparian works at East Coraki is to be reinstated in the current and next financial years. The budget for the related expenditure was carried over from the last financial year. The final milestone is not due until June 2026 and, therefore, the budget for some of this expenditure can be deferred to the 2025/26 financial year.
Existing	Coastal Management Program	FLOOD	Operating Revenue Operating Expenditure	FM9 FM9	(67,500) (61,500)	(38,000) 61,500	Rous County Council (on behalf of its constituent councils) is coordinating the development of the Richmond River Coastal Management Program (CMP) to set the long-term strategy for the coordinated management of the coastal zone with a focus on achieving the objects of the Coastal Management Act 2016 and associated catchment-wide objectives. Rous has received approval for a Coast and Estuaries Grant from the NSW Department of Climate Change, Energy, the Environment and Water, which is already included in the budget. Rous has now received commitments from some of its constituent councils to contribute to the matching funds required by the funding agreement. The related expenditure is already included in the budget for the 2024/25 financial year and a portion of this budgeted expenditure can be deferred to the 2025/26 financial year.

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2024/25)	LTFP (2025/26-2033/34)	
New	Grant Funding - Bungawalbin Creek Fish Habitat	FLOOD	Operating Revenue Operating Expenditure	FM10 FM10	(150,100) 150,100	(7,900) 7,900	Council has been successful in securing a Flagship Fish Habitat Rehabilitation Grant of \$158,000 from the NSW Department of Primary Industries and Regional Development to address bank erosion on Bungawalbin Creek, a high conservation value waterway and valued Bass fishery. Erosion control work will occur along 200m of riverbank and include restoration of approximately 1,600 square metres of complex fish habitat. Expenditure of the funds will take place over the 2024/25 and 2025/26 financial years. There is no overall impact on the budget result.
Existing	Disaster Recovery Funding - RSL Pump Lismore Levee	FLOOD	Capital Revenue	FM11	84,600	0	The work to reinstate the RSL pump portion of the Lismore Levee was completed and the related funding from NSW Public Works was included in income in the last financial year. Therefore, the portion of the disaster relief funding which was originally budgeted to be received in the 2024/25 financial year is to be removed from the current year budget.
New	Tweed Shire Council - Roadside Weed Control	WEEDS	Operating Revenue Operating Expenditure	WB1 WB1	(265,000) 265,000	(555,000) 555,000	Council's Weed Biosecurity team has negotiated a Service Level Agreement with Tweed Shire Council to provide additional roadside weed control services for cost price for a period of 3 years. There is no overall impact on the budget.
New	Grant Funding - Miconia	WEEDS	Operating Revenue Operating Expenditure	WB2 WB2	(539,800) 539,800	(1,619,400) 1,619,400	Council's Weed Biosecurity team is in the final stages of negotiating grant funding for the Miconia component of the National Tropical Weeds Eradication Program. Rous will employ a dedicated team comprising three inspectors and a team leader, who will be equipped with the necessary tools and resources to effectively perform surveillance, eradication and community engagement. The project running costs are forecast at \$539,800 per year for 4 years which will be funded by grant income. There is no overall impact on the budget result.
New	Grant Funding - Frogbit	WEEDS	Operating Expenditure	WB3	40,000	0	Council's Weed Biosecurity team was successful in obtaining grant funding through the Department of Primary Industries New Weed Incursion program to manage and contain infestations of Frogbit. The funding was received late in the 2023/24 financial year, after the budget for the 2024/25 financial year was finalised. The expenditure on this project will be incurred in the current financial year. \$40,000 is requested from the Weeds cash reserve to undertake the work required to acquit the grant funding.
New	Grant Funding - Parthenium	WEEDS	Operating Expenditure	WB4	27,000	0	Council's Weed Biosecurity team was successful in obtaining grant funding through the Department of Primary Industries New Weed Incursion program to manage and contain infestations of Parthenium. The funding was received late in the 2023/24 financial year, after the budget for the 2024/25 financial year was finalised. The expenditure on this project will be incurred in the current financial year. \$27,000 is requested from the Weeds cash reserve to undertake the work required to acquit the grant funding.
New	Grant Funding - Tropical Soda Apple	WEEDS	Operating Expenditure	WB5	70,000	0	Council's Weed Biosecurity team was successful in obtaining grant funding through the Department of Primary Industries New Weed Incursion program to manage and contain infestations of Tropical Soda Apple. The funding was received late in the 2023/24 financial year, after the budget for the 2024/25 financial year was finalised. The expenditure on this project will be incurred in the current financial year. \$70,000 is requested from the Weeds cash reserve to undertake the work required to acquit the grant funding.

New / Existing	Description	Reporting Unit	Category	Ref	Adjustment Amount		Notes
					Current Budget (2024/25)	LTFP (2025/26-2033/34)	
Existing	Grant Funding - Early Needs Weeds Management Project	WEEDS	Operating Expenditure	WB6	26,600	0	Council received funding from North Coast Local Land Services over the last two financial years for the Early Needs Weed Management Project to provide landscape scale support for weed management and control activities on lands that were impacted by the flood events of 2022. This project was due to finish during the 2023/24 financial year. However, adverse weather conditions delayed some of this work until the start of the current financial year. A transfer of \$26,600 is requested from the Weeds cash reserve to complete the work required to acquit the grant funding.
Existing	Perradenya	PROPERTY	Capital Expenditure	P3	225,000	0	In accordance with Council resolutions [42/23 - 16 August 2023] and [05/24 - 21 February 2024], to complete the actions required by the resolutions to progress finalisation of the Perradenya Land Development, a further allocation of \$225,000 from the Property cash reserve is required. This allocation will ensure that all required information requested by Lismore City Council at the pre-lodgement meeting can be finalised.
Existing	Fleet Renewal and Expansion	FLEET	Capital Expenditure Operating Revenue	F1 F1	120,000 (56,700)	0 (422,400)	Some expansion is required to Council's fleet of vehicles in the current financial year, due to both operational and staffing requirements. A new contract with Tweed Shire Council to provide additional roadside weed services, an additional grant-funded program to assist in locating, managing and eradicating Miconia and the requirement for the water operations team to undertake annual backflow testing and improve on-call arrangements have all increased the operational fleet requirements. The need to attract and retain good staff in a difficult recruitment environment requires the provision of some additional private lease hire vehicles to staff. A transfer of \$120,000 is requested from the Fleet cash reserve to fund these additional vehicles in the 2024/25 financial year. This does not include the usual fleet renewal which should take place every financial year. Overall, the Fleet program is in an adjustment period. A range of external factors, including COVID and the 2022 floods, have had a significant adverse impact on programmed fleet renewal, as a result of supply chain disruptions and inflated costs. This renewal program is currently being reviewed by Council staff and further changes may be requested pending the outcome of this review. Due to ongoing supply chain disruption and delay, orders for vehicles have been raised to minimise operational impact.
Existing	Adjustments below reporting threshold	BULK	Operating Expenditure		5,000	0	Adjustments below the reporting threshold of \$10,000, approved by Council on 17 April 2024 (Resolution [09/24] Proposed changes to business rules for Quarterly Budget Review Statement reporting)
					361,100	183,200	

Bulk Water Reporting Unit

(QBR52) Income & Expenses - Bulk

	Original Budget 2024/25	2023/24 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2024/25	Actual YTD
Operating Income						
Water Sales	23,530,800	0	0		23,530,800	5,882,700
Interest Income / Sundry	896,600	0	400,000	BW1	1,296,600	443,000
Property Income	23,800	0	0		23,800	5,400
Operating Grants and Contributions	757,100	0	(157,600)	BW2, BW3, BW4	599,500	0
Profit on Sale	0	0	0		0	0
Capital Income	5,850,000	0	148,600	BW5	5,998,600	619,600
Total Operating Income	31,058,300	0	391,000		31,449,300	6,950,700
Operating Expense						
Administration Expenses	734,000	44,800	(5,400)	BW7	773,400	866,900
Administration - Retail Water Cost	(1,975,500)	0	0		(1,975,500)	(329,300)
Finance Costs	1,956,400	0	0		1,956,400	175,200
Building/Depot Expenses	556,800	0	80,400	BW13, BW14	637,200	177,300
Fleet Hire Expense	671,700	0	12,800		684,500	179,200
Training & Staff	332,900	9,800	0		342,700	88,200
Insurance	418,900	0	5,000		423,900	398,600
Members Expenses	152,900	0	0		152,900	20,900
Salaries & Wages	9,691,900	0	938,400	BW9, BW10, BW13	10,630,300	2,705,700
Operations Purchases	8,634,700	1,868,500	1,548,800	BW3, BW4, BW6, BW8, BW9, BW11, BW12	12,052,000	1,250,300
Depreciation	7,036,600	0	0		7,036,600	1,759,100
Total Operating Expense	28,211,300	1,923,100	2,580,000		32,714,400	7,292,100
Operating Result	2,847,000	(1,923,100)	(2,189,000)		(1,265,100)	(341,400)
Less: Depreciation	7,036,600	0	0		7,036,600	1,759,100
Operating Result Excl. Non Cash	9,883,600	(1,923,100)	(2,189,000)		5,771,500	1,417,700
Less: Capital Expenses	37,721,900	4,786,200	(6,236,800)	BW9, BW10, BW11, BW12, BW15, BW16, BW17, BW18, BW19, BW20, BW21 BW22	36,271,300	1,996,900
Add: Loan Funds	30,000,000	0	(5,000,000)		25,000,000	0
Less: Loan Repayments	4,256,900	0	0		4,256,900	734,700
Transfer from/(to) Reserve	2,095,200	6,709,300	952,200		9,756,700	1,313,900
Net Cash Movement	0	0	0		0	0

Impact on Bulk Water Cash Reserve

The required changes above will result in \$952,200 being transferred from the Bulk Water cash reserve in the 2024/25 financial year. The projected balance as at 30 June 2025 will decrease to \$17,967,500 which is beyond the internal reserves policy target of 4 months operating expenditure (excluding depreciation) plus Employee Leave Entitlement Reserve plus Renewable Energy and Emissions Reduction Plan Reserve or \$9,622,500.

Retail Water Reporting Unit

(QBR2) Income & Expenses - Retail

	Original Budget 2024/25	2023/24 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2024/25	Actual YTD
Operating Income						
Water Sales	3,923,600	0	(170,800)	RW1, RW2	3,752,800	811,600
Interest Income / Sundry	27,800	0	0		27,800	6,500
Capital Income	15,300	0	0		15,300	
Total Operating Income	3,966,700	0	(170,800)		3,795,900	818,100
Operating Expense						
Administration Expenses	2,351,400	0	0		2,351,400	399,600
Building/Depot Expenses	5,000	0	0		5,000	2,100
Fleet Hire Expenses	87,400	0	16,300	RW3	103,700	21,800
Salaries and Wages	668,700	0	146,200	RW3	814,900	181,200
Operations Purchases	320,000	0	(149,000)	RW3	171,000	43,800
Depreciation and Amortisation	526,500	0	0		526,500	131,600
Total Operating Expense	3,959,000	0	13,500		3,972,500	780,100
Operating Result	7,700	0	(184,300)		(176,600)	38,000
Less Depreciation	526,500	0	0		526,500	131,600
Operating Result Excl. Non Cash	534,200	0	(184,300)		349,900	169,600
Less: Capital Expenses	168,200	1,350,100	0		1,518,300	857,800
Transfer from/(to) Reserve	(366,000)	1,350,100	184,300		1,168,400	688,200
Net Cash Movement	0	0	0		0	0

Impact on Retail Water Cash Reserve

These required changes above will result in \$184,300 being transferred from the Retail Water cash reserve in the 2024/25 financial year. The projected balance as at 30 June 2025 will decrease to \$130,600 which is short of the internal reserves policy target of 4 months operating expenditure (excluding depreciation) or \$1,148,700. This includes a planned transfer of \$1,000,000 from Bulk Water reserves to fund the smart metering/backflow project.

While the forecast cash reserve balance is significantly lower than the internal target, this is a planned outcome based on the need to allocate funds from Bulk Water to cover the costs associated with the Smart Metering and Backflow project. The Reporting Unit is positioned to meet this internal target from 2027/28 onwards.

Flood Mitigation Reporting Unit

(QBR52) Income & Expenses - Flood

	Original Budget 2024/25	2023/24 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2024/25	Actual YTD
Operating Income						
Grants and Contributions	1,808,500	0	3,930,400	FM1, FM2, FM3, FM4, FM5, FM6, FM7, FM8, FM9, FM10	5,738,900	961,800
Interest Income / Sundry	17,200	0	0		17,200	7,800
Capital Income	84,600	0	(84,600)	FM11	0	0
Total Operating Income	1,910,300	0	3,845,800		5,756,100	969,600
Operating Expense						
Administration Expenses	217,300	0	0		217,300	42,200
Building/Depot Expenses	9,900	0	0		9,900	3,300
Fleet Hire Expenses	76,000	0	0		76,000	19,000
Training & Staff	0	0	0		0	600
Insurance	6,200	0	0		6,200	6,000
Salaries and Wages	535,400	2,800	67,500	FM7	605,700	138,100
Operations Purchases	900,500	275,500	2,567,400	FM7, FM8, FM9, FM10	3,743,400	124,700
Depreciation and Amortisation	716,300	0	0		716,300	179,100
Loss on Sale	0	0	0		0	
Total Operating Expense	2,461,600	278,300	2,634,900		5,374,800	513,000
Operating Result	(551,300)	(278,300)	1,210,900		381,300	456,600
Less Depreciation	716,300	0	0		716,300	179,100
Operating Result Excl. Non Cash	165,000	(278,300)	1,210,900		1,097,600	635,700
Less: Capital Expenses	219,500	22,000	0		241,500	11,300
Transfer from/(to) Reserve	54,500	300,300	(1,210,900)		(856,100)	(624,400)
Net Cash Movement	0	0	0		0	0

Impact on Flood Mitigation Cash Reserve

These required changes above will result in a \$1,210,900 transfer to the Flood Mitigation cash reserve in the 2024/25 financial year. The projected balance as at 30 June 2025 will increase to \$1,652,000 which is beyond the internal reserves policy target of 4 months operating expenditure (excluding depreciation) or \$1,552,800.

Weed Biosecurity Reporting Unit

(QBR2) Income & Expenses - Weeds

	Original Budget 2024/25	2023/24 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2024/25	Actual YTD
Operating Income						
Grants and Contributions	1,578,600	0	804,800	WB1, WB2	2,383,400	225,400
Interest Income / Sundry	53,900	0	0		53,900	14,200
Capital Income	0	0	0		0	
Total Operating Income	1,632,500	0	804,800		2,437,300	239,600
Operating Expense						
Administration Expenses	318,600	0	0		318,600	53,800
Building/Depot Expenses	19,000	0	0		19,000	8,200
Fleet Hire Expenses	191,600	0	93,800	WB1, WB2	285,400	46,900
Training & Staff	0	0	0		0	6,700
Salaries and Wages	1,133,900	0	654,700	WB1, WB2, WB3, WB4, WB5	1,788,600	368,800
Operations Purchases	99,800	0	219,900	WB1, WB2, WB4, WB5, WB6	319,700	47,500
Depreciation and Amortisation	31,500	0	0		31,500	7,900
Total Operating Expense	1,794,400	0	968,400		2,762,800	539,800
Operating Result	(161,900)	0	(163,600)		(325,500)	(300,200)
Less Depreciation	31,500	0	0		31,500	7,900
Operating Result Excl. Non Cash	(130,400)	0	(163,600)		(294,000)	(292,300)
Less: Capital Expenses	21,000	0	0		21,000	0
Transfer from/(to) Reserve	151,400	0	163,600		315,000	292,300
Net Cash Movement	0	0	0		0	0

Impact on Weed Biosecurity Cash Reserve

These required changes above will result in \$163,600 being transferred from the Weed Biosecurity cash reserve in the 2024/25 financial year. The projected balance as at 30 June 2025 will decrease to \$418,600 which is short of the internal reserves policy target of 4 months operating expenditure (excluding depreciation) or \$910,400.

Property Reporting Unit

(QBR52) Income & Expenses - Property

	Original Budget 2024/25	2023/24 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2024/25	Actual YTD
Operating Income						
Interest Income / Sundry	7,500	0	0		7,500	1,200
Property Income	155,100	0	(35,700)	P1, P2	119,400	38,200
Capital Income	0	0	0		0	
Total Operating Income	162,600	0	(35,700)		126,900	39,400
Operating Expense						
Administration Expenses	55,900	0	0		55,900	9,300
Building/Depot Expenses	177,500	0	(52,100)	P1, P2	125,400	51,100
Salaries and Wages	44,200	0	0		44,200	15,600
Operations Purchases	12,000	0	0		12,000	200
Depreciation and Amortisation	43,800	0	0		43,800	11,000
Total Operating Expense	333,400	0	(52,100)		281,300	87,200
Operating Result	(170,800)	0	16,400		(154,400)	(47,800)
Less Depreciation	43,800	0	0		43,800	11,000
Operating Result Excl. Non Cash	(127,000)	0	16,400		(110,600)	(36,800)
Less: Capital Expenses	50,000	326,300	225,000	P3	601,300	38,000
Transfer from/(to) Reserve	177,000	326,300	208,600		711,900	74,800
Net Cash Movement	0	0	0		0	0

Impact on Property Cash Reserve

These required changes above will result in \$208,600 being transferred from the Property cash reserve in the 2024/25 financial year. The projected balance as at 30 June 2025 will decrease to \$286,100 which is beyond the internal reserves policy target of 4 months operating expenditure (excluding depreciation) or \$79,200.

Fleet Reporting Unit

(QBR2) Income & Expenses - Fleet

	Original Budget 2024/25	2023/24 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2024/25	Actual YTD
Operating Income						
Interest Income / Sundry	123,500	0	0		123,500	27,200
Profit on Sale	0	0	0		0	0
Capital Income	0	0	0		0	0
Total Operating Income	123,500	0	0		123,500	27,200
Operating Expense						
Administration Expenses	1,500	0	0		1,500	1,400
Fleet Operations	722,500	0	0		722,500	192,200
Fleet Hire Income	(1,026,700)	0	(56,700)	F1	(1,083,400)	(266,300)
Salaries and Wages	126,200	0	0		126,200	28,700
Operations Purchases	0	0	0		0	800
Depreciation and Amortisation	401,800	0	0		401,800	125,800
Loss on Sale	0	0	0		0	0
Total Operating Expense	225,300	0	(56,700)		168,600	82,600
Operating Result	(101,800)	0	56,700		(45,100)	(55,400)
Less Depreciation	401,800	0	0		401,800	125,800
Operating Result Excl. Non Cash	300,000	0	56,700		356,700	70,400
Less: Capital Expenses	125,000	0	120,000	F1	245,000	92,800
Transfer from/(to) Reserve	(175,000)	0	63,300		(111,700)	22,400
Net Cash Movement	0	0	0		0	0

Impact on Fleet Cash Reserve

These required changes above will result in a \$63,300 transfer from the Fleet cash reserve in the 2024/25 financial year. The projected balance as at 30 June 2025 will decrease to \$478,000 which is beyond the internal reserves policy target of 4 months operating expenditure (excluding depreciation) or \$283,400.

Budget Review for the Quarter Ended 30 September 2024

(QBR53) Capital Budget

	Original Budget 2024/25	2023/24 Carryovers	Recommend Changes for Council Resolution	Ref	Projected Year End Result 2024/25	Actual YTD
Capital Funding:						
Capital Grants & Contributions	550,000	149,400	0		699,400	31,600
Internal Restrictions						
- Renewals	5,400,200	1,256,600	(18,900)		6,637,900	701,700
- New Assets	27,055,400	5,078,600	(5,872,900)		26,261,100	1,643,900
External Restrictions						
- Infrastructure	0	0	0		0	0
Other Capital Funding Sources						
- Operating Revenue	0	0	0		0	0
- S64 Contributions	5,300,000	0	0		5,300,000	619,600
Income from Sale of Assets						
- Plant and Equipment	0	0	0		0	0
- Land and Buildings	0	0	0		0	0
Total Capital Funding	38,305,600	6,484,600	(5,891,800)		38,898,400	2,996,800
Capital Expenditure:						
New Assets						
- Plant and Equipment	0	0	0		0	0
- Office Equipment	2,596,800	390,700	(2,966,500)	BW9, BW11	21,000	0
- Inventory (Land)	0	309,500	225,000	P3	534,500	38,000
- Land and Buildings	19,500,000	2,576,100	(9,443,300)	BW18, BW21	12,632,800	496,000
- Infrastructure	10,258,600	1,802,300	6,311,900	BW10, BW17, BW19, BW20	18,372,800	1,729,500
Renewals (Replacement)						
- Plant and Equipment	125,000	0	120,000	F1	245,000	92,800
- Office Equipment	282,000	0	0		282,000	0
- Land and Buildings	50,000	16,800	336,000	BW15	402,800	0
- Infrastructure	5,493,200	1,389,200	(474,900)	BW12, BW16, BW19, BW20	6,407,500	640,500
Total Capital Expenditure	38,305,600	6,484,600	(5,891,800)		38,898,400	2,996,800

Impact on Capital Works Program

The required adjustments above will result in a reduction in capital works of \$5,891,800 being transferred to reserves reducing the total capital works program for 2024/25 to \$38,898,400. As at 30 September, \$2,996,800 or 7.7% of these works have been completed while another \$24,802,700 or 63.7% has been committed.

Budget Review for the Quarter Ended 30 September 2024

(QBR4) Cash & Investments

	Opening Balances 2023/24	Original Budget 2024/25	2023/24 Carryovers	Recommend Changes for Council Resolution	Projected Year End Result 2024/25
Unrestricted:					
Flood Mitigation	99,000	0	0	0	99,000
Weeds Biosecurity	25,800	0	0	0	25,800
Retail Water	100,000	0	0	0	100,000
Property	100,000	0	0	0	100,000
Fleet	50,000	0	0	0	50,000
Bulk Water	2,354,000	0	0	0	2,354,000
Total Unrestricted	2,728,800	0	0	0	2,728,800
Externally Restricted:					
Flood Grants	274,800	(190,200)	0	(84,600)	0
Weeds Grants	217,900	(217,900)	0	0	0
Weeds Other	508,000	0	0	0	508,000
Bulk Water Grants	2,668,100	(2,481,600)	0	0	186,500
Bulk Water Other	2,370,000	(1,327,500)	0	556,700	1,599,200
Total Externally Restricted	6,038,800	(4,217,200)	0	472,100	2,293,700
Internally Restricted:					
Flood Mitigation	422,000	135,800	(300,300)	1,295,500	1,553,000
Weeds Biosecurity	490,000	66,400	0	(163,600)	392,800
Retail Water	199,000	1,366,000	(1,350,100)	(184,300)	30,600
Property	898,000	(177,000)	(326,300)	(208,600)	186,100
Fleet	316,300	175,000	0	(63,300)	428,000
Bulk Water	23,117,800	713,900	(6,709,300)	(1,508,900)	15,613,500
Total Internally Restricted	25,443,100	2,280,100	(8,686,000)	(833,200)	18,204,000
Total Reserves	34,210,700	(1,937,100)	(8,686,000)	(361,100)	23,226,500

Investment and Cash Bank Statement

The Responsible Accounting Officer certifies that all funds including those under restriction have been invested in accordance with section 625 of the *Local Government Act 1993*, clause 212 of the *Local Government (General) Regulation 2021* and Council's 'Investment' policy. Council's bank statement has been reconciled up to and including 30 September 2024.

Reconciliation

The YTD cash and investment figure reconciles to the actual balances held as follows:

	\$
Cash at Bank (as per bank statements)	6,889,443
Investments on Hand	26,000,000
Reconciled Cash at Bank & Investments	<u>32,889,443</u>

A comparison of the actual cash and investment balance above of \$32,889,443 as at 30 September 2024 to the forecast cash and investment balance of \$23,226,500 as at 30 June 2025, indicates significant spending will need to occur before 30 June 2025 if all forecast works are to be completed.

(QBR5) Contractors

Contractor	Contract Details & Purpose	Contract Value (\$) Excluding GST	Contract Date	Duration of Contract	Budgeted (Y/N)
Ledonne Construction Pty Ltd	Woodburn Bores Replacement - Infrastructure Design and Construct	1,703,930	1/07/2024	6 mths	Y
Adcorp Australia Pty Ltd t/as Neon Logic Agency	Website Design and Development	68,990	2/07/2024	6 mths	Y
LG Software Solutions Pty Ltd t/as Pulse Software	Enterprise Risk Management System Implementation	50,062	16/07/2024	3 mths	Y
Damien O'Dwyer	Bush Regeneration Lambert Property	79,018	29/07/2024	11 mths	Y
Nature Repair Services Pty Ltd	Bush Regeneration East Coraki	62,800	1/08/2024	2 years	Y
Stantec Australia Pty Ltd	Updating of Dam Safety Review and associated studies	59,635	13/08/2024	9 mths	Y
Alder Constructions Pty Ltd	Kyogle Street Office Rebuild	311,029	19/08/2024	4 mths	Y
Alder Constructions Pty Ltd	Gallans Road Campus Construction	21,073,255	6/09/2024	14 mths	Y
Griffith University	Richmond River Bank and Riparian Condition Assessment	350,000	10/09/2024	2 years	Y

Note: Minimum reporting level is 1% of estimated income from continuing operations or \$50,000 whichever is the lesser. The contract for the Enterprise Risk Management System is included in QBR5 Contractors and QBR5 Consultancy and Legal Expenses. The total cost is \$50,062 (excl GST) and a portion of this related to consultancy fees with the rest being software licence expenses.

(QBR5) Consultancy and Legal Expenses**Definition of Consultant**

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high-level specialist or professional advice to assist decision making by management. Generally, it is the advisory nature of the work that differentiates a consultant from other contractors.

Expense	Expenditure YTD \$	Budgeted (Y/N)
Consultancies	\$287,300	Y
Legal Fees	\$20,700	Y

Comment: All consultancies and legal expenses incurred to date are within budget allocations. All figures exclude GST.

Consultancies		
	Organisational Services - Content Manager Upgrade	7,700
	Organisational Services - Indexation of Flood Mitigation Assets	2,000
	Organisational Services - Borrowing Advisory Services	15,000
	Organisational Services - Enterprise Risk Management System	20,900
	Planning & Delivery - ECWTP Strategic Review	27,100
	Planning & Delivery - Dam Safety Management System	12,900
	Future Water Project - Emergency Desalination Investigation	27,300
	Future Water Project - Purified Recycled Water for Drinking Investigation	104,700
	Future Water Project - RCD Dead Storage Investigation	49,100
	Future Water Project - Wilsons River Emergency Supply Studies	20,600
Legal Fees		
	Easement Matters	5,500
	Legal Services - Purchase of Woodburn Property	3,100
	Legal Services - Gallans Road	12,100

Statement of Expenses for Councillors
Councillor Expenses for the Quarter Ending 30/09/2024 (Q1)

Quarter 1	Other Expenses	Official Business of Council - Travel	Official Business of Council - Professional Development/Training	Total by Councillor (Q1)
Councillor Bruem	0	0	0	0
Councillor Cadwallader	0	0	0	0
Councillor Gordon	0	0	2,364	2,364
Councillor Humphrys	0	0	0	0
Councillor Lyon	0	0	0	0
Councillor Mustow	0	0	0	0
Councillor Ndiaye	0	0	0	0
Councillor Rob	0	0	0	0
Total Per Expense Type	0	0	2,364	2,364

	Q1	Q2	Q3	Q4	Total by Councillor YTD
Councillor Bruem	0	0	0	0	0
Councillor Cadwallader	0	0	0	0	0
Councillor Gordon	2,364	0	0	0	2,364
Councillor Humphrys	0	0	0	0	0
Councillor Lyon	0	0	0	0	0
Councillor Mustow	0	0	0	0	0
Councillor Ndiaye	0	0	0	0	0
Councillor Rob	0	0	0	0	0
Total Per Expense Type	2,364	0	0	0	2,364


Budget 2024/25 FYR Remaining budget


This information is provided in accordance with paragraph 6.2 of the 'Payment of Expenses and Provision of Facilities for Chairperson and Councillors' policy.

(QBR56) Key Performance Indicators

In assessing an organisation's financial position, there are several performance indicators that can assist to easily identify whether an organisation is financially sound. These indicators and their associated benchmarks, as stipulated by Office of Local Government, are set out below:

	# Performance Indicator		Bulk	Retail	Flood	Weeds	Property	Fleet	Consolidated (Whole Organisation)	Local Government Bench Mark
1	Operating Performance	2024/25 Budget Review	(7,263,700)	(191,900)	381,300	(325,500)	(154,400)	(45,100)	(7,599,300)	Surplus
		2023/24 Actual	(3,633,400)	(160,200)	(592,400)	(674,000)	(103,000)	(87,000)	(5,250,000)	
2	Current Ratio	2024/25 Budget Review	2.34	0.23	10.64	0.76	3.99	2.70	2.27	> 1.5
		2023/24 Actual	3.93	1.41	6.25	0.87	15.63	2.17	3.69	
3	Debt Service Cover Ratio	2024/25 Budget Review	(0.04)	-	-	-	-	-	0.19	> 2
		2023/24 Actual	0.82	-	-	-	-	-	0.90	
4	Own Source Operating Revenue Ratio	2024/25 Budget Review	79%	100%	17%	50%	100%	100%	71%	> 60%
		2023/24 Actual	84%	100%	31%	51%	100%	100%	79%	
5	Building and Infrastructure Renewals Ratio	2024/25 Budget Review	1.07 : 1	1.36 : 1	0.34 : 1	-	1.53 : 1	-	1.05 : 1	> 1:1
		2023/24 Actual	0.36 : 1	8.29 : 1	0.28 : 1	-	1.59 : 1	-	0.69 : 1	



 Projected result meets or exceeds benchmark.

 Projected result does not meet benchmark.

(QBR6.2) Key Performance Indicators (including Capital Revenue)

An alternative set of Key Performance Indicators is provided below. This is due to capital revenue from Section 64 Developer Contribution being the second highest revenue source for Council. These indicators differ from those that are stipulated by Office of Local Government.

	# Performance Indicator		Bulk	Retail	Flood	Weeds	Property	Fleet	Consolidated (Whole Organisation)	Local Government Bench Mark
1	Operating Performance	2024/25 Budget Review	(1,265,100)	(176,600)	381,300	(325,500)	(154,400)	(45,100)	(1,585,400)	Surplus
		2023/24 Actual	69,000	(154,000)	801,000	(674,000)	(103,000)	(87,000)	(148,000)	
2	Current Ratio	2024/25 Budget Review	2.34	0.23	10.64	0.76	3.99	2.70	2.27	> 1.5
		2023/24 Actual	3.93	1.41	6.25	0.87	15.63	2.17	3.69	
3	Debt Service Cover Ratio	2024/25 Budget Review	0.93	-	-	-	-	-	1.15	> 2
		2023/24 Actual	1.52	-	-	-	-	-	1.85	
4	Own Source Operating Revenue Ratio	2024/25 Budget Review	96%	100%	17%	50%	100%	100%	83%	> 60%
		2023/24 Actual	95%	100%	31%	51%	100%	100%	88%	
5	Building and Infrastructure Renewals Ratio	2024/25 Budget Review	1.07 : 1	1.36 : 1	0.34 : 1	-	1.53 : 1	-	1.05 : 1	> 1:1
		2023/24 Actual	0.36 : 1	8.29 : 1	0.28 : 1	-	1.59 : 1	-	0.69 : 1	

 Projected result meets or exceeds benchmark.
 Projected result does not meet benchmark.

Key Performance Indicator Definitions

Please note that comments relate to the consolidated financial indicators.

1. Operating Result Before Capital Contributions

The operating result is the surplus or deficit that Council makes from normal operations (including depreciation) excluding expenditure on capital items. A surplus is a positive financial indicator.

2. Current Ratio Liquidity

The current ratio measures Council's ability to pay existing liabilities in the next 12 months. A ratio greater than one is a positive financial indicator.

3. Debt Service Cover Ratio

This ratio demonstrates the cost of servicing Council's annual debt obligations (loan repayments, both principal and interest) as a portion of available revenue from ordinary activities. A higher ratio is a positive financial indicator.

4. Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility improves the higher the level of its own source revenue. A higher ratio is a positive financial indicator.

5. Building and Infrastructure Renewal Ratio

This ratio indicates the rate of renewal/replacement of existing assets against the depreciation of the same category of assets. A ratio greater than one is a positive financial indicator.

Grant application information

This table provides information on grant applications that have been approved or submitted up to time of preparation of the QBRS. Any grants that may have been approved after that date or that have been applied for, will be covered in future reports. The details of new grants, including grants awaiting a determination, are provided below. A financial update on active grants has also been provided, including grant programs that cover multiple years.

Note: all totals are GST exclusive

Grant Name	Reporting Unit	Synopsis	Funding Body	Program	Project Length	Total Project Value	Grant Funding	Council Funding	Total Expenditure to Date	Balance of Approved Funds to Spend
New Grant Applications Awaiting Outcome										
Caring for Catchments - Big Scrub		Expanding the Boatharbour Big Scrub Rainforest	NSW Reconstruction Authority	Caring for Catchments Project	3 years	177,925	144,325	33,600		
Active Grants										
Natural Resource Management Flood Water Sustainability Project Grant	Water	Emergency Repairs Claim	Public Works Advisory	Northern Rivers March 2022 Flood/Water Sewerage Program		1,600,000	1,600,000	0	737,401	862,599
Safe & Secure Water Program 2022-2024 (SSWP479) - Tranche 3	Water	Funding for Stage 1 of Rous County Council - FWP2060. Planning, Investigation and Design Project. DPE is funding 25% of the estimated actual project costs.	DPE	Rous Water Customers Water Security Program	15 mths (31.05.24)	8,037,600	2,009,400	0	1,886,466	122,934
Local Water Utility Grants	Water	Regional Leakage Reduction Program – Local Water Utility Grants A maximum total amount of 114,025.00 (GST exclusive) payable in instalments. This is based on 25% of \$456,100.00 (total project costs). If total project costs are less than this, the payment will be adjusted accordingly.	DPIE	Regional Leakage Reduction Program	15 mths (31.05.24)	456,100	114,025	342,075	289,933	166,167
Wilson's River Tidal Pool Riparian - riparian restoration	Water	Wilson River tidal pool - riparian restoration (Leedman Property)	DPIE	2023-2024 Coast and Estuary Grants Program - Implementation Stream	3 years	55,860	27,930	27,930	1,320	-
Wilson River Reach Fish Habitat Action Grant 2023	Water	Boat Harbour Riparian Repair Project	DPIE	Fish Habitat Action Grants	12mths (04.06.2025)	79,266	39,266	40,000	-	79,266
Wilson's River Elevated Crossing Realignment Bexhill	Water	Grant - Bexhill Mains Elevated Crossing	DRNSW	Infrastructure Betterment Fund Department of Regional NSW (NSW Betterment Programs)	18 mths (30.05.2025)	2,435,000	2,435,000	-	101,444	2,333,556
Richmond River Tidal Inundation Assessment (CMP Stage 2)	Flood	A tidal inundation assessment for the entire tidal inundation reach of the Richmond River estuary - - delineated over two areas, Ballina Shire LGA as one part, and the full extent of tidal zone of the estuary (incorporating Richmond Valley and Lismore City Council LGAs) as the second part	Dept of Climate Change, Energy, the Env and Water	2023-2024 Coast and Estuary Grants Program - Planning Stream	12 mths	60,000	40,000	20,000	-	-
Richmond River Bank and Condition Assessment (CMP Stage 2)	Flood	A riverbank and riparian condition assessment that implements a comprehensive review of existing conditions in the Richmond. Outcomes of the assessment can be used to prioritise investment in future on-ground river restoration works.	Dept of Climate Change, Energy, the Env and Water	2023-2024 Coast and Estuary Grants Program - Planning Stream	18 months	390,000	260,000	130,000	-	-
Water Quality Monitoring 2019-22	Flood	Richmond River water quality monitoring project	DPIE	Coastal & Estuary Grants Program	36 mths	199,768	99,884	99,884	192,392	7,376
Flood Maintenance 2024-2025	Flood	Fourth year of a four year grant. Each year Council approves spending on this project in excess of the required 1:2 (funding per the agreement \$169,200).	DPIE	Floodplain Management Grants Scheme	12 mths	169,200	84,600	84,600	362,765	
Coraki Riparian Project	Flood	Richmond River coastal riparian project at Coraki	DPIE	Fish Habitat Action Grant	12 mths	112,160	40,000	72,160	76,246	35,914
Richmond and Wilson's Rivers NSW Flood Mitigation Planning	Flood	This planning project is anticipated to reduce the risk and improve resilience of the community to floods in the natural environment by conducting a comprehensive scan of strategic disaster risks and mitigation options for the Richmond River Catchment.	DISER	Preparing Australian Communities – Local Stream Program	3 years	250,000	250,000	-	111,281	138,719
East Coraki Riparian Project	Flood	East Coraki reserve coastal and estuary implementation program	DPI	2021-22 Coastal and Estuary Implementation Program (started 2024FY)	3 years	80,000	40,000	40,000	42,200	37,800

Grant Name	Reporting Unit	Synopsis	Funding Body	Program	Project Length	Total Project Value	Grant Funding	Council Funding	Total Expenditure to Date	Balance of Approved Funds to Spend
Improve the condition of Coraki and Woodburnn Town Drains	Flood	Improve the condition of Coraki and Woodburnn Town Drains	NSW Reconstruction Authority	Emergency Response Fund - Northern Rivers Recovery and Resilience Program 2022-23: NP6 Improve condition of Coraki and Woodburn town drains	12 mths (31.12.2024)	150,000	140,250	9,750	74,172	75,828
Revitalise South & East Lismore Town Drains	Flood	Improve the condition of South & East Lismore Town Drains	NSW Reconstruction Authority	Emergency Response Fund - Northern Rivers Recovery and Resilience Program 2022-23: NP7 Revitalise South and East Lismore Town Drains	12 mths (31.12.2024)	196,350	196,350	-	14,112	
Building the resilience of Bungawalbyn Bass habitat – Stage 1 (Site 6)	Flood	This grant will address bank erosion on Bungawalbyn Creek, a high conservation value waterway and valued Bass fishery	NSW DPI	Flagship Fish Habitat Rehabilitation Grants	3 years (30.06.2026)	158,000	158,000	-	-	158,000
Northern Rivers Watershed Initiative (NRWI)	Flood	The NRWI involves undertaking works in the Richmond, Evans, Brunswick and Tweed catchments to improve river health and restore natural hydrologic functioning to deliver environmental, social and economic benefits.	Department of Primary Industries & Regional Development	Northern Rivers Watershed Initiative -Election Policy Statement Funding (Rous to Manage)	24 mths (starting Sept 2024)	5,000,000	5,000,000	-	-	-
Bungalwalbyn East Levee Immediate Reconstruction Works	Flood	Bungalwalbyn East Levee Immediate Reconstruction Works	NSW Public Works (Dept Regional NSW)	Natural Disaster Essential Public Asset Restoration Grant - NSW Severe Weather and Flooding 22 February 2022 onwards - AGRN 1012. Natural Disaster Relief Assistance (NDRA) Program	3 years	84,996	84,996	-	84,996	-
East Coraki Levee Immediate Reconstruction Works	Flood	East Coraki Levee Immediate Reconstruction Works	NSW Public Works (Dept Regional NSW)	Natural Disaster Essential Public Asset Restoration Grant - NSW Severe Weather and Flooding 22 February 2022 onwards - AGRN 1012. Natural Disaster Relief Assistance (NDRA) Program	3 years	49,327	49,327	-	49,327	-
West Ballina Levee Immediate Reconstruction Works	Flood	West Ballina Levee Immediate Reconstruction Works	NSW Public Works (Dept Regional NSW)	Natural Disaster Essential Public Asset Restoration Grant - NSW Severe Weather and Flooding 22 February 2022 onwards - AGRN 1012. Natural Disaster Relief Assistance (NDRA) Program	3 years	59,392	59,392	-	59,392	-
Bungalwalbin Levee	Flood	Bungalwalbin Levee restoration		Natural Disaster Relief Assistance (NDRA) Program		6,900,935	6,900,935	-	-	6,900,935
South Lismore Levee	Flood	South Lismore Levee restoration		Natural Disaster Relief Assistance (NDRA) Program		1,547,480	1,547,480	-	-	1,547,480
Parthenium 2024	Weeds	Surveillance, control, site maintenance of high risk properties. Distribution of educational materials.	DPI	New Weed Incursion - Parthenium Weed (Parthenium hysterophorus) Response	12 mths	35,000	27,000	8,000	-	35,000
Miconia 2024-2028	Weeds	Miconia surveillance and eradication	QLD Department of Agriculture & Fisheries	Miconia - The NSW component of the National Tropical Weed Eradication Program (NTWEP)	4 years	2,165,824	2,165,824	-	3,051	2,162,773
North Coast Bushfire Recovery – Delivery of – W1 Tropical Soda Apple Landholder Engagement Project in the North Coast (5 years) - YR 4 (2024FY)	Weeds	Tropical Soda Apple Landholder Engagement and Compliance Program – delivery of 210 property inspections	LLS & DPI	NSW Bushfire Recovery Stimulus	60 mths	64,000	32,000	32,000	19,646	53,208
Tropical Soda Apple (Riparian/High Risk Pathways)	Weeds	Tropical Soda Apple - strategic and ongoing control In high-risk pathways.	LLS	Small Grants Funding	8 mths	47,750	42,750	5,000	23,364	24,386
Priority Weeds Washdown Facility	Weeds	Funding to support essential programs and treatments of new incursions of prohibited weeds - Priority weeds washdown facility	DPI	2022-2023 New Weed Incursion - Priority Weeds Washdown Facility	12 mths	49,995	49,995	-	-	49,995
Frogbit 2023/24	Weeds	Expand inspections areas, treatment of Frogbit infestation and follow up treatment	DPI	New Weed Incursion - Frogbit (Limnobium laevigatum) Rapid Response	6 mths	50,000	40,000	10,000	19,461	30,539
Frogbit 2024/25	Weeds	Expand inspections areas, treatment of Frogbit infestation and follow up treatment	NSW DPI	Frogbit Eungella New Incursion	6 mths	22,000	20,000	2,000	-	22,000
Tropical Soda Apple High Risk Pathways 2023/24	Weeds	Next 12 months -Continue surveillance/control of the Tropical Soda apple in identified high risk pathways	DPI	Tropical Soda Apple High Risk Pathways (New incursion)	12 mths	52,000	50,000	2,000	24,844	27,156
Tropical Soda Apple High Risk Pathways 2024/25	Weeds	Next 12 months -Continue surveillance/control of the Tropical Soda apple in identified high risk pathways	NSW DPI	Upper Richmond River TSA High Risk Pathways	12 mths	52,000	50,000	2,000	-	52,000
Weeds Action Program 2020-25 (2025)	Weeds	Funding allocated annually	DPiE	North Coast Weeds Action Program 2020-25	12 mths	642,095	642,095	-	376,343	265,752
Unsuccessful grant applications										
Nil										

Legal

In accordance with clause 203 of the *Local Government (General) Regulation 2021*, Council's financial position is satisfactory having regard to the original estimate of income and expenditure and Council's projected short-term liquidity position.

Consultation

This report was prepared in consultation with the General Manager and relevant staff.

Conclusion

In summary, all budget items other than those identified in the report have performed within the parameters set by Council in adopting the 2024/25 Operational Plan.

Related Party Disclosure Policy revised

Responsible Officer: Group Manager Organisational Services (Helen McNeil)

Recommendation

That Council:

1. Revoke the Related Party Disclosure Policy dated 17 August 2022 and any policies revived as a result of that revocation; and
2. Adopt the revised Related Party Disclosure Policy attached to this report.

Background

From 1 July 2016, the Australian Accounting Standards Board (AASB) determined that AASB 124 related party disclosures would apply to government entities, inclusive of local governments.

AASB 124 requires local governments to disclose in the general-purpose financial statements particular related party relationships and transactions, including information about the transactions.

Council initially developed, adopted and implemented the Related Parties Disclosures Policy in May 2017. A review of the policy was last undertaken in August 2022 ([Attachment 1](#)) where two minor changes were approved:

- a) The requirement to review the policy annually was removed and now aligns with the term of Council.
- b) The need to submit a second disclosure form in November of each year was removed as it was considered sufficient to submit one form annually, unless there are changes to an individual's circumstances. Note, under the policy, Councillors are responsible for providing updated disclosures should their circumstances change.

The NSW local council elections held on 14 September 2024 mark the end of the term of the current Councillors and as a result a review of the Related Party Disclosure Policy has been completed. Due to the consistency and stability of Council's business operations and procedures, along with no changes to the Office Local Government (OLG) Code of Accounting Practice and Financial Reporting or Australian Accounting Standards, it has been determined no significant changes are required.

It should be noted that various minor wording changes have been made to the policy to update references to positions and responsibilities. These changes do not impact the intention and purpose of the policy as a whole.

Finance

The Related Party Disclosure Policy aims to assist Council in complying with the disclosure requirements concerning key management personnel as per AASB 124.

Legal

Contained in the body of the report.

Consultation

Not applicable.

Conclusion

The current Related Party Disclosure Policy satisfies regulatory and audit requirements. The changes proposed to the policy are minor edits only.

Attachment

1. Related Party Disclosure Policy (proposed draft policy)

Policy



ROUS
COUNTY COUNCIL

Related party disclosure

Approved by Council: DRAFT

The purpose of this policy is to define the parameters for related party relations and the level of disclosure and reporting required for Council to achieve compliance with the Australian Accounting Standard AASB 124 – Related Party Disclosures.

Safety

Teamwork

Accountability

Respect

Background

This policy has been developed to provide guidance in complying with the *Local Government Act, 1993* section 413(3), which requires Council to prepare its General Purpose Financial Statements in compliance with Australian Accounting Standards. The relevant standard for the purpose of this policy is *AASB 124 Related Party Disclosures*, July 2015 (AASB 124).

The Australian Accounting Standards Board (AASB) determined in AASB 124 that from 1 July 2016 related party disclosures will apply to government entities, including local governments (councils).

AASB 124 provides that council must disclose the following financial information in its financial statements for each financial year period:

- (a) disclosure of any related party relationships
- (b) key management personnel (KMP) compensation disclosures.

Council in complying with disclosure requirements in AASB 124, will:

- (a) identify related party relationships and relevant transactions
- (b) identify information about the related party transactions for disclosure
- (c) establish systems to capture and record the related party transactions and information about those transactions
- (d) identify the circumstances in which disclosure of the items in subparagraphs (1) and (2) are required; and
- (e) determine the disclosures to be made about those items in the general purpose financial statements.

The policy will be reviewed when any of the following occur:

- (a) a change of councillors, chief executive officer or other KMP;
- (b) as a result of changes to the OLG Local Government Code of Accounting Practice and Financial Reporting.

Definitions

- **Arm's length transaction** - A transaction between two related parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.
- **Close family members or close members of the family** - In relation to a KMP, family members who may be expected to influence, or be influenced by that KMP in their dealings with Council will include:
 - (a) that person's children and spouse or domestic partner;
 - (b) children of that person's spouse or domestic partner; and
 - (c) dependants of that person or that person's spouse or domestic partner.

For the purpose of AASB 124, close family members could include extended members of a family (such as, without limitation, parents, siblings, grandparents, uncles/aunts or cousins) *if* they could be expected to influence, or be influenced by, the KMP in their dealings with Council.

- **KMP** - Person(s) having authority and responsibility for planning, directing and controlling the activities of Council.
- **Material** - The assessment of whether the transaction, either individually or in aggregate with other transactions, by omitting it or misstating it could influence decisions that users make on the basis of an entity's financial statements.
- **Ordinary citizen transactions** - Transactions that an ordinary citizen would undertake with Council, which is undertaken on arm's length terms and in the ordinary course of carrying out Council's functions and activities.
- **Related party** - Is any person or entity that is related to the entity that is preparing its financial statements.
- **Related party transaction** - A transfer of resources, services or obligations between the Council and a related party, regardless of whether a price is charged.

Policy statement

Related party relationships are a normal feature of commerce and business.

A related party relationship could influence the normal business operations of Council even if related party transactions do not occur. The mere existence of the relationship may be sufficient to affect the transactions of the Council with other parties.

For these reasons, knowledge of Council's transactions and outstanding balances (including commitments and relationships with related parties) may affect assessments of Council's operations.

Key management personnel

For Council purposes KMP include:

- (a) Councillors
- (b) General Manager.

Related parties

For the purposes of this policy, related parties of Council are:

- (a) entities related to Council
- (b) KMP of Council
- (c) close family members of KMP
- (d) possible close family members of KMP's, and
- (e) entities or persons that are controlled or jointly controlled by KMP, or their close family members, or their possible close family members.

Also a person or entity is a related party of Council if any of the following apply:

- (a) they are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
- (b) they are an associate or belong to a joint venture of which Council is part of
- (c) they and Council are joint ventures of the same third party
- (d) they are part of a joint venture of a third party and council is an associate of the third party
- (e) they are a post-employment benefit plan for the benefit of employees of either Council or an entity related to Council
- (f) they are controlled or jointly controlled by close members of the family of a person
- (g) they are identified as a close or possibly close member of the family of a person with significant influence over Council or a close or possibly close member of the family of a person who is a KMP of Council; or
- (h) they or any member of a group of which they are a part, provide KMP services to Council.

Related party transactions

Related party transactions are required to be disclosed, regardless of whether a price is charged. Examples of related party transactions are:

- (a) purchases or sales of goods
- (b) purchases or sales of property and other assets
- (c) rendering or receiving of services
- (d) rendering or receiving of goods
- (e) leases
- (f) transfers under licence agreements
- (g) transfers under finance arrangements (example: loans)
- (h) provision of guarantees (given or received)
- (i) commitments to do something if a particular event occurs or does not occur in the future
- (j) settlement of liabilities on behalf of Council or by Council on behalf of that related party.

Disclosures

To comply with AASB 124, Council will disclose all material and significant Related Party Transactions in its General-Purpose Financial Statements by aggregate or general description and include the following detail:

- (a) the nature of the related party relationship
- (b) the amount of the transactions

- (c) the amount of outstanding balances, including commitments; and
- (d) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
- (e) details of any guarantees given or received
- (f) provisions for doubtful debts related to the amount of outstanding balances; and
- (g) the expense recognised during the period in respect of bad or doubtful debts due from related parties.

For the purposes of this policy any transaction where the aggregate amount involved exceeds \$10,000 in any financial year will be disclosed in the annual financial statements.

KMP must complete a 'Related party disclosure' form, notifying any existing or potential related party transactions between Council and either themselves, their close family members or entities controlled or jointly controlled by them or any of their close family members, to the ~~Manager Corporate and Commercial~~ Finance Team by no later than the following periods during a financial year:

- (a) 30 days after the commencement of the application of this policy
- (b) 30 days after a KMP commences their term or employment with Council
- (c) 30 June each year.

At least 30 days before a specified notification period, the ~~Manager Corporate and Commercial~~ Finance Team will provide KMP with a 'Related party disclosure' form and a 'Privacy collection notice'.

Identifying related party relationships and transactions

The method for identifying the close family members and associated entities of KMP will be by KMP self-assessment. KMP have an ongoing responsibility to advise Council immediately of any related party transactions.

The preferred method of reporting is for KMP to provide details of related parties and related party transactions to the Responsible Accounting Officer.

Information provided will be reviewed in accordance with the Council's operational requirements and held on a centralised system.

The Finance ~~Coordinator~~ Team is responsible for identifying and extracting related party transaction in Council's business systems for the purpose of recording the related party transactions and associated information in a register of related party transactions.

The contents of the register of related party transactions must detail for each related party transaction:

- (a) the description of the related party transaction
- (b) the name of the related party
- (c) the nature of the related party's relationship with Council
- (d) whether the notified related party transaction is existing or potential
- (e) a description of the transactional documents the subject of the related party transaction
- (f) the amount of the transactions
- (g) the amount of outstanding balances, including commitments, and

- (h) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
- (i) details of any guarantees given or received
- (j) provisions for doubtful debts related to the amount of outstanding balances; and
- (k) the expense recognised during the period in respect of bad or doubtful debts due from related parties.

Information privacy

Collection and storage of personal information is governed by Council's Privacy Management Plan, the *Privacy and Personal Information Protection Act 1998* and the *Government Information (Public Access) Act 2009*. Information provided by Council's KMP and other related parties shall be held for the purpose of compliance with Council's legal obligations and shall be disclosed where required for compliance or legal reasons only.

Contact officer

Finance Manager

Related documents

Policies

Code of Conduct

'Payment of expenses and provision of facilities for chairperson and councillors' policy

Privacy Management Plan

Legislation

Local Government Act 1993 and Local Government (General) Regulation

202105, Accounting Standard AASB 124 July 2015 Related Party Disclosures

Privacy and Personal Information Protection Act 1998 [PPIPA]

Government Information (Public Access) Act 2009 [GIPAA].

Other

Declarations of Interest

Office use only	File: F20/324-01	Next review date: October 2028 (new term of council)	
Version	Purpose and description	Date adopted by Council	Resolution no.
1.0	To define the parameters for related party relations and the level of disclosure and reporting required for Council to achieve compliance with the Australian Accounting Standard AASB 124 – Related Party Disclosures.	17 May 2017	44/17
2.0	To update frequency of disclosure requirements	17 August 2022	56/22
3.0	Minor wording changes.	30 October 2024	

Investments Policy revised

Responsible Officer: Group Manager Organisational Services (Helen McNeil)

Recommendation

That Council:

1. Revoke the Investments Policy dated 13 December 2023 and any policies revoked as a result of that revocation; and
2. Adopt the revised Investments Policy attached to this report.

Background

The Investments Policy is subject to an annual review and was last reviewed in December 2023. Council's policy incorporates the best practice principles established by the NSW Office of Local Government, namely the Investment Policy Guidelines (May 2010), issued under section 23A of the Local Government Act 1993 (Director-General's guidelines). The policy also includes specific local guidelines on diversification and application of credit rating risk that Council applies to its process and procedures for investment management.

Following a comprehensive review of the existing Investments Policy by the Finance Manager and senior finance staff, no substantial changes are proposed to be made to the Policy.

Finance

Section 625 of the *Local Government Act 1993* provides that a council may invest money that is not, for the time being, required by it for any other purpose. Money may be invested only in a form of investment notified by order of the Minister published in the Gazette. The proposed policy is consistent with the 'Local Government Act 1993 – Investment Order' issued 12 January 2011.

Consultation

The current policy has been reviewed by the Finance Manager in combination with consideration of constituent councils' investments policies and investment guidelines issued by TCorp.

Conclusion

The current policy complies with all regulatory requirements and Council's investment objectives. Minor changes are proposed to the existing Investments Policy.

Attachments

1. Investments Policy (proposed draft policy)

Policy



Investments

Adopted by Council: DRAFT

To provide guidelines for the investment of Council money safeguarding capital, maintaining sufficient liquidity, maximising interest earnings and legislative compliance.

Safety

Teamwork

Accountability

Respect

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Background

1. Policy objectives

- 1.1 To provide a framework for the investing of Council's funds at the most favourable rate of interest available to it at the time while having due consideration of risk and security for that investment type and ensuring that liquidity requirements are being met.
- 1.2 While exercising the power to invest, consideration is to be given to the preservation of capital, liquidity, and the return on investment in line with TCorp investment guidelines:
 - i). Preservation of capital is the principal objective of the investment portfolio.
 - ii). Investments are to be placed in a manner that seeks to ensure security and safeguarding the investment portfolio.
 - iii). Investments should be allocated to ensure there is sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when they fall due, without incurring the risk of significant costs due to the unanticipated sale of an investment.
 - iv). Investments are expected to achieve a market average rate of return in line with Council's risk tolerance.
- 1.3 This policy only deals with Council's investments with financial institutions and does not consider investments Council may wish to make in other forms of capital, such as property.

Policy statement

2. Legislative authority for investments

All investments are to comply with the following:

- *Local Government Act 1993*
- *Local Government (General) Regulation 202105*
- *Trustee Act 1925*
- *Banking Act 1959 (Cth)*
- Ministerial Investment Order
- Local Government Code of Accounting Practice and Financial Reporting
- Australian Accounting Standards
- Division of Local Government circulars.

3. Delegation of authority

Authority for implementation of the 'Investments' policy is delegated by Council to the General Manager in accordance with the *Local Government Act 1993*.

The General Manager or a delegated representative has authority to invest Council's funds. Officers delegated with authority to manage Council's investments shall be recorded and required to acknowledge that they have received a copy of this policy and understand their obligations in this role.

The placement of investments requires a minimum of two signatures from officers with delegated authority to invest surplus funds.

4. Prudent person standard

The investment will be managed with the care, diligence and skill that a prudent person would exercise. As trustees of public monies, officers are to manage Council's investment portfolios to safeguard the portfolio in accordance with the spirit of this policy. The matters to which a prudent person shall have regard when making an investment on behalf of another are an attachment to this policy (Section 14C *Trustee Act 1925* (NSW) and Ministerial Order).

It is expected that the skills of officers making investments will include:

- i). An understanding of this policy and associated legislation such that when placing an investment all relevant conditions are considered and weighed-up.
- ii). An understanding of the current positioning of the financial markets, i.e. what is the current 90-day Bank Bill Swap (BBSW) rate and yield curve.
- iii). An understanding of the type of investments in which they are dealing, i.e. investment rate offered, term to maturity and the organisation that is receiving and using the funds. Also the underlying conditions of the transaction that impact risk and reward, including circumstances in which the user of the funds may default in payment of capital and interest.
- iv). An understanding of the institution that will receive and use the funds, including their credit worth, i.e. current Standard and Poors rating/if they are Australian Prudential Regulation Authority (APRA) regulated.

The role of an investing officer will be to:

- i). Avail themselves of current market information and investment options.
- ii). Be aware of Council's current liquidity position and the options that best suit Council in terms of length of the investment.
- iii). In most instances the form of investment shall be a term deposit with an Authorised Deposit-taking Institution (ADI) and the investing officer shall consider at least three quotes from different ADIs. Typically, the investing officer becomes aware of daily rates by telephoning the institution or receiving an email.
- iv). Council's investment placement sheet is completed and then signed by two investment officers. The preferred institution is then advised by telephone or email that they have been successful, and arrangements are made for funds to be transferred as agreed, ensuring that the recipient institution provides Council with appropriate acknowledgement and documentation following their receipt of funds.
- v). Where the form of investment is not a term deposit, the matter shall be discussed between at least two investment officers prior to making a placement.

The investing officer shall maintain an investment register, which shall include:

- i). The source and the amount of money invested.
- ii). Particulars of the security or form of investment in which the money was invested.
- iii). The term of the investment (i.e. placement and maturity dates where applicable).
- iv). If appropriate, the rate of interest to be paid, and the amount of money that Council has earned, in respect of the money invested.

5. Conflict of interest

Officers shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio. This policy requires officers to disclose any conflict of interest to the General Manager.

Officers are also required to provide written notice of any private employment or contract work that may conflict with their Council duties in accordance with section 353 of the *Local Government Act 1993*.

Independent advisors are also required to declare that they have no actual or perceived conflicts of interest.

6. Investments that do not support the fossil fuel industry

This policy is limited in accommodating ethical investment considerations. However, Council will attempt to give preference to financial institutions that do not invest in or finance the fossil fuel industry or other unethical institutions where:

- The investment is compliant with Council's Investments policy.
- The investment rate of interest is competitive relative to other similar investments that may be on offer to Council at the time of the investment.
- The total percentage invested with institutions that do not support the fossil fuel industry is limited to a maximum of 30% of the total investment portfolio.

This information will be sourced from the following websites:

- www.marketforces.org.au - which is an affiliate project of the Friends of the Earth Australia, and
- www.climatebonds.net – certification by the Climate Bond Initiative as meeting the Climate Bonds Standard criteria.

7. Approved and prohibited investments

7.1 Investments are limited to those allowed by the most current Ministerial Investment Order that has been issued by the NSW Minister for Local Government and include:

- i). Any public funds or securities issued by or guaranteed by the Commonwealth, any State of the Commonwealth, or a Territory.
- ii). Any debentures or securities issued by a council (within the meaning of the *Local Government Act 1993*).
- iii). Interest bearing deposits with, or any debentures or bonds issued by, an ADI (as defined in the *Banking Act 1959*), but excluding subordinated debt obligations.
- iv). Any bill of exchange that has a maturity date of not more than 200 days; and if purchased for value confers on the holder in due course a right of recourse against a bank that has been designated as an ADI by APRA.
- v). A deposit with the Treasury Corporation or investments in an Hour-Glass investment facility of the Treasury Corporation.
- vi). Investments grandfathered under the previous Ministerial Investment Order.

7.2 In accordance with the current Ministerial Investment Order, this policy prohibits any investment carried out for speculative purposes including but not limited to:

- i). Derivative-based instruments.
- ii). Principal only investments or securities that provide potentially nil or negative cash flow.
- iii). Stand-alone securities issued that have underlying futures, options, forwards contracts and swaps of any kind.

This policy also prohibits the use of leveraging (borrowing to invest) of an investment.

8. Risk management guidelines

Council's strategy is to preserve the capital invested by diversifying with different approved financial institutions on the short-term money market (minimum 70% of portfolio to be 12 months or less).

Investments obtained are to be considered in light of the following key criteria:

- i). Preservation of Capital – the requirement for preventing losses in an investment portfolio's total value (considering the time value of money).
- ii). Diversification – setting limits to the amounts invested with a particular financial institution or government authority to reduce credit risk.

- iii). Credit risk – the risk that Council has if an institution fails to pay the interest and or repay the principal of an investment.
- iv). Market risk – the risk that the fair value or future cash flows of an investment will fluctuate due to changes in market prices.
- v). Liquidity risk – the risk an investor is unable to redeem the investment at a fair price within a timely period.
- vi). Maturity risk – the risk relating to the length of term to maturity of the investment. The larger the term, the greater the length of exposure and risk to market volatilities.
- vii). Rollover risk- the risk that income will not meet expectations or budgeted requirement because interest rates are lower than expected in future.

9. Liquidity risk parameters

- 9.1 All investments are to be placed with institutions regulated by APRA in accordance with the *Banking Act 1959*, i.e. ADIs; the Local Government Financial Services Pty Ltd or the NSW Treasury Corporation but excluding subordinated debt obligations.
- 9.2 At least three quotations shall be obtained from qualifying institutions whenever an investment is proposed. The best quote of the day will be successful, providing the investment will not breach any parameters contained within this policy, and after allowing for administrative and banking costs.
- 9.3 Not more than 30% of the portfolio can be placed in investments exceeding 12 months to maturity and no investments exceeding three years to maturity.

10. Credit risk parameters

- 10.1 Investment portfolio parameters are risk-management tools used to manage credit risk by diversifying the portfolio to avoid a narrow concentration of investments. Investment credit risk parameters are based on credit rating bands as published by the credit rating agencies (e.g. Standard and Poor's, Moody's, Fitch).
- 10.2 Council will use Standard and Poor's long-term credit ratings (or Moody's or Fitch equivalents). The Standard and Poor's ratings are broadly defined as follows:

AAA	Extremely strong capacity to repay
AA+, AA, AA-	A very strong capacity to repay
A+, A, A-	A strong capacity to repay
BBB+, BBB	Adequate protection and adequate capacity to pay

- 10.3 The following credit risk parameters apply to the investment portfolio:

Credit Rating (S & P Long Term)**	Maximum Limit	Single Entity Exposure Limit	Max Tenor
AAA	100%	100%	3 years
AA+ to AA-	100%	100%	3 years
A+ to A	100%	30%	3 years
A-	40%	20%	3 years
BBB+	30%*	10%	3 years
BBB		5%	1 year
BBB- & below – local ADIs	5%	5%	1 year
BBB- & below - other		\$250k	1 year

This does not apply to the Commonwealth Bank as this institution deals with Council's transaction banking. Any excess funds that are unable to be invested in Term Deposits or other allowable instruments to allow for cash flow liquidity are placed with the Commonwealth Bank.

11. Performance benchmarks

11.1 Investment performance will be measured monthly, in relation to both current month and 12-month rolling returns, against the:

- Average 90-day BBSW
- Earnings to the approved budget.

12. Reporting

12.1 The *Local Government (General) Regulation 200521* (clause 212) requires a report on investments be presented to Council at each ordinary meeting.

12.2 The report to Council will include, as a minimum:

- Total value of the portfolio and the balance of the trading bank account.
- Complete list of all investments in the portfolio.
- Break-up of the portfolio per institution, showing the rating for each institution and which investments are Australian Government guaranteed or not.
- Comparison of interest earned to budget for the month and year to date.
- Comparison of weighted average interest rate and 90-day BBSW for the month and year to date.
- Statement as to whether the investments are in accordance with the *Local Government Act 1993*, Regulation and Council's 'Investments' policy.
- Commentary on portfolio performance and other matters of interest.

12.3 All investments are to be appropriately recorded in Council's financial records and reconciled at least on a monthly basis.

13. Threshold breaches

13.1 This policy imposes limits and thresholds in relation to the acquisition and holding of investments. However, due to changes in the amount of Council's investment portfolio over time, situations may occur where these limitations or thresholds are breached.

13.2 Where limitations or thresholds are breached due to a change in the overall size of the total investment portfolio, or a possible change in ratings of the financial institutions, the following process will apply:

- Immediate forced sale of the investments in breach of the limits or thresholds will not be required unless, in the General Manager's opinion, such sale is necessary to protect the value of the overall investment portfolio.
- Immediate freeze on acquisitions of new investments in the relevant category, until the portfolio can be effectively managed back to align with the requirements of this policy.
- The objective will be to manage the portfolio back in accordance with the policy limits, within three months from the date the portfolio first exceeds the limit or threshold.

14. Investment advisor

The Council's investment advisor must be licensed by the Australian Securities and Investment Commission. The advisor must be an independent person who has no actual or potential conflict of interest in relation to investment products being recommended and is free to recommend the most appropriate product within the terms and conditions of the Investments policy. The independent advisor is required to provide written confirmation annually that they do not have any actual or potential conflicts of interest in relation to the investments they are recommending or reviewing, including that they are not receiving any commissions or other benefits in relation to the investments being recommended or

reviewed.

Contact officer

Finance Manager, ~~Group Manager Corporate and Commercial~~.

Related documents

Policies

N/A

Procedures

N/A.

Legislation

- *Local Government Act 1993*
- *Local Government (General) Regulation 2021~~05~~*
- *Trustee Act 1925 (relevant provision extracted – refer to attachment).*
- *Banking Act 1959 (Cth)*

Other

- Ministerial Investment Order
- Local Government Code of Accounting Practice and Financial Reporting
- Australian Accounting Standards
- Office of Local Government circulars.
- TCorp Investment Guidelines

<i>Office use only</i>	File no.: 172/13 D21/418	Next review date: Annually	
Version	Purpose and description	Date adopted by Council	Resolution no.
1.0		21/12/2011	106/11
2.0	Annual review	21/11/2012	109/12
3.0	Annual review	19/11/2014	114/14
4.0	Annual review	16/03/2016	19/16
5.0	Annual review, includes merger of three counties	15/03/2017	19/17
6.0	Annual review	16/05/2018	36/18
7.0	Annual review	17/04/2019	25/19
8.0	Annual review	21/04/2021	18/21
9.0	Annual review	15/06/2022	29/22
10.0	Annual review, minor amendments	13/12/2023	63/23

SECTION 14C NSW TRUSTEE ACT 1925

NSW legislation website

14C Matters to which trustee is to have regard when exercising power of investment

- (1) Without limiting the matters that a trustee may take into account when exercising a power of investment, a trustee must, so far as they are appropriate to the circumstances of the trust, if any, have regard to the following matters:
 - (a) the purposes of the trust and the needs and circumstances of the beneficiaries,
 - (b) the desirability of diversifying trust investments,
 - (c) the nature of, and the risk associated with, existing trust investments and other trust property,
 - (d) the need to maintain the real value of the capital or income of the trust,
 - (e) the risk of capital or income loss or depreciation,
 - (f) the potential for capital appreciation,
 - (g) the likely income return and the timing of income return,
 - (h) the length of the term of the proposed investment,
 - (i) the probable duration of the trust,
 - (j) the liquidity and marketability of the proposed investment during, and on the determination of, the term of the proposed investment,
 - (k) the aggregate value of the trust estate,
 - (l) the effect of the proposed investment in relation to the tax liability of the trust,
 - (m) the likelihood of inflation affecting the value of the proposed investment or other trust property,
 - (n) the costs (including commissions, fees, charges and duties payable) of making the proposed investment,
 - (o) the results of a review of existing trust investments in accordance with section 14A (4).
- (2) A trustee may, having regard to the size and nature of the trust, do either or both of the following:
 - (a) obtain and consider independent and impartial advice reasonably required for the investment of trust funds or the management of the investment from a person whom the trustee reasonably believes to be competent to give the advice,
 - (b) pay out of trust funds the reasonable costs of obtaining the advice.
- (3) A trustee is to comply with this section unless expressly forbidden by the instrument (if any) creating the trust.

LOCAL GOVERNMENT ACT 1993 – INVESTMENT ORDER

(Relating to investments by councils)

I, the Hon. Barbara Perry MP, Minister for Local Government, in pursuance of section 625(2) of the *Local Government Act 1993* and with the approval of the Treasurer, do, by this my Order, notify for the purposes of section 625 of that Act that a council or county council may only invest money (on the basis that all investments must be denominated in Australian Dollars) in the following forms of investment:

- (a) any public funds or securities issued by or guaranteed by, the Commonwealth, any State of the Commonwealth or a Territory;
- (b) any debentures or securities issued by a council (within the meaning of the *Local Government Act 1993* (NSW));
- (c) interest bearing deposits with, or any debentures or bonds issued by, an authorised deposit-taking institution (as defined in the *Banking Act 1959* (Cwth)), but excluding subordinated debt obligations;
- (d) any bill of exchange which has a maturity date of not more than 200 days; and if purchased for value confers on the holder in due course a right of recourse against a bank which has been designated as an authorised deposit-taking institution by the Australian Prudential Regulation Authority;
- (e) a deposit with the New South Wales Treasury Corporation or investments in an Hour-Glass investment facility of the New South Wales Treasury Corporation;

All investment instruments (excluding short term discount instruments) referred to above include both principal and investment income.

Transitional Arrangements

- (i) Subject to paragraph (ii) nothing in this Order affects any investment made before the date of this Order which was made in compliance with the previous Ministerial Orders, and such investments are taken to be in compliance with this Order.
- (ii) Paragraph (i) only applies to those investments made before the date of this Order and does not apply to any restructuring or switching of investments or any re-investment of proceeds received on disposal or maturity of such investments, which for the avoidance of doubt must comply with this Order.

Key Considerations

An investment is not in a form of investment notified by this order unless it also complies with an investment policy of council adopted by a resolution of council.

All councils should by resolution adopt an investment policy that is consistent with this Order and any guidelines issued by the Chief Executive (Local Government), Department of Premier and Cabinet, from time to time.

The General Manager, or any other staff member, with delegated authority by a council to invest funds on behalf of a council must do so in accordance with the council's adopted investment policy.

Councils have a fiduciary responsibility when investing. Councils should exercise the care, diligence and skill that a prudent person would exercise in managing the affairs of other persons.

When exercising the power of investment councils should consider, but not be limited by, the risk of capital or income loss or depreciation, the likely income return and the timing of income return, the length of the term of the proposed investment, the liquidity and marketability of the proposed investment, the likelihood of inflation affecting the value of the proposed investment and the costs (including commissions, fees, charges and duties payable) of making the proposed investment.

Dated this 12th day of January 2011


Hon BARBARA PERRY MP
Minister for Local Government

Information reports

Responsible Officer: General Manager and Group Managers

Recommendation

That the following information reports be received and noted:

1. Investments – September 2024
2. Tenders awarded by the General Manager under delegation
3. Reports/Actions pending

Background

Copies of the abovementioned reports are attached for information.

Consultation

The reports have been prepared in consultation with the General Manager, relevant Group Managers and staff.

Attachments

1. Information reports 1- 3

Investments - September 2024

Responsible Officer: Group Manager Organisational Services

Recommendation

That Council receive and note the Investments for September 2024.

Background

Clause 212 of the *Local Government (General) Regulation 2021* ('Regulation') and Council's 'Investments' policy require that a report detailing Council's investments be provided. This report has been prepared as at 30 September 2024.

Finance Report

BANK ACCOUNT SUMMARY	TOTAL
Cheque Account Balance	\$260,953
Weel Account Balance – Cuscal Ltd (Pre-paid Corporate Cards)	\$40,399
TOTAL	\$301,352

INVESTMENT SUMMARY	TOTAL
Business Online Saver Account Balance	\$6,539,709
Term Deposits with Institutions not supporting the Fossil Fuel Industry <i>The assessment of Ethical Financial Institutions is undertaken using www.marketforces.org.au which is an affiliate project of the Friends of the Earth Australia (Refer: Graph D4 - Attachment D).</i>	\$1,500,000 4.61% of current holdings
Other Term Deposits	\$24,500,000
Total Funds Invested <i>Excluding Cheque Account and Weel Balance</i>	\$32,539,709

OTHER INVESTMENT INFORMATION	TOTAL
<p>Interest Earned</p> <p><i>Interest earned compared to the original budget is \$395,487 above the pro-rata budget. (Refer: Attachment A).</i></p>	\$134,447
<p>Weighted Average Return</p> <p><i>This represents an increase of 10 basis points compared from the August 2024 result (4.37%) and is 5 basis point above Council's benchmark (the average 90-day BBSW rate of 4.43%) (Refer: Graph D2 - Attachment D).</i></p>	4.47%
<p>RBA Cash Rate</p>	4.42%
<p>The 90-day average bank bill swap rate (BBSW)</p>	4.43%

At the RBA's 24 September 2024 meeting the board decided to leave the cash rate unchanged at 4.35%.

Inflation has fallen substantially since the peak in 2022, as higher interest rates have been working to bring aggregate demand and supply closer towards balance. But inflation is still some way above the midpoint of the 2–3 per cent target range. Broader indicators suggest that labour market conditions remain tight, despite some signs of gradual easing.

Over the three months to August, employment grew on average by 0.3 per cent per month. The unemployment rate remained at 4.2 per cent in August, up from the trough of 3.5 per cent in mid-2023. But the participation rate remains at record highs, vacancies remain elevated and average hours worked have stabilised. The central projection is for household consumption growth to pick up in the second half of the year as the headwinds to income growth recede.

Legal

In accordance with section 212(1)(b) of the Regulation, the Responsible Accounting Officer (currently the Finance Manager) certifies the investments identified in this report have been made in accordance with section 625 of the *Local Government Act 1993*, section 212 of the Regulation, and the provisions of Council's 'Investments' policy.

Conclusion

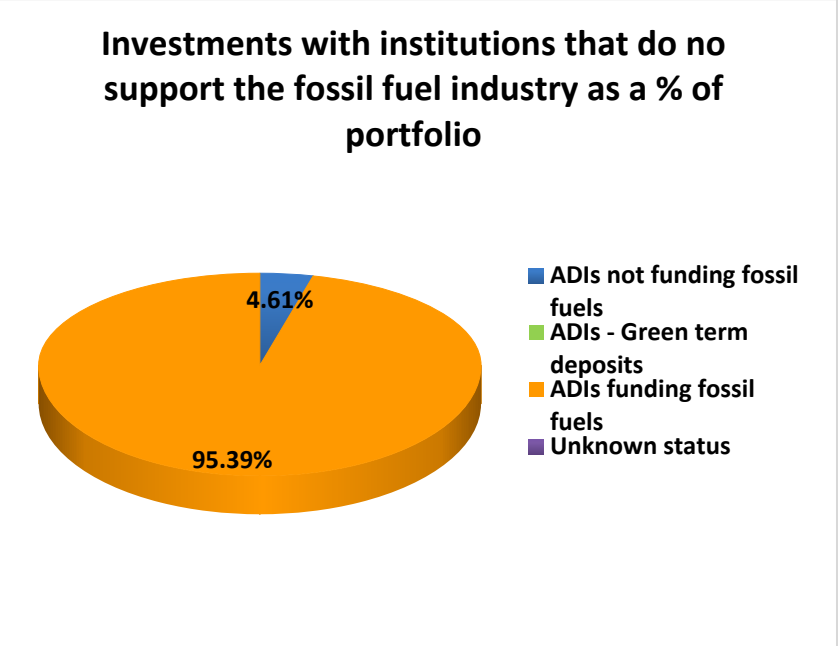
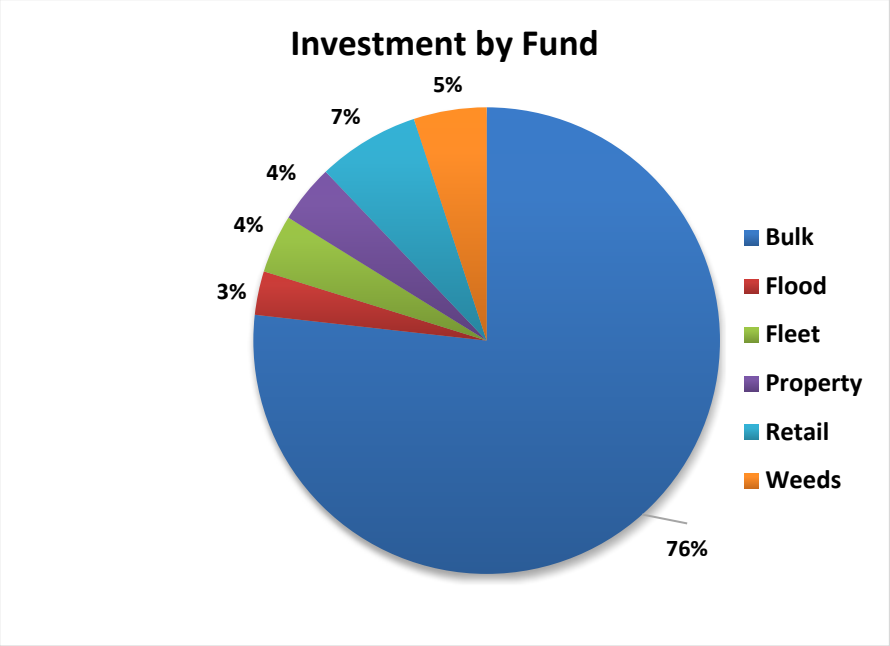
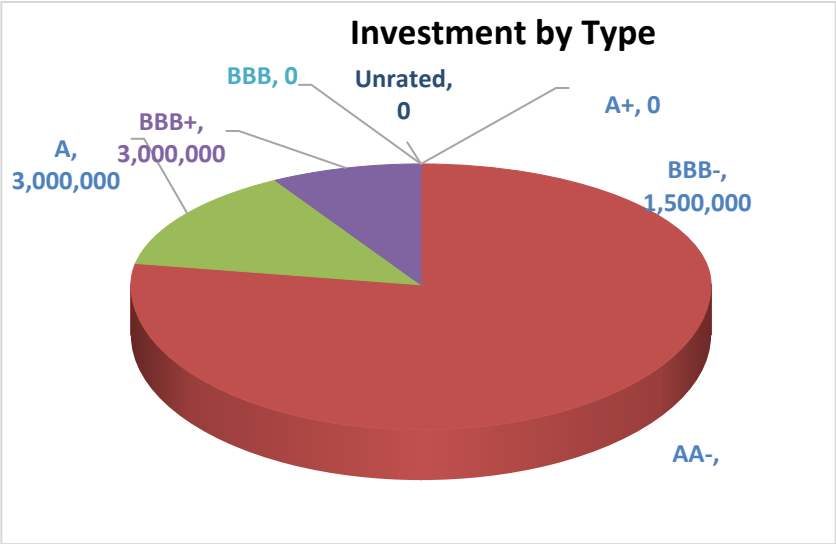
A report on investments is required to be submitted to Council. As at 30 September 2024, investments total \$32,539,709 and the average rate of return is estimated at 4.47%.

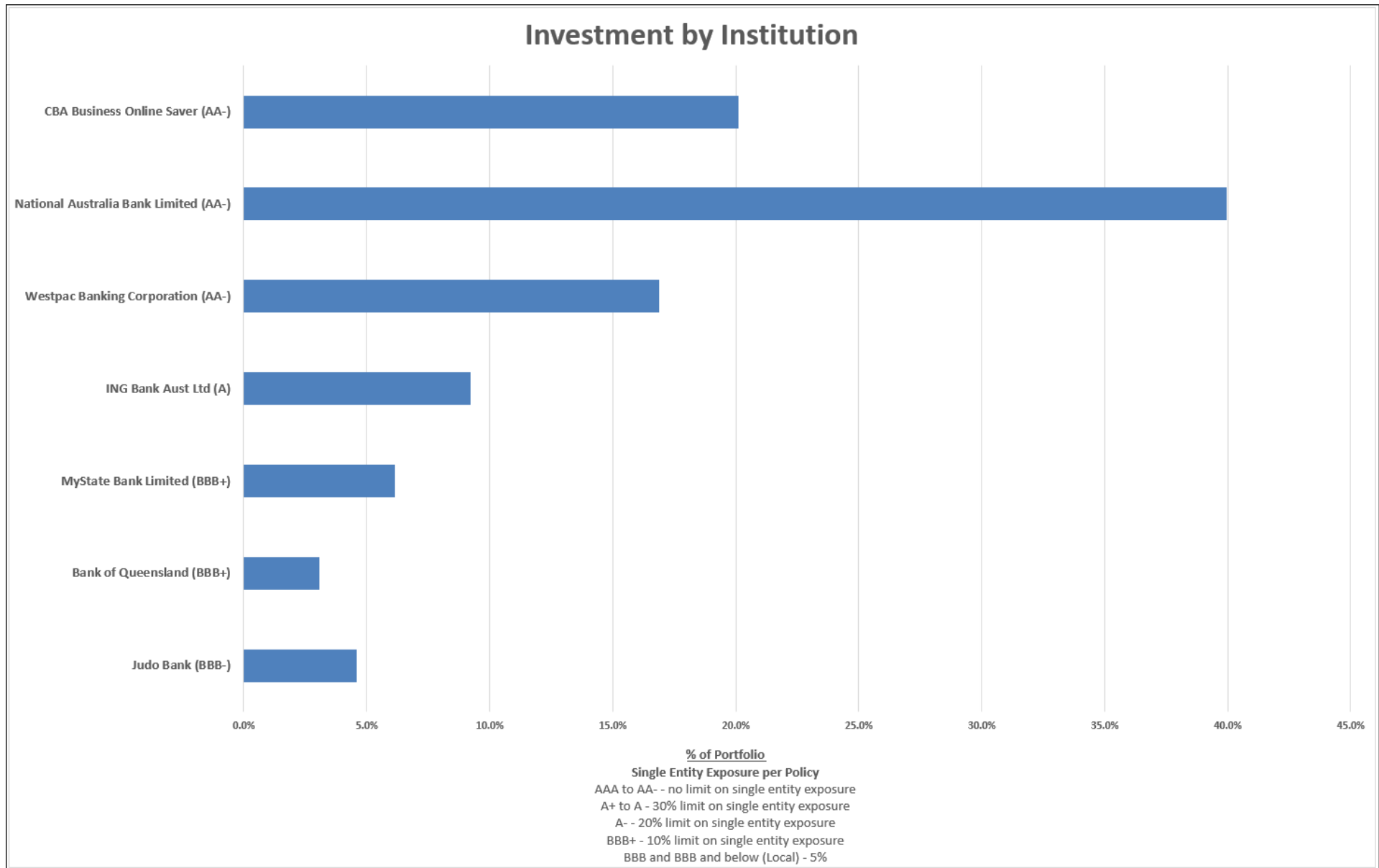
Attachments

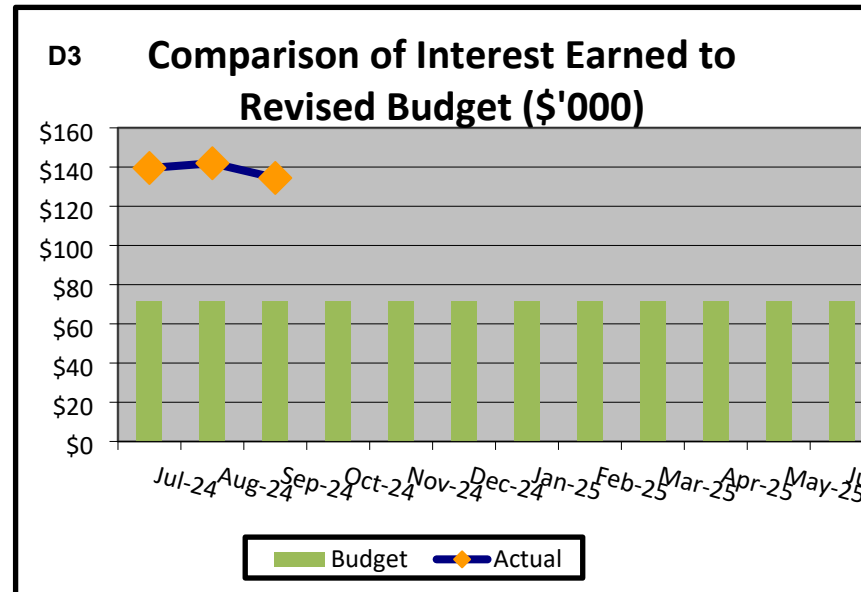
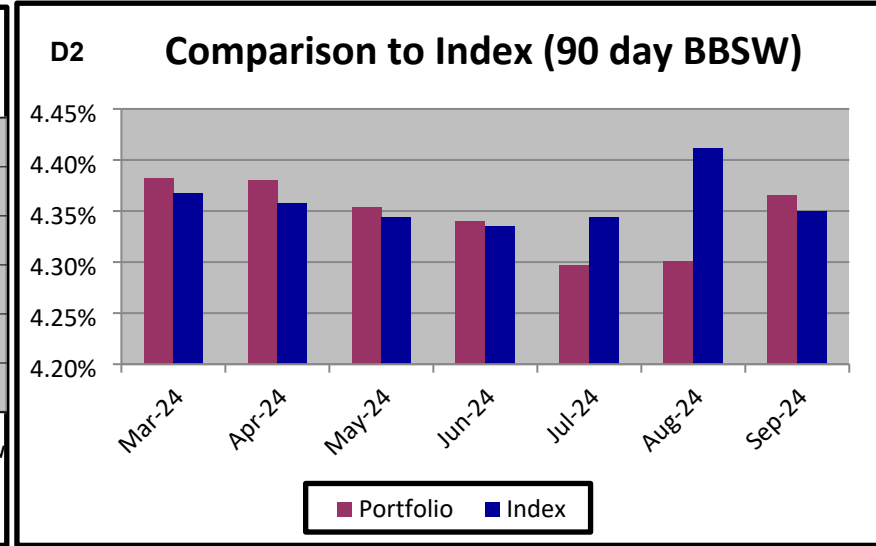
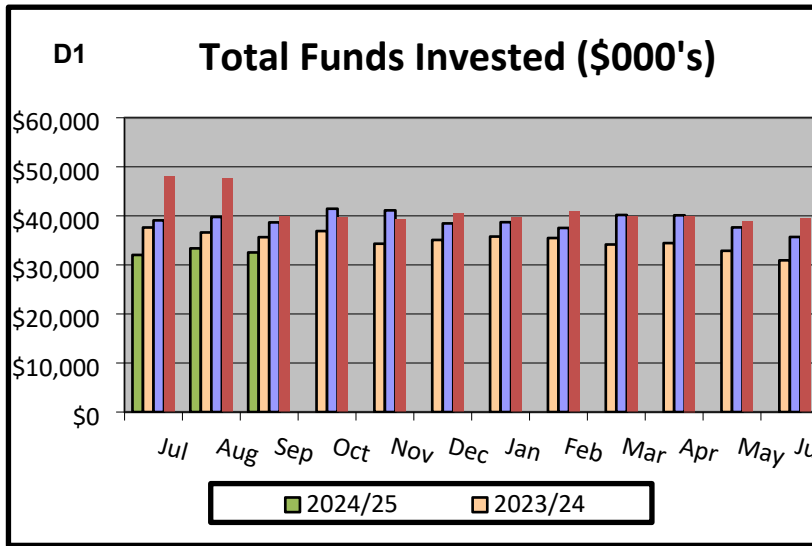
- A. Investment analysis
- B. Investment by type
- C. Investment by Institution
- D. Total funds invested - comparisons
- E. Summary of indebtedness

Investment Analysis

Funds Invested With	S & P Local Long Term Rating	Product Name	Not Fossil Fuel ADI	Lodgement Date	Maturity Date	% of Portfolio	30 Sep Balance	Rate of Return	Monthly Interest	Year-to-Date Interest
CBA Business Online Saver	AA-	CBA-BOS	No	At call		20.10	6,539,709.33	1.95	24,513.92	72,003.27
Westpac Banking Corporation	AA-	TD	Yes	28/11/2023	3/12/2024	4.61	1,500,000.00	5.44	6,706.85	20,567.67
National Australia Bank Limited	AA-	TD	No	23/1/2024	22/10/2024	3.07	1,000,000.00	5.12	4,208.22	12,905.21
National Australia Bank Limited	AA-	TD	No	30/1/2024	29/10/2024	4.61	1,500,000.00	5.07	6,250.68	19,168.77
Bank of Queensland	BBB+	TD	No	18/6/2024	21/1/2025	3.07	1,000,000.00	5.20	4,273.97	13,106.85
MyState Bank Limited	BBB+	TD	No	19/6/2024	17/12/2024	6.15	2,000,000.00	5.17	8,498.63	26,062.47
Westpac Banking Corporation	AA-	TD	No	25/6/2024	1/10/2024	6.15	2,000,000.00	4.95	8,136.99	24,953.42
National Australia Bank Limited	AA-	TD	No	25/6/2024	7/1/2025	3.07	1,000,000.00	5.12	4,208.22	12,905.21
ING Bank Aust Ltd	A	TD	No	25/6/2024	1/7/2025	3.07	1,000,000.00	5.25	4,315.07	13,232.88
National Australia Bank Limited	AA-	TD	No	2/7/2024	14/1/2025	4.61	1,500,000.00	5.32	6,558.90	19,895.34
Judo Bank	BBB-	TD	No	2/7/2024	15/10/2024	4.61	1,500,000.00	5.15	6,349.32	19,259.59
ING Bank Aust Ltd	A	TD	No	2/7/2024	8/7/2025	6.15	2,000,000.00	5.43	8,926.03	27,075.62
Westpac Banking Corporation	AA-	TD	No	18/7/2024	19/11/2024	6.15	2,000,000.00	4.99	8,202.74	20,506.85
National Australia Bank Limited	AA-	TD	No	6/8/2024	5/11/2024	6.15	2,000,000.00	4.92	8,087.67	15,096.99
National Australia Bank Limited	AA-	TD	No	22/8/2024	26/11/2024	6.15	2,000,000.00	4.92	8,087.67	10,783.56
National Australia Bank Limited	AA-	TD	No	17/9/2024	1/4/2025	4.61	1,500,000.00	4.97	2,859.45	2,859.45
National Australia Bank Limited	AA-	TD	No	17/9/2024	23/9/2025	3.07	1,000,000.00	4.87	1,867.95	1,867.95
National Australia Bank Limited	AA-	TD	No	24/9/2024	15/4/2025	4.61	1,500,000.00	4.97	1,429.73	1,429.73
MATURED TDs									10,965.07	83,080.96
						100.00	32,539,709.33	4.47	134,447.07	416,761.76
Total Investment Holdings						100.00	32,539,709.33		134,447.07	416,761.76
									Total YTD Interest	416,761.76
Yes										
Deposits with Australian Deposit-taking institutions (ADI) are Government.						Budget Interest @ 30 September 2024				214,625.00
Guaranteed for balances totalling up to \$250,000 per customer, per institution.						Budget variance				202,136.76







Summary of indebtedness

Information	Loan #2	Loan #3	Loan #4	Loan #5	Loan #6	Loan #7	Total
Institution	CBA	CBA	Dexia	NAB	NAB	Tcorp	
Principal Borrowed	\$ 3,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 13,500,000	\$ 56,500,000
Date Obtained	31-May-05	31-May-06	21-Feb-07	31-May-07	25-Sep-07	7-Jun-21	
Term (Years)	20	20	20	20	20	20	
Interest Rate	6.25%	6.37%	6.40%	6.74%	6.85%	2.68%	
Date Due	31-May-25	31-May-26	21-Feb-27	31-May-27	25-Sep-27	7-Jun-41	
Annual Commitment	\$ 264,921	\$ 891,595	\$ 893,507	\$ 917,390	\$ 925,933	\$ 876,390	\$ 4,769,735
Principal Repaid LTD	\$ 2,746,968	\$ 8,349,888	\$ 7,965,426	\$ 7,528,748	\$ 7,517,163	\$ 1,596,420	\$ 35,704,613
Interest Incurred LTD	\$ 2,286,525	\$ 7,698,825	\$ 7,673,589	\$ 8,066,876	\$ 8,223,692	\$ 1,032,750	\$ 34,982,256
Principal Outstanding	\$ 253,032	\$ 1,650,112	\$ 2,034,574	\$ 2,471,252	\$ 2,482,838	\$ 11,903,580	\$ 20,795,388
Interest Outstanding	\$ 11,889	\$ 133,078	\$ 199,571	\$ 301,614	\$ 306,850	\$ 2,995,054	\$ 3,948,057

Tenders awarded by the General Manager under Delegation

Responsible Officer: General Manager (Phillip Rudd)

Recommendation

That Council receive and note the information provided in this report on tenders accepted and contracts awarded by the General Manager under delegation during the period 1 July 2024 to 30 September 2024.

Background

In August 2022, Council resolved [48/22] to amend the delegation for the position of General Manager for the acceptance and award of tenders and contracts valued up to \$1,000,000.00. This included a condition for ongoing information reports summarising details of relevant tenders / contracts awarded.

Tenders / Contracts awarded under delegation by the General Manager for the period:

Tender/Contract	Start Date	Initial Value (Incl GST)	Contractors Name	Category
¹ Nightcap Water Treatment Plant Residual waste disposal	1/7/2024	\$ 286,232.10	Richmond Waste	Maintenance
¹ Cloud Based Payroll System	1/4/2024	\$ 344,602.50	Frontier Software	ICT
Richmond River Ecosystem Health - Catchment-wide Risk-based Planning for on ground works	16/9/2024	\$ 385,000.00	Griffith University	Goods & Services

¹ Delayed record entry into Contracts Register.

Governance

In accordance with clause 2 of the [Council issued delegation](#) dated 17 August 2022:

...(i) *Acceptance of tenders and award of contracts valued:*

A. *Up to \$1,000,000 (including GST) can be determined by the General Manager subject to compliance with any applicable tendering requirements under the Local Government Act 1993 or associated regulations.*

B. *\$1,000,001 (including GST) or more are to be determined by resolution of Council.*

(ii) *Any tenders accepted, contracts awarded, or expenditure incurred or approved by the General Manager must have an approved budget allocation or have been otherwise authorised by Council resolution...*

The instrument of delegation also provides:

A summary of tenders accepted and contracts awarded by the General Manager under clause 2(i)(A) of this delegation must be provided to Council for its information at the next available Council meeting.

Comment

Where there has not been a tender accepted and contract awarded by the General Manager under delegation, no report will be furnished to Council.

Conclusion

As required by Council resolution [48/22] this report is a summary of the tenders accepted and contracts awarded by the General Manager under delegation during the relevant reporting period.

Reports / Actions Pending

Responsible Officer: General Manager (Phillip Rudd)

Recommendation

That the report be received and noted.

Background

Following is a list of pending resolutions with individual comments provided on current position and expected completion date.

COUNCIL MEETING 13-12-2023	
Report	Proposed Dunoon Dam - acquisition of properties
	<i>Responsible Officer: Group Manager Planning and Delivery (Andrew Logan)</i>
Resolution	(Breum/Cadwallader) that Council: <ol style="list-style-type: none"> a. To reconfirm its prior position in relation to acquisition of land in the Proposed Dunoon Dam area as shown in the Attachment 1 and land of strategic interest to the Future Water Strategy 2060. b. The terms of such acquisition are to be in accordance with Council's current 'Land Management' policy, Item 4 (Attachment 2), namely: c. Acquisition to be upon offer of sale by existing landowner. d. Meets the proposed operational need or strategic objective of the future water strategy 2060. e. Such acquisition costs to be calculated with due consideration to market and strategic value.
ACTION	June 2024 - An update to Council regarding strategic land purchases for the Future Water Strategy 2060 will be provided at the December 2024 Council meeting.
Report	Update on interim arrangements for Lismore Levee Scheme
	<i>Responsible Officer: Group Manager Planning and Delivery (Andrew Logan)</i>
Resolution	(Rob/Cadwallader) that Council in addition to previous resolutions on the matter: <ol style="list-style-type: none"> 1. Receive and note this update. 2. Authorise the General Manager to approve access to the Lismore Levee Scheme assets by Lismore City Council (LCC) for the purposes of progressing new asset construction and renewal and upgrade work under the Northern Rivers Recovery and Resilience Program(NRRRP), subject to LCC's written confirmation that they will assume ownership of the new, upgraded and renewed assets.
ACTION	August 2024 - Receive a further update before end of 2024.