

ANNUAL GENERAL MEETING AGENDA

Tuesday 10 December 2024
at
5.00pm Council Chambers, St Helens

John Brown, General Manager
Break O'Day Council
4 December 2024

Division 3 – Annual General Meeting

72B. Annual General Meeting

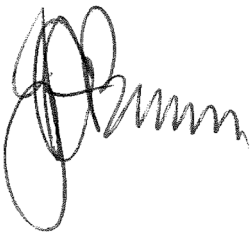
1. A Council must hold an Annual General Meeting on a date that –
 - a. Is not later than 15 December in each year; and
 - b. Is not before 14 days after the date of the first publication of a notice under subsection (2).
2. A Council must publish a notice on at least 2 separate occasions in a daily newspaper circulating in the municipal area or other prescribed newspaper specifying the date, time and place of the Annual General Meeting.
3. If a quorum of the Council is not present –
 - a. The Annual General Meeting is to be reconvened and held within 14 days; and
 - b. A notice is to be published in a daily newspaper circulating in the municipal area or other prescribed newspaper specifying the date, time and place of the Annual General Meeting.
4. Only electors in the municipal area are entitled to vote at an Annual General Meeting.
5. A motion at an Annual General Meeting is passed by a majority of votes taken by a show of hands or by any other means of ascertaining the vote the Council determines.
6. A motion passed at an Annual General Meeting is to be considered at the next meeting of the Council.
7. The General Manager is to keep minutes of the Annual General Meeting.

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the Break O'Day Council will be held at the St Helens Council Chambers on Tuesday 10 December 2024 commencing at 5.00pm.

CERTIFICATION

Pursuant to the provisions of Section 65 of the *Local Government Act 1993*, I hereby certify that the advice, information and recommendations contained within this Agenda have been given by a person who has the qualifications and / or experience necessary to give such advice, information and recommendations or such advice was obtained and taken into account in providing the general advice contained within the Agenda.



JOHN BROWN

GENERAL MANAGER

Date: 4 December 2024

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AUDIO RECORDING OF MEETINGS OF COUNCIL

All ordinary meetings, special meetings and annual general meetings will be live streamed using audio/visual technology. A link to the audio/visual recordings will be made available to the public post the meeting on Council's website (within seven (7) days post the meeting in line with the uploading of the minutes from the meeting). The audio/visual recording of Council Meetings will only be retained for six (6) months.

Other than an official Council recording, no video or audio recording of proceedings of Council Meetings shall be permitted without specific approval by resolution of the Meeting.

The streaming platform utilised for recording and streaming is setup specifically for Break O'Day Council and Council has full control of which meetings are streamed or uploaded for viewing. There is no ability for the public to comment, edit or download recordings in anyway. They can only be viewed via the Council link.

Participation in person at the Council Meeting is considered as providing your consent to livestreaming of that meeting.

In accordance with the Local Government Act 1993 and Regulation 33 of the Local Government (Meeting Procedures) Regulations 2015, these audio files will be retained by Council for at least six (6) months and made available for listening online within seven (7) days of the scheduled meeting. The written minutes of a meeting, once confirmed, prevail over the audio recording of the meeting and a transcript of the recording will not be prepared.

OPENING

The Mayor to welcome Councillors, staff and members of the public and declare the meeting open at 5:00pm.

ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Traditional Custodians of the land on which we work and live, the Palawa people of this land Tasmania, and recognise their continuing connection to the lands, skies and waters. We pay respects to the Elders Past, present and future.

LIVE AUDIO/VISUAL STREAMING OF COUNCIL MEETINGS

Ladies and gentlemen, I would like to advise you that today's Council Meeting is being live streamed and recorded. This means that members of the public who are unable to attend in person can still observe the proceedings. By remaining in this chamber, you are consenting to being filmed and recorded. Please be mindful of your actions and contributions as they will be visible to the public. Thank you for your cooperation.

AGM/24.1.0 ATTENDANCE

AGM/24.1.1 Present

Mayor Mick Tucker
Deputy Mayor Kristi Chapple
Councillor Gary Barnes
Councillor Ian Carter
Councillor Janet Drummond
Councillor Liz Johnstone
Councillor Barry LeFevre
Councillor Vaughan Oldham
Councillor Kylie Wright

AGM/24.1.2 Apologies

AGM/24.1.3 Leave of Absence

AGM/24.1.4 Staff in Attendance

General Manager, John Brown
Corporate Services Officer Linda Singline

AGM/22.2.0 WELCOME AND INTRODUCTION – MAYOR MICK TUCKER

Welcome to the 2023-2024 Annual Report.

What a year it has been!

Our Council has been working hard behind the scenes to secure funding that will help us progress key projects and activities that will elevate our community and region. Our vision is to provide quality services that promote the wellbeing of all Break O'Day residents. Securing funding from State and Federal Governments takes effort, and I want to thank everyone who contributes to this process, including the community members who offer valuable feedback and engage with our governing bodies.

During the 2022 State election, we successfully lobbied for funding for the Pumptrack project at Flagstaff, which is currently underway and expected to be completed by December 2024. This will complement this fantastic space and the already established Mountain Bike Network, encouraging an active lifestyle.

Our Georges Bay Multi-User Track project, which had stalled due to a lack of funding, is back on track thanks to \$1 million in funding support from the State Government and we hope to be able to secure Federal funding to complete this project as well. These projects, along with others like a Telstra upgrade for St Helens are clear examples of how our positive relationships with government can result in meaningful progress for our community.

This past financial year, we faced unexpected storm-related devastation which saw more than 145 mm of rain fall in a localised area of St Helens in a matter of hours. All it took was one quick call from me to Premier Rockliff and this led to the Premier declaring this a natural disaster for our area. The impact was significant—homes and businesses suffered, and there was a sudden pause on our local daily life. I want to thank the Premier and the State Government for their swift response and financial support that allowed us to begin the recovery process. Again, this shows just how important our strong relationships with State and Federal Governments are in ensuring quick responses when our community needs it most.

We've dealt with our share of natural events in recent years. After the Fingal Valley bushfires, we were fortunate to receive funding from the Federal Government's Black Summer Bushfire Recovery Grants. We are now seeing progress on recovery projects like the St Marys Multi-Purpose and Evacuation Centre, which is nearing completion, aided by an additional \$500,000 to fit out the facility from the State Government. This additional funding was negotiated by Council with the State Government during the election period. The Fingal Community Shed and the Mangana Network telecommunications tower are also progressing, all made possible by this crucial funding. I would like to thank the Federal and State Government for their consistent support to our community in times of need.

It's important to remember that our success isn't just about projects and funding—it's about the people who make an impact on our community.

I want to extend a special thank you to our outdoor crew, who are always on the front lines during these weather events. Your hard work ensures the safety and wellbeing of our community, and it is

truly appreciated. Our emergency management and communications teams also deserve recognition for providing timely updates and support during uncertain times. And to all our staff, who band together in challenging moments—thank you for your commitment to helping the community you’re a part of.

As Mayor, I am proud of the resilience of our community in these challenging times and would like to express my gratitude for your understanding and support. In the face of adversity, what really matters is how we come together. It’s not about getting through it on our own but about leaning on each other and finding strength in our community. Together, we are resilient.

This year, our Volunteer Film Festival, led by Council’s Community Services Team, brought together local groups and individuals to share their volunteering stories through short films. The project highlighted how much volunteers contribute to Break O’Day and positively impact our community. Our efforts were recognised when Council won the 2024 Community Award for the initiative. This award isn’t just for Council—it’s for every volunteer who pours their heart into making our community stronger.

Volunteers are the lifeblood of small communities like ours, and this award is a celebration of all their efforts. We’re so proud of everyone involved and encourage more people to explore the rewarding experience of volunteering.

I’d also like to thank our Councillors for their continued efforts and commitment to their constituents. By listening to the community’s needs, bringing those voices to the table, and engaging in respectful discussions, they help shape a positive future for Break O’Day. We’re fortunate to have a cohesive and respectful Council that works well together.

And finally, I want to extend a heartfelt thank you to our amazing staff and volunteers. You are the backbone of Break O’Day Council and I appreciate your hard work for your community of which you are an important part. Every decision we make as a Council touches your lives, your loved ones, and your neighbours, and I truly appreciate the dedication and care you bring to every project, service and task. Your hard work keeps Break O’Day thriving and makes a real difference - it doesn’t go unnoticed. Keep shining!

Here’s to another year of growth, resilience, and community spirit. Together, we can achieve great things!

Mick Tucker
Mayor

When I wrote this report last year we were waiting to see what the Local Government Board would recommend in relation to Council boundary adjustments and then, what the State Government might do on the matter. I was also concerned that the State Government might just ignore the Final Report which would be incredibly frustrating. The Local Government Board made some recommendations, and we responded supporting the investigation into an East Coast Council in our submission to the Minister in February this year. Since then, there has been nothing from the Minister and the State Government. Obviously, the State Election and the survival of the Government have distracted them from this vital piece of work.

We were able to place the issues of housing, population change, health needs, childcare and post secondary education on the table to focus on. Initially the focus has been on education and the potential for a Study Hub to be established on the East Coast to support learners in vocational and tertiary education.

A highlight of the year was the Volunteer Film Festival which was held at the Easy Tiger complex, showcasing the activities of 11 of our local community groups and attended by over 70 people. These were wonderful and inspirational stories of what makes our community so great. We submitted the event to the Local Government Professionals Community Service Delivery Awards because we thought it was such a great project. (Post year end footnote – the Judging Committee must have thought so too because we WON!) Great work by the Community Services team.

There has been much discussion within the community over many years about the construction of an aquatic facility in the Break O'Day area. The Council has been very cautious on the matter as any facility is going to potentially have very significant financial ramifications into the future and it requires a very close examination. During the year the first steps were taken to undertake a feasibility analysis to address key questions such as whether an aquatic facility is feasible, what it could look like, where it might be located and how it would be financed. This is important work and if it does look like it might be possible, then a detailed business case will need to be developed prior to a final decision by Council as to whether it goes ahead.

During the year we managed to progress work in key areas such as:

- Tourism Strategy Review
- Economic Development Strategy Review
- Break O'Day Population Analysis
- Local Township Plans (Nine)
- Bay of Fires Master Plan
- Local Provision Schedule (Planning Scheme)
- Lower George River Flood Risk Impact Assessment
- St Marys Pass Alternative Route Investigation

The hard work of the Break O'Day team, Councillors, employees and volunteers in serving our communities continue to result in creating a better future for those lucky enough to live and visit the beautiful Break O'Day area. I would like to express a heartfelt thanks for this work, we do receive emails and calls from members of our community expressing their appreciation and these are always passed on as they are really welcome.

John Brown
General Manager

ACTION	INFORMATION
PROPONENT	Council Officer
OFFICER	Raoul Harper, Manager Business Services
FILE REFERENCE	018\018\001\
ASSOCIATED REPORTS AND DOCUMENTS	Financial Statements 2023/2024

OFFICER'S RECOMMENDATION:

That Council note the report.

INTRODUCTION:

This report provides an in-depth analysis of the Council's financial performance for the year, focusing on the underlying surplus and its contributing factors. The Council recorded an underlying surplus of **\$1.91 million**, a positive outcome that reflects our ability to adapt to changing conditions and absorb unexpected financial pressures. However, it's important to clarify that this surplus does not represent an increase in readily available cash. Instead, it includes accounting adjustments, non-cash contributions, and timing differences in revenue and expenses.

The Council's original budget for the 2023/2024 financial year projected an **operating net loss of (\$267,660)**. Exceeding this estimate demonstrates our focus on maintaining a sustainable financial position that allows us to manage unforeseen events and deliver stronger-than-expected end-of-year results. This report will break down the components of the operating surplus, discuss the impacts of asset revaluation and disposals, and detail the adjustments that led to the final underlying surplus. It aims to provide Councillors with a clear understanding of the results and their implications for future planning and resource allocation.

PREVIOUS COUNCIL CONSIDERATION:

Nil

OFFICER'S REPORT:

The Council's original budget for the 2023/2024 financial year projected an operating net loss of (\$267,660). Council recorded an underlying surplus of \$1.91 million, a positive outcome that reflects our ability to adapt to changing conditions and absorb unexpected financial pressures. However, it's important to clarify that this surplus does not represent an increase in readily available cash. Instead, it includes accounting adjustments, non-cash contributions, and timing differences in revenue and expenses. Exceeding the original budget estimate demonstrates our focus on working towards a sustainable financial position that allows us to manage unforeseen events over a number of years now.

The operating surplus reflects the Council's performance from core, day-to-day activities, excluding capital income and one-off items. For the financial year, the Council achieved an operating net profit of \$686,681, significantly better than the budgeted net loss of (\$267,660). This result highlights the

importance of a sustainable financial position, allowing us to respond effectively to unexpected changes and absorb financial shocks.

Key factors influencing the operating surplus included:

- *Higher Interest Income (\$596,241 above budget)*
Higher interest rates and increased cash reserves resulted in significantly more interest income than anticipated. This additional income helped absorb other unexpected costs.
- *One-off Revenue Gains (\$583,840 above budget):*
The Council received unexpected income from insurance claims, trust fund transfers, and adjustments related to rehabilitation provisions. These one-off gains were critical in providing flexibility to cover unforeseen expenses.
- *Shortfall in Operating Grants (\$369,333 below budget):*
Operating grants were lower than expected due to timing issues with Financial Assistance Grants (FAGs). This shortfall was accounted for in the underlying surplus adjustments.
- *Employee Cost Efficiencies (\$123,000 savings):*
Considered management of staffing costs resulted in significant savings, enabling us to operate more efficiently without compromising service delivery.
- *Higher Depreciation Costs (\$146,163 above budget):*
Depreciation costs were higher due to recalibrated asset values following the revaluation. While this impacted the operating result, it is a non-cash expense that does not affect liquidity.

These factors demonstrate the Council's focus on budget efficiency and prudent spending, allowing us to achieve a strong operating result despite revenue challenges.

Impact of Asset Revaluation on Financial Position:

The Council undertook a comprehensive asset revaluation across all asset classes, which significantly influenced the underlying surplus. This process adjusted asset values to reflect their current condition, market value, and remaining lifespan, ensuring our financial data aligns with the true state of our assets.

- *Revaluation Adjustment (\$1.8 million loss)*
The revaluation resulted in a \$1.8 million accounting loss, primarily due to reductions in the book value of infrastructure assets. This adjustment reflects changes in asset valuation rather than a cash loss, helping to provide a more accurate picture of the Council's financial position.
- *Recalibration of Depreciation Rates*
The asset revaluation also led to a recalibration of annual depreciation rates, aligning them with the updated asset values. This change will improve the accuracy of financial data and support better-informed budgeting and resource allocation in the future.

Regular revaluations are essential for maintaining an up-to-date understanding of our asset base, allowing the Council to plan for future investments and manage risks effectively.

Analysis of Asset Disposals and Non-Cash Contributions:

The disposal of assets and non-cash contributions also had a significant impact on the underlying surplus:

- *Loss on Disposal of Assets (\$1.8 million)*
Council recorded a \$1.8 million accounting loss related to the disposal of infrastructure assets. This adjustment corrected asset values but did not involve any cash outflow.
- *Profit from Sale of Annie St Property (\$331,871)*
The sale of the Annie St property provided a \$331,871 profit, representing a real cash inflow that contributed positively to the underlying surplus.
- *Shortfall in Plant and Equipment Sales (\$52,331 below budget)*
Proceeds from plant and equipment sales were lower than expected, impacting the overall result slightly.
- *Non-Cash Contributions (\$200,000)*
Council received non-cash contributions, such as lighting works valued at \$200,000 for the St Helens Sports Ground. While these contributions increase asset value, they do not provide additional cash.

These elements demonstrate that much of the underlying surplus is shaped by adjustments and non-cash factors, highlighting the importance of distinguishing between accounting entries and actual cash flow.

Adjustments Leading to the Underlying Surplus:

The final underlying surplus of \$1.91 million was achieved through several key adjustments:

- *Disaster Relief Income and Costs*
Council received \$189,657 in disaster relief funding, but actual recovery costs were \$559,204 due to unforeseen weather events. These necessary expenses highlight the importance of maintaining a sustainable financial position that can absorb unexpected shocks. In particular as climate related disasters are becoming more frequent.
- *Timing of Financial Assistance Grants (\$442,878)*
A timing difference in the receipt of FAGs resulted in a \$442,878 positive adjustment, reflecting a shift in income rather than an increase in available cash.

Mangana Cell Project (\$9,818)

One-off expenditure on the Mangana Cell project was included, despite not relating to a Council-owned asset.

These adjustments reflect the Council's ability to manage timing differences and unforeseen costs, supporting financial stability and resilience.

Enhancing Financial Planning for Future Stability

Council has worked hard to improve asset condition assessments, advancing the maturity of our asset management system, and conducting regular revaluations. These initiatives continue to enhance the quality of our financial data, supporting more accurate budgeting, better resource allocation, and strategic decision-making. By aligning asset values with their true condition, we can plan effectively for future investments and manage risks associated with climate-related events and other external shocks.

Focusing on Financial Resilience and Sustainability

The Council's financial performance, with an operating surplus of \$686,681 and an underlying surplus of \$1.91 million, surpassed the budgeted net loss of (\$267,660). This result reflects the importance of a sustainable financial position that can adapt to unexpected challenges, absorb financial shocks, and support prudent spending. It also clearly shows much of the underlying surplus

is shaped by adjustments and non-cash factors, highlighting the importance of distinguishing between accounting entries and actual cash flow.

Moving forward, the focus will remain on maintaining a balanced approach to financial management, prioritising efficient use of resources, and planning for long-term sustainability. By continuing to refine our asset management and budgeting practices, the Council can safeguard its financial health, deliver essential services, and invest strategically in community infrastructure.

STRATEGIC PLAN & ANNUAL PLAN:

Nil

LEGISLATION & POLICIES:

Financial Management Strategy

BUDGET; FUNDING AND FINANCIAL IMPLICATIONS:

The report is an assessment of the annual financial performance of Council.

VOTING REQUIREMENTS:

Simple Majority

Break O'Day Council

ANNUAL FINANCIAL REPORT
For the Year Ended 30 June 2024

Break O'Day Council
Financial Report
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Statement of Comprehensive Income For the Year Ended 30 June 2024

		Budget	Actual	Restated*
	Note	2024	2024	actual
		\$'000	\$'000	2023
				\$'000
Income from continuing operations				
Recurrent income				
Rates and charges	2.1	11,845	11,920	10,902
Statutory fees and fines	2.2	500	514	547
User fees	2.3	884	925	893
Grants	2.4	3,897	3,528	4,837
Contributions - cash	2.5	16	58	180
Interest	2.6	351	947	546
Other income	2.7	89	673	154
Investment revenue from Water Corporation	2.9, 5.1	465	466	466
		18,047	19,031	18,505
Capital income				
Capital grants received specifically for new or upgraded assets	2.4	4,738	2,207	2,128
Contributed assets	2.5	-	201	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	2.8	120	(1,408)	(681)
		4,858	1,000	1,447
Total income from continuing operations		22,905	20,031	19,952
Expenses from continuing operations				
Employee benefits	3.1	(6,114)	(5,991)	(5,810)
Materials and services	3.2	(7,051)	(7,048)	(6,050)
Impairment of receivables	3.3	-	2	(2)
Depreciation and amortisation	3.4	(4,633)	(4,803)	(4,583)
Finance costs	3.5	(248)	(244)	(366)
Other expenses	3.6	(269)	(261)	(392)
Total expenses from continuing operations		(18,315)	(18,345)	(17,203)
Result from continuing operations		4,590	1,686	2,749
Net result for the year		4,590	1,686	2,749
Other comprehensive income				
Items that will not be reclassified subsequently to net result				
Fair value adjustments on equity investment assets	5.1	-	1,785	1,022
Net asset revaluation increment/(decrement)	9.1	-	45,669	11,008
Total Other Comprehensive Income		-	47,454	12,030
Total Comprehensive result		4,590	49,140	14,779

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

* For full details of the restated actual figures, noted for the 2023 financial year, refer to Note 11.1.

**Statement of Financial Position
As at 30 June 2024**

	Note	2024 \$'000	Restated 2023 \$'000
Assets			
Current assets			
Cash and cash equivalents	4.1	4,726	6,819
Trade and other receivables	4.2	1,206	1,056
Investments	4.3	9,500	7,616
Inventories	4.4	78	242
Other assets	6.4	3	3
Total current assets		15,513	15,736
Non-current assets			
Trade and other receivables	4.2	14	14
Investment in water corporation	5.1	35,745	33,960
Property, infrastructure, plant and equipment	6.1	228,698	183,293
Intangible assets	6.2	21	46
Right-of-use assets	6.3	760	792
Other assets	6.4	30	30
Total non-current assets		265,268	218,135
Total assets		280,781	233,871
Liabilities			
Current liabilities			
Trade and other payables	7.1	1,115	903
Trust funds and deposits	7.2	561	742
Provisions	7.3	885	947
Lease liabilities	7.4	58	61
Contract liabilities	7.5	1,030	1,022
Interest-bearing loans and borrowings	8.1	2,605	408
Total current liabilities		6,254	4,083
Non-current liabilities			
Provisions	7.3	871	766
Lease liabilities	7.4	702	742
Interest-bearing loans and borrowings	8.1	994	5,459
Total non-current liabilities		2,567	6,967
Total liabilities		8,821	11,050
Net Assets		271,960	222,821
Equity			
Accumulated surplus		45,212	43,665
Reserves	9.1	226,748	179,156
Total Equity		271,960	222,821

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

Statement of Cash Flows For the Year Ended 30 June 2024

		2024 Inflows/ (Outflows) \$'000	2023 Inflows/ (Outflows) \$'000
	Note		
Cash flows from operating activities			
Rates		11,827	10,669
User charges and other fines (inclusive of GST)		871	905
Grants (inclusive of GST)		3,878	4,771
Contributions (inclusive of GST)		58	160
Interest received		874	424
Investment revenue from water corporation	2.9	466	466
Other receipts (inclusive of GST)		824	701
Net GST refund/(payment)		688	518
Payments to suppliers (inclusive of GST)		(7,367)	(6,704)
Payments to employees (including redundancies)		(6,026)	(5,619)
Finance costs paid		(244)	(270)
Other payments		(261)	(394)
Net cash provided by (used in) operating activities	9.2	5,588	5,627
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(5,937)	(4,691)
Proceeds from sale of property, infrastructure, plant and equipment		688	86
Capital grants (inclusive of GST)		1,944	1,935
Transfers to financial assets		(1,884)	(7,616)
Net cash provided by (used in) investing activities		(5,189)	(10,286)
Cash flows from financing activities			
Proceeds from trust funds and deposits		(181)	66
Repayment of lease liabilities (principal repayments)		(43)	(12)
Repayment of interest bearing loans and borrowings	9.3	(2,268)	(389)
Net cash provided by (used in) financing activities		(2,492)	(335)
Net increase (decrease) in cash and cash equivalents		(2,093)	(4,994)
Cash and cash equivalents at the beginning of the financial year		6,819	11,813
Cash and cash equivalents at the end of the financial year	9.4	4,726	6,819
Restrictions on cash assets	4.1		
Financing arrangements	9.5		

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

Statement of Changes in Equity For the Year Ended 30 June 2024

	Note	Accumulated Surplus 2024 \$'000	Asset Revaluation Reserve 2024 \$'000	Fair Value Reserve 2024 \$'000	Other Reserves 2024 \$'000	Total Equity 2024 \$'000
2024						
Balance at beginning of the financial year		43,665	180,570	(2,123)	709	222,821
Net result for the year		1,686	-	-	-	1,686
Other Comprehensive Income:						
Fair Value adjustment on equity investment assets	5.1,9.1	-	-	1,785	-	1,785
Net asset revaluation increment/(decrement)	9.1	-	45,668	-	-	45,668
Total comprehensive income		45,351	226,238	(338)	709	271,960
Transfers between reserves		(139)	-	-	139	-
Balance at end of the financial year		45,212	226,238	(338)	848	271,960

		Accumulated Surplus 2023 \$'000	Asset Revaluation Reserve 2023 \$'000	Fair Value Reserve 2023 \$'000	Other Reserves 2023 \$'000	Total Equity 2023 \$'000
2023 Restated						
Balance at beginning of the financial year		41,046	169,262	(3,145)	579	207,742
Net result for the year		2,749	-	-	-	2,749
Other Comprehensive Income:						
Fair Value adjustment on equity investment assets	5.1,9.1	-	-	1,022	-	1,022
Net asset revaluation increment/(decrement)	9.1	-	11,306	-	-	11,306
Total comprehensive income		43,795	180,570	(2,123)	579	222,821
Transfers between reserves		(130)	-	-	130	-
Balance at end of the financial year		43,665	180,570	(2,123)	709	222,821

The above statement should be read with the accompanying notes.

Note 1 Overview

1.1 Reporting entity

- (a) The Break O'Day Council was established in 1993 and is a body corporate with perpetual succession and a common seal. Council's main office is located at St Helens, Tasmania
- (b) The purpose of the Council is to:
- provide for health, safety and welfare of the community;
 - to represent and promote the interests of the community;
 - provide for the peace, order and good government in the municipality.

1.2 Basis of accounting

These financial statements are a general purpose financial report that consists of a Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Local Government Act 1993 (LGA1993) (as amended)*. Council has determined that it does not have profit generation as a prime objective. Consequently, where appropriate, Council has elected to apply options and exemptions within accounting standards that are applicable to not-for-profit entities.

This financial report has been prepared on the accrual and going concern basis.

All amounts are presented in Australian dollars and unless stated, have been rounded to the nearest thousand dollars.

This financial report has been prepared under the historical cost convention, except where specifically stated in notes, 5.1, 6.1, 7.3, 8.1 and 10.3(d).

Unless otherwise stated, all material accounting policy information is consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

1.3 Use of judgements and estimates

Judgements and Assumptions

In the application of Australian Accounting Standards, Council is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Council has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Judgements made by Council that have significant effects on the financial report are disclosed in the relevant notes as follows:

Employee entitlements

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in note 7.3.

Defined benefit superannuation fund obligations

Actuarial assumptions are utilised in the determination of Council's defined benefit superannuation fund obligations. These assumptions are discussed in note 9.6.

Fair value of property, infrastructure, plant & equipment

Assumptions and judgements are utilised in determining the fair value of Council's property, infrastructure, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in note 6.1.

Investment in water corporation

Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 5.1.

Landfill and Quarry Rehabilitation

Assumptions and judgements are utilised in determining the projected rehabilitation cost of Council's landfill cells and quarry site, these are discussed in note 7.3.

1.4 Material Budget Variations

Council's original budget was adopted by the Council on 27 June 2023. 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, the weather, and by decisions made by the Council. Material variations of more than 10% and \$50,000 are explained below:

Revenues

1 Interest

Revenue from interest was up \$596,000 on budget due to higher than expected interest rates and higher levels of cash held in term deposits during the year than expected.

2 Other income

Revenue was up \$584,000 on budget due mainly to receipt of funds for an insurance claim and the repricing of the rehabilitation provisions for the landfill and quarries.

3 Capital grants

Revenue from capital grants was down \$2,531,000 (53%) on budget primarily due to the delay in receiving grant funds in line with achieving project milestones. A number of these grants are also forecast to occur over multiple financial years. Some grant funds are received but carried forward as a contract liability as funds are not yet spent.

4 Contributed assets

Council received \$201,000 in contributed assets during the year for improvements to the St Helens Sport Complex Lighting Towers not directly paid for by Council.

5 Net gain/loss on disposal of assets

Net gain/loss on disposal of assets was down on budget by \$1,528,000 due to the carrying value of assets replaced with new capital works being disposed of on replacement.

1.5 Functions/Activities of the Council

(a) Revenue, expenditure and assets attributable to each function as categorised in (c) below:

	Grants 000's	Other 000's	Total Revenue 000's	Total Expenditure 000's	Surplus/ (Deficit) 000's	Assets 000's
Government and administration						
2023 - 2024	1,409	10,856	12,265	3,577	8,688	16,572
2022 - 2023	2,124	9,606	11,730	3,626	8,104	16,700
Roads, streets and bridges						
2023 - 2024	2,846	(1,597)	1,249	5,858	(4,609)	161,041
2022-2023 restated	4,259	(508)	3,751	5,297	(1,546)	123,782
Drainage						
2023 - 2024	-	-	-	647	(647)	28,202
2022 - 2023	-	-	-	607	(607)	22,111
Waste management						
2023 - 2024	-	3,231	3,231	2,543	688	1,390
2022 - 2023	-	2,774	2,774	2,433	341	1,067
Building, planning & environmental health						
2023 - 2024	-	791	791	1,344	(553)	39
2022 - 2023	7	871	878	1,261	(383)	50
Community amenities						
2023 - 2024	1,369	821	2,190	1,948	242	8,370
2022 - 2023	85	109	194	1,825	(1,631)	6,974
Community services						
2023 - 2024	80	51	131	519	(388)	667
2022 - 2023	116	79	195	610	(415)	682
Recreation facilities						
2023 - 2024	31	42	73	1,419	(1,346)	16,314
2022 - 2023	374	(49)	325	1,174	(849)	16,019
Economic development						
2023 - 2024	-	101	101	490	(389)	2,064
2022 - 2023	-	105	105	370	(265)	2,072
Other - not attributable						
2023 - 2024	-	-	-	-	-	46,122
2022 - 2023	-	-	-	-	-	44,414
Total						
2023 - 2024	5,735	14,296	20,031	18,345	1,686	280,781
2022 - 2023 Restated	6,965	12,987	19,952	17,203	2,749	233,871

1.5 Functions/Activities of the Council (Continued)

(b) Reconciliation of Assets above with the Statement of Financial Position at 30 June:

	2024 000's	Restated 2023 000's
Current assets	15,513	15,736
Non-current assets	265,268	218,135
	280,781	233,871

(c) Governance and administration

Operation and maintenance of council chambers, administration offices, and councillors.

Roads, streets and bridges

Construction, maintenance and cleaning of road, streets, footpaths, bridges, parking facilities and street lighting.

Drainage

Operation and maintenance of open or deep drainage systems in urban areas, including the lining of piping of creeks but excludes drainage associated with road works, flood mitigation and agriculture.

Waste Management

Collection, handling, processing and disposal of all waste materials.

Building, planning & environmental health

Environmental health includes disease control, food surveillance, public-use building standards, health education and promotion and water quality. Environmental management includes strategies and programs for the protection of the environment and regulations of activities affecting the environment.

Planning includes the administration of the town planning scheme, subdivisions and urban and rural renewal programs. Building control includes the development and maintenance of building constructions standards and building surveying services.

Community amenities

Operation and maintenance of buildings and facilities and town maintenance services.

Community services

Administration and operation of dog registration, operation of pounds, control of straying stock. Support of the performing arts, operation of the museum and the presentation of festivals. Community Development which provides for the implementation of a process by which strategies and plans can be developed so that the Council can fulfil their general responsibility for enhancing the quality of life of the whole community.

Recreation facilities

Operation and maintenance of sporting facilities (includes active and passive recreation and recreation centres), parks, gardens, reserves and cemeteries.

Economic development

Maintenance and marketing of tourist facilities, private works, operation and maintenance of the aerodrome and operation of visitor information centre.

Other - not attributable

Other not attributed elsewhere.

	2024 \$'000	2023 \$'000
Note 2 Revenue		
Note 2.1 Rates and charges		
Council uses Assessed Annual Value (AAV) as the basis of valuation of all properties within the municipality. The AAV of a property is its estimated gross annual rental value.		
The valuation base used to calculate general rates for 2023-24 was \$114.85 million (2022-23, \$114.11 million). The 2023-24 rate in the AAV dollar was \$0.0673 (2022-23, \$0.06352).		
General Rate	8,875	8,043
Fire Levy	402	384
Waste Management Charge	1,602	1,499
Waste Collection Charges	1,041	976
Total rates and charges	11,920	10,902

The date of the latest general revaluation of land for rating purposes within the municipality was 29 March 2019, and the valuation was first applied in the rating year commencing 1 July 2019.

Accounting policy

Council recognises revenue from rates and annual charges for the amount it is expected to be entitled to at the beginning of the rating period to which they relate, or when the charge has been applied. Rates and charges in advance are recognised as a financial liability until the beginning of the rating period to which they relate.

Note 2.2 Statutory fees and fines		
Infringements and costs	1	3
Town Planning Fees	239	250
Land information certificates	88	93
Permits	186	201
Total statutory fees and fines	514	547

Accounting policy

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

Note 2.3 User fees		
Waste and garbage	283	264
Health food licences/fees	34	28
Dog registrations and associated revenue	39	42
Building surveying fees	171	157
Commission received	20	19
Facility leases and hall hire	169	155
Private works	24	21
Sale of goods	122	111
Other environmental fees	37	75
Other fees and charges	26	21
Total user fees	925	893
User fees by timing of revenue recognition		
User fees recognised over time	-	-
User fees recognised at a point in time	925	893
	925	893

Accounting policy

Council recognises revenue from user fees and charges at a point in time or over time as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

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

	2024 \$'000	2023 \$'000
Note 2.4 Grants		
Grants were received in respect of the following:		
Summary of grants		
Federally funded grants	5,404	6,354
State funded grants	330	611
Total	<u>5,734</u>	<u>6,965</u>
Grants - Recurrent		
Commonwealth Government Financial Assistance Grants (Untied) - general	4	519
Commonwealth Government Financial Assistance Grants (Untied) - roads & bridges	89	530
Commonwealth Government Financial Assistance Grants (Untied) - in advance	3,115	3,558
Learner Driver	30	21
Wellbeing	50	92
Heavy Vehicle Motor Tax	49	49
Mangana Cell Tower	1	59
Emergency repairs	190	-
Other	-	9
Total recurrent grants	<u>3,528</u>	<u>4,837</u>
Capital grants received specifically for new or upgraded assets		
Commonwealth Government - roads to recovery	351	697
Georges Bay Foreshore Multi-User Track	-	375
Local Roads and Community Infrastructure	457	967
Black Summer Bushfire Grants	1,388	25
State - road safety	-	65
Other	11	(1)
Total capital grants	<u>2,207</u>	<u>2,128</u>
Unspent grants and contributions		
Grants and contributions which were obtained on the condition that they be spent for specified purposes or in a future period, but which are not yet spent in accordance with those conditions, are as follows:		
Operating		
Balance of unspent funds at 1 July	73	142
Add: Funds received and not recognised as revenue in the current year	334	23
Less: Funds received in prior year but revenue recognised and funds spent in current year	(23)	(92)
Balance of unspent funds at 30 June	<u>384</u>	<u>73</u>
Capital		
Balance of unspent funds at 1 July	949	1,148
Add: Funds received and not recognised as revenue in the current year	405	214
Less: Funds received in prior year but revenue recognised and funds spent in current year	(708)	(413)
Balance of unspent funds at 30 June	<u>646</u>	<u>949</u>
Total unspent funds held as a contract liability	<u>1,030</u>	<u>1,022</u>
User fees by timing of revenue recognition		
User fees recognised over time	708	413
User fees recognised at a point in time	5,026	6,552
	<u>5,734</u>	<u>6,965</u>

Council recognises untied grant revenue and those without performance obligations when received. In cases where there is an enforceable agreement which contains sufficiently specific performance obligations, revenue is recognised as or when control of each performance obligation is satisfied. (i.e. when it transfers control of a product or provides a service.) A contract liability is recognised for unspent funds received in advance and then recognised as income as obligations are fulfilled.

The performance obligations are varied based on the agreement, but include completion of construction milestones and delivery of programs, events and studies.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control. Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have a continuous transfer of control over the life of the contract. 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.

	2024 \$'000	2023 \$'000
<p>If the transaction is a transfer of a financial asset to enable Council to acquire or construct a recognisable non-financial asset to be controlled by Council (i.e. an in-substance acquisition of a non-financial asset), a contract liability is recognised for the excess of the fair value of the transfer over any related amounts recognised and revenue as the unspent funds are expended at the point in time at which required performance obligations are completed.</p> <p>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 as there is no profit margin. For the acquisitions of assets, revenue is recognised when the asset is acquired and controlled by the Council.</p> <p>In both years the Commonwealth has made early payment of the first two quarterly instalments of untied Financial Assistance Grants for the following year. This has impacted the Statement of Comprehensive Income resulting in the Net result for the year being higher by the same amount. Financial Assistance Grants are general grants and do not have sufficient specific performance obligations. As a result, they are recognised as income when received.</p>		

Note 2.5 Contributions

Cash		
Parks, open space, streetscapes and other	58	160
Total	58	160
Non Cash		
Contributed assets	201	-
Total	201	-

Accounting policy
Council recognises contributions without performance obligations when received. In cases where the contributions is for a specific purpose to acquire or construct a recognisable non-financial asset, a liability is recognised for funds received in advance and income recognised as obligations are fulfilled.

Note 2.6 Interest

Interest on financial assets	821	425
Interest on rates	126	121
Total	947	546

Accounting policy
Interest income
Interest is recognised progressively as it is earned.

Note 2.7 Other income

S137 Unclaimed funds	-	43
Reimbursements	32	42
Fuel credits	26	20
Insurance recoveries	127	11
Repricing of rehabilitation provisions	363	-
Other	125	38
Total other income	673	154
Other income by timing of revenue recognition		
Other income recognised over time	-	-
Other income recognised at a point in time	673	154
Total user fees	673	154

Accounting policy
Other income
Other income is recognised as revenue when the payment is due or the payment is received, which ever occurs first.

	2024 \$'000	2023 \$'000
Note 2.8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment.		
Proceeds of sale	688	86
Write down value of assets disposed	(2,096)	(767)
Total	(1,408)	(681)

Accounting policy

Gains and losses on asset disposals

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

Note 2.9 Investment revenue from water corporation		
Dividend revenue received	391	391
Tax equivalent received	75	75
Total investment revenue from water corporation	466	466

Accounting policy

Investment revenue

Dividend revenue is recognised when Council's right to receive payment is established and it can be reliably measured.

Note 3 Expenses

Note 3.1 Employee benefits		
Wages and salaries	4,174	3,916
Workers compensation	120	102
Leave taken	913	1,131
Superannuation	617	609
Fringe benefits tax	44	32
Staff training, recruitment and conferences	35	56
Uniforms and protective clothing	36	34
Payroll tax	269	263
Other	7	13
	6,215	6,156
Less amounts capitalised	(224)	(346)
Total employee benefits	5,991	5,810

Accounting policy

Employee benefits

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

Note 3.2 Materials and services		
Materials and services	1,223	913
Contractor & consultant payments	3,457	2,907
Insurance	233	200
Utilities, telephone & internet	370	304
Leases & licenses	39	101
Land tax	86	74
IT expenses	266	268
Rates discount for early payment	117	107
Rates remissions	81	69
Fire levy	399	382
Plant and equipment maintenance and hire	687	649
Legal fees	90	76
Total materials and services	7,048	6,050

	2024 \$'000	2023 \$'000
Accounting policy		
Materials and services expense		
Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.		
Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.		

Note 3.3 Impairment of receivables

Other debtors	(2)	2
Total impairment of receivables	(2)	2

Accounting policy	
Impairment expense	
Expenses are recognised when Council has determined there to be an increase in the credit risk of a financial asset since initial recognition. Council's policy and events giving rise to impairment losses are disclosed in note 4.2.	

Note 3.4 Depreciation and amortisation

<i>Property</i>		
Land improvements	61	58
Buildings		
Buildings	488	457
<i>Plant and Equipment</i>		
Plant, machinery and equipment	402	446
Fixtures, fittings and furniture	119	129
<i>Infrastructure</i>		
Roads	2,241	2,089
Footpaths	215	206
Bridges	513	480
Drainage	448	448
Coastal assets	28	28
Parks and Recreation	188	178
Waste	25	28
<i>Intangible assets</i>		
Intangible assets	25	25
<i>Right-of-use of assets</i>		
Right-of-use of assets	50	11
Total	4,803	4,583

Accounting policy	
Depreciation and amortisation expense	
Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.	
Land improvements, buildings, infrastructure, plant and equipment and other assets having limited useful lives are systematically depreciated over their useful lives to Council in a manner which reflects consumption of the service potential embodied in those assets. Right-of-use assets are amortised over the lease term. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation and amortisation rates and methods are reviewed annually.	
Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and remaining values and a separate depreciation rate is determined for each component.	
Land, heritage and road earthwork assets are not depreciated on the basis that they are assessed as not having a limited useful life.	

	2024 \$'000	2023 \$'000
The non-depreciation of road earthwork assets shall be reviewed at least at the end of each reporting period, to ensure that the accounting policy applied to particular earthwork assets reflects the most recent assessment of the useful lives of the assets, having regard to factors such as asset usage, physical deterioration and technical and commercial obsolescence.		
Straight line depreciation is charged based on the residual useful life as determined each year.		
Major depreciation and amortisation periods used are listed below and are consistent with the prior year unless stated:		
		Period
Property		
Land improvements		10-100 years
Parks and Recreation		6-100 years
Coastal Assets		20-50 years
Buildings		
Buildings		25-220 years
Plant and Equipment		
Plant, machinery and equipment		3-20 years
Fixtures, fittings and furniture		5-75 years
Infrastructure		
Roads		
Road pavements and seals		15-100 years
Road substructure		75-100 years
Road formation and earthworks		n/a
Road kerb, channel and minor culverts		95 years
Bridges		
Bridges deck		20-80 years
Bridges substructure		20-80 years
Other Infrastructure		
Footpaths and cycleways		10-80 years
Drainage		75-120 years
Waste		25 years
Intangible assets		
Intangible assets		6 years
Right-of-use of assets		
Right-of-use of assets		5 years

	2024 \$'000	2023 \$'000
Note 3.5 Finance costs		
Interest - borrowings	244	295
Interest - unwinding of rehabilitation provisions	-	71
Total finance costs	244	366

Accounting policy
Finance expense
Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.
Finance costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised. No borrowing costs were capitalised during the period.
Finance costs include interest on any bank overdrafts and borrowings.

	2024 \$'000	2023 \$'000
Note 3.6 Other expenses		
External auditors' remuneration	42	54
Councillors' allowances, reimbursements & training	206	218
Election Costs	3	61
Managana Cell Tower	10	59
Total	261	392

Accounting policy

Other expenses

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset, or an increase of a liability has arisen that can be measured reliably.

Note 4 Current Assets

Note 4.1 Cash and cash equivalents

Cash on hand	2	2
Cash at bank	3,293	905
Cash on deposit	1,317	5,811
Committee accounts	114	101
Total cash and cash equivalents	4,726	6,819

Council's cash and cash equivalents are subject to a number of external restrictions and internal commitments that limit amounts available for discretionary or future use. These include:

Restricted funds

i) Trust funds and deposits (note 7.2)	561	742
ii) Unspent grant funds with conditions (note 2.4)	1,030	1,290
	1,591	2,032

Internal committed funds

iii) Reserve funds (note 9.1)	848	710
iv) Employee provisions (note 7.3)	1,315	1,350
iv) Other provisions (note 7.3)	441	363
	4,195	4,455

Committed funds

Total uncommitted cash and cash equivalents	531	2,364
Total Investments	9,500	7,616
Total uncommitted funds	10,031	9,980

Accounting policy

Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

Restricted and internally committed funds include:

- i) Refundable building, contract and other refundable amounts held in trust by Council for completion of specific purposes.
- ii) Grant funding received in advance until specific performance obligations required under funding arrangements are completed.
- iii) Funds set aside for Council to meet rehabilitation obligations.
- iv) Monies set aside to meet employee provision obligations

	2024 \$'000	2023 \$'000
Note 4.2 Trade and other receivables		
<i>Current</i>		
Rates debtors	814	696
Other debtors	208	75
Provision for expected credit loss - other debtors	(3)	(5)
Accrued revenue	195	122
Net GST receivable	(8)	168
Total	1,206	1,056
<i>Non-current</i>		
Loans and advances to community organisations	14	14
Total	14	14
Total trade and other receivables	1,220	1,070
Reconciliation of movement in expected credit loss		
Carrying amount at 1 July	5	3
Increase / (decrease) in provision recognised in profit or loss	(2)	2
Carrying amount at 30 June	3	5

For ageing analysis of the financial assets, refer to note 9.10(b)

Accounting policy

Trade and other receivables

Trade receivables that do not contain a significant financing component are measured at amortised cost, which represents their transaction value. Impairment is recognised on an expected credit loss (ECL) basis. When determining whether the credit risk has increased significantly since initial recognition, and when estimating the 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, an informed credit assessment and forward-looking information. Council has established a provision matrix to facilitate the impairment assessment.

For rate debtors, Council takes the view that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rate debtors, Council uses the presumptions that assets more than 30 days past due have a significant increase in credit risk and those more than 90 days will likely be in default. Council writes off receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Note 4.3 Investments

Current

Term deposits - more than 3 months	9,500	7,616
Total	9,500	7,616

Accounting policy

Investments

Investment in financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Note 4.4 Inventories

Inventories held for distribution

	78	242
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Total inventories

	78	242
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Accounting policy

Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Where inventories are acquired at no cost, or for nominal consideration, the cost shall be the current replacement cost as at the date of acquisition.

	2024 \$'000	2023 \$'000
Note 5 Other investments		
Note 5.1 Investment in water corporation		
Opening balance	33,960	32,938
Fair Value adjustments on equity investment assets	1,785	1,022
Total investment in water corporation	35,745	33,960

Council has derived returns from the water corporation as disclosed at note 2.9.

Accounting policy

Equity Investment

As Council's investment in TasWater is held for long-term strategic purposes, Council has elected under AASB 9: *Financial Instruments* to irrevocably classify this equity investment as designated at fair value through other comprehensive income. Subsequent changes in fair value on designated investments in equity instruments are recognised in other comprehensive income (for fair value reserve, refer note 9.1) and not reclassified through the profit or loss when derecognised. Dividends associated with the equity investments are recognised in profit and loss when the right of payment has been established and it can be reliably measured.

Fair value was determined by using Council's ownership interest against the water corporation's net asset value at balance date. Council holds 1.89% (2022/2023: 1.94%) ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution.

Note 6	Non-current assets		
Note 6.1	Property, infrastructure, plant and equipment	2024	Restated 2023
		\$'000	\$'000
	<i>Summary</i>		
	at cost	23,509	22,432
	Less accumulated depreciation	(6,727)	(6,093)
		16,782	16,339
	at fair value as at 30 June	287,627	250,629
	Less accumulated depreciation	(75,711)	(83,675)
		211,916	166,954
	Total	228,698	183,293
	<i>Property</i>		
	<i>Land</i>		
	at fair value as at 30 June	10,377	10,454
		10,377	10,454
	<i>Land under roads</i>		
	at fair value at 30 June	9,102	2,581
		9,102	2,581
	<i>Land improvements</i>		
	at cost	1,621	1,462
	Less accumulated depreciation	(401)	(334)
		1,220	1,128
	Total Land	20,699	14,163
	<i>Buildings</i>		
	at fair value as at 30 June	27,034	25,902
	Less accumulated depreciation	(11,032)	(10,293)
		16,002	15,609
	<i>Heritage improvements</i>		
	at cost as at 30 June	17	17
	Less accumulated depreciation	(2)	(2)
		15	15
	Total Buildings	16,017	15,624
	Total Property	36,716	29,787
	<i>Plant and Equipment</i>		
	<i>Plant, machinery and equipment</i>		
	at cost	6,047	5,635
	Less accumulated depreciation	(3,446)	(3,400)
		2,601	2,235
	<i>Fixtures, fittings and furniture</i>		
	at cost	1,194	1,175
	Less accumulated depreciation	(742)	(623)
		452	552
	Total Plant and Equipment	3,053	2,787

Note 6.1 Property, infrastructure, plant and equipment (continued)	2024 \$'000	Restated 2023 \$'000
Infrastructure		
Roads		
at fair value as at 30 June	150,675	130,678
Less accumulated depreciation	(36,357)	(45,375)
	114,318	85,303
Footpaths		
at fair value as at 30 June	13,389	10,855
Less accumulated depreciation	(3,676)	(3,293)
	9,713	7,562
Bridges		
at fair value as at 30 June	36,224	34,172
Less accumulated depreciation	(11,600)	(10,360)
	24,624	23,812
Drainage		
at fair value as at 30 June	40,826	35,987
Less accumulated depreciation	(13,046)	(14,354)
	27,780	21,633
Parks and Recreation		
at cost	10,438	9,947
Less accumulated depreciation	(1,585)	(1,238)
	8,853	8,709
Coastal Assets		
at cost	763	763
Less accumulated depreciation	(191)	(162)
	572	601
Waste		
at cost as at 30 June	930	913
Less accumulated depreciation	(360)	(334)
	570	579
Make Good Obligation		
at cost as at 30 June	441	-
Less accumulated depreciation	-	-
	441	-
Total Infrastructure	186,871	148,199
Works in progress		
Buildings	1,519	269
Roads	292	1,229
Footpaths	55	610
Land improvements	9	-
Parks & recreation	41	99
Waste	-	23
Drainage	18	64
Bridges	124	226
Total Works in progress	2,058	2,520
Total property, infrastructure, plant and equipment	228,898	183,293

Note 6.1 Property, infrastructure, plant and equipment (continued)

Reconciliation of property, infrastructure, plant and equipment

	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Impairment losses or items expensed	Transfers	Balance at end of financial year
2024								
	\$'000	\$'000	(note 9.1) \$'000	(note 3.4) \$'000	\$'000	\$'000	\$'000	\$'000
Property								
Land	10,454	190	-	-	(267)	-	-	10,377
Land under roads	2,581	-	6,485	-	-	1	35	9,102
Land improvements	1,128	-	-	(61)	-	-	153	1,220
Total land	14,163	190	6,485	(61)	(267)	1	188	20,699
Buildings	15,609	201	343	(488)	-	(1)	338	16,002
Heritage improvements	15	-	-	-	-	-	-	15
Total buildings	15,624	201	343	(488)	-	(1)	338	16,017
Total property	29,787	391	6,828	(549)	(267)	-	526	36,716
Plant and Equipment								
Plant, machinery and equipment	2,235	-	-	(402)	(21)	-	789	2,601
Fixtures, fittings and furniture	552	4	-	(119)	-	-	15	452
Total plant and equipment	2,787	4	-	(521)	(21)	-	804	3,053
Infrastructure								
Roads	85,303	-	30,078	(2,241)	(1,792)	1	2,969	114,318
Footpaths	7,562	-	1,417	(215)	(16)	-	965	9,713
Bridges	23,812	-	1,049	(513)	-	1	275	24,624
Drainage	21,633	-	6,297	(448)	-	-	298	27,780
Parks & Recreation	8,709	-	-	(188)	-	-	332	8,853
Coastal Assets	601	-	-	(28)	-	(1)	-	572
Waste	579	-	-	(25)	-	(1)	17	570
Make Good Obligation	-	441	-	-	-	-	-	441
Total infrastructure	148,199	441	38,841	(3,658)	(1,808)	-	4,856	186,871
Works in progress								
Buildings	269	1,605	-	-	-	(10)	(345)	1,519
Roads	1,229	2,750	-	-	-	(150)	(3,537)	292
Footpaths	610	206	-	-	-	1	(762)	55
Land Improvements	-	32	-	-	-	(18)	(5)	9
Land Under Roads	-	35	-	-	-	-	(35)	-
Parks & Recreation	99	147	-	-	-	(97)	(108)	41
Plant, machinery and equipment	-	796	-	-	-	(7)	(789)	-
Fixtures, fittings and furniture	-	17	-	-	-	(2)	(15)	-
Waste	23	35	-	-	-	(41)	(17)	-
Drainage	64	258	-	-	-	(6)	(298)	18
Bridges	226	173	-	-	-	-	(275)	124
Total works in progress	2,520	6,054	-	-	-	(330)	(6,186)	2,058
Total property, infrastructure, plant and equipment	183,293	6,890	45,669	(4,728)	(2,096)	(330)	-	228,698

(a) Impairment losses or items expensed

Impairment losses are recognised in the Statement of comprehensive income under other expenses.

Reversals of impairment losses are recognised in the Statement of comprehensive income under other revenue.

Items of works in progress that were expensed instead of being capitalised are also recognised in the Statement of comprehensive income as expenses.

Note 6.1 Property, infrastructure, plant and equipment (continued)

Reconciliation of property, infrastructure, plant and equipment (continued)

Restated 2023	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 9.1)	Depreciation and amortisation (note 3.4)	Written down value of disposals	Impairment losses recognised in profit or loss	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property								
Land	8,708	-	1,746	-	-	-	-	10,454
Land under roads	2,581	-	-	-	-	-	-	2,581
Land improvements	10,846	-	-	(58)	(144)	(1)	(9,515)	1,128
Total land	22,135	-	1,746	(58)	(144)	(1)	(9,515)	14,163
Buildings	14,994	-	968	(457)	-	-	104	15,609
Heritage improvements	15	-	-	-	-	-	-	15
Total buildings	15,009	-	968	(457)	-	-	104	15,624
Total property	37,144	-	2,714	(515)	(144)	(1)	(9,411)	29,787
Plant and Equipment								
Plant, machinery and equipment	2,118	-	-	(446)	(70)	-	633	2,235
Fixtures, fittings and furniture	548	-	-	(129)	-	-	133	552
Total plant and equipment	2,666	-	-	(575)	(70)	-	766	2,787
Infrastructure								
Roads	88,461	-	5,353	(2,089)	(543)	-	(5,879)	85,303
Footpaths	-	-	471	(206)	(10)	-	7,307	7,562
Bridges	22,807	-	1,485	(480)	-	-	-	23,812
Drainage	20,654	-	1,285	(448)	-	-	142	21,633
Parks & Recreation	-	-	-	(178)	-	-	8,887	8,709
Coastal Assets	-	-	-	(28)	-	-	629	601
Waste	-	-	-	(28)	-	-	607	579
Total infrastructure	131,922	-	8,594	(3,457)	(553)	-	11,693	148,199
Works in progress								
Buildings	70	294	-	-	-	(5)	(90)	269
Roads	480	2,829	-	-	-	(346)	(1,734)	1,229
Footpaths	-	327	-	-	-	-	283	610
Land Improvements	310	69	-	-	-	(69)	(310)	-
Coastal	-	1	-	-	-	(1)	-	-
Parks & Recreation	-	454	-	-	-	(45)	(310)	99
Plant, machinery and equipment	-	637	-	-	-	(4)	(633)	-
Fixtures, fittings and furniture	-	133	-	-	-	-	(133)	-
Waste	-	2	-	-	-	-	21	23
Drainage	10	196	-	-	-	-	(142)	64
Bridges	6	270	-	-	-	(50)	-	226
Total works in progress	876	5,212	-	-	-	(520)	(3,048)	2,520
Total property, infrastructure, plant and equipment	172,608	5,212	11,308	(4,547)	(767)	(521)	-	183,293

(a) Impairment losses or items expensed

Impairment losses are recognised in the Statement of comprehensive income under other expenses.

Reversals of impairment losses are recognised in the Statement of comprehensive income under other revenue.

Items of works in progress that were expensed instead of being capitalised are also recognised in the Statement of comprehensive income as expenses.

Note 6.1 Property, infrastructure, plant and equipment (continued)

Accounting policy	
Recognition and measurement of assets	
Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.	
Property, plant and equipment and infrastructure received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.	
Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.	
The following classes of assets have been recognised. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:	
The threshold of all asset categories to be recognised is \$1,000.	
Revaluation	
Council has adopted the following valuation bases for its non-current assets:	
Land	fair value
Land under roads	fair value
Land improvements	cost
Buildings	fair value
Plant and machinery	cost
Fixtures, fittings and furniture	cost
Drainage	fair value
Roads	fair value
Footpaths	fair value
Coastal assets	cost
Parks and recreation	cost
Waste	cost
Bridges	fair value
Heritage	cost
Make good obligation	cost
Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, land improvements and furniture, fittings and office equipment, are measured at their fair value in accordance with AASB 116 <i>Property, Plant & Equipment</i> and AASB 13 <i>Fair Value Measurement</i> . At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset class materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.	
Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis to ensure valuations represent fair value. Valuations are performed either by experienced Council officers or independent experts. Between such valuations, Council considers, and when necessary, applies indexation to assets to ensure the carrying values continue to represent fair values.	
Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset.	
Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation surplus for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.	
Impairment of assets	
Impairment losses are recognised in the statement of comprehensive income under other expenses.	
Reversals of impairment losses are recognised in the statement of comprehensive income under other revenue.	
Land under roads	
Council recognised the value of land under roads it controls at fair value.	

	2024 \$'000	2023 \$'000
Note 6.2 Intangible assets		
Municipal revaluation	21	46
Total intangible assets	21	46
Reconciliation of intangible assets		
	Municipal Revaluation \$'000	Total \$'000
Gross carrying amount		
Balance at 1 July 2022	151	151
Additions	-	-
Balance at 30 June 2023	151	151
Additions	-	-
Balance at 30 June 2024	151	151
Accumulated amortisation and impairment		
Balance at 1 July 2022	80	80
Amortisation expense	25	25
Balance at 30 June 2023	105	105
Amortisation expense	25	25
Balance at 30 June 2024	130	130
Net book value at 30 June 2023	46	46
Net book value at 30 June 2024	21	21

Accounting policy

Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

In accordance with Council's policy, the threshold limits applied when recognising intangible assets is \$1,500 and consistent with the prior year.

The estimated useful lives for current and comparative periods are as follows:

Municipal Revaluation 6 years

Note 6.3 Right-of-use assets

Right-of-use assets

	Property \$'000	Total \$'000
2024		
Opening Balance at 1 July 2023	792	792
Additions	29	29
Disposals	-	-
Depreciation expense	(61)	(61)
Balance at 30 June 2024	760	760
2023		
Opening Balance at 1 July 2022	18	18
Additions	785	785
Disposals	-	-
Depreciation expense	(11)	(11)
Balance at 30 June 2023	792	792

Accounting policy**Leases - Council as Lessee**

In contracts where Council is a lessee, Council recognises a right-of-use asset and a lease liability at the commencement date of the lease, unless the short-term or low-value exemption is applied. Refer to note 7.4 for details on accounting policy of lease liability.

A right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

All right-of-use assets are measured as described in the accounting policy for property, infrastructure, plant and equipment in note 6.1. Also, Council applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the aforesaid note.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that Council expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

	2024 \$'000	2023 \$'000
Note 6.4 Other assets		
<i>Current</i>		
Bonds paid	3	3
Total	3	3
<i>Non-current</i>		
Shares in Bendigo Bank	30	30
Total	30	30
Note 7 Current liabilities		
Note 7.1 Trade and other payables		
Trade payables	634	476
Rates and charges in advance	297	272
Accrued expenses	184	155
Total trade and other payables	1,115	903

Accounting policy**Trade and other payables**

Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received. General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

Rates and charges in advance represents amounts received by Council prior to the commencement of the rating or charging period. Revenue is recognised by Council at the beginning of the rating or charge period to which the advance payment relates.

For ageing analysis of trade and other payables, refer to note 9.11

Note 7.2 Trust funds and deposits		
Refundable building deposits	102	186
Section 137 seizures	250	365
Refundable civic facilities deposits	7	6
Retention amounts	191	174
Other refundable deposits	11	11
Total trust funds and deposits	561	742

Accounting policy**Section 137 Seizures**

Amounts received for section 137 seizures relate to residual funds received from properties sold for unpaid rates. These funds are held in trust until claimed by the property owner, if they become known within 3 years of the sale. After 3 years, unclaimed funds may transfer to Council.

Retention Amounts & Building Deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited.

Note 7.3 Provisions

	Annual leave & TOIL/RDO's	Long service leave	Landfill & Quarry restoration	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
2024					
Balance at beginning of the financial year	428	630	363	292	1,713
Additional provisions	442	132	-	184	758
Amounts used	(469)	(83)	-	(197)	(749)
(Increase)/decrease in the discounted amount arising because of time and the effect of any change in the discount rate	-	(44)	78	-	34
Balance at the end of the financial year	401	635	441	279	1,756
Current	401	327	-	157	885
Non-current	-	308	441	122	871
Total	401	635	441	279	1,756

	Annual leave & TOIL/RDO's	Long service leave	Landfill & Quarry restoration	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
2023					
Balance at beginning of the financial year	374	540	266	245	1,425
Additional provisions	462	195	-	156	813
Amounts used	(408)	(110)	-	(109)	(627)
Decrease in the discounted amount arising because of time and the effect of any change in the discount rate	-	5	97	-	102
Balance at the end of the financial year	428	630	363	292	1,713
Current	428	349	-	170	947
Non-current	-	281	363	122	766
Total	428	630	363	292	1,713

Employee Numbers (FTE)

60 59

Accounting policy

(a) Employee benefits

i) 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 is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

ii) Other long term employee benefit obligations

The liability for long service leave and annual leave which 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.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

iii) Sick leave

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

Note 7.3 Provisions (Continued)

iv) Defined benefit plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, 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.

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund), a sub-fund of the Tasplan Superannuation Fund (Tasplan). The Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 34 of AASB 119 *Employee Benefits*, Council does not use defined benefit accounting for these contributions.

v) Defined contribution plans

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

(b) Land fill restoration

Accounting policy

Land fill restoration

Under the *Environmental Management and Pollution Control Act 1994* and Council's Environmental Protection Notice issued by the Environmental Protection Authority, Council is obligated to restore the landfill site to a particular standard. Current projections indicate that the landfill site will cease operation in 2027 and restoration work is expected to commence shortly thereafter. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs. Council does not expect to receive reimbursement from a third party.

Council reviews the landfill restoration provision on an annual basis, including the key assumptions listed below.

Key assumptions:

- discount rate 2.81%
- index rate 4.11%

The discount rate used is a 5 year average of the 10 year Australian Treasury bond rate.

The index rate used is a 5 year average of the ABS Roads and Construction Cost Index.

(c) Quarry rehabilitation

Accounting policy

Quarry restoration

Under legislation Council is obligated to restore quarry sites to a particular standard. The forecast life of the quarry site is based on current estimates of remaining capacity and the forecast rate of extraction. The provision for quarry restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs. Council does not expect to receive reimbursement from a third party.

Council reviews the landfill restoration provision on an annual basis, including the key assumptions listed below.

Key assumptions:

- discount rate 2.81%
- index rate 4.11%

The discount rate used is a 5 year average of the 10 year Australian Treasury bond rate.

The index rate used is a 5 year average of the ABS Roads and Construction Cost Index.

	2024 \$'000	2023 \$'000
Note 7.4 Lease liabilities		
Lease liabilities	760	803
	<u>760</u>	<u>803</u>
Current	58	61
Non-Current	<u>702</u>	<u>742</u>

Lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

As at 30 June 2024	Minimum lease payments due						Total \$'000
	Within 1 Year \$'000	1-2 Years \$'000	2-3 Years \$'000	3-4 Years \$'000	4-5 Years \$'000	After 5 Years \$'000	
Lease payments	58	59	58	59	61	465	760
Net present value	<u>58</u>	<u>59</u>	<u>58</u>	<u>59</u>	<u>61</u>	<u>465</u>	<u>760</u>
As at 30 June 2023							
Lease payments	61	56	56	55	57	518	803
Net present value	<u>61</u>	<u>56</u>	<u>56</u>	<u>55</u>	<u>57</u>	<u>518</u>	<u>803</u>

Accounting policy

Leases - Council as Lessee

The lease liability is measured at the present value of outstanding payments that are not paid at balance date, discounted by using the rate implicit in the lease. Where this cannot be readily determined then Council's incremental borrowing rate for a similar term with similar security is used.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Short-term leases and leases of low-value assets

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases i.e. leases with a lease term of 12 months or less and leases of low-value assets i.e., when the value of the leased asset when new is \$10,000 or less. Council recognises the lease payments associated with these leases as expense on a straight-line basis over the lease term.

	2024 \$'000	2023 \$'000
Note 7.5 Contract Liabilities		
Current		
Funds received to acquire on construct an asset controlled by Council	646	949
Funds received prior to performance obligation being satisfied (Upfront payments)	<u>384</u>	<u>73</u>
	<u>1,030</u>	<u>1,022</u>

Accounting policy

Council recognised the following contractual liabilities:

i) Grant funds received in advance includes the construction of community roads and infrastructure. The funds received are under an enforceable contract which requires 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. Revenue is expected to be recognised in the next 12 months.

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

Funds received prior to performance obligation being satisfied (upfront payments) – AASB 15	850	505
	<u>850</u>	<u>505</u>

Note 8 Non-current liabilities**Note 8.1 Interest-bearing loans and borrowings****Current**

Borrowings - secured	2,605	408
	2,605	408

Non-current

Borrowings - secured	994	5,459
	994	5,459

Total	3,599	5,867
--------------	--------------	--------------

Borrowings

Borrowings are secured over Council's rate revenue

The maturity profile for Council's borrowings is:

Not later than one year	2,605	408
Later than one year and not later than five years	621	1,821
Later than five years	373	3,638
Total	3,599	5,867

Accounting policy**Interest bearing liabilities**

The borrowing capacity of Council is limited by the *Local Government Act 1993*. Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition these liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the liability using the effective interest method.

Interest is expensed as it accrues and no interest has been capitalised during the current or comparative reporting period. There have been no defaults or breaches of the loan agreement during the period. Borrowings are secured by way of mortgages over the general rates of the Council.

Notes to the Financial Report
For the Year Ended 30 June 2024

Note 9	Other financial information	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
Note 9.1	Reserves	\$'000	\$'000	\$'000	\$'000
	(a) Asset revaluation reserve				
	2024 Property				
	Land	5,572	-	-	5,572
	Land under roads	(47)	6,485	-	6,438
	Buildings	5,454	343	-	5,797
		10,979	6,828	-	17,807
	Infrastructure				
	Roads	145,248	30,078	-	175,326
	Bridges	7,316	1,049	-	8,365
	Footpaths	471	1,417	-	1,888
	Drainage	16,556	6,297	-	22,853
		169,591	38,841	-	208,432
	Total asset revaluation reserve	180,570	45,669	-	226,238

Restated

	2023 Property				
	Land	3,826	1,746	-	5,572
	Land under roads	(47)	-	-	(47)
	Buildings	4,486	968	-	5,454
		8,265	2,714	-	10,979
	Infrastructure				
	Roads	139,895	5,353	-	145,248
	Bridges	5,831	1,485	-	7,316
	Footpaths	-	471	-	471
	Drainage	15,271	1,285	-	16,556
		160,997	8,594	-	169,591
	Total asset revaluation reserve	169,262	11,308	-	180,570

The asset revaluation reserve was established to capture the movements in asset valuations upon the periodic revaluation of Council's assets.

	Balance at beginning of reporting year	Increment	(Decrement)	Balance at end of reporting year
		\$'000	\$'000	\$'000
(b) Fair value reserve				
2024 Equity Investment assets				
Investment in water corporation	(2,124)	1,785	-	(339)
Total fair value reserve	(2,124)	1,785	-	(339)
2023 Equity Investment assets				
Investment in water corporation	(3,146)	1,022	-	(2,124)
Total fair value reserve	(3,146)	1,022	-	(2,124)

Council has to designate its investment in Taswater as an equity investment at fair value through other comprehensive income.

Subsequent changes in fair value are reflected in the reserve and will not be reclassified through the profit or loss when derecognised.

Notes to the Financial Report
For the Year Ended 30 June 2024

	Balance at beginning of reporting year	Transfers from	Transfers To	Balance at end of reporting year
	\$'000	\$'000	\$'000	\$'000
(c) Other reserves				
2024 Facilities and properties	239	24	-	262
Other Reserves	471	115	-	586
Total Other reserves	710	139	-	848
2023 Facilities and properties	151	88	-	239
Other Reserves	429	42	-	471
Total Other reserves	580	130	-	710

Facilities and properties reserve recognises those funds that are being retained for future contributions to capital works on Council properties, buildings and recreational facilities. It includes contributions from developers towards establishment of public open space areas.

Other reserves are amounts set aside for specific purposes. These largely include funds received for various community development and cultural projects.

	2024	2023
	\$'000	\$'000
Total Reserves	226,748	179,156

Note 9.2 Reconciliation of cash flows from operating activities to surplus (deficit)

Result from continuing operations	1,686	2,749
Depreciation/amortisation	4,753	4,572
Depreciation of right-of-use assets	50	11
Contributed assets	(201)	-
(Profit)/loss on disposal of property, infrastructure, plant and equipment	1,408	681
Capital grants received specifically for new or upgraded assets	(1,944)	(1,935)
Recognition of make good obligation asset	(441)	-
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	(150)	(417)
Decrease/(increase) in other assets	-	1
Decrease/(increase) in inventories	164	83
Increase/(decrease) in trade and other payables	212	(137)
Increase/(decrease) in provisions	43	287
Increase/(decrease) in contract liabilities	8	(268)
Net cash provided by/(used in) operating activities	5,588	5,627

Note 9.3 Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

	Interest-bearing loans and borrowings	Lease liabilities
	2024	2023
	\$'000	\$'000
Balance as at 1 July 2023	5,867	803
Changes from financing cash flows:		
Additions	-	29
Cash repayments	(2,267)	(71)
Balance as at 30 June 2024	3,600	761
Balance as at 1 July 2022	6,256	29
Changes from financing cash flows:		
Additions		785
Cash repayments	(389)	(11)
Balance as at 30 June 2023	5,867	803

Note 9.4 Reconciliation of cash and cash equivalents

Cash and cash equivalents (see note 4.1)

Total reconciliation of cash and cash equivalents

4,726	6,819
4,726	6,819

Note 9.5 Financing arrangements

Credit cards	18	43
Used facilities	(5)	(16)
Security Deposit Guarantee	150	150
Used Facility	(126)	(126)
Unused facilities	37	51

Note 9.6 Superannuation

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund), a sub-fund of Spirit Super. The Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 34 of AASB 119 Employee Benefits, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2024 Council contributed 12.5% (2023 12.5%) of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, Council is required to meet its share of the deficiency.

Deloitte Consulting Pty Ltd undertook the last actuarial review of the Fund at 30 June 2023. The review disclosed that at that time the net market value of assets available for funding member benefits was \$48,442,000, the value of vested benefits was \$39,789,000, the surplus over vested benefits was \$8,653,000, the value of total accrued benefits was \$39,479,000, and the number of members was 77. These amounts relate to all members of the Fund at the date of valuation and no asset or liability is recorded in the Spirit Super's financial statements for Council employees.

The financial assumptions used to calculate the Accrued Benefits for the Fund were:

- Net Investment Return 4.50% p.a.
- Salary Inflation 3.00% p.a.
- Price Inflation n/a

Note 9.6 Superannuation (Continued)

The actuarial review concluded that:

- The value of assets of the Fund was adequate to meet the liabilities of the Fund in respect of vested benefits as at 30 June 2023.
- The value of assets of the Fund was adequate to meet the value of the liabilities of the Fund in respect of accrued benefits as at 30 June 2023.
- Based on the assumptions used, and assuming the Employer contributes at the levels described below, the value of the assets is expected to continue to be adequate to meet the value of the liabilities of the Fund in respect of vested benefits at all times during the period up to 30 June 2028.

Given the strong financial position of the Fund, the Actuary recommended that Council continue their contribution holiday and contribute 0% of salaries towards the defined benefit arrangements in the Fund from 1 July 2024 until 1 July 2027. This contribution rate is subject to normal review processes which include reviewing the contribution rate if needed to respond to extreme movements in financial markets. In addition, employers pay contributions towards defined benefit members' accumulation accounts where required by agreements.

The Actuary will continue to undertake a brief review of the financial position of the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial actuarial review of the Fund will have an effective date of 30 June 2026 and is expected to be completed late in 2026.

Council also contributes to other accumulation superannuation schemes on behalf of a number of employees; however, Council has no ongoing responsibility to make good any deficiencies that may occur in those schemes.

During the year Council made the required superannuation contributions for all eligible employees to an appropriate complying superannuation fund as required by the *Superannuation Guarantee (Administration) Act 1992*.

As required in terms of paragraph 148 of AASB 119 *Employee Benefits*, Council discloses the following details:

- The 2023 actuarial review used the "aggregate" funding method. This is a standard actuarial funding method. The results from this method were tested by projecting future fund assets and liabilities for a range of future assumed investment returns. The funding method used is consistent with the method used at the previous actuarial review in 2020.

Under the aggregate funding method of financing the benefits, the stability of Councils' contributions over time depends on how closely the Fund's actual experience matches the expected experience. If the actual experience differs from that expected, Councils' contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards financing members' benefits.

- In terms of Rule 15.2 of the Spirit Super Trust Deed (Trust Deed), there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members' vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to Participate is required to be provided with a benefit at least equal to their vested benefit. However, there is no provision in the Trust Deed requiring an employer to make contributions other than its regular contributions up to the date of cessation of contributions.
- The application of Fund assets on Spirit Super being wound-up is set out in Rule 20.2. This Rule provides that expenses and taxation liabilities should have first call on the available assets. Additional assets will initially be applied for the benefit of the then remaining members and/or their Dependents in such manner as the Trustee considers equitable and appropriate in accordance with the Applicable Requirements (broadly, superannuation and taxation legislative requirements and other requirements as determined by the regulators).

The Trust Deed does not contemplate the Fund withdrawing from Spirit Super.

- The Fund is a defined benefit Fund.
- The Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus the Fund is not able to prepare standard AASB119 defined benefit reporting.

Note 9.6 Superannuation (Continued)

- During the reporting period the amount of superannuation contributions paid to defined benefits schemes was \$39,071 (2022-23, \$34,006), and the amount paid to accumulation schemes was \$694,074 (2022-23, \$664,064).
- During the next reporting period the expected amount of superannuation contributions to be paid to defined benefits schemes is \$40,634, and the amount to be paid to accumulation schemes is \$721,837.
- As reported on the first page of this note, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2023. Favourable investment returns, since that date, has seen further improvement in the financial position of the Fund. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2026.
- An analysis of the assets and vested benefits of sub-funds participating in the Scheme, prepared by Deloitte Consulting Pty Ltd as at 30 June 2023, showed that the Fund had assets of \$48.44 million and members' Vested Benefits were \$39.79 million. These amounts represented 0.17% and 0.15% respectively of the corresponding total amounts for Spirit Super.
- As at 30 June 2023 the Fund had 77 members and the total employer contributions and member contributions for the year ending 30 June 2023 were \$738,101 and \$190,798 respectively.

	2024 \$'000	2023 \$'000
Defined benefits fund		
Employer contributions to Spirit Super	39	34
Employer contributions payable to Spirit Super at reporting date	-	-
Accumulation funds		
Employer contributions to all super funds	694	630
Employer contributions payable to other super funds at reporting date	-	-

Note 9.7 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Statement of Financial Position. Commitments are disclosed at their nominal value and presented inclusive of GST payable.

2024	Not later than 1 year \$'000	Later than 1 year and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Capital Expenditure Commitments				
Buildings	739	-	-	739
Parks and recreation	343	-	-	343
Total capital expenditure commitments	1,082	-	-	1,082
Contractual commitments				
Waste transfer stations and collections	1,310	980	933	3,223
Cleaning contracts for council buildings	190	195	-	385
Total contractual commitments	1,500	1,175	933	3,608

Note 9.7 Commitments (cont.)

2023	Not later than 1	Later than 1 year and not later than		Total \$'000
	year \$'000	5 years \$'000	Later than 5 years \$'000	
Contractual commitments				
Waste transfer stations and collections	1,406	1,863	-	3,269
Cleaning contracts for council buildings	179	384	-	563
Total contractual commitments	1,585	2,247	-	3,832

Note 9.8 Operating leases as lessor

Council is a lessor and enters into agreements with a number of lessees. These include commercial and non-commercial agreements.

Where leases are non-commercial agreements, these are generally with not for profit, such as sporting, organisations. In these cases subsidised or peppercorn rents are charged because Council recognises part of its role is community service and community support. In these situations, Council records lease revenue on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at current replacement cost.

Where leases are commercial agreements, but properties leased are part of properties predominantly used by Council for its own purposes, Council records lease revenue on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at current replacement cost.

The future (undiscounted) lease payments to be received on an annual basis for all operating leases is at follows:

Maturity analysis of operating lease payments to be received

Year 1	10	104
Year 2	10	105
Year 3	11	98
Year 4	11	97
Year 5	6	73
Later than 5 years	-	-
Total	48	477

The following table presents the amounts reported in profit or loss:

Lease income on operating leases	98	87
Therein lease income relating to variable lease payments that do not depend on an index or rate	98	87

Note 9.9 Contingent Liabilities and contingent assets

Contingent liabilities

Security deposit guarantees	126	126
	126	126

Note 9.10 Financial Instruments

Managing financial risk

Council has exposure to the following risks from its use of financial instruments:

- (a) Interest rate risk
- (b) Credit risk
- (c) Liquidity risk; and
- (d) Market risk.

The General Manager has overall responsibility for the establishment and oversight of Council's risk management framework. Risk management policies are established to identify and analyse risks faced by Council, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(a) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities used. Non-derivative interest bearing assets are predominantly short term liquid assets. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Council's loan borrowings are sourced from major Australian banks by a tender process. Finance leases are sourced from major Australian financial institutions. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

- ensuring access to diverse sources of funding;
- reducing risks of refinancing by managing in accordance with target maturity profiles; and
- setting prudential limits on interest repayments as a percentage of rate revenue.

We manage the interest rate exposure on our debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Treasury and Finance each year.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1993*. Council manage interest rate risk by adopting an investment policy that ensures:

- conformity with State and Federal regulations and standards,
- capital protection,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

The exposure to interest rate risk and the effective interest rates of financial assets and non-lease financial liabilities, both recognised and unrecognised, at balance date are as follows. For lease liabilities refer to note 7.4.

2024

	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets							
Cash and cash equivalents	5.40%	3,407	1,317	-	-	2	4,726
Investments	5.07%	-	9,500	-	-	3,293	12,793
Trade and other receivables	9.85%	814	-	-	-	406	1,220
Investment in water corporation		-	-	-	-	35,745	35,745
Total financial assets		4,221	10,817	-	-	39,446	54,484
Financial liabilities							
Trade and other payables		-	-	-	-	1,115	1,115
Trust funds and deposits		-	-	-	-	561	561
Interest-bearing loans and borrowings	4.12%	-	2,605	621	373	-	3,599
Total financial liabilities		-	2,605	621	373	1,676	5,275
Net financial assets (liabilities)		4,221	8,212	(621)	(373)	37,770	49,209

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Note 9.10 Financial Instruments (cont.)

2023

	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets							
Cash and cash equivalents	4.51%	1,006	5,811	-	-	2	6,819
Investments	4.76%	-	7,616	-	-	-	6,819
Trade and other receivables	8.13%	710	-	-	-	374	1,084
Investment in water corporation		-	-	-	-	33,960	33,960
Total financial assets		1,716	13,427	-	-	34,336	48,682
Financial liabilities							
Trade and other payables		-	-	-	-	903	903
Trust funds and deposits		-	-	-	-	742	742
Interest-bearing loans and borrowings	3.70%	-	408	1,820	3,639	-	5,867
Total financial liabilities		-	408	1,820	3,639	1,645	7,512
Net financial assets (liabilities)		1,702	5,403	(1,820)	(3,639)	32,677	34,323

Note 9.10 Financial Instruments (Continued)

(b) Credit risk

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in our Statement of Financial Position. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our

Credit risk arises from Council's financial assets, which comprise cash and cash equivalents, and trade and other receivables. Council's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable policy note. Council generally trades with recognised, creditworthy third parties, and as such collateral is generally not requested, nor is it Council's policy to securitise its trade and other receivables.

It is Council's policy that some customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation.

In addition, receivable balance are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Statement of Financial Position.

Council may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when Council provides a guarantee for another party. Details of our contingent liabilities are disclosed in note 9.1.

Credit quality of contractual financial assets that are neither past due nor impaired

	Financial Institutions (AAA credit rating)	Government agencies (BBB credit rating)	Other (min BBB credit rating)	Total
2024				
Cash and cash equivalents	4,726	-	-	4,726
Trade and other receivables	-	-	1,220	1,220
Investments and other financial assets	9,500	-	-	9,500
Total contractual financial assets	14,226	-	1,220	15,446
2023				
Cash and cash equivalents	6,819	-	-	6,819
Trade and other receivables	-	-	1,070	1,070
Investments and other financial assets	7,616	-	-	7,616
Total contractual financial assets	14,435	-	1,070	15,505

Note 9.10 Financial Instruments (Continued)

(b) Credit risk (Continued)

Ageing of Trade and Other Receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's Trade and Other Receivables was:

	2024 \$'000	2023 \$'000
Current (not yet due)	369	344
Past due by up to 30 days	5	1
Past due between 31 and 180 days	4	-
Past due between 181 and 365 days	13	14
Past due by more than 1 year	829	711
Total Trade & Other Receivables	<u>1,220</u>	<u>1,070</u>

Ageing of individually impaired Trade and Other Receivables

At balance date, other debtors representing financial assets with a nominal value of \$2,761 (2022-23: \$5,260) were impaired. The amount of the provision raised against these debtors was \$2,761 (\$5,260). The individually impaired debtors relate to general and sundry debtor and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of Trade and Other Receivables that have been individually determined as impaired at reporting date was:

	2024 \$'000	2023 \$'000
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	2
Past due by more than 1 year	3	3
Total Trade & Other Receivables	<u>3</u>	<u>5</u>

(c) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial assets at all.

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Note 9.10 Financial Instruments (Continued)

The table below lists the contractual maturities for non-lease Financial Liabilities. For lease liabilities refer to note 7.4. These amounts represent the discounted cash flow payments (ie principal only).

2024	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	1,115	-	-	-	-	1,115	1,115
Trust funds and deposits	-	561	-	-	-	561	561
Interest-bearing loans and borrowings	137	2,468	384	237	373	3,599	3,599
Total financial liabilities	1,252	3,029	384	237	373	5,275	5,275

2023	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	903	-	-	-	-	903	903
Trust funds and deposits	742	-	-	-	-	742	742
Interest-bearing loans and borrowings	202	206	425	1,395	3,639	5,867	5,867
Total financial liabilities	1,847	206	425	1,395	3,639	7,512	7,512

(d) Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Refer to the previous Interest Rate risk discussion for details on market risk exposures.

Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 2% and -2% in market interest rates (AUD) from year-end rates.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by Council at year-end, if the above movements were to occur.

		Interest rate risk			
		-2 %		+2%	
		-200 basis points		+200 basis points	
		Profit	Equity	Profit	Equity
2024	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	4,726	(95)	(95)	95	95
Investments	9,500	(190)	(190)	190	190
Financial liabilities:					
Interest-bearing loans and borrowings	3,599	(72)	(72)	72	72

		Interest rate risk			
		-2 %		+2%	
		-200 basis points		+200 basis points	
2023	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets:					
Cash and cash equivalents	6,819	(136)	(136)	136	136
Investments	7,616	(152)	(152)	152	152
Financial liabilities:					
Interest-bearing loans and borrowings	5,867	(117)	(117)	117	117

Fair Value

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

Total carrying amount as per the Statement of Financial Position Aggregate net fair value

Financial Instruments

	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	4,726	6,819	4,726	6,819
Investments	9,500	7,616	9,500	7,616
Trade and other receivables	1,220	1,084	1,220	1,084
Investment in water corporation	35,745	33,960	35,745	33,960
<i>Total financial assets</i>	<u>51,191</u>	<u>49,479</u>	<u>51,191</u>	<u>49,479</u>
<i>Financial liabilities</i>				
Trade and other payables	1,115	903	1,115	903
Trust funds and deposits	561	742	561	742
Interest-bearing loans and borrowings	3,599	5,867	3,564	5,808
<i>Total financial liabilities</i>	<u>5,275</u>	<u>7,512</u>	<u>5,240</u>	<u>7,453</u>

Note 9.11 Fair Value Measurements

Council measures and recognises the following assets at fair value on a recurring basis:

- Investment in water corporation
- Property, infrastructure plant and equipment
 - Land
 - Land under roads
 - Buildings
 - Roads
 - Footpaths
 - Bridges
 - Drainage

Council does not measure any liabilities at fair value on a recurring basis.

(a) Fair Value Hierarchy

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

- Level 1** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3** Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Council. The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2024.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

As at 30 June 2024

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Investment in water corporation	5.1	-	-	35,745	35,745
Land	6.1	-	-	10,377	10,377
Land under roads	6.1	-	-	9,102	9,102
Buildings	6.1	-	-	16,002	16,002
Roads	6.1	-	-	114,318	114,318
Footpaths	6.1	-	-	9,713	9,713
Bridges	6.1	-	-	24,624	24,624
Drainage	6.1	-	-	27,780	27,780
		-	-	247,661	247,661

As at 30 June 2023

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements					
Investment in water corporation	5.1	-	-	33,960	33,960
Land	6.1	-	-	10,454	10,454
Land under roads	6.1	-	-	2,581	2,581
Buildings	6.1	-	-	15,609	15,609
Roads and footpaths	6.1	-	-	85,303	85,303
Footpaths	6.1	-	-	7,562	7,562
Bridges	6.1	-	-	23,812	23,812
Drainage	6.1	-	-	21,633	21,633
		-	-	200,914	200,914

Transfers between levels of the hierarchy

There were no transfers between levels 1 and 2 during the year, nor between levels 2 and 3.

Note 9.11 Fair Value Measurements (Continued)

(b) Highest and best use

AASB 13 Fair Value Measurement, requires the fair value of non-financial assets to be calculated based on their "highest and best use". All assets valued at fair value in this note are being used for their highest and best use.

(c) Valuation techniques and significant inputs used to derive fair values

Investment in water corporation

Refer to Note 5.1 for details of valuation techniques used to derive fair values.

Land

Land fair values were determined by the Valuer General, effective 30 June 2022. Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes, which is restricted in use under current planning provisions. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. There was no change in the adjustment factors for Land as per the Valuer General for 2024.

Land under roads

The value of the Land Under Road network at 30 June 2024 is based on valuation data determined by the Valuer-General. The valuation approach uses adjusted land values and areas for all properties within the municipality depending upon its classification and then applying a discount appropriate to the respective classification. This adjustment is an unobservable input in the valuation. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.17 and \$19.19 per square metre.

Buildings

The fair value of buildings were determined by a Gavin Boyd, Council's contract Asset Engineer effective 30 June 2021. Fair value has been derived based on current replacement cost determined for the location by Rawlinsons Construction Costs 2020. The most significant input into this valuation approach was price per square metre. Buildings were indexed at 30 June 2024 at 2.33% based on the ABS Construction Cost Index for non residential buildings.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use.

While the unit rates based on square metres can be supported by market evidence (level 2), the estimates of residual value and useful life that are used to calculate accumulated depreciation comprise unobservable inputs (level 3). Where these other inputs are significant to the valuation the overall valuation has been classified as level 3. The table at (d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

Infrastructure assets

All Council infrastructure assets were fair valued using written down current replacement cost. This valuation comprises the asset's current replacement cost (CRC) less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Council first determined the gross cost of replacing the full service potential of the asset and then adjusted this amount to take account of the expired service potential of the asset.

CRC was measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business. The resulting valuation reflects the cost of replacing the existing economic benefits based on an efficient set of modern equivalent assets to achieve the required level of service output.

The unit rates (labour and materials) and quantities applied to determine the CRC of an asset or asset component were based on a "Greenfield" assumption meaning that the CRC was determined as the full cost of replacement with a new asset including components that may not need to be replaced, such as earthworks.

The level of accumulated depreciation for infrastructure assets was determined based on the age of the asset and the useful life adopted by Council for the asset type. Estimated useful lives and residual values are disclosed in note 3.4.

The calculation of CRC involves a number of inputs that require judgement and are therefore classed as unobservable. While these judgements are made by qualified and experienced staff, different judgements could result in a different valuation. The table at (d) below summarises the effect that changes in the most significant unobservable inputs would have on the valuation.

The methods for calculating CRC are described under individual asset categories below.

(c) Valuation techniques and significant inputs used to derive fair values (Continued)

Roads, including footpaths

A full valuation of roads and footpaths was undertaken by independent valuers, Modelve, effective 30 June 2024 on depreciated replacement cost basis. The replacement cost of roads after revaluation is \$150,674,740 and the replacement cost of footpaths and cycleways is \$13,388,850. The impact of the revaluation on road depreciation is an increase of \$325,824 and footpath depreciation is \$60,309.

Council categorises its road infrastructure into urban and rural roads and then further sub-categorises these into sealed and unsealed roads. Urban roads are managed in segments of 100-250m, while rural roads are managed in 1km segments. All road segments are then componentised into formation, pavement, sub-pavement and seal (where applicable). Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment. Council also assumes a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC is based on the road area multiplied by a unit price; the unit price being an estimate of labour and material inputs, services costs, and overhead allocations. Council assumes that pavements are constructed to depths of x cms for high traffic areas and y cms for lower traffic locations. For internal construction estimates, material and services prices are based on existing supplier contract rates or supplier price lists and labour wage rates are based on Council's Enterprise Bargaining Agreement (EBA). Where construction is outsourced, CRC is based on the average of completed similar projects over the last few years.

Bridges

A full valuation of bridges assets was undertaken by independent valuers, AusSpan, effective 30 November 2023. Each bridge is assessed individually and componentised into sub-assets representing the deck and sub-structure. The valuation is based on the material type used for construction and the deck and sub-structure area. Bridges were indexed at 30 June 2024 at 2.6% based on ABS Construction Cost Index for Roads and Bridges.

Drainage

A full valuation of drainage infrastructure was undertaken by Council's asset management engineering consultants, Modelve, effective 30 June 2024. Similar to roads, drainage assets are managed in segments: pits and pipes being the major components.

Consistent with roads, Council assumes that environmental factors such as soil type, climate and topography are consistent across each segment and that a segment is designed and constructed to the same standard and uses a consistent amount of labour and materials.

CRC is based on the unit price for the component type. For pipes, the unit price is multiplied by the asset's length. The unit price for pipes is based on the construction material as well as the depth the pipe is laid.

Note 9.11 Fair Value Measurements (Continued)

(d) Unobservable inputs and sensitivities

Asset / liability category*	Carrying amount (at fair value) \$'000	Key unobservable inputs *	Expected range of inputs	Description of how changes in inputs will affect the fair value
Roads	114,318	Unit replacement cost per square metre.	from \$6.16-\$9.46/sqm (unsealed) up to \$11.80-\$29.92/sqm (sealed)	The higher the unit cost the higher the fair value.
		Useful life	Refer note 3.4	The longer the useful life, the higher the fair value.
Footpaths	9,713	Unit replacement cost per square metre.	from \$22.30/sqm (unsealed) up to \$202.70/sqm (concrete)	The higher the unit cost the higher the fair value.
		Useful life	Refer note 3.4	The longer the useful life, the higher the fair value.
Bridges	24,624	Unit replacement cost per square metre.	from \$1,345/sqm (gravely overlay) to \$4,685/sqm (reinforced box culvert)	The higher the unit cost the higher the fair value.
		Useful life	Refer note 3.4	The longer the useful life, the higher the fair value.
Drainage	27,780	Unit replacement cost per metre.	from \$106/m upto \$2,912/m, depending on pipe diameter	The higher the unit cost the higher the fair value.
		Useful life	Refer note 3.4	The longer the useful life, the higher the fair value.
Investment in Water Corporation	35,745	Refer to note 5.1 for a description of the valuation basis.		

*There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(e) Changes in recurring level 3 fair value measurements

The changes in level 3 property plant and equipment assets with recurring fair value measurements are detailed in note 6.1 (Property, infrastructure, plant and equipment). Heritage buildings, which are classified as level 3 are separately disclosed in note 6.1. Investment in water corporation, which is classified as level 3 has been separately disclosed in note 5.1.

There have been no transfers between level 1, 2 or 3 measurements during the year.

(f) Valuation processes

Council's current policy for the valuation of property, infrastructure, plant and equipment, investment in water corporation and investment property (recurring fair value measurements) is set out in notes 5.1, and 6.1 respectively.

Non-recurring fair value measurements are made at the point of reclassification by a registered valuer.

(g) Assets and liabilities not measured at fair value but for which fair value is disclosed

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes.

Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 8.1 equates to the carrying amount as the carrying amount approximates fair value (level 2).

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature (Level 2).

Note 9.12 Events occurring after balance date

(a)

During early September storms damaged Council assets with significant vegetation clearance and removal being undertaken throughout the municipality. The full financial impact of the event cannot be made at this time. Detailed assessments of all the damage to assets will be compiled once the recovery phase of the event is complete.

Note 10 Other matters

Note 10.1 Related party transactions

(i) Councillor Remuneration 2024

Name	Position	Period	Short term employee benefits		Expenses ¹	Total allowances and expenses section 72
			Allowances	Total Compensation AASB 124		
			\$	\$	\$	\$
Mr M Tucker	Mayor	Full Year	50,098	50,098	1,485	51,583
Ms K Chapple	Deputy Mayor	Full Year	28,014	28,014	1,669	29,683
Ms K Wright	Councillor	Full Year	14,313	14,313	1,199	15,512
Mr G Barnes	Councillor	Full Year	14,313	14,313	1,199	15,512
Ms E Johnstone	Councillor	Full Year	14,313	14,313	4,682	18,995
Mr I Carter	Councillor	Full Year	14,313	14,313	1,486	15,799
Mr V Oldham	Councillor	Full Year	14,313	14,313	2,423	16,736
Mr B LeFevre	Councillor	Full Year	14,313	14,313	3,137	17,450
Ms J Drummond	Councillor	Full Year	14,313	14,313	4,380	18,693
Total			178,303	178,303	21,660	199,963

Councillor Remuneration 2023

Mr M Tucker	Mayor	Full Year	48,384	48,384	1,802	50,186
Mr J McGiveron	Deputy Mayor	Jul - Nov	8,848	8,848	-	8,848
Ms K Chapple	Deputy Mayor	Full Year	22,728	22,728	1,200	23,928
Mrs M Osborne	Councillor	Jul - Nov	4,521	4,521	400	4,921
Ms L Wittaker	Councillor	Jul - Nov	4,521	4,521	400	4,921
Ms K Wright	Councillor	Full Year	13,823	13,823	1,200	15,023
Mr G Barnes	Councillor	Nov - June	9,303	9,303	800	10,103
Ms E Johnstone	Councillor	Nov - June	9,303	9,303	2,026	11,329
Mr I Carter	Councillor	Nov - June	9,303	9,303	800	10,103
Mr V Oldham	Councillor	Nov - June	9,304	9,304	1,660	11,164
Mr B LeFevre	Councillor	Full Year	13,823	13,823	2,861	16,684
Ms J Drummond	Councillor	Full Year	13,823	13,823	4,158	17,981
Mr G McGuinness	Councillor	Jul - Nov	4,521	4,521	400	4,921
Total			172,205	172,205	17,907	190,112

¹ Section 72(1)(b) of the Local Government Act 1993 requires the disclosure of expenses paid to Councillors.

Note 10.1 Related party transactions (continued)

In 2024 Council defined the Key Management Personnel as the senior management team.

Number of Staff per Band	Remuneration band	Short term employee benefits			Post employment benefits		Non-monetary Benefits ⁶	Total
		Salary ¹	Other Allowances & Benefits ³	Vehicles ²	Super-annuation ⁴	Termination Benefits ⁵		
		\$	\$	\$	\$	\$	\$	\$
1	\$230 001 - \$250 000	210,728	-	9,636	25,667	-	(8,518)	237,513
2	\$170 001 - \$190 000	309,892	-	17,819	38,071	-	(1,665)	364,117
1	\$110 001 - \$130 000	107,627	4,221	13,495	13,705	-	(12,836)	126,212
Total		628,248	4,221	40,950	77,443	-	(23,019)	727,843
Key Management Personnel Remuneration 2023								
1	\$250 001 - \$270 000	202,206	-	7,678	33,710	-	9,465	253,061
2	\$150 001 - \$170 000	257,977	-	21,450	31,848	-	17,142	328,417
2	\$130 001 - \$150 000	202,289	4,000	25,819	25,078	-	22,285	279,471
2	\$110 001 - \$130 000	221,152	-	6,229	27,209	-	(4,887)	249,703
1	\$10 001 - \$30 000	4,230	-	3,563	449	45,317	(42,556)	11,003
		887,856	4,000	64,739	118,294	45,317	1,449	1,121,655

(ii) Key Management Personnel Remuneration (Continued)

¹ Gross Salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

² Includes total cost of providing and maintaining vehicles provided for private use, including registration, insurance, fuel and other consumables, maintenance cost and parking (including notional value of parking provided at premises that are owned).

³ Other allowances and benefits includes all other forms of employment allowances (excludes reimbursements such as travel, accommodation or meals), payments in lieu of leave, and any other compensation paid and payable.

⁴ Superannuation means the contribution to the superannuation fund of the individual.

⁵ Termination benefits include all forms of benefit paid or accrued as a consequence of termination.

⁶ Non-monetary benefits include annual and long service leave movements and non-monetary benefits (such as housing, subsidised goods or services etc).

(iii) Remuneration Principles

Councillors

Elected member remuneration is determined independently of Council.

Executives

The employment terms and conditions of senior executives are contained in individual employment contracts and prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions. In addition to their salaries, Council also provides non-cash benefits and contributes to post-employment superannuation plans on their behalf. The performance of each senior executive, including the General Manager, is reviewed annually which includes a review of their remuneration package. The terms of employment of each senior executive, including the General Manager, contain a termination clause that requires the senior executive or Council to provide a minimum notice period of up to 6 months prior to termination of the contract. Whilst not automatic, contracts can be extended.

Acting Arrangements

When members of key management personnel are unable to fulfill their duties, consideration is given to appointing other members of senior staff to their position during their period of absence.

Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month.

- In the current year, Mr Raoul Harper was appointed to the position of Acting General Manager, whilst Mr John Brown was on leave.

Note 10 Other matters

Note 10.1 Related party transactions (Continued)

(iv) Transactions with related parties

During the period Council entered into the following transactions with related parties.

<i>Nature of the transaction</i>	<i>Amount of the transactions during the year</i>	<i>Outstanding balances, including commitments at year end</i>	<i>Terms and conditions</i>	<i>Provision for doubtful debts related outstanding balances</i>	<i>The expense recognised during the period relating to bad or doubtful debts due from related parties</i>
St Helens Newsagency/ Bay of Fires Florist (owned by Mayor Mick Tucker)	\$2,940	Nil	30-day terms on invoices	-	-
St Helens Auto Electrics - repairs (owned by General Manager's Brother in-law)	\$15,673	Nil	30-day terms on invoices	-	-
St Helens Online Access Centre - grant (Business Services Manager's Father is the Centre Vice President)	\$5,000	Nil	30-day terms on invoices	-	-
Grange Fishing Trust - cartage of materials. (Corporate Service Coordinator's partner Director of Trust)	\$37,450	Nil	30-day terms on invoices	-	-
Fingal Valley Neighbourhood House - venue hire (Cllr Gary Barnes is the Manager)	\$15,160	Nil	30-day terms on invoices	-	-

In accordance with s84(2)(b) of the *Local Government Act 1993*, no interests have been notified to the General Manager in respect of any body or organisation with which the Council has major financial dealings.

(v) Transactions with related parties that have not been disclosed

Most of the entities and people that are related parties of council live and operate within the municipality. Therefore, on a regular basis ordinary citizen transactions occur between Council and its related parties. Some examples include:

- Payment of rates on a primary residence
- Dog registration

Council has not included these types of transaction in its disclosure, where they are made on the same terms and conditions available to the general public.

Note 10.2 Special committees and other activities

	Opening Balance	Movement	Closing Balance
Pyengana Ground and Hall Committee	\$100,671	\$12,913	\$113,584

Note 10.3 Other significant accounting policies and pending accounting standards

(a) Taxation

Council is exempt from all forms of taxation except Fringe Benefits Tax, Payroll Tax and the Goods and Services Tax.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(b) Impairment of non-financial assets

At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Other Comprehensive Income, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset. For non-cash generating assets of Council such as roads, drains, public buildings and the like, value in use is represented by the deprival value of the asset approximated by its written down replacement cost.

(c) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being Council's operational cycle, or if Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

(d) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

(e) Contingent assets, contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively. Commitments are not recognised in the Statement of Financial Position. Commitments are disclosed at their nominal value inclusive of the GST payable.

(f) Budget

The estimated revenue and expense amounts in the Statement of Other Comprehensive Income represent original budget amounts / revised budget estimates (date) and are not audited.

(g) Adoption of new and amended accounting standards

In the current year, Council has reviewed and assessed all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board, including AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies* and AASB 2020-1 *Definition of Accounting Estimates and Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*, and determined that none would have a material effect on Council's operations or financial reporting.

Note 10.3 Other significant accounting policies and pending accounting standards (cont.)

(h) Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods. Council's assessment of the impact of the relevant new standards and interpretations is set out below.

(i) AASB 2022- 6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

This Standard amends AASB 101 *Presentation of Financial Statements* to improve the information an entity provides in its financial statements about long-term liabilities with covenants where the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. The amendments are effective for annual periods beginning on or after 1 January 2024. Council will assess any impact of the modifications to AASB 101 ahead of the 2024-25 reporting period.

(ii) 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. 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 2025, with earlier application permitted.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to Council's activities, or have no material impact.

Note	10.4 Management indicators	Benchmark	2024 \$'000	2023 \$'000	2022 \$'000	2021 \$'000
(a)	Underlying surplus or deficit					
	Net result for the year		1,686	2,749	(1,444)	3,855
	Less non-operating income					
	Capital contributions - and recognition of assets		(201)	-	-	-
	Covid-19 and National disaster relief grants		(190)	-	(120)	-
	Grants specifically for new or upgraded assets		(1,399)	(464)	(1,692)	(4,427)
	Grants for renewal of assets		(808)	(1,664)	(895)	(1,146)
	Grants received in advance - current year		(3,115)	(3,558)	(2,374)	(1,521)
	Grants received in advance - prior year		3,558	2,374	1,521	1,487
	Add non-operational expenses					
	Disaster relief and recovery expenditure		560	187	162	200
	Unscheduled one-off loss on disposal of non-financial assets		1,808	697	4,128	988
	Non Council works/assets funded by capital grant		10	59	-	181
	Underlying surplus/deficit	0	<u>1,909</u>	<u>220</u>	<u>(714)</u>	<u>(383)</u>

The intent of the underlying result is to show the outcome of a council's normal or usual day to day operations.

Council's result of \$1,909,000 underlying surplus for 2023/24 is above the benchmark of 0, and an improvement from \$220,000 in 2022/23.

(b)	Underlying surplus ratio					
	<u>Underlying surplus or deficit</u>		<u>1,909</u>	<u>220</u>	<u>(714)</u>	<u>(383)</u>
	Recurrent income		19,031	18,505	16,518	14,868
	Underlying surplus ratio %	0%	10%	1%	-4%	-3%

This ratio serves as an overall measure of financial operating effectiveness.

Council's underlying surplus ratio of 10% in 2023/24 is above the benchmark of 0%.

(c)	Net financial liabilities					
	Liquid assets less		15,435	15,494	12,781	11,321
	total liabilities		8,821	11,050	10,718	11,537
	Net financial liabilities	0	<u>6,614</u>	<u>4,444</u>	<u>2,063</u>	<u>(216)</u>

This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all liabilities fell due at once, additional revenue would be needed to fund the shortfall.

Council has liquid assets in surplus of total liabilities by \$6,614,000 in 2023/24 and is above the benchmark of 0.

(d)	Net financial liabilities ratio					
	<u>Net financial liabilities</u>		<u>6,614</u>	<u>4,444</u>	<u>2,063</u>	<u>(216)</u>
	Recurrent income		19,031	18,505	16,518	14,868
	Net financial liabilities ratio %	0% - (50%)	35%	24%	12%	-1%

This ratio indicates the net financial obligations of Council compared to its recurrent income.

Council's net financial liabilities ratio of 35% for 2023/24 is within the benchmark range of 0-50%.

(e)	Asset consumption ratio					
	An asset consumption ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.					

Buildings

<u>Fair value (Carrying amount)</u>		<u>16,017</u>	<u>15,624</u>	<u>15,009</u>	<u>15,137</u>
Current replacement cost (Gross)		27,051	25,919	24,192	23,868
Asset consumption ratio %		59%	60%	62%	63%

Note 10.4 Management indicators (cont.)

	2024	Restated 2023	Restated 2022	2021
	\$'000	\$'000	\$'000	\$'000
<i>Transport Infrastructure</i>				
Fair value (Carrying amount)	138,942	109,115	111,268	105,265
Current replacement cost (Gross)	186,899	164,850	164,512	154,027
Asset consumption ratio %	74%	66%	68%	68%
<i>Drainage</i>				
Fair value (Carrying amount)	27,780	21,633	20,654	19,368
Current replacement cost (Gross)	40,826	35,987	33,647	31,018
Asset consumption ratio %	68%	60%	61%	62%

This ratio indicates the level of service potential available in Council's existing asset base.

(f) **Asset renewal funding ratio**

An asset renewal funding ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.

<i>Buildings</i>				
Projected capital funding outlays**		1,245	131	290
Projected capital expenditure funding***		488	131	360
Asset renewal funding ratio %	90-100%	255%	100%	81%
				25%
<i>Transport Infrastructure</i>				
Projected capital funding outlays**		2,076	1,954	1,173
Projected capital expenditure funding***		2,969	1,954	1,173
Asset renewal funding ratio %	90-100%	70%	100%	100%
				60%
<i>Drainage</i>				
Projected capital funding outlays**		155	56	50
Projected capital expenditure funding***		448	56	50
Asset renewal funding ratio %	90-100%	35%	100%	100%
				12%

** Current value of projected capital funding outlays for an asset identified in Council's long-term financial plan.

*** Value of projected capital expenditure funding for an asset identified in Council's long-term strategic asset management plan.
This ratio measures Council's capacity to fund future asset replacement requirements.

Note 10.4 Management indicators (cont.)

(g) Asset sustainability ratio

Capex on replacement/renewal of existing assets	4,123	3,077	2,698	2,698
Annual depreciation expense	4,728	4,547	4,082	3,700
Asset sustainability ratio %	100%	87%	68%	66%

This ratio calculates the extent to which Council is maintaining operating capacity through renewal of their existing asset base.

	Capital renewal expenditure \$'000	Capital new /upgrade expenditure \$'000	Total Capital Expenditure \$'000
2024			
By asset class			
Parks & recreation	23	38	61
Buildings	1,245	350	1,595
Land improvements	3	28	31
Plant, machinery and equipment	582	214	796
Fixtures, fittings and furniture	4	15	19
Roads	1,920	663	2,583
Land	190	-	190
Land under roads	-	35	35
Bridges	1	173	174
Footpaths	155	52	207
Drainage	-	252	252
Waste management	-	(6)	(6)
Total	4,123	1,814	5,937
2023			
By asset class			
Parks & recreation	291	118	409
Buildings	131	158	289
Plant, machinery and equipment	545	88	633
Fixtures, fittings and furniture	100	33	133
Roads	1,896	587	2,483
Bridges	-	220	220
Footpaths	58	269	327
Drainage	56	140	196
Waste management	-	2	2
Total	3,077	1,615	4,692

Note 11.1 Correction of prior period error

Comparatives have been restated in the Statement of Financial Position and Statement of Changes in Equity. These changes are a result of prior period errors in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. In preparation of the 2023-24 financial statements, Council identified that accumulated depreciation was not fully recognised for Bridges in 2022 and 2023.

The written down value of the assets impacted by this error have a lower balance as at 1 July 2022 by \$9,189,056.

As these adjustment reflected characteristics of assets that existed in the prior period, an adjustment to the prior period balances has been made. This is classified as an error in accordance with AASB 108. The prior period adjustment are detailed below, with the Statement of Comprehensive Income, Statement of Financial Position and Statement of changes in Equity balances as at 30 June 2023 restated as follows:

Statement of Comprehensive Income

Net asset revaluation increment/(decrement) decreased by \$657,511

Statement of Financial Position

Property, infrastructure, plant and equipment assets were decreased by \$9,846,567.

Total Non-Current Assets, Total Assets, Net Assets have all been subsequently updated as a result.

Total Equity was decreased by \$9,846,567.

Statement of Changes in Equity

The opening balance of Total Equity decreased by \$9,189,056

Asset Revaluation reserve was decreased by \$657,511.

The following tables disclose the impact on the 2022-23 notes that have been restated for the adjustment of prior period errors discussed above.

Adjustment:

	2023 (unadjusted) \$'000	2023 (adjusted) \$'000	Prior year error adjustment \$'000
Note 1.5 - Functions / Activities of Council			
Roads, streets and bridges	133,629	123,782	(9,847)
Total Assets	243,718	233,871	(9,847)

	2023 (unadjusted) \$'000	2023 (adjusted) \$'000	Prior year error adjustment \$'000
Note 6 - Property, infrastructure, plant and equipment			
Summary			
at fair value as at 30 June	250,629	250,629	-
Less accumulated depreciation	(73,828)	(83,675)	(9,847)
Sub-total	176,801	166,954	(9,847)
Total	193,140	183,293	(9,847)

Carrying Amounts

Bridges

	2023 (unadjusted) \$'000	2023 (adjusted) \$'000	Prior year error adjustment \$'000
At fair value	34,172	34,172	-
less accumulated depreciation	(513)	(10,360)	(9,847)
Total	33,659	23,812	(9,847)

Total property, infrastructure, plant and equipment **193,140** **183,293** **(9,847)**

Note 11.1 Correction of prior period error (cont.)

	2023 (unadjusted) \$'000	2023 (adjusted) \$'000	Prior year error adjustment \$'000
Reconciliation of property, infrastructure, plant and equipment			
Balance at beginning of financial year	181,797	172,608	(9,189)
Acquisition of assets	5,212	5,212	-
Revaluation increments/ (decrements)	11,308	10,650	(658)
Depreciation and amortisation	(4,547)	(4,547)	-
Written down value of disposals	(767)	(767)	-
Impairment losses	(521)	(521)	-
Transfers	-	-	-
Balance at end of financial year	192,482	182,635	(9,847)

Note 9.1 - Reserves

Asset revaluation reserve

Infrastructure

Bridges - opening	15,020	5,831	(9,189)
Bridges - closing	17,163	7,316	(9,847)
Total Infrastructure reserve	179,438	169,591	(9,847)
Total asset revaluation reserve	190,417	180,570	(9,847)

	2022 (unadjusted) \$'000	2022 (adjusted) \$'000	Prior year error adjustment \$'000
Note 6 - Property, infrastructure, plant and equipment			
Summary			
at fair value as at 1 July	233,623	233,623	-
Less accumulated depreciation	(66,229)	(75,418)	(9,189)
Sub-total	167,394	158,205	(9,189)
Total	181,797	172,608	(9,189)

Carrying Amounts

Bridges

At fair value	31,996	31,996	-
less accumulated depreciation	-	(9,189)	(9,189)
Total	31,996	22,807	(9,189)

Total property, infrastructure, plant and equipment	181,797	172,608	(9,189)
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Certification of the Financial Report

The financial report presents fairly the financial position of the Break O'Day Council as at 30 June 2024 and the results of its operations and cash flows for the year then ended, in accordance with the *Local Government Act 1993* (as amended), Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board.



John Brown
General Manager

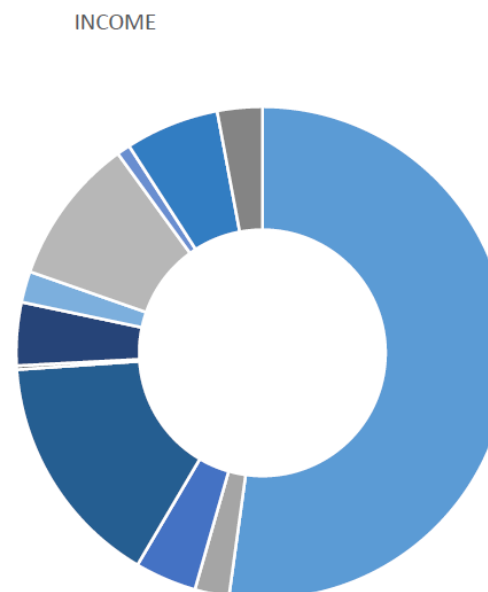
Date : 24/09/2024

Financial Snapshots

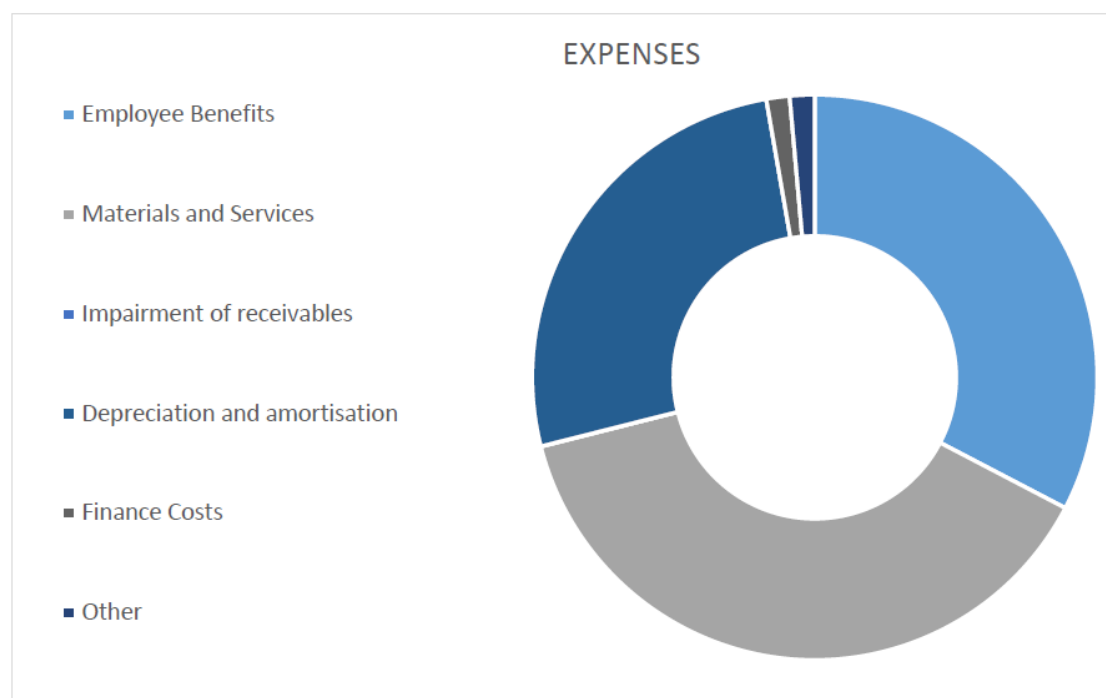
The following financial snap-shots have been taken directly from the financial statements following.

Income \$	
Rates and Charges	11,920,000
Statutory Fees and Fines	514,000
User Fees	925,000
Grants	3,528,000
Contributions - Cash	58,000
Interest	947,000
Investment revenue from TasWater	466,000
Capital Income -grants received specifically for new or upgraded assets	2,207,000
Contributed Assets	201,000
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-1,408,000
Other	673,000

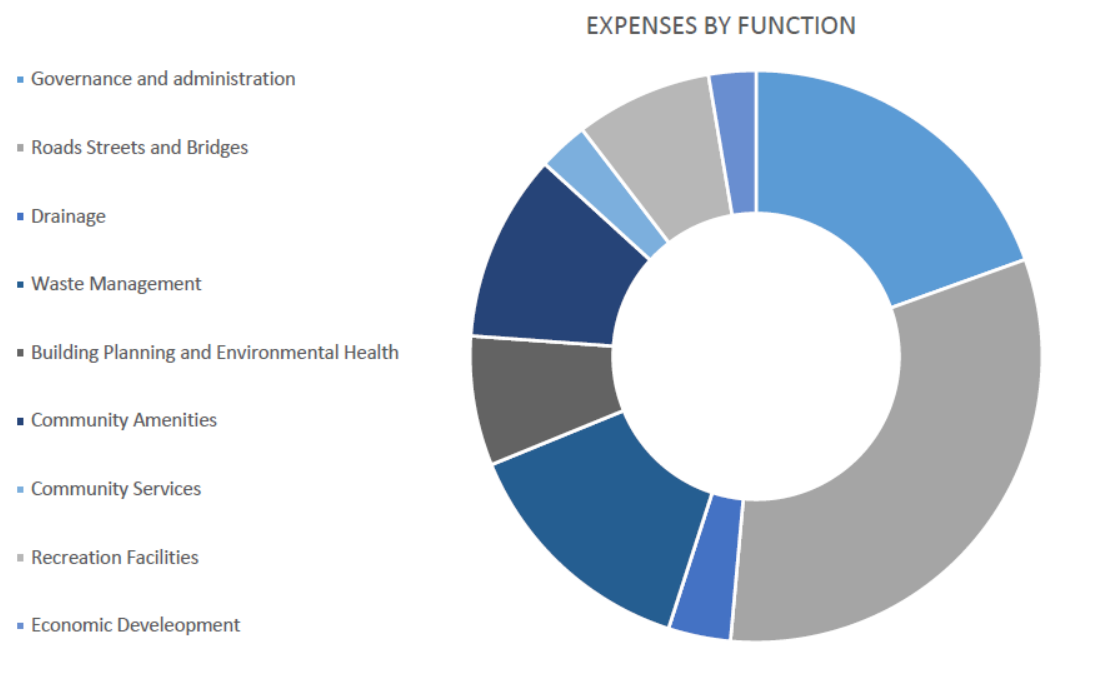
- Rates and Charges
- Statutory Fees and Fines
- User Fees
- Grants
- Contributions - Cash
- Interest
- Investment revenue from TasWater
- Capital Income - grants received specifically for new or upgraded assets
- Contributed assets
- Net gain/(loss) on disposal of property, infrastructure, plant and equipment
- Other



Expenses \$	
Employee Benefits	5,991,000
Materials and Services	7,048,000
Impairment and Receivables	2,000
Depreciation and amortisation	4,803,000
Finance Costs	244,000
Other	261,000



Function \$	
Governance and Administration	3,577,000
Roads, Streets and Bridges	5,858,000
Drainage	647,000
Waste Management	2,543,000
Building, Planning and Environmental Health	1,344,000
Community Amenities	1,948,000
Community Services	519,000
Recreation Facilities	1,419,000
Economic Development	490,000



AGM/24.3.5 Annual Report Submissions

The Annual Report was advertised on 16 November 2024 notifying the availability of the Annual Report and inviting electors to lodge submissions on the report with Council by Monday 2 December 2024 for discussion at the Annual General Meeting.

The General Manager advises that no submissions were received.

AGM/24.4.0 QUESTIONS ON NOTICE

Nil

AGM/24.5.0 QUESTIONS WITHOUT NOTICE

AGM/24.6.0 MOTIONS ON NOTICE

Nil

AGM/24.7.0 MOTIONS WITHOUT NOTICE

AGM/24.8.0 MEETING CLOSURE