

Byron Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

*Byron Shire is a 'meeting place' - Where people can come
together to connect, share, grow, inspire, and create
positive change.*



General Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Understanding Council's Financial Statements	3
Statement by Councillors and Management	4
Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10

Overview

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

70 Station Street
MULLUMBIMBY NSW 2482

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by Council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: <https://www.byron.nsw.gov.au>.

Byron Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Byron Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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 26 October 2023.

Michael Lyon
Mayor
26 October 2023

Sarah Ndiaye
Deputy Mayor
26 October 2023

Mark Arnold
General Manager
26 October 2023

James Brickley
Responsible Accounting Officer
26 October 2023

Byron Shire Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
	Income from continuing operations			
57,010	Rates and annual charges	B2-1	58,096	54,590
30,513	User charges and fees	B2-2	30,949	25,178
1,407	Other revenues	B2-3	2,615	1,552
3,741	Grants and contributions provided for operating purposes	B2-4	27,285	22,060
34,599	Grants and contributions provided for capital purposes	B2-4	29,560	20,984
557	Interest and investment income	B2-5	2,671	510
–	Other income	B2-6	1,362	949
127,827	Total income from continuing operations		152,538	125,823
	Expenses from continuing operations			
33,177	Employee benefits and on-costs	B3-1	32,173	31,852
43,766	Materials and services	B3-2	59,936	54,416
2,761	Borrowing costs	B3-3	2,907	2,934
18,456	Depreciation, amortisation and impairment of non-financial assets	B3-4	20,171	19,134
2,782	Other expenses	B3-5	2,595	2,897
–	Net loss from the disposal of assets	B4-1	3,175	3,517
100,942	Total expenses from continuing operations		120,957	114,750
26,885	Operating result from continuing operations		31,581	11,073
26,885	Net operating result for the year attributable to Council		31,581	11,073
(7,714)	Net operating result for the year before grants and contributions provided for capital purposes		2,021	(9,911)

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

Byron Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		31,581	11,073
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	128,860	174,602
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	662	(2,157)
Other comprehensive income – joint ventures and associates	D2-2	149	72
Total items which will not be reclassified subsequently to the operating result		129,671	172,517
Total other comprehensive income for the year		129,671	172,517
Total comprehensive income for the year attributable to Council		161,252	183,590

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

Byron Shire Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	44,895	56,237
Investments	C1-2	20,546	15,451
Receivables	C1-4	14,268	12,239
Inventories	C1-5	464	462
Contract assets and contract cost assets	C1-6	8,419	1,812
Other	C1-8	17	53
Total current assets		88,609	86,254
Non-current assets			
Investments	C1-2	6,514	6,618
Receivables	C1-4	1,510	561
Infrastructure, property, plant and equipment (IPPE)	C1-7	1,432,077	1,278,365
Investments accounted for using the equity method	D2-2,D2-3	1,363	1,214
Total non-current assets		1,441,464	1,286,758
Total assets		1,530,073	1,373,012
LIABILITIES			
Current liabilities			
Payables	C3-1	16,784	13,276
Contract liabilities	C3-2	8,197	12,496
Borrowings	C3-3	8,928	5,524
Employee benefit provisions	C3-4	7,521	7,030
Total current liabilities		41,430	38,326
Non-current liabilities			
Borrowings	C3-3	45,279	53,245
Employee benefit provisions	C3-4	497	506
Provisions	C3-5	8,119	7,439
Total non-current liabilities		53,895	61,190
Total liabilities		95,325	99,516
Net assets		1,434,748	1,273,496
EQUITY			
Accumulated surplus	C4-1	680,431	648,701
IPPE revaluation reserve	C4-1	754,317	624,795
Council equity interest		1,434,748	1,273,496
Total equity		1,434,748	1,273,496

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

Byron Shire Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		648,701	624,795	1,273,496	637,556	452,350	1,089,906
Restated opening balance		648,701	624,795	1,273,496	637,556	452,350	1,089,906
Net operating result for the year		31,581	–	31,581	11,073	–	11,073
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	128,860	128,860	–	174,602	174,602
– Impairment (loss) reversal relating to IPP&E	C1-7	–	662	662	–	(2,157)	(2,157)
Joint ventures and associates	D2-2	149	–	149	72	–	72
Other comprehensive income		149	129,522	129,671	72	172,445	172,517
Total comprehensive income		31,730	129,522	161,252	11,145	172,445	183,590
Closing balance at 30 June		680,431	754,317	1,434,748	648,701	624,795	1,273,496

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

Byron Shire Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
Receipts:				
57,010	Rates and annual charges		56,735	53,506
30,513	User charges and fees		29,826	25,502
557	Interest received		2,373	716
38,340	Grants and contributions		45,235	47,411
–	Bonds, deposits and retentions received		90	522
1,407	Other		3,703	1,173
Payments:				
(33,177)	Payments to employees		(31,691)	(31,536)
(43,766)	Payments for materials and services		(57,345)	(57,135)
(2,761)	Borrowing costs		(2,740)	(2,905)
(2,782)	Other		(1,506)	(1,424)
45,341	Net cash flows from operating activities	G1-1	44,680	35,830
Cash flows from investing activities				
Receipts:				
–	Sale of investments		27,139	35,594
–	Proceeds from sale of IPPE		598	881
–	Deferred debtors receipts		11	10
Payments:				
–	Purchase of investments		(27,138)	(38,233)
–	Acquisition of term deposits		(5,095)	11,000
(75,791)	Payments for IPPE		(46,975)	(27,924)
(75,791)	Net cash flows from investing activities		(51,460)	(18,672)
Cash flows from financing activities				
Receipts:				
20,800	Proceeds from borrowings		–	1,500
Payments:				
(4,040)	Repayment of borrowings		(4,562)	(3,789)
16,760	Net cash flows from financing activities		(4,562)	(2,289)
(13,690)	Net change in cash and cash equivalents		(11,342)	14,869
41,368	Cash and cash equivalents at beginning of year		56,237	41,368
27,678	Cash and cash equivalents at end of year	C1-1	44,895	56,237
22,069	plus: Investments on hand at end of year	C1-2	27,060	22,069
49,747	Total cash, cash equivalents and investments		71,955	78,306

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

Byron Shire Council

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

A About Council and these financial statements	12
A1-1 Basis of preparation	12
B Financial Performance	15
B1 Functions or activities	15
B1-1 Functions or activities – income, expenses and assets	15
B1-2 Components of functions or activities	16
B2 Sources of income	17
B2-1 Rates and annual charges	17
B2-2 User charges and fees	18
B2-3 Other revenues	19
B2-4 Grants and contributions	20
B2-5 Interest and investment income	24
B2-6 Other income	24
B3 Costs of providing services	25
B3-1 Employee benefits and on-costs	25
B3-2 Materials and services	26
B3-3 Borrowing costs	27
B3-4 Depreciation, amortisation and impairment of non-financial assets	28
B3-5 Other expenses	30
B4 Gains or losses	31
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	31
B5 Performance against budget	32
B5-1 Material budget variations	32
C Financial position	34
C1 Assets we manage	34
C1-1 Cash and cash equivalents	34
C1-2 Financial investments	35
C1-3 Restricted and allocated cash, cash equivalents and investments	36
C1-4 Receivables	39
C1-5 Inventories	40
C1-6 Contract assets and Contract cost assets	40
C1-7 Infrastructure, property, plant and equipment	42
C1-8 Other	45
C2 Leasing activities	46
C2-1 Council as a lessee	46

Byron Shire Council

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

C2-2 Council as a lessor	47
C3 Liabilities of Council	48
C3-1 Payables	48
C3-2 Contract Liabilities	49
C3-3 Borrowings	50
C3-4 Employee benefit provisions	51
C3-5 Provisions	53
C4 Reserves	54
C4-1 Nature and purpose of reserves	54
D Council structure	55
D1 Results by fund	55
D1-1 Income Statement by fund	55
D1-2 Statement of Financial Position by fund	56
D2 Interests in other entities	57
D2-1 Interests in associates	57
E Risks and accounting uncertainties	58
E1-1 Risks relating to financial instruments held	58
E2-1 Fair value measurement	61
E3-1 Contingencies	66
F People and relationships	69
F1 Related party disclosures	69
F1-1 Key management personnel (KMP)	69
F1-2 Councillor and Mayoral fees and associated expenses	70
F2 Other relationships	70
F2-1 Audit fees	70
G Other matters	71
G1-1 Statement of Cash Flows information	71
G2-1 Commitments	72
G3 Statement of developer contributions as at 30 June 2023	73
G3-1 Summary of developer contributions	73
G3-2 Developer contributions by plan	74
G3-3 S64 contributions	76
G4 Statement of performance measures	77
G4-1 Statement of performance measures – consolidated results	77
G4-2 Statement of performance measures by fund	78
H Additional Council disclosures (unaudited)	80
H1-1 Statement of performance measures – consolidated results (graphs)	80
H1-2 Council information and contact details	82

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 26 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note B5-1 Material budget variations

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council's accounting policies

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

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.

A1-1 Basis of preparation (continued)

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

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

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (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. A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge.

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council currently utilises the services of volunteers to assist in the management/operation of nine community facilities under Section 355 of the Local Government Act 1993. The financial operations of these facilities in the main are contained within the financial outcomes of Council. The financial consideration relevant though to specific volunteer services (labour) has not been recognised in the financial statements as it is considered not material overall nor can it be reliably measured. That aside, whilst the financial consideration cannot be reliably measured, Council acknowledges the importance and appreciation of the support it receives from volunteers.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2022.

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

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

This Standard modifies AASB 13 Fair Value Measurement for application by not-for-profit public sector entities such as Council.

It includes authoritative implementation guidance when fair valuing non-financial assets, not held primarily for their ability to generate cash inflows and also provides guidance and clarification when valuing assets that are restricted (in their use) at Council.

This includes guidance and clarification regarding the determination of an assets highest and best use, the development and use of internal assumptions for unobservable inputs and allows for greater use of internal judgements when applying the cost approach in the measurement and determination of fair values.

Although Council is yet to fully determine the impact of this standard, the changes will be evaluated in the future assessment of all property and infrastructure assets measured at fair value.

The standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

A1-1 Basis of preparation (continued)

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

This Standard amends a number of standards as follows:

- AASB 7 to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- AASB 101 to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- AASB 108 to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- AASB 134 to identify material accounting policy information as a component of a complete set of financial statements; and
- AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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

The following new standards are effective for the first time at 30 June 2023:

- AASB 2022-3 *Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments*

None of these standards had a significant impact on reported financial 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.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
We have, infrastructure, transport and services which meet our expectations	88,136	76,935	81,520	92,591	6,616	(15,656)	39,507	36,231	915,608	852,434
We cultivate and celebrate our diverse cultures, lifestyle and sense of community	6,057	7,238	8,025	8,762	(1,968)	(1,524)	13,140	2,695	356,052	300,619
We protect and enhance our natural environment	18,901	2,551	16,295	2,993	2,606	(442)	854	1,214	34,245	31,462
We manage growth and change responsibly	7,168	7,247	11,600	9,392	(4,432)	(2,145)	142	6	87,332	64,475
We have community led decision making which is open and inclusive	32,276	31,852	3,517	1,012	28,759	30,840	3,202	2,898	136,836	124,022
Total functions and activities	152,538	125,823	120,957	114,750	31,581	11,073	56,845	43,044	1,530,073	1,373,012

B1-2 Components of functions or activities

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

Connected Infrastructure

- Provide a safe, reliable, and accessible transport network.
- Connect the Shire through integrated transport services.
- Ensure infrastructure meets future needs and invest in emerging technologies.
- Provide accessible community facilities and open spaces.
- Provide continuous and sustainable water and sewerage management.

Inclusive Community

- Foster opportunities to express, celebrate and participate in arts and cultural activity.
- Enhance safety and contribute to the physical, mental and spiritual health and wellbeing of the community.
- Respect Aboriginal culture, value cultural knowledge, and acknowledge history.
- Enrich lifelong learning and education and support services to help young people thrive.
- Create social impact and initiatives that address disadvantage.

Nurtured Environment

- Partner to nurture and enhance biodiversity, ecosystems and ecology.
- Deliver initiatives and education programs to encourage protection of the environment.
- Protect the health of coastline, estuaries, waterways, and catchments.
- Support and empower the community to adapt to, and mitigate the impact on climate change.
- Minimise waste and encourage recycling and resource recovery practices.

Ethical Growth

- Manage responsible development through effective place and space planning.
- Enable housing diversity and support people experiencing housing insecurity.
- Promote and support the local economy.
- Foster sustainable visitation and manage the impacts of tourism on the Shire.
- Support a resilient community that can adapt and respond to change.

Effective Leadership

- Enhance trust and accountability through open and transparent leadership.
- Engage, inform, and involve community in decision making.
- Ethical and efficient management of resources.
- Enhance organisation capability through innovative practices and regional partnerships.
- Empower community leadership through collaboration, capacity building, and cultivating community driven initiatives.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	20,440	19,950
Farmland	1,413	1,365
Business	5,585	5,347
Rates levied to ratepayers	27,438	26,662
Pensioner rate subsidies received	185	201
Total ordinary rates	27,623	26,863
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	8,719	7,400
Stormwater management services	303	301
Water supply services	2,745	2,601
Sewerage services	16,818	16,080
Waste management services (non-domestic)	1,698	1,149
Annual charges levied	30,283	27,531
Pensioner annual charges subsidies received:		
– Water	67	71
– Sewerage	64	68
– Domestic waste management	59	57
Total annual charges	30,473	27,727
Total rates and annual charges	58,096	54,590

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2023	2022
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	2	7,555	6,986
Sewerage services	2	2,118	1,634
Total specific user charges		9,673	8,620
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Planning and building regulation	2	–	245
Private works – section 67	2	85	46
Regulatory/ statutory fees	2	137	83
Section 10.7 certificates (EP&A Act)	2	148	126
Section 603 certificates	2	58	79
Building inspections	2	541	620
Building services	2	835	1,102
Developer fees	2	1,023	1,233
Dog registration / release	2	50	52
Engineering services	2	3	2
Freedom of information	2	82	56
Health inspection	2	633	489
Total fees and charges – statutory/regulatory		3,595	4,133
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aerodrome	2	95	81
Caravan park	2	4,697	3,024
Cemeteries	2	309	282
Child care	2	1,103	781
Leaseback fees – Council vehicles	2	333	315
Parking fees	2	4,756	2,790
Water connection fees	2	205	165
Administration and financial services	2	16	296
Public halls	2	361	278
Sewerage charges	2	448	387
Swimming pools	2	195	163
Other	2	303	174
Waste	2	4,860	3,689
Total fees and charges – other		17,681	12,425
Total other user charges and fees		21,276	16,558
Total user charges and fees		30,949	25,178
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		30,949	25,178
Total user charges and fees		30,949	25,178

Accounting policy

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

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

Where an upfront fee is charged such as membership fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership. Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

B2-3 Other revenues

\$ '000	Timing	2023	2022
Fines	2	2,021	1,306
Legal Fees Recovery	2	30	111
Insurance Claim Recoveries	2	301	—
Sales – general	2	53	40
Sewer - Other	2	106	—
Workers Compensation	2	99	95
Community	2	5	—
Total other revenue		2,615	1,552

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	—	—
Other revenue recognised at a point in time (2)	2,615	1,552
Total other revenue	2,615	1,552

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	641	1,135	–	–
Financial assistance – local roads component	2	392	684	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	2,563	1,750	–	–
Financial assistance – local roads component	2	1,526	1,033	–	–
Amount recognised as income during current year		5,122	4,602	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Animal Enforcement	2	–	375	–	–
Bushfire and emergency services	2	147	543	–	–
Child care	2	1,175	1,181	–	–
Community centres	2	–	–	2,853	336
Economic development	2	78	–	–	–
Library	2	161	152	–	–
Street lighting	2	56	55	–	–
Transport (Roads to Recovery)	1	953	1,025	–	–
Transport (other roads, bridges and drainage funding)	1	1,492	465	928	14,104
Waste management	2	–	1,512	–	–
Parks & Gardens	2	11	–	4,763	975
Community services	2	658	24	–	–
Planning	2	74	6	–	–
Crown lands maintenance	2	202	211	8	29
Environmental management	2	707	296	–	–
Employment & Training	2	68	13	–	–
Flood Recovery	2	–	3,000	–	–
Footpaths	2	–	–	441	–
Foreshore Maintenance	2	27	29	–	20
Recreation and Culture	2	–	15	–	–
Sporting Grounds & Venues	2	946	27	2,210	195
Energy Saving Certificates	2	–	17	–	–
Roads and bridges	1	14,488	7,686	5,804	67
Transport for NSW contributions (regional roads, block grant)	2	725	656	6,789	155
Surf lifesaving	2	195	170	–	–
Other	2	–	–	227	–
Sewer	2	–	–	494	–
Total special purpose grants and non-developer contributions – cash		22,163	17,458	24,517	15,881
Non-cash contributions					
Dedications – Assets	2	–	–	1,159	2,155
Total other contributions – non-cash		–	–	1,159	2,155
Total special purpose grants and non-developer contributions (tied)		22,163	17,458	25,676	18,036
Total grants and non-developer contributions		27,285	22,060	25,676	18,036

Comprising:

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
– Commonwealth funding		7,285	7,169	1,121	300
– State funding		19,158	14,043	18,886	15,392
– Other funding		842	848	5,669	2,344
		27,285	22,060	25,676	18,036

Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):		G3				
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	2,353	1,707
S 64 – water supply contributions		2	–	–	143	167
S 64 – sewerage service contributions		2	–	–	1,388	1,074
Total developer contributions – cash			–	–	3,884	2,948
Total developer contributions			–	–	3,884	2,948
Total contributions			–	–	3,884	2,948
Total grants and contributions			27,285	22,060	29,560	20,984
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	8,151	–	15,196
Grants and contributions recognised at a point in time (2)			27,285	13,909	29,560	5,788
Total grants and contributions			27,285	22,060	29,560	20,984

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants				
Unspent funds at 1 July	5,323	1,866	11,158	5,367
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,729	4,902	–	–
Add: Funds received and not recognised as revenue in the current year	–	–	4,972	8,048
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(2,095)	(1,445)	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(9,163)	(2,257)
Unspent grants at 30 June	5,957	5,323	6,967	11,158
Unspent Contributions				
Unspent funds at 1 July	–	–	21,084	22,121
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	4,502	3,079
Add: Funds received and not recognised as revenue in the current year	–	–	–	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(4,324)	(4,116)
Unspent contributions at 30 June	–	–	21,262	21,084

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

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.

B2-4 Grants and contributions (continued)

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	416	73
– Cash and investments	2,255	437
Total interest and investment income (losses)	2,671	510
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	249	46
General Council cash and investments	1,863	241
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	216	100
– Section 64	176	96
Water fund operations	57	7
Sewer Fund	110	20
Total interest and investment income	2,671	510

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2023	2022
Rental income			
Other lease income			
Property Agreements		1,033	771
Cavanbah Centre		329	178
Total other lease income		1,362	949
Total rental income	C2-2	1,362	949
Total other income		1,362	949

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	24,652	25,010
Employee leave entitlements (ELE)	6,186	5,073
Superannuation	3,086	2,824
Workers' compensation insurance	808	634
Fringe benefit tax (FBT)	9	21
Payroll tax	205	180
Training costs (other than salaries and wages)	368	244
Total employee costs	35,314	33,986
Less: capitalised costs	(3,141)	(2,134)
Total employee costs expensed	32,173	31,852

Accounting policy

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

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

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

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		39,140	35,900
– Caravan parks		1,367	884
– Cleaning		356	270
– Security		84	71
– Surf lifesaving		741	688
– Swimming pools		494	469
– Temporary employment		2,657	2,608
– Waste		8,142	7,153
Audit Fees	F2-1	181	175
Infringement notice contract costs (SEINS)		291	163
Expenses from leases of low value assets		565	489
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	384	318
Advertising		104	53
Bank charges		130	131
Computer software charges		1,214	1,072
Electricity and heating		1,390	1,688
Insurance		1,358	1,181
Postage		87	90
Printing and stationery		74	69
Street lighting		408	316
Telephone and communications		277	326
Valuation fees		98	92
Legal expenses:			
– Legal expenses: planning and development		345	201
– Legal expenses: other		49	9
Total materials and services		59,936	54,416

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2023	2022
(i) Interest bearing liability costs			
Interest on loans		2,728	2,891
Total interest bearing liability costs		2,728	2,891
Total interest bearing liability costs expensed		2,728	2,891
(ii) Other borrowing costs			
– Remediation liabilities	C3-5	179	43
Total other borrowing costs		179	43
Total borrowing costs expensed		2,907	2,934

Accounting policy

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

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

\$ '000	Notes	2023	2022
Depreciation and amortisation			
Plant and equipment		1,204	1,218
Office equipment		12	12
Furniture and fittings		8	8
Land improvements (depreciable)		26	26
Infrastructure:	C1-7		
– Buildings		1,510	1,803
– Other structures		41	39
– Roads		8,281	7,400
– Bridges		503	451
– Footpaths		281	239
– Stormwater drainage		2,115	1,915
– Water supply network		1,548	1,432
– Sewerage network		3,319	3,093
– Swimming pools		32	68
– Other open space/recreational assets		492	469
Other assets:			
– Other		79	129
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5, C1-7	456	538
– Quarry assets	C3-5, C1-7	248	294
Total gross depreciation and amortisation costs		20,155	19,134
Total depreciation and amortisation costs		20,155	19,134
Impairment / revaluation decrement of IPPE			
Infrastructure:	C1-7		
– Buildings		–	783
– Roads		–	848
– Bridges		16	–
– Stormwater drainage		–	321
– Swimming pools		–	108
– Other open space/recreational assets		–	2
– Bulk earthworks		–	84
Other assets:			
– Other		–	11
Total gross IPPE impairment / revaluation decrement costs		16	2,157
Amounts taken through revaluation reserve	C1-7	–	(2,157)
Total IPPE impairment / revaluation decrement costs charged to Income Statement		16	–
Total depreciation, amortisation and impairment for non-financial assets		20,171	19,134

Depreciation and amortisation

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

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

B3-5 Other expenses

\$ '000	Notes	2023	2022
Impairment of receivables			
Other		57	52
Total impairment of receivables	C1-4	57	52
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		103	675
Total Fair value decrement on investments	C1-2	103	675
Other			
Contributions/levies to other levels of government			
– Bushfire fighting fund		318	238
– Emergency services levy (includes FRNSW, SES, and RFS levies)		96	51
– NSW fire brigade levy		110	96
– Far North Coast Weeds		119	118
– Other contributions/levies		164	153
Donations, contributions and assistance to other organisations (Section 356)		69	69
Richmond Tweed Regional Library		1,559	1,445
Total other		2,435	2,170
Total other expenses		2,595	2,897

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2023	2022
Gain (or loss) on disposal of plant and equipment	C1-7		
Proceeds from disposal – plant and equipment		598	881
Less: carrying amount of plant and equipment assets sold/written off		(179)	(281)
Gain (or loss) on disposal		419	600
Gain (or loss) on disposal of infrastructure	C1-7		
Less: carrying amount of infrastructure assets sold/written off		(3,560)	(4,117)
Gain (or loss) on disposal		(3,560)	(4,117)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		27,139	35,594
Less: carrying amount of investments sold/redeemed/matured		(27,139)	(35,594)
Gain (or loss) on disposal		–	–
WIP Assets written off			
Proceeds from disposal - WIP assets written off		–	–
Less: carrying amount of WIP assets written off		(34)	–
Gain (or loss) on disposal - Loss on write off of WIP assets		(34)	–
Net gain (or loss) from disposal of assets		(3,175)	(3,517)

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 30 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	57,010	58,096	1,086	2% F
User charges and fees	30,513	30,949	436	1% F
Other revenues	1,407	2,615	1,208	86% F
Other Revenues exceeded the original budget by \$1.208million with the following items accounting for the majority of the favourable variance:				
- Additional Infringement Revenue exceeded the original budget by \$617k - Insurance claim revenue \$300k that was not included in the original budget. - Misc Sewerage revenue \$106k that was not included in the original budget.				
Operating grants and contributions	3,741	27,285	23,544	629% F
Actual results for Operating Grants and Contributions exceeded the original budget by \$23.544 million with the following items accounting for the majority of the favourable variance:				
- Road Infrastructure Repairs for Flood Damage \$14.487million - Other road infrastructure grant income \$1.434 million - Open Space grant income \$946k. - Advance payment of 2023/2024 Financial Assistance Grant \$4.089million - Council budgeted roads to recovery grant as a capital grant but it is treated as operating \$953k - Community Services grants \$658k not included in the original budget - Environmental Management grants \$707k not included in original budget				
Capital grants and contributions	34,599	29,560	(5,039)	(15)% U
Actual results for Capital Grants and Contributions were less than the original budget by \$5.039 million largely due to a grant of \$8.9 million for the proposed Bioenergy Facility being in the original budget that Council was unsuccessful.				
Interest and investment revenue	557	2,671	2,114	380% F
Actual results for Interest and Investment Revenue exceeded the original budget by \$2.114 million largely due to the increase in interest rates that Council was able to achieve for funds invested. The Reserve Bank Cash rate at 30 June 2022 was 0.85%, with an increase of 3.25% during the year. This large increase was not built in to Council's original 2023 adopted budget as it was not expected. In addition to this, Council also received more interest on overdue rates and charges than was originally identified in the 2023 adopted budget.				
Other income	—	1,362	1,362	∞ F

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Employee benefits and on-costs	33,177	32,173	1,004	3% F
Materials and services	43,766	59,936	(16,170)	(37)% U
During the 2022/2023 financial year, Council expended \$11.8million on infrastructure emergency works and immediate repair works and project management associated with the February/March 2022 flood events. This expenditure was not included in the original budget. There was a further \$1.03million in expenditure for insurance repair works as a result of flood damage that was not included in the original budget. There was a further \$2.6million in expenditure proposed to be capitalised in the original budget that was not capitalised but expensed.				
Borrowing costs	2,761	2,907	(146)	(5)% U
Depreciation, amortisation and impairment of non-financial assets	18,456	20,171	(1,715)	(9)% U
Other expenses	2,782	2,595	187	7% F
Net losses from disposal of assets	–	3,175	(3,175)	∞ U

Statement of cash flows

Cash flows from operating activities	45,341	44,680	(661)	(1)% U
Cash flows from investing activities	(75,791)	(51,460)	24,331	(32)% F

Council did not complete the total capital works program that was included in the original budget which included \$23.9million provided for construction of a Bio-Energy Facility that did not commence.

Cash flows from financing activities	16,760	(4,562)	(21,322)	(127)% U
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The original Council budget for 2022/2023 provided for \$20.8million in new loan borrowings for a number of projects that progressed to a stage that did not require loan borrowings. The largest loan borrowing provided for was for a proposed Bio-Energy Facility (\$15million) that did not proceed in the 2022/2023 financial year. Council did not eventually borrow any new loans in the 2022/2023 financial year.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	2,760	5,217
Cash equivalent assets		
– Deposits at call	35,135	38,020
– Short-term deposits	7,000	13,000
Total cash and cash equivalents	44,895	56,237

Reconciliation of cash and cash equivalents

\$ '000	Notes	2023	2022
Total cash and cash equivalents per Statement of Financial Position		44,895	56,237
Less bank overdraft	C3-3	–	–
Balance as per the Statement of Cash Flows		44,895	56,237

Accounting policy

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

C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Debt securities at amortised cost				
Long term deposits	20,546	–	15,451	–
NCD's, FRN's (with maturities > 3 months)	–	1,459	–	1,499
Other long term financial assets	–	5,055	–	5,119
Total	20,546	6,514	15,451	6,618
Total financial investments	20,546	6,514	15,451	6,618
Total cash assets, cash equivalents and investments	65,441	6,514	71,688	6,618

Accounting policy

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

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. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

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

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

Fair value through other comprehensive income – equity instruments

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

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

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

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. Net gains or losses, including any interest or dividend income, are recognised in profit or loss. Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	71,955	78,306
Less: Externally restricted cash, cash equivalents and investments	(48,836)	(53,646)
Cash, cash equivalents and investments not subject to external restrictions	23,119	24,660

External restrictions

External restrictions – included in liabilities

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

Bonds and deposits	2,487	2,508
Specific purpose unexpended grants – general fund	12,652	15,714
Specific purpose unexpended grants – sewer fund	273	767
External restrictions – included in liabilities	15,412	18,989

External restrictions – other

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

Developer contributions – general	13,841	11,808
Developer contributions – water fund	1,721	1,845
Developer contributions – sewer fund	5,449	7,180
Transport for NSW contributions	231	231
Water fund	5,702	8,954
Sewer fund	4,831	3,598
Domestic waste management	698	672
Crown paid parking reserve	880	275
Crown reserve	51	74
Other	20	20
External restrictions – other	33,424	34,657
Total external restrictions	48,836	53,646

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

\$ '000	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	23,119	24,660
Less: Internally restricted cash, cash equivalents and investments	(23,119)	(24,660)
Unrestricted and unallocated cash, cash equivalents and investments	–	–

Internal allocations

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

Plant and vehicle replacement	3,791	2,958
Infrastructure renewal - Byron Bay	311	763
Infrastructure renewal reserve – non Byron Bay	1,363	1,575
Employees leave entitlement	72	572
Asset revaluation reserve	11	11
Bridge replacement fund	2	2

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

\$ '000	2023	2022
Brunswick Valley community centre	8	–
Brunswick Heads Memorial Hall	13	23
Byron Bay Library Exhibition Space	13	18
Byron Bay Library	290	300
Byron Senior Citizens Hall	106	84
Children's services	76	218
Community development	365	278
Council caravan parks	1,566	1,669
Economic development	83	83
Environmental levy	31	16
Financial assistance grant (in advance)	4,089	2,789
Footpath dining	460	300
General managers office	71	107
Human resources	312	345
Information technology	91	134
Information & technology service fee	502	350
Infrastructure services carryover	617	339
Land and natural environment	246	233
Land remediation	10	10
Legal services	–	124
On-site sewerage management reserve	84	195
Property	91	136
Quarry	1,186	625
Revolving energy fund	10	10
Risk management	301	305
South Golden Beach Hall	21	14
2017/2018 Special Rate Carryover Reserve	1,864	2,411
Stormwater	152	488
Suffolk Park Community Hall	–	2
Suffolk park open space	50	50
Tennis courts	8	–
Unexpended loans	1,029	2,461
Waste management	8,284	7,555
Ocean Shores Community Centre	28	13
Council election	123	43
Community Building Maintenance	567	476
WHS Incentive	–	40
Public Toilets	180	112
Volunteer Visitor Fund	40	30
Byron Bay Town Centre Masterplan	429	788
Mullumbimby Civic Hall	25	–
Property development	486	432
Environmental Enforcement Levy	94	286
Byron Bay Construction Contingency	292	300
Pay Parking Meter Replacement	600	400
Pay Parking - Council/TfNSW	152	43
Development & Certification	240	250
Corporate Services Carryover	43	28
Sale of Road Assets	16	107
House Raising	59	59
Flood Recovery ¹	(7,834)	(6,300)
Total internal allocations	23,119	24,660

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

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

- (1) Council is able to make a resolution at any time to determine internal allocations. It has chosen by resolution to include a Flood Recovery Reserve to represent funds from its overall pool of internal allocations that it has applied to response and recovery activities associated with the February/March 2022 Flood events that it is awaiting reimbursement via Natural Disaster funding. Council has not used any externally restricted funds for this purpose.

C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates and annual charges	6,179	1,289	5,259	403
Interest and extra charges	116	82	21	8
User charges and fees	5,181	–	3,815	–
Accrued revenues				
– Interest on investments	230	–	101	–
Net investment in finance lease	–	–	–	–
Deferred debtors	10	139	10	150
Government grants and subsidies	980	–	1,653	–
Net GST receivable	1,558	–	1,327	–
Pensioner subsidy	(17)	–	(6)	–
Miscellaneous water and sewer	107	–	110	–
Total	14,344	1,510	12,290	561
Less: provision for impairment				
User charges and fees	(76)	–	(51)	–
Total provision for impairment – receivables	(76)	–	(51)	–
Total net receivables	14,268	1,510	12,239	561

\$ '000	2023	2022
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	51	39
+ new provisions recognised during the year	25	12
Balance at the end of the year	76	51

Accounting policy

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

Impairment

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

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

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

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

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

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 2 years past due, whichever occurs first.

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

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

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Stores and materials	464	–	462	–
Total inventories at cost	464	–	462	–
Total inventories	464	–	462	–

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Contract assets and Contract cost assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	8,419	–	1,812	–
Total contract assets and contract cost assets	8,419	–	1,812	–

Contract assets

Government Grants and Subsidies - Roads and Cycleways	6,976	–	1,812	–
Government Grants and Subsidies - Open Space Assets	1,443	–	–	–
Total contract assets	8,419	–	1,812	–

Significant changes in contract assets

During the 2022/2023 financial year, Council has continued to undertake roads projects that it is awaiting payment from other levels of government amounting to \$6.976million including \$5.500million milestone for the NSW Election Commitment Grant. Other changes include \$1.443million related to Open Space and Recreation Asset works.

Accounting policy

Contract assets

Contract assets represent Councils right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

Contract cost asset – costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

C1-6 Contract assets and Contract cost assets (continued)

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period										At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	Impairment reversal (recognised in equity)	WIP transfers	Adjustments and transfers	WIP Written off (to P&L)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000																
Capital work in progress	25,686	–	25,686	15,240	2,211	–	–	–	–	(14,180)	–	(34)	–	28,924	–	28,924
Plant and equipment	12,318	(7,513)	4,805	–	2,062	(179)	(1,204)	–	–	–	–	–	–	13,227	(7,743)	5,484
Office equipment	2,261	(2,214)	47	–	–	–	(12)	–	–	–	–	–	–	2,261	(2,226)	35
Furniture and fittings	275	(251)	24	–	–	–	(8)	–	–	–	–	–	–	275	(259)	16
Land:																
– Operational land	189,105	–	189,105	–	456	(839)	–	–	–	–	3,554	–	29,641	221,917	–	221,917
– Community land	166,271	–	166,271	–	–	–	–	–	–	–	–	–	33,732	200,003	–	200,003
– Crown land	83,134	–	83,134	–	–	–	–	–	–	–	(3,554)	–	14,830	94,410	–	94,410
– Land under roads (post 30/6/08)	424	–	424	–	25	–	–	–	–	–	–	–	399	847	–	847
Land improvements – depreciable	1,294	(78)	1,216	–	–	–	(26)	–	–	–	–	–	–	1,294	(104)	1,190
Infrastructure:																
– Buildings	100,249	(22,240)	78,009	492	74	(463)	(1,510)	–	353	437	–	–	5,596	107,943	(24,954)	82,989
– Other structures	4,488	(3,142)	1,346	–	–	–	(41)	–	–	–	–	–	–	4,488	(3,183)	1,305
– Roads	392,884	(149,099)	243,785	14,018	–	(1,820)	(8,281)	–	204	6,521	–	–	14,748	434,884	(165,709)	269,175
– Bridges	59,315	(6,164)	53,151	3,713	–	(161)	(503)	(16)	–	183	–	–	3,108	66,472	(6,997)	59,475
– Footpaths	18,072	(4,842)	13,230	596	107	(11)	(281)	–	–	369	–	–	778	20,208	(5,421)	14,787
– Bulk earthworks (non-depreciable)	42,477	(84)	42,393	748	–	–	–	–	–	2,579	–	–	2,517	48,321	(84)	48,237
– Stormwater drainage	210,467	(57,924)	152,543	1,199	–	(180)	(2,115)	–	–	2,157	–	–	8,062	224,844	(63,178)	161,666
– Water supply network	113,719	(46,846)	66,873	2,771	–	(1)	(1,548)	–	–	516	–	–	5,275	126,002	(52,116)	73,886
– Sewerage network	201,926	(75,624)	126,302	3,538	–	(5)	(3,319)	–	–	1,383	–	–	9,840	222,762	(85,022)	137,740
– Swimming pools	3,404	(1,249)	2,155	–	–	–	(32)	–	108	–	–	–	–	3,404	(1,173)	2,231
– Other open space/recreational assets	22,976	(9,087)	13,889	33	174	(79)	(492)	–	2	35	–	–	–	23,077	(9,514)	13,563
Other assets:																
– Other	1,185	(550)	635	–	158	–	(79)	–	11	–	–	–	–	1,343	(618)	725
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																
– Tip assets	14,654	(3,805)	10,849	–	–	–	(456)	–	–	–	20	–	295	14,995	(4,288)	10,707
– Quarry assets	4,155	(1,662)	2,493	–	–	–	(248)	–	–	–	481	–	39	4,675	(1,910)	2,765
Total infrastructure, property, plant and equipment	1,670,739	(392,374)	1,278,365	42,348	5,267	(3,738)	(20,155)	(16)	678	–	501	(34)	128,860	1,866,576	(434,499)	1,432,077

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

C1-7 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period										At 30 June 2022		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
\$ '000																
Capital work in progress	21,460	–	21,460	11,076	4,854	–	–	–	–	(11,705)	–	–	–	25,686	–	25,686
Plant and equipment	13,984	(9,342)	4,642	19	1,626	(281)	(1,218)	–	–	18	–	–	–	12,318	(7,513)	4,805
Office equipment	2,663	(2,604)	59	–	–	–	(12)	–	–	–	–	–	–	2,261	(2,214)	47
Furniture and fittings	275	(243)	32	–	–	–	(8)	–	–	–	–	–	–	275	(251)	24
Land:																
– Operational land	161,973	–	161,973	–	207	–	–	–	–	3,095	–	–	23,830	189,105	–	189,105
– Community land	105,078	–	105,078	–	340	–	–	–	–	–	–	–	60,852	166,271	–	166,271
– Crown land	56,236	1	56,237	–	–	–	–	–	–	–	–	–	26,898	83,134	–	83,134
– Land under roads (post 30/6/08)	409	(1)	408	–	15	–	–	–	–	–	–	–	–	424	–	424
Land improvements – depreciable	1,294	(52)	1,242	–	–	–	(26)	–	–	–	–	–	–	1,294	(78)	1,216
Infrastructure:																
– Buildings	91,615	(17,944)	73,671	209	171	–	(1,803)	(353)	(430)	291	–	–	6,254	100,249	(22,240)	78,009
– Other structures	4,412	(3,103)	1,309	8	–	–	(39)	–	–	68	–	–	–	4,488	(3,142)	1,346
– Roads	344,761	(127,024)	217,737	7,543	–	(273)	(7,400)	(204)	(644)	3,251	–	–	23,776	392,884	(149,099)	243,785
– Bridges	53,194	(5,201)	47,993	363	–	(239)	(451)	–	–	365	–	–	5,118	59,315	(6,164)	53,151
– Footpaths	13,448	(4,134)	9,314	122	222	(14)	(239)	–	–	2,824	–	–	1,001	18,072	(4,842)	13,230
– Bulk earthworks (non-depreciable)	38,206	–	38,206	26	–	(6)	–	–	(84)	128	–	–	4,122	42,477	(84)	42,393
– Stormwater drainage	187,862	(49,696)	138,166	672	–	–	(1,915)	–	(321)	117	–	–	15,820	210,467	(57,924)	152,543
– Water supply network	117,544	(45,771)	71,773	781	–	(1,543)	(1,432)	–	–	6	4	(2,716)	–	113,719	(46,846)	66,873
– Sewerage network	200,122	(79,825)	120,297	2,110	–	(1,945)	(3,093)	–	–	129	(4)	–	8,810	201,926	(75,624)	126,302
– Swimming pools	3,404	(1,073)	2,331	–	–	–	(68)	(108)	–	–	–	–	–	3,404	(1,249)	2,155
– Other open space/recreational assets	21,282	(8,617)	12,665	192	467	(4)	(469)	(2)	–	1,042	–	–	–	22,976	(9,087)	13,889
Other assets:																
– Other	2,238	(1,370)	868	–	–	(94)	(129)	(11)	–	–	–	–	–	1,185	(550)	635
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																
– Tip assets	14,285	(3,239)	11,046	–	–	–	(538)	–	–	–	(298)	–	639	14,654	(3,805)	10,849
– Quarry assets	4,234	(1,368)	2,866	–	–	–	(294)	–	–	–	(278)	–	198	4,155	(1,662)	2,493
Total infrastructure, property, plant and equipment	1,459,979	(360,606)	1,099,373	23,121	7,902	(4,399)	(19,134)	(678)	(1,479)	(371)	(576)	(2,716)	177,318	1,670,739	(392,374)	1,278,365

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

C1-7 Infrastructure, property, plant and equipment (continued)

Accounting policy

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

IPPE is measured 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 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.

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Useful lives of IPPE

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	20 to 100
Office furniture	10 to 20	Benches, seats etc.	0 to 5
Computer equipment	4		
Vehicles	7 to 10		
Heavy plant/road making equipment	7 to 10		
Other plant and equipment	5 to 10		
Buildings		Buildings	
Envelope	40 to 150	Mechanical Services	30
Floors	40	Fire Services	30
Floor Coverings	17 to 34	Electrical Services	50
Internal Screens	20	Hydraulic Services	40
Roof	80		
Water and sewer assets		Stormwater assets	
Dams and reservoirs	40 to 100	Drains	100 to 200
Bores	20 to 40	Culverts	100
Reticulation pipes: PVC	70 to 80	Flood control structures	100
Reticulation pipes: other	40 to 80		
Pumps and telemetry	10 to 60		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	8 to 25	Bulk earthworks	Infinite
Sealed roads: structure	45 to 225	Swimming pools	50
Unsealed roads	12 to 36	Other open space / recreational assets	5 to 100
Bridge: concrete	60 to 100		
Bridge: other	60 to 100		
Road pavements	50		
Kerb, gutter and footpaths	80		

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

Land under roads

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

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

C1-7 Infrastructure, property, plant and equipment (continued)

Crown reserves

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

Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer Note C2-1.

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

Rural Fire Service assets

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

In terms of 'Red Fleet' Rural Fire Service Assets, Council by resolution has determined not to recognise these assets on the basis it can demonstrate in its opinion it does not control these assets and would not comply with Accounting Standard AASB116 Property, Plant and Equipment if it did.

C1-8 Other

Other assets

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Other	17	–	53	–
Total other assets	17	–	53	–

C2 Leasing activities

C2-1 Council as a lessee

Council has a number of leases over a range of assets including land, buildings, and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Land and Buildings

Council has fourteen leases and licences for a variety of land and buildings as a lessee. These leases/licences are with the NSW Government and are often for minimal rentals, some of the agreements have no end dates and rentals generally increase in line with the Consumer Price Index on anniversary. Council has not outlined any right of use assets or lease liabilities for these leases/licences as it is of the view they are not material to the financial statements of Council.

Vehicles

Council does not lease any vehicles.

Office and IT equipment

Council leases all of its Information Technology equipment including servers, printers, WYSE terminals, laptops, and audio visual equipment.

The vast majority of these assets individually are below the low value threshold individually and therefore Council has taken the view that disclosure requirements of AASB 16 do not apply to this equipment. Council will continue to recognise the operating lease payments as an operating expense,

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties to community groups and businesses. These leases have been classified as operating leases for financial reporting purposes.

\$ '000	2023	2022
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(i) Assets held as property, plant and equipment

Council provides operating leases on Council land and buildings for the purpose of community use such as property agreements, use of rooms/facility hire and the Cavanbah Centre.

Lease income	1,362	949
Total income relating to operating leases for Council assets	1,362	949

(ii) Maturity analysis of contractual lease income

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

< 1 year	579	400
1–2 years	450	354
2–3 years	246	237
3–4 years	156	178
4–5 years	83	127
> 5 years	578	647
Total undiscounted lease payments to be received	2,092	1,943

Accounting policy

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepaid rates	1,179	–	734	–
Goods and services – operating expenditure	8,793	–	6,200	–
Accrued expenses:				
– Borrowings	110	–	122	–
– Other expenditure accruals	1,767	–	1,375	–
Security bonds, deposits and retentions	4,935	–	4,845	–
Total payables	16,784	–	13,276	–

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	4,935	4,845
Total payables	4,935	4,845

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	6,967	–	11,484	–
Total grants received in advance		6,967	–	11,484	–
User fees and charges received in advance:					
Advance bookings - holiday parks	(ii)	1,230	–	1,012	–
Total user fees and charges received in advance		1,230	–	1,012	–
Total contract liabilities		8,197	–	12,496	–

Notes

(i) Council has received funding to construct infrastructure assets. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) Advance booking fees for Council's holiday parks do meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue when the customer has completed their booking by virtue of their stay at the holiday park.

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

\$ '000	2023	2022
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	9,163	2,423
Total revenue recognised that was included in the contract liability balance at the beginning of the period	9,163	2,423

Significant changes in contract liabilities

During the 2022/2023 financial year, Council expended \$9.163million in capital grant funding received in years previous to 2022/2023. This included \$4.979million in NSW Election Commitment Grant funding, \$412k on Sandhills Wetlands Activation, \$131k on Bangalow Showground facilities, \$190k on Suffolk Park Football Club changerooms, \$494k in flood recovery works for Sewerage and \$2.957million on road projects that included Mullumbimby Roads Rehabilitation \$697k, Coolamon Scenic Drive \$410k and Rifle Range Road \$480k.

Accounting policy

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

C3-3 Borrowings

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Loans – secured ¹	8,928	45,279	5,524	53,245
Total borrowings	8,928	45,279	5,524	53,245

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 18.

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

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

(a) Changes in liabilities arising from financing activities

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	58,769	(4,562)	–	–	–	–	54,207
Total liabilities from financing activities	58,769	(4,562)	–	–	–	–	54,207

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	61,058	(2,289)	–	–	–	–	58,769
Total liabilities from financing activities	61,058	(2,289)	–	–	–	–	58,769

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Bank overdraft facilities ¹	1,000	1,000
Credit cards/purchase cards	185	185
Total financing arrangements	1,185	1,185
Drawn facilities		
– Credit cards/purchase cards	2	1
Total drawn financing arrangements	2	1
Undrawn facilities		
– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	183	184
Total undrawn financing arrangements	1,183	1,184

Additional financing arrangements information

Breaches and defaults

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

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Annual leave	3,206	–	3,070	–
Long service leave	4,194	497	3,833	506
Gratuities	121	–	127	–
Total employee benefit provisions	7,521	497	7,030	506

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	4,930	4,402
	4,930	4,402

C3-4 Employee benefit provisions (continued)

Description of and movements in provisions

\$ '000	ELE provisions			Total
	Annual leave	Long service leave	Other employee benefits	
2023				
At beginning of year	3,070	4,339	127	7,536
Other	136	352	(6)	482
Total ELE provisions at end of year	3,206	4,691	121	8,018
2022				
At beginning of year	2,635	4,429	156	7,220
Additional provisions	2,323	442	1	2,766
Amounts used (payments)	(1,888)	(532)	(30)	(2,450)
Total ELE provisions at end of year	3,070	4,339	127	7,536

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	8,119	–	7,439
Sub-total – asset remediation/restoration	–	8,119	–	7,439
Total provisions	–	8,119	–	7,439

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2023		
At beginning of year	7,439	7,439
Unwinding of discount	179	179
Other	501	501
Total other provisions at end of year	8,119	8,119
2022		
At beginning of year	7,972	7,972
Unwinding of discount	43	43
Other	(576)	(576)
Total other provisions at end of year	7,439	7,439

Nature and purpose of provisions

Asset remediation

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

Accounting policy

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

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

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

Asset remediation – tips and quarries

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

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

C3-5 Provisions (continued)

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2023	Water 2023	Sewer 2023
Income from continuing operations			
Rates and annual charges	38,974	2,800	16,950
User charges and fees	25,904	8,161	2,786
Interest and investment revenue	2,329	123	219
Other revenues	2,615	–	–
Grants and contributions provided for operating purposes	27,154	67	64
Grants and contributions provided for capital purposes	27,367	212	1,981
Other income	1,615	–	108
Total income from continuing operations	125,958	11,363	22,108
Expenses from continuing operations			
Employee benefits and on-costs	26,726	2,428	3,019
Materials and services	49,930	7,593	9,303
Borrowing costs	1,122	–	1,785
Depreciation, amortisation and impairment of non-financial assets	15,256	1,562	3,353
Other expenses	2,589	1	5
Net losses from the disposal of assets	3,175	–	–
Share of interests in joint ventures and associates using the equity method	–	–	–
Total expenses from continuing operations	98,798	11,584	17,465
Operating result from continuing operations	27,160	(221)	4,643
Net operating result for the year	27,160	(221)	4,643
Net operating result attributable to each council fund	27,160	(221)	4,643
Net operating result for the year before grants and contributions provided for capital purposes	(207)	(433)	2,662

D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
ASSETS			
Current assets			
Cash and cash equivalents	44,895	–	–
Investments	2,570	7,423	10,553
Receivables	7,775	3,208	3,285
Inventories	464	–	–
Contract assets and contract cost assets	8,419	–	–
Other	17	–	–
Total current assets	64,140	10,631	13,838
Non-current assets			
Investments	6,514	–	–
Receivables	1,510	–	–
Infrastructure, property, plant and equipment	1,152,132	89,187	190,758
Investments accounted for using the equity method	1,363	–	–
Total non-current assets	1,161,519	89,187	190,758
Total assets	1,225,659	99,818	204,596
LIABILITIES			
Current liabilities			
Payables	16,681	–	103
Contract liabilities	7,924	–	273
Borrowings	6,139	–	2,789
Employee benefit provision	7,521	–	–
Total current liabilities	38,265	–	3,165
Non-current liabilities			
Borrowings	15,011	–	30,268
Employee benefit provision	497	–	–
Provisions	8,119	–	–
Total non-current liabilities	23,627	–	30,268
Total liabilities	61,892	–	33,433
Net assets	1,163,767	99,818	171,163
EQUITY			
Accumulated surplus	529,489	42,483	108,459
Revaluation reserves	634,278	57,335	62,704
Council equity interest	1,163,767	99,818	171,163
Total equity	1,163,767	99,818	171,163

D2 Interests in other entities

\$ '000	Council's share of net assets	
	2023	2022
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Associates	1,363	1,214
Total net share of interests in joint ventures and associates using the equity method – assets	1,363	1,214
Total Council's share of net assets	1,363	1,214

Interests in associates

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

Summarised financial information for individually immaterial associates

\$ '000	2023	2022
Individually immaterial associates		
Aggregate carrying amount of individually immaterial associates	1,363	1,214
Aggregate amounts of Council's share of individually immaterial:		
Profit/(loss) from continuing operations	149	72
Total comprehensive income – individually immaterial associates	149	72

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2023	Carrying value 2022	Fair value 2023	Fair value 2022
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	44,895	56,237	47,895	45,237
Receivables	15,778	12,800	15,778	12,800
Investments				
– Debt securities at amortised cost	27,060	22,069	24,060	33,069
Total financial assets	87,733	91,106	87,733	91,106
Financial liabilities				
Payables	16,784	13,276	16,784	13,276
Loans/advances	54,207	58,769	45,913	61,293
Total financial liabilities	70,991	72,045	62,697	74,569

Fair value is determined as follows:

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

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

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

The risks associated with the instruments held are:

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

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

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

(a) Market risk – interest rate and price risk

\$ '000	2023	2022
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	720	783
Impact of a 10% movement in price of investments		
– Equity / Income Statement	2,406	3,307

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
2023				
Gross carrying amount	5,074	132	2,262	7,468
2022				
Gross carrying amount	3,850	132	1,680	5,662

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

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2023 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	15,611	513	134	212	335	16,805
Expected loss rate (%)	0.04%	1.95%	1.98%	0.43%	1.79%	0.15%
ECL provision	6	10	3	1	6	26
2022						
Gross carrying amount	7,807	513	134	212	335	9,001
Expected loss rate (%)	0.02%	1.72%	1.16%	0.41%	2.44%	0.23%
ECL provision	2	18	3	2	16	41

(c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. 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 and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
\$ '000							
2023							
Payables	0.00%	4,935	10,669	—	—	15,604	16,784
Borrowings	4.88%	—	8,928	12,671	32,608	54,207	54,207
Total financial liabilities		4,935	19,597	12,671	32,608	69,811	70,991
2022							
Payables	0.00%	4,845	7,698	—	—	12,543	13,276
Borrowings	4.82%	—	5,525	16,812	36,432	58,769	58,769
Total financial liabilities		4,845	13,223	16,812	36,432	71,312	72,045

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Financial assets

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes. AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

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

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

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

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
Infrastructure, property, plant and equipment	C1-7						
Plant and equipment		–	–	5,485	4,806	5,485	4,806
Office equipment		–	–	34	46	34	46
Furniture and fittings		–	–	15	23	15	23
Operational land		221,917	189,105	–	–	221,917	189,105
Community land		–	–	200,003	166,271	200,003	166,271
Crown Land		–	–	94,410	83,134	94,410	83,134
Land under roads (Post 30/6/08)		–	–	847	424	847	424
Land improvements – non-depreciable		–	–	–	–	–	–
Land improvements – depreciable		–	–	1,191	1,217	1,191	1,217
Buildings specialised		–	–	82,989	78,009	82,989	78,009
Other structures		–	–	1,305	1,346	1,305	1,346
Roads		–	–	269,175	243,785	269,175	243,785
Bridges		–	–	59,475	53,150	59,475	53,150
Footpaths		–	–	14,788	13,229	14,788	13,229
Bulk earthworks		–	–	48,237	42,393	48,237	42,393
Stormwater drainage		–	–	161,166	152,543	161,166	152,543
Water supply network		–	–	73,886	66,873	73,886	66,873
Sewerage network		–	–	137,740	126,303	137,740	126,303
Swimming pools		–	–	2,231	2,155	2,231	2,155
Other open space and recreational assets		–	–	13,562	13,889	13,562	13,889
Other assets		–	–	725	635	725	635
Tip assets		–	–	10,707	10,849	10,707	10,849
Quarry assets		–	–	2,764	2,492	2,764	2,492
Total infrastructure, property, plant and equipment		221,917	189,105	1,180,735	1,063,572	1,402,652	1,252,677

Valuation techniques

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

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

E2-1 Fair value measurement (continued)

Financial assets

Financial assets are exposed to financial risks such as price risk, credit risk, liquidity risk and interest rate risk surrounding the unpredictable nature of financial markets.

The valuation technique for these assets is based on a market approach observing that the carrying value is a reasonable approximation of the fair value.

Infrastructure, property, plant and equipment (IPPE)

Plant and equipment, office equipment, furniture and fittings

Plant and equipment, office equipment and furniture & fittings assets are valued at cost. The carrying amount of these assets is assumed to approximate fair value.

Operational land

Operational Land has been valued by APV, an external valuer utilised by Council at 30 June 2023. The report provided by APV stated that the valuation was undertaken in accordance with specific accounting standards AASB13 Fair Value Measurement and AASB116 Property Plant and Equipment.

Depending upon the unique circumstances of each lot, land has been valued using a range of approaches. Where there is an active market the 'market approach' has been adopted. If its value is primarily dependent on its income generating capability the income approach was used. For other types of land the 'cost approach' was adopted.

Details of each approach are detailed below.

Level 3 inputs are unobservable inputs for the asset or liability

Unobservable inputs are to be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

There were no assets valued where it was assumed that the highest and best use was other than its current use and all assets have been valued at Level 2

Community land

Community Land has been valued using the Valuer Generals value of land. These rates are not considered to be observable market evidence and as such they have been classified as Level 3

Land under roads (Post 30/6/08)

Land under roads is valued using the 'Englobo' valuation method at 30 June 2023. The Englobo value of the land under the road is the proportional site value of the land at the time when the land is sold for subdivision. In prior years, this was valued through information provided by the Valuer General (VG). Information was received by the VG for each zone description and an applicable rate per square metre for rural and residential areas was applied to the land recognised under roads, post 30/6/08. These rates are not considered to be observable market evidence and as such they have been classified as Level 3.

Buildings – specialised

Buildings were valued by Assetic at 30 June 2021 using the cost approach plus indexation for 30 June 2022 and 2023. This approach estimated the replacement cost for each building by componentising it into significant parts with different useful lives taking into account a range of factors. Some of these factors required extensive professional judgement and as such were classified as Level 3.

Roads, bridges and footpaths

Valuations for these asset classes were undertaken by Assetic using the replacement cost approach plus indexation for 30 June 2022 and 30 June 2023. No market based evidence (Level 2) inputs are available, therefore Level 3 valuation inputs were used for this asset class.

Water

Water Network assets were valued by Assetic at 30 June 2022 plus indexation for 30 June 2023. The replacement cost approach was used to value these assets. Some of the significant inputs considered in the valuation of those assets are remaining useful life, pattern of consumption, dimensions and asset components. Some of these inputs are unobservable and as such this asset class is classified as Level 3.

Sewer

Sewer Network assets were valued by Assetic at 30 June 2022 plus indexation for 30 June 2023. The replacement cost approach was used to value these assets. Some of the significant inputs considered in the valuation of those assets are remaining useful life, pattern of consumption, dimensions and asset components. Some of these inputs are unobservable and as such this asset class is classified as Level 3.

E2-1 Fair value measurement (continued)

Stormwater drainage

Valuations for these asset classes were undertaken by Assetic plus indexation for 30 June 2023 using the replacement cost approach. No market based evidence (Level 2) inputs are available, therefore Level 3 valuation inputs were used for this asset class.

Swimming pools

This asset class is for the swimming pool shells only. This was valued externally by Assetic at 30 June 2021 plus indexation for 30 June 2022 and 30 June 2023.

Other open space and recreational assets.

This asset class was valued by Assetic as at 30 June 2021 plus indexation for 30 June 2022 and 30 June 2023. All assets within the revaluation identified the assets as Level 3, valued using the cost approach.

Other assets

Other assets are valued at cost. The carrying amount of these assets is assumed to approximate fair value.

Tip assets

Tip assets are valued at cost. The carrying amount of these assets is assumed to approximate fair value based on the cost estimate to remediate the tip provided by Councils engineering staff. The cost of the asset is influenced by change in cost factors measured by the consumer price index and the discounting to present value by the applicable Government bond rate.

Quarry assets

Quarry assets are valued at cost. The carrying amount of these assets is assumed to approximate fair value based on the cost estimate to remediate the quarry provided by Councils engineering staff. The cost of the asset is influenced by change in cost factors measured by the consumer price index and the discounting to present value by the applicable Government bond rate.

Fair value measurements using significant unobservable inputs (level 3)

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

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

\$ '000	Fair value 2023	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Plant, Equipment, Furniture, Fittings and Office Equipment	5,535	Cost used to approximate fair value	Asset Condition, remaining useful lives
Operational Land	221,917	APV Valuation	Land Value, land area
Community Land	200,003	1 July 2022 Land values obtained from the NSW Valuer General	Land Value, land area
Crown Land	94,410	1 July 2022 Land values obtained from the NSW Valuer General	Land Value, land area
Land Under Roads	847	Square metre rate calculated from Land and Property information of LG area and applied to depending on zoning of the land	Land Value, land area
Land Improvements	1,191	Cost used to approximate fair value	Asset Condition, remaining useful lives
Buildings	82,989	Assetic valuation	Condition, remaining lives, valuers individual knowledge and skills.
Other Structures	1,305	Cost used to approximate fair value	Asset Condition, remaining useful lives
Roads, Bridges & Footpaths	343,438	Assetic Report - Independent valuation using depreciated replacement cost	Condition, remaining lives, valuers individual knowledge and skills.
Stormwater Drainage	161,666	Assetic Report - Independent valuation using depreciated replacement cost	Condition, remaining lives, valuers individual knowledge and skills.
Bulk Earthworks	48,237	Assetic Report - Independent valuation using depreciated replacement cost	Condition, remaining lives, valuers individual knowledge and skills.

E2-1 Fair value measurement (continued)

\$ '000	Fair value 2023	Valuation technique/s	Unobservable inputs
Water	73,886	Independent valuation using depreciated replacement cost. Indexation applied annually since comprehensive revaluation	Condition, remaining lives, valuers individual knowledge and skills.
Sewer	137,740	Independent valuation using depreciated replacement cost. Indexation applied annually since comprehensive revaluation	Condition, remaining lives, valuers individual knowledge and skills.
Swimming Pools	2,231	Independent valuation using depreciated replacement cost	Condition, remaining lives, valuers individual knowledge and skills.
Other Open Space & Recreation	13,562	Independent valuation using depreciated replacement cost	Condition, remaining lives, valuers individual knowledge and skills.
Other Assets	725	Cost used to approximate fair value	Asset Condition, remaining useful lives
Tip Assets	10,707	Cost used to approximate fair value	Asset Condition, remaining useful lives
Quarry Assets	2,764	Cost used to approximate fair value	Asset Condition, remaining useful lives

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

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Community Land	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	4,805	4,641	47	59	24	32	249,405	161,314
Total gains or losses for the period								
Other movements								
Purchases (GBV)	2,062	1,645	—	—	—	—	—	340
Disposals (WDV)	(179)	(281)	—	—	—	—	—	—
Depreciation and impairment	(1,204)	(1,218)	(12)	(12)	(8)	(8)	—	—
WIP Transfers	—	18	—	—	—	—	—	—
Adjustments & Transfers	—	—	—	—	—	—	(3,554)	—
Reval Equity Movements	—	—	—	—	—	—	48,561	87,751
Closing balance	5,484	4,805	35	47	16	24	294,412	249,405

\$ '000	Land under Roads (post 30/6/08)		Land improv'mnt depreciable		Building specialised		Other structures	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	422	407	1,216	3,073	78,012	73,672	1,346	1,309
Total gains or losses for the period								
Other movements								
Purchases (GBV)	25	15	—	—	566	381	—	8
Disposals (WDV)	—	—	—	—	(463)	—	—	—
Depreciation and impairment	—	—	(26)	(26)	(1,158)	(2,586)	(41)	(39)
WIP Transfers	—	—	—	—	437	291	—	68
Adjustments & Transfers	—	—	—	(1,831)	—	—	—	—
Reval Equity Movements	399	—	—	—	5,594	6,254	—	—
Closing balance	846	422	1,190	1,216	82,988	78,012	1,305	1,346

\$ '000	Roads		Bridges		Footpaths		Bulk earthworks	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	243,785	217,735	53,149	47,992	13,230	9,314	42,393	38,207
Total gains or losses for the period								
Other movements								
Purchases (GBV)	14,018	7,463	3,713	363	703	344	748	26
Disposals (WDV)	(1,820)	(273)	(161)	—	(11)	(14)	—	(6)

continued on next page ...

E2-1 Fair value measurement (continued)

\$ '000	Roads		Bridges		Footpaths		Bulk earthworks	
	2023	2022	2023	2022	2023	2022	2023	2022
Depreciation and impairment	(8,077)	(8,248)	(518)	(690)	(281)	(239)	–	(84)
WIP Transfers	6,521	3,251	183	365	369	2,824	2,579	128
Adjustments & Transfers	–	–	–	–	–	–	–	–
Reval Equity Movements	14,748	23,857	3,108	5,119	778	1,001	2,517	4,122
Closing balance	269,175	243,785	59,474	53,149	14,788	13,230	48,237	42,393

\$ '000	Stormwater drainage		Water supply network		Sewerage network		Swimming pools	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	152,539	138,166	66,871	69,253	126,303	117,623	2,155	2,331
Total gains or losses for the period								
Other movements								
Purchases (GBV)	1,199	672	2,771	781	3,538	2,110	–	–
Disposals (WDV)	(180)	–	(1)	(1,543)	(5)	(2,590)	–	–
Depreciation and impairment	(2,115)	(2,236)	(1,548)	(1,432)	(3,319)	(3,093)	76	(176)
WIP Transfers	2,158	117	516	6	1,383	129	–	–
Adjustments & Transfers	–	–	–	4	–	(4)	–	–
Reval Equity Movements	8,065	15,820	5,276	(2,716)	9,840	9,455	–	–
Closing balance	161,666	152,539	73,885	66,871	137,740	126,303	2,231	2,155

\$ '000	Other open space and recreation		Other		Tip assets		Quarry assets	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	13,890	12,663	635	869	10,849	11,045	2,492	2,866
Total gains or losses for the period								
Other movements								
Purchases (GBV)	207	658	158	–	–	–	–	–
Disposals (WDV)	(80)	(4)	–	(94)	–	–	–	–
Depreciation and impairment	(490)	(469)	(68)	(140)	(456)	(537)	(248)	(294)
WIP Transfers	35	1,042	–	–	–	–	–	–
Adjustments & Transfers	–	–	–	–	20	(298)	481	(278)
Reval Equity Movements	–	–	–	–	295	639	39	198
Closing balance	13,562	13,890	725	635	10,708	10,849	2,764	2,492

\$ '000	Total	
	2023	2022
Opening balance	1,063,568	912,571
Purchases (GBV)	29,708	14,806
Disposals (WDV)	(2,900)	(4,805)
Depreciation and impairment	(19,493)	(21,527)
WIP Transfers	14,181	8,239
Adjustments & Transfers	(3,053)	(2,407)
Reval Equity Movements	99,220	151,500
Closing balance	1,181,231	1,063,568

Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

For 2023 there are no transfers into or out of the level 3 valuation hierarchy.

Highest and best use

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

E3-1 Contingencies

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

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

E3-1 Contingencies (continued)

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 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding past service 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.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$130,822.37. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$86,606.28. Council's expected contribution to the plan for the next annual reporting period is \$136,345.44

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 0.43%.

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% for FY 22/23 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, which will be a triennial actuarial investigation will be completed by December 2023.

(ii) Statewide Limited

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

E3-1 Contingencies (continued)

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

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

(iii) StateCover Limited

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

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

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

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

2. Other liabilities

(i) Third party claims

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

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

(ii) Section 7.11 Contributions (Previously S94 Plans)

Council levies Section 7.11 Contributions (previously Section 94/94A) upon various developments across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend monies in accordance with those Plans.

As well, these Plans indicate future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

The future expenses do not yet qualify as liabilities as of the reporting date, but represent Council's intentions to spend funds in the manner and timing set out in those Plans.

(iii) Butler Street Byron Bay Contamination

Council is currently in consultation with the Environment Protection Authority undertaking monitoring and investigation of contamination levels at the Butler Street Reserve that is still ongoing. This being the site of a disused landfill. The ongoing monitoring will be used to determine the future management of the Reserve.

(iv) Former Landfill Brunswick Heads

Council has investigated the environmental impact of a former landfill at Brunswick Heads in association with the NSW Department of Planning, Industry and Environment and the Environment Protection Agency. The site is now being monitored with the prospect of further remediation small but not eliminated.

(v) Native Title Compensation

There may be financial exposure that cannot be quantified for Council related to compensation in respect to Native Title under both the Native Title Act 1993 (Cth) and Native Title (New South Wales) Act 1994.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	1,162	1,111
Post-employment benefits	120	86
Other long-term benefits	3	–
Total	1,285	1,197

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	46	45
Councillors' fees	190	168
Other Councillors' expenses (including Mayor)	148	105
Total	384	318

F2 Other relationships

F2-1 Audit fees

\$ '000	2023	2022
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit of financial statements	82	91
Remuneration for audit and other assurance services	82	91
Total Auditor-General remuneration	82	91
Non NSW Auditor-General audit firms		
(ii) Non-assurance services		
Internal audit services	99	42
Other audit and assurance services	–	42
Remuneration for non-assurance services	99	84
Total remuneration of non NSW Auditor-General audit firms	99	84
Total audit fees	181	175

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
Net operating result from Income Statement	31,581	11,073
Add / (less) non-cash items:		
Depreciation and amortisation	20,155	19,134
(Gain) / loss on disposal of assets	3,175	3,517
Non-cash capital grants and contributions	(1,159)	(2,155)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	103	675
– Revaluation decrements / impairments of IPP&E direct to P&L	16	–
Unwinding of discount rates on reinstatement provisions	179	43
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(3,014)	(2,482)
Increase / (decrease) in provision for impairment of receivables	25	12
(Increase) / decrease of inventories	(2)	46
(Increase) / decrease of other current assets	36	(36)
(Increase) / decrease of contract asset	(6,607)	875
Increase / (decrease) in payables	2,593	(2,184)
Increase / (decrease) in accrued interest payable	(12)	(14)
Increase / (decrease) in other accrued expenses payable	392	777
Increase / (decrease) in other liabilities	535	587
Increase / (decrease) in contract liabilities	(4,299)	6,222
Increase / (decrease) in employee benefit provision	482	316
Increase / (decrease) in other provisions	501	(576)
Net cash flows from operating activities	44,680	35,830

(b) Non-cash investing and financing activities

Crown land devolved	–	–
Developer dedications	1,159	2,155
Total non-cash investing and financing activities	1,159	2,155

G2-1 Commitments

Capital commitments (exclusive of GST)

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

Property, plant and equipment

Plant and equipment	401	764
Roads	16,505	1,027
Water	–	2,313
Sewer	–	12,012
Parks and Gardens	359	2,491
Bridges	–	1,096
Buildings	7,479	205
Total commitments	24,744	19,908

These expenditures are payable as follows:

Within the next year	24,744	19,708
Later than 1 year not later than 5 years	–	200
Total payable	24,744	19,908

Sources for funding of capital commitments:

Unrestricted general funds	3,902	–
Future grants and contributions	19,092	4,288
Section 7.11 and 64 funds/reserves	759	5,000
Internally restricted reserves	991	10,620
Total sources of funding	24,744	19,908

G3 Statement of developer contributions as at 30 June 2023

G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Open space	4,582	593	–	–	145	(195)	–	5,126	–
Community facilities	1,254	254	–	–	42	(20)	–	1,530	–
Urban roads	2,539	203	–	–	80	(4)	–	2,819	–
Rural roads	1,022	603	–	–	55	(346)	–	1,334	–
Cycleways	1,004	117	–	–	32	(30)	–	1,123	–
Carparking	377	67	–	–	13	–	–	458	–
Civic and urban improvements	252	1	–	–	9	(9)	–	253	–
Shire support services	117	1	–	–	3	–	–	121	–
Administration	426	157	–	–	13	(128)	–	468	–
Section 7.12 levy	236	356	–	–	17	–	–	609	–
S7.11 contributions – under a plan	11,809	2,352	–	–	409	(732)	–	13,841	–
Total S7.11 and S7.12 revenue under plans	11,809	2,352	–	–	409	(732)	–	13,841	–
S64 contributions	9,025	1,531	–	–	205	(3,591)	–	7,170	–
Total contributions	20,834	3,883	–	–	614	(4,323)	–	21,011	–

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.

G3-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN NUMBER 1 – OPEN SPACE									
Byron Bay	312	188	–	–	11	(110)	–	401	–
Mullumbimby	1,007	97	–	–	32	–	–	1,137	–
Bangalow	343	31	–	–	11	–	–	385	–
Suffolk Park	558	–	–	–	14	(85)	–	487	–
Brunswick Heads	53	47	–	–	3	–	–	103	–
Ocean Shores	131	122	–	–	7	–	–	260	–
Shire Wide	2,120	107	–	–	65	–	–	2,292	–
Rural North	41	–	–	–	1	–	–	42	–
Rural South	17	1	–	–	1	–	–	19	–
Total	4,582	593	–	–	145	(195)	–	5,126	–
CONTRIBUTION PLAN NUMBER 2 – COMMUNITY FACILITIES									
Byron Bay	57	56	–	–	3	–	–	116	–
Mullumbimby	38	–	–	–	1	–	–	39	–
Bangalow	215	3	–	–	6	–	–	224	–
Brunswick Heads	17	33	–	–	1	–	–	51	–
Ocean Shores	51	4	–	–	2	–	–	57	–
Shire Wide	765	157	–	–	27	–	–	949	–
Rural North	8	–	–	–	–	–	–	8	–
Rural South	103	1	–	–	2	(20)	–	86	–
Total	1,254	254	–	–	42	(20)	–	1,530	–
CONTRIBUTION PLAN NUMBER 3 – CYCLEWAYS									
Byron Bay	284	61	–	–	10	–	–	355	–
Mullumbimby	424	18	–	–	13	(5)	–	450	–
Bangalow	6	8	–	–	–	–	–	14	–
Brunswick Heads	53	10	–	–	2	–	–	65	–
Ocean Shores	94	10	–	–	3	(15)	–	92	–
Shire Wide	21	–	–	–	–	–	–	21	–
Rural North	16	1	–	–	3	–	–	20	–
Rural South	106	9	–	–	1	(10)	–	106	–
Total	1,004	117	–	–	32	(30)	–	1,123	–
CONTRIBUTION PLAN NUMBER 4 – SHIRE SUPPORT SERVICES									
Byron Bay	21	–	–	–	1	–	–	22	–
Mullumbimby	14	–	–	–	–	–	–	14	–
Bangalow	4	–	–	–	–	–	–	4	–
Ocean Shores	6	–	–	–	–	–	–	6	–
Rural North	29	1	–	–	1	–	–	31	–
Rural South	(2)	–	–	–	–	–	–	(2)	–

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G3-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Shire Rural	44	–	–	–	1	–	–	45	–
Brunswick Heads	1	–	–	–	–	–	–	1	–
Total	117	1	–	–	3	–	–	121	–
CONTRIBUTION PLAN NUMBER 5 – CARPARKING									
Byron Bay	58	2	–	–	2	–	–	64	–
Mullumbimby	132	–	–	–	4	–	–	137	–
Bangalow	–	65	–	–	2	–	–	66	–
Brunswick Heads	187	–	–	–	5	–	–	191	–
Total	377	67	–	–	13	–	–	458	–
CONTRIBUTION PLAN NUMBER 6 – URBAN ROADS									
Byron Bay	286	131	–	–	12	–	–	429	–
Mullumbimby	620	8	–	–	18	(4)	–	643	–
Bangalow	1,336	13	–	–	40	–	–	1,389	–
Brunswick Heads	215	51	–	–	8	–	–	274	–
Ocean Shores	81	–	–	–	2	–	–	83	–
Batson Quarry	1	–	–	–	–	–	–	1	–
Total	2,539	203	–	–	80	(4)	–	2,819	–
CONTRIBUTION PLAN NUMBER 7 – RURAL ROADS									
Shire Rural	(263)	31	–	–	–	(339)	–	(571)	–
Mudges Quarry	18	–	–	–	1	–	–	19	–
Leela Quarry	4	–	–	–	–	–	–	4	–
Myocum Quarry (Council)	20	–	–	–	1	–	–	21	–
Rural North	171	386	–	–	16	(7)	–	566	–
Rural South	1,072	186	–	–	37	–	–	1,295	–
Total	1,022	603	–	–	55	(346)	–	1,334	–
CONTRIBUTION PLAN NUMBER 8 – CIVIC AND URBAN IMPROVEMENTS									
Byron Bay	(19)	–	–	–	–	–	–	(19)	–
Mullumbimby	6	–	–	–	–	–	–	6	–
Bangalow	114	–	–	–	3	(9)	–	108	–
Brunswick Heads	3	–	–	–	–	–	–	3	–
Ocean Shores	142	–	–	–	4	–	–	146	–
Rural North	(53)	–	–	–	–	–	–	(53)	–
Rural South	59	1	–	–	2	–	–	62	–
Total	252	1	–	–	9	(9)	–	253	–

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G3-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year		Non-cash Other	Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land						
CONTRIBUTION PLAN NUMBER 9 – ADMINISTRATION									
Shire Wide	426	157	–	–	13	(128)	–	468	–
Total	426	157	–	–	13	(128)	–	468	–
CONTRIBUTION PLAN NUMBER 10 – SECTION 7.12 LEVY									
Shire Wide	236	356	–	–	17	–	–	609	–
Total	236	356	–	–	17	–	–	609	–

G3-3 S64 contributions

CONTRIBUTION PLAN NUMBER 11 – WATER SUPPLY SERVICES

Byron, Bang, Burns, O/Shires	1,107	77	–	–	30	(316)	–	898	–
Mullumbimby	738	66	–	–	19	–	–	823	–
Total	1,845	143	–	–	49	(316)	–	1,721	–

CONTRIBUTION PLAN NUMBER 12 – SEWERAGE SERVICES

Bangalow	3,287	114	–	–	83	–	–	3,484	–
Byron Bay	3,893	1,274	–	–	73	(3,275)	–	1,965	–
Total	7,180	1,388	–	–	156	(3,275)	–	5,449	–

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	5,372	4.37%	(5.41)%	(6.55)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	122,978				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	95,693	62.73%	65.79%	72.50%	> 60.00%
Total continuing operating revenue ¹	152,538				
3. Unrestricted current ratio					
Current assets less all external restrictions	39,794	2.51x	3.52x	2.41x	> 1.50x
Current liabilities less specific purpose liabilities	15,826				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	28,434	3.81x	2.44x	2.22x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	7,469				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	7,666	11.94%	9.60%	8.33%	< 10.00%
Rates and annual charges collectable	64,203				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	65,441	8.03	8.89	9.36	> 3.00
Monthly payments from cash flow of operating and financing activities	8,154	months	months	months	months

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

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

G4-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	3.43%	(3.96)%	(3.88)%	(32.61)%	13.23%	3.59%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	54.21%	56.89%	97.54%	96.77%	90.75%	91.81%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	2.51x	3.52x	∞	∞	4.37x	3.94x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3.43x	2.61x	∞	∞	4.37x	2.98x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	17.25%	14.07%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	8.03 months	8.89 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G6-1 above.

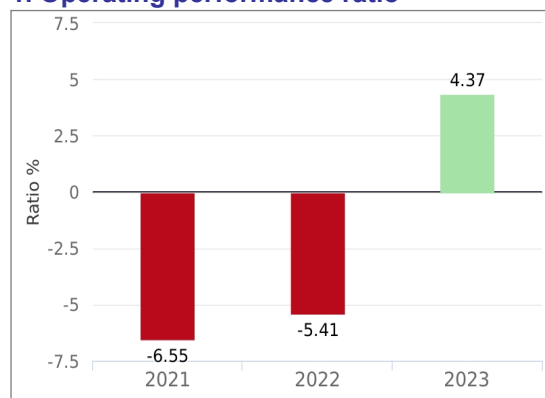
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio 4.37%

This is the first year in quite some time Council has met this benchmark. However, the result is influenced by timing of revenue due to application of revenue accounting standards. Further Council has seen recovery in some of its user charges as well as receiving 100% of its 2022/23 financial assistance grant in advance.

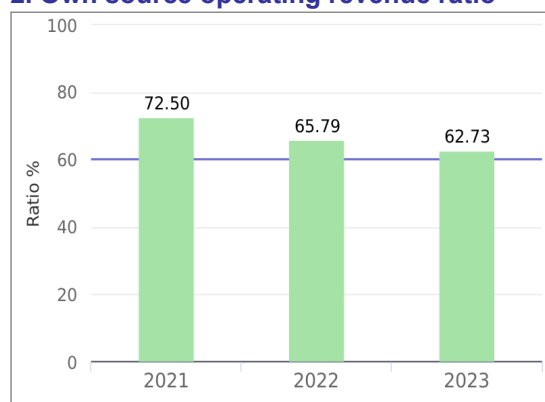
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2022/23 result

2022/23 ratio 62.73%

Council has in recent years received significant levels of grant funding that has reduced the proportion of operating revenue generated from its own sources. It is pleasing though that Council is still managing to maintain the benchmark.

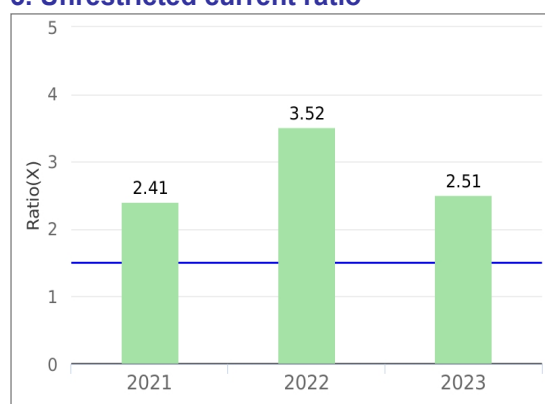
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2022/23 result

2022/23 ratio 2.51x

This outcome is a good result considering the impact on Council of ongoing infrastructure recovery from the February/March 2022 flood events and shows that Council's short term financial position remains relatively ok even though Council continues not to have any unrestricted cash at 30 June 2023.

Benchmark: — > 1.50x

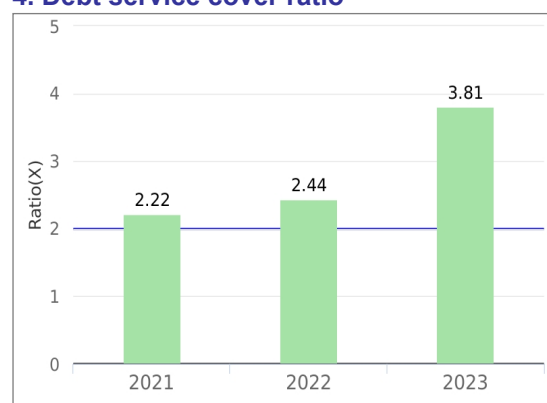
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Purpose of debt service cover ratio

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

Commentary on 2022/23 result

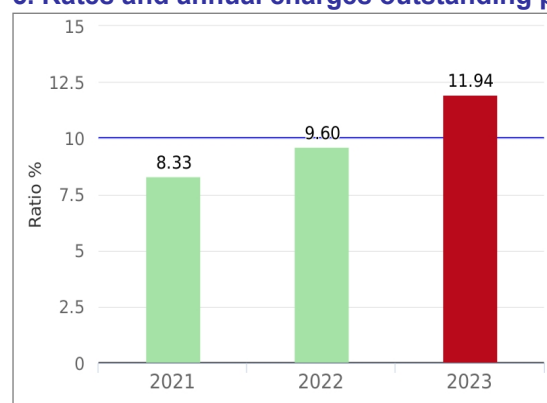
2022/23 ratio 3.81x

It is pleasing that Council has improved the availability of operating cash to service debt repayments. Council in oncoming years will be refinancing some significant loan borrowings that will hopefully reduce debt costs for existing borrowings and assist maintaining this ratio benchmark

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

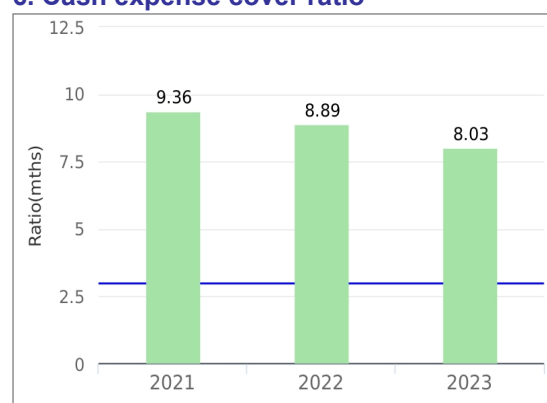
2022/23 ratio 11.94%

The Byron Shire Council community has in recent years been impacted by COVID-19, the twin February/March 2022 flood events and cost of living pressures. Council had in 2021/2022 relaxed debt recovery and not pursued this further in 2022/23 to a great extent. This has caused the benchmark to be no longer met and will need to become something for the Council to improve upon.

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 8.03 months

Council maintains a stable strong liquidity position well above the required benchmark. Considering the impact of the February/March 2022 flood events and subsequent recovery expenditure subject to claim this is a pleasing result. There is significant lag in receiving natural disaster funding and this will need to be closely monitored as more significant flood recovery expenditure occurs in the next few years.

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

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MULLUMBIMBY NSW 2482

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Officers**General Manager**

Mark Arnold

Responsible Accounting Officer

James Brickley

Public Officer

Esmeralda Davis

Auditors

Audit Office of New South Wales
Level 19, Darling Park Tower 2
201 Sussex Street
SYDNEY NSW 2000

Elected members**Mayor**

Michael Lyon

Councillors

Sarah Ndiaye
Cate Coorey
Alan Hunter
Mark Swivel
Asren Pugh
Sama Balson
Peter Westheimer
Duncan Dey

Other information

ABN: 14 472 131 473