

City of Coffs Harbour Annual Report 2022/23

Section 3 Annual Financial Statements

Coffs Harbour City Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

*Connected
Sustainable
Thriving*



Coffs Harbour City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

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Coffs Harbour City Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

Coffs Harbour City Council is constituted under the *Local Government Act 1993* (NSW) and has its principal place of business at:

Corner Coff and Castle Streets
Coffs Harbour NSW 2450

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

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

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

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

Coffs Harbour City Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Coffs Harbour City Council

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

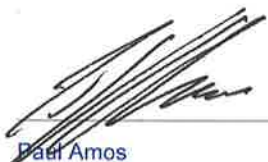
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

Signed in accordance with a resolution of Council made on 26 October 2023.



Paul Amos

Mayor

26 October 2023



Natalia Cowley

General Manager

26 October 2023



Sally Townley

Councillor

26 October 2023



Amy Mott

Responsible Accounting Officer

26 October 2023

Coffs Harbour City Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
	Income from continuing operations			
108,699	Rates and annual charges	B2-1	110,716	107,222
44,779	User charges and fees	B2-2	52,714	46,073
15,145	Other revenues	B2-3	23,185	19,650
15,287	Grants and contributions provided for operating purposes	B2-4	18,792	18,695
39,111	Grants and contributions provided for capital purposes	B2-4	29,575	60,747
4,557	Interest and investment income	B2-5	9,729	4,411
1,642	Other income	B2-6	1,904	1,794
229,220	Total income from continuing operations		246,615	258,592
	Expenses from continuing operations			
56,085	Employee benefits and on-costs	B3-1	54,875	53,969
65,351	Materials and services	B3-2	74,909	85,030
7,236	Borrowing costs	B3-3	7,723	7,747
43,058	Depreciation, amortisation and impairment of non-financial assets	B3-4	46,018	43,115
10,359	Other expenses	B3-5	4,377	2,981
—	Net loss from the disposal of assets	B4-1	3,088	4,847
182,089	Total expenses from continuing operations		190,990	197,689
47,131	Operating result from continuing operations		55,625	60,903
47,131	Net operating result for the year attributable to Council		55,625	60,903
8,020	Net operating result for the year before grants and contributions provided for capital purposes		26,050	156

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

Coffs Harbour City Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		55,625	60,903
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	228,958	150,452
Total items which will not be reclassified subsequently to the operating result		228,958	150,452
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Gain/(loss) on revaluation of equity instruments at fair value through other comprehensive income		438	(2,535)
Other movements		42	(31)
Total items which will be reclassified subsequently to the operating result when specific conditions are met		480	(2,566)
Total other comprehensive income for the year		229,438	147,886
Total comprehensive income for the year attributable to Council		285,063	208,789

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

Coffs Harbour City Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	33,177	53,132
Investments	C1-2	105,888	60,301
Receivables	C1-4	16,365	19,538
Inventories	C1-5	2,541	2,237
Contract assets and contract cost assets	C1-6	5,119	22,706
Non-current assets classified as 'held for sale'	C1-7	–	1,187
Other	C1-10	1,299	869
Total current assets		164,389	159,970
Non-current assets			
Investments	C1-2	168,410	169,134
Receivables	C1-4	78,462	65,344
Infrastructure, property, plant and equipment (IPPE)	C1-8	2,784,755	2,524,937
Intangible assets	C1-9	49,160	49,731
Right of use assets	C2-1	1,532	2,459
Other	C1-10	2,995	3,176
Total non-current assets		3,085,314	2,814,781
Total assets		3,249,703	2,974,751
LIABILITIES			
Current liabilities			
Payables	C3-1	12,549	13,884
Contract liabilities	C3-2	26,559	16,443
Lease liabilities	C2-1	1,043	1,104
Borrowings	C3-3	15,751	15,340
Employee benefit provisions	C3-4	11,993	13,985
Total current liabilities		67,895	60,756
Non-current liabilities			
Lease liabilities	C2-1	465	1,332
Borrowings	C3-3	117,624	133,375
Employee benefit provisions	C3-4	356	525
Provisions	C3-5	9,818	10,281
Total non-current liabilities		128,263	145,513
Total liabilities		196,158	206,269
Net assets		3,053,545	2,768,482
EQUITY			
Accumulated surplus		1,614,523	1,558,418
IPPE revaluation reserve	C4-1	1,439,022	1,210,064
Council equity interest		3,053,545	2,768,482
Total equity		3,053,545	2,768,482

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

Coffs Harbour City Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		1,558,418	1,210,064	2,768,482	1,496,301	1,063,392	2,559,693
Restated opening balance		1,558,418	1,210,064	2,768,482	1,496,301	1,063,392	2,559,693
Net operating result for the year		55,625	–	55,625	60,903	–	60,903
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	228,958	228,958	–	150,452	150,452
Gain/(loss) on revaluation of equity instruments at fair value through other comprehensive income		438	–	438	(2,535)	–	(2,535)
Other reserves movements		42	–	42	3,749	(3,780)	(31)
Other comprehensive income		480	228,958	229,438	1,214	146,672	147,886
Total comprehensive income		56,105	228,958	285,063	62,117	146,672	208,789
Closing balance at 30 June		1,614,523	1,439,022	3,053,545	1,558,418	1,210,064	2,768,482

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

Coffs Harbour City Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
Receipts:				
–	Bonds, deposits and retentions received		1,570	565
54,368	Grants and contributions		77,718	62,095
4,557	Interest received		8,182	4,229
108,699	Rates and annual charges		110,877	107,408
44,779	User charges and fees		52,855	43,710
16,787	Other		28,799	37,571
Payments:				
(56,085)	Payments to employees		(57,288)	(55,323)
(65,321)	Payments for materials and services		(91,021)	(103,796)
(7,236)	Borrowing costs		(7,456)	(7,663)
(10,359)	Other		(7,224)	(10,219)
90,189	Net cash flows from operating activities	G1-1	117,012	78,577
Cash flows from investing activities				
Receipts:				
56,100	Sale of investments		59,892	93,419
–	Sale of real estate assets		–	12,952
–	Proceeds from sale of IPPE		8,002	915
Payments:				
(24,471)	Purchase of investments		(104,317)	(129,049)
(138,446)	Payments for IPPE		(84,118)	(101,754)
(106,817)	Net cash flows from investing activities		(120,541)	(123,517)
Cash flows from financing activities				
Receipts:				
5,251	Proceeds from borrowings		–	57,270
Payments:				
(15,908)	Repayment of borrowings		(15,340)	(16,022)
–	Principal component of lease payments		(1,086)	(879)
(10,657)	Net cash flows from financing activities		(16,426)	40,369
(27,285)	Net change in cash and cash equivalents		(19,955)	(4,571)
261,621	Cash and cash equivalents at beginning of year		53,132	57,703
234,336	Cash and cash equivalents at end of year	C1-1	33,177	53,132
–	plus: Investments on hand at end of year	C1-2	274,298	229,435
234,336	Total cash, cash equivalents and investments		307,475	282,567

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

Coffs Harbour City Council

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A About Council and these financial statements

A1-1 Basis of preparation

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

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2005 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

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

- Income statement
- Statement of cash flows
- Note B5-1 – Performance against budget

and are clearly marked.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) fair values of infrastructure, property, plant and equipment – refer Note C1-8
- (ii) fair value of tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4.

A1-1 Basis of preparation (continued)

Significant judgements in applying the Council's accounting policies

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

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- General purpose operations
- Water Service
- Sewerage Service
- CitySmart Solutions
- Coastal Works
- Coffs Harbour Laboratory
- Coffs Coast Holiday Parks & Crown Reserves

The Trust Fund

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

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

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council have a number of volunteers working across a variety of areas of Council providing services that would not be able to be delivered if not for the volunteers. Volunteers provide services to Council operations, Section 355 venues and strategic committees.

Council have developed a volunteer policy. In this policy Councils estimated volunteer work hours per year and costs based upon minimum wages excluding on-costs. Council maintains records of volunteers but does not have the systems to record and cost the hours volunteers spend on services to enable Council to reliably measure volunteer service costs. Accordingly Council has elected not to recognise volunteer services under AASB 1058 in this financial report.

A1-1 Basis of preparation (continued)

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2023 reporting period.

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

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

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

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

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

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

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

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

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

This Standard amends a number of standards as follows:

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

The standard may have significant impact on Council as it requires Council to consider the materiality of the accounting policy information to be included in the financial statements.

AASB 101 Presentation of Financial Statements requires the disclosure of material accounting policy information rather than significant accounting policies.

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

Accounting policy information is likely to be considered material if that information relates to material transactions, other events or conditions and:

- the entity has changed accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements.
- the entity (or OLG) chose the accounting policy from one or more options permitted by Australian Accounting Standards.
- the accounting policy was developed in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* in the absence of an Australian Accounting Standard that specifically applies.

A1-1 Basis of preparation (continued)

- the accounting policy relate to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy, and the entity discloses those judgements or assumptions in the financial statements
- the accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions.

Further AASB 101 notes that '*Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.*'

This standard has an effective date for the 30 June 2024 reporting period.

New accounting standards adopted during the year

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

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

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

None of these standards had a significant impact on the Council.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
Governance Services	96	125	902	5,135	(806)	(5,010)	–	–	52	50
Office of the General Manager	508	21	2,570	(10,406)	(2,062)	10,427	509	21	78,027	32,659
Domestic Waste Management	27,676	25,593	18,222	20,409	9,454	5,184	1,196	758	12,482	10,955
Non Domestic Waste Management	8,992	8,186	7,199	8,532	1,793	(346)	–	412	11,635	11,421
Coffs Harbour Airport - Enterprise Park Redevelopment	(1)	10,503	74	1,600	(75)	8,903	–	10,479	1,175	42,743
Business Systems	87	468	4,146	4,936	(4,059)	(4,468)	61	–	1,153	690
CitySmart Solutions	976	1,074	1,290	1,606	(314)	(532)	–	–	729	782
Organisational Development	143	143	3,374	3,412	(3,231)	(3,269)	–	–	8	9
Customer Services	32	31	2,812	2,724	(2,780)	(2,693)	–	–	–	4
Coffs Harbour Laboratory	840	695	886	780	(46)	(85)	–	–	2,038	2,269
Coastal Works	17,888	14,691	12,058	12,365	5,830	2,326	–	3	244	1,429
Water Supplies	29,500	25,850	15,212	14,890	14,288	10,960	3,856	3,262	452,893	423,972
Sewer Services	39,484	37,139	24,794	20,794	14,690	16,345	4,420	4,155	613,240	576,405
Business Services	–	–	484	659	(484)	(659)	–	–	–	–
Financial Services and Logistics	62,677	57,048	16,475	30,738	46,202	26,310	17,263	14,161	380,274	365,466
Sustainable Communities	–	–	490	416	(490)	(416)	–	–	–	–
Cultural Services	1,365	903	5,052	4,945	(3,687)	(4,042)	516	349	7,455	6,148
Community Services	479	757	3,033	3,111	(2,554)	(2,354)	251	693	1,456	1,165
Sustainable Places	3,353	3,695	6,345	6,997	(2,992)	(3,302)	260	485	444	1,889
City Prosperity	9,093	15,957	7,952	6,865	1,141	9,092	6,759	14,681	2,739	35,379
Sustainable Infrastructure	366	336	2,008	1,539	(1,642)	(1,203)	366	313	27	27
Infrastructure Construction and Maintenance	25,159	41,367	41,242	42,016	(16,083)	(649)	12,615	29,068	1,435,881	1,264,847
Strategic Asset Management	922	698	2,984	3,170	(2,062)	(2,472)	185	148	81,096	58,198
Business Improvement	–	–	325	309	(325)	(309)	–	–	–	112
Holiday Parks and Reserves	15,498	12,060	11,008	10,094	4,490	1,966	204	454	101,153	74,271
Airport Lease	1,482	1,252	53	53	1,429	1,199	–	–	76,801	63,861
Other	–	–	–	–	–	–	(94)	–	(11,299)	–
Total functions and activities	246,615	258,592	190,990	197,689	55,625	60,903	48,367	79,442	3,249,703	2,974,751

B1-2 Components of functions or activities

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

Governance Services

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking committees, public disclosure (e.g. GIPA), and legislative compliance, internal audit, legal advice, insurance services.

Office of the General Manager

Sister City Exchange programs, naturalisations, donations to community groups, Australia Day Committee, Web and Media Services, Election Expenses, Civic Receptions, Elected Member Expenses.

Domestic Waste Management

Recycling, waste collection and processing, tip facilities.

Non Domestic Waste Management

Recycling, waste collection and processing, tip facilities, hazardous material disposal, concrete crushing, Clean Up Australia Day, tip fees.

Coffs Harbour Airport - Enterprise Park Redevelopment

The Coffs Harbour Airport operations ceased on 31 May 2021 as a lease agreement is now in effect.

The remaining Airport activities are specific capital works for the redevelopment of Airport Enterprise Park as funded by State and Federal grants. This project was completed in the 2022/23 financial year and assets not retained by the Council were transferred to the lessee of Coffs Harbour Airport.

Business Systems

Hardware and software acquisition and maintenance, rural house numbering, geographical information services, telecommunications.

CitySmart Solutions

Telemetry Switchboard construction and sales, optical fibre provision, CCTV installation, and consultancy.

Organisational Development

Training, selection, recruitment, induction, Occupational Health and Safety, Workers Compensation management, health and wellbeing program.

Customer Services

Provision of administration and customer services, record management.

Coffs Harbour Laboratory

Water, waste water, soil, swimming pool testing for public and private sectors.

Coastal Works

External works undertaken to return a profit to the community by way of investment in local infrastructure and services.

Water Supplies

Maintenance, operation and construction of dams, reservoirs, pump stations, mains, chlorination plants, fluoridation plants, telemetry, regional water supply, standpipes and meters. Water quality monitoring & public awareness campaigns.

Sewer Services

Maintenance, operation and construction of treatment works, pumping stations, sewers, sullage collection, reclaimed water, ocean outfall, biosolids disposal and reuse management. Public awareness campaigns.

B1-2 Components of functions or activities (continued)

Business Services

Support for the provision of Council's Corporate Services and Business Unit functions.

Financial Services and Logistics

Provision of financial services, property management, fleet management, plant hire, maintenance and repair of Council buildings, lease management, swimming pools and commercial property management.

Sustainable Communities

Support for the provision of Council's Community and Cultural Services, Sustainable Places and City Prosperity functions.

Cultural Services

Library Services, Museum, Art Gallery, Theatre, Community Centres, and Cultural and Community Industries Development.

Community Services

Lifeguard Services, Community Engagement, Sustainable Living, Community Programs, Youth Services and Aboriginal Services.

Sustainable Places

Sustainable and Precinct Planning, Development Assessment and Building Services, Environmental Services, Public Health and Safety, Ranger Services and Animal Management Centre operations.

City Prosperity

Economic Development, Event Management, Coffs Harbour International Stadium, Tourism and Marketing, Sports Facilities.

Sustainable Infrastructure

Support for the provision of Council's Infrastructure Planning, Provision and Maintenance.

Infrastructure Construction and Maintenance

Construction and Maintenance of Roads, Bridges, Recreational Services, Footpaths and Cycleways, Parking, Quarries and Drainage.

Strategic Asset Management

Planning and Project Management of Councils Capital Works, Asset Management, Survey and Design, Contracts and Subdivisions.

Business Improvement

Support for the Council in Continuous Improvement Program.

Coffs Coast Holiday Parks and Reserves

Holiday Park operations at 4 locations and maintenance of Crown Reserves.

Coffs Harbour Airport Lease

Ongoing income and expenses relating to the Airport finance lease agreement.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	40,140	38,969
Farmland	874	916
Business	8,023	7,822
Less: pensioner rebates (mandatory)	(1,529)	(1,552)
Rates levied to ratepayers	47,508	46,155
Pensioner rate subsidies received	841	853
Total ordinary rates	48,349	47,008
Special rates		
Environmental	1,628	1,583
less pensioner rebates (Council policy)	(142)	(140)
Rates levied to ratepayers	1,486	1,443
Total special rates	1,486	1,443
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	22,672	22,085
Stormwater management services	747	743
Water supply services	5,206	5,037
Sewerage services	30,785	29,463
Waste management services (non-domestic)	2,209	2,145
Other	190	182
Less: pensioner rebates (mandatory)	(910)	(867)
Less: pensioner rebates (Council policy)	(518)	(524)
Annual charges levied	60,381	58,264
Pensioner annual charges subsidies received:		
– Water	254	257
– Sewerage	246	250
Total annual charges	60,881	58,771
Total rates and annual charges	110,716	107,222

Council has used 2020 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2023	2022
Specific user charges (per s502 - specific 'actual use' charges)			
Domestic waste management services	2	2,975	3,026
Water supply services	2	19,894	17,212
Sewerage services	2	3,020	2,817
Waste management services (non-domestic)	2	4,161	4,203
Other	2	115	63
Total specific user charges		30,165	27,321
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Planning and building regulation	2	1,565	1,517
Private works – section 67	2	195	192
Regulatory/ statutory fees	2	56	80
Regulatory fees	2	1,233	1,001
Section 10.7 certificates (EP&A Act)	2	141	154
Section 603 certificates	2	106	159
Other	2	39	80
Total fees and charges – statutory/regulatory		3,335	3,183
(ii) Fees and charges – other (incl. general user charges (per s608))			
Caravan park	2	14,451	10,991
Cemeteries	2	290	338
Community centres	2	284	170
Lease rentals	2	63	77
Swimming centres	2	1,466	1,382
Waste disposal tipping fees	2	1,119	964
Water supply recovery charges	2	91	100
Laboratory income	2	752	695
Sports stadium	2	139	148
Other	2	559	704
Total fees and charges – other		19,214	15,569
Total other user charges and fees		22,549	18,752
Total user charges and fees		52,714	46,073
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		52,714	46,073
Total user charges and fees		52,714	46,073

Accounting policy

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

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

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

B2-3 Other revenues

\$ '000	Timing	2023	2022
Fines	2	71	100
Fines – parking	2	320	228
Commissions and agency fees	2	56	29
Insurance claims recoveries	2	647	89
Conferences	2	209	440
Information and Communications Technology projects and consultancy	1	209	400
Jetty theatre revenue	2	720	293
Other	2	306	343
Optical fibre lease	2	90	81
Recoverable rates legals	2	202	156
Sports stadium event income	2	952	563
Sale of switchboards	2	640	605
Reimbursements	2	469	817
Risk mitigation incentives	2	–	172
Waste revenue	2	580	606
Coastal Works income	1	17,682	14,696
Airport Lease income	2	32	32
Total other revenue		23,185	19,650

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	18,632	15,096
Other revenue recognised at a point in time (2)	4,553	4,554
Total other revenue	23,185	19,650

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,455	2,830	–	–
Financial assistance – local roads component	2	738	1,217	–	–
Payment in advance - future year allocation					
Financial assistance – general component ¹	2	6,196	4,345	–	–
Financial assistance – local roads component	2	2,800	1,878	–	–
Amount recognised as income during current year		11,189	10,270	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Bushfire and emergency services	2	1,048	1,969	240	27
Community care	2	439	509	199	462
Environmental programs	2	572	750	53	70
Heritage and cultural	2	32	6	–	–
Library	2	264	208	573	21
Noxious weeds	2	174	142	–	–
Recreation and culture	2	–	–	3,064	2,200
Street lighting	2	148	148	–	–
Coffs Coast Sport and Leisure Park including CEX Stadium	1	175	250	–	4,190
Enterprise Park Land Redevelopment	1	–	–	–	10,479
Wiigulga Sports Complex Construction	1	–	–	5,713	9,515
Transport (roads to recovery)	2	1,382	1,382	–	–
Transport (other roads and bridges funding)	2	1,097	1,128	5,318	9,306
Other specific grants	2	(2)	25	(6)	–
Previously contributions:					
Bushfire services	2	3	3	–	–
Community services	2	127	76	(26)	79
Recreation and culture	2	7	12	255	557
Transport for NSW contributions (regional roads, block grant)	2	102	142	–	–
Other contributions	2	67	78	698	144
Contributions to works	2	1,385	1,047	–	–
Diesel fuel rebate	2	155	144	–	–
Vehicle lease payments	2	428	406	–	–
Total special purpose grants and non-developer contributions – cash		7,603	8,425	16,081	37,050
Non-cash contributions					
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	2	–	–	494	11,246
Assets recognised for the first time	2	–	–	2,576	4,089
Total non-cash contributions		–	–	3,070	15,335
Total special purpose grants and non-developer contributions (tied)		7,603	8,425	19,151	52,385
Total grants and non-developer contributions		18,792	18,695	19,151	52,385

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Comprising:					
– Commonwealth funding		1,376	1,432	8,556	13,042
– State funding		15,152	16,692	6,664	24,608
– Other funding		2,264	571	3,931	14,735
		18,792	18,695	19,151	52,385

(1) \$8.995 million of the 2023-2024 Financial Assistance Grant from the Commonwealth Government was received by Council in June 2023. This is reported as 2022-2023 income although it relates to the 2023-2024 financial year.

Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	2,852	2,264
S 64 – water supply contributions		2	–	–	3,523	2,836
S 64 – sewerage service contributions		2	–	–	3,280	2,695
S 64 – stormwater contributions		2	–	–	177	102
Other developer contributions		2	–	–	592	465
Total developer contributions – cash			–	–	10,424	8,362
Total developer contributions			–	–	10,424	8,362
Total contributions			–	–	10,424	8,362
Total grants and contributions			18,792	18,695	29,575	60,747
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			175	250	5,713	24,184
Grants and contributions recognised at a point in time (2)			18,617	18,445	23,862	36,563
Total grants and contributions			18,792	18,695	29,575	60,747

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants				
Unspent funds at 1 July	2,084	1,427	11,248	7,550
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	—	—	—	—
Add: Funds received and not recognised as revenue in the current year	2,929	3,220	20,798	22,606
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	—	—	—	—
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,853)	(2,563)	(13,593)	(18,908)
Unspent grants at 30 June	3,160	2,084	18,453	11,248

Operating Grants

Unexpended operating grant funds held as restricted assets include funding from Local Land Services, funding from Transport NSW for regional and local road repairs across our Local Government Area, and funding from the Local Government Recovery program for the February 2022 storm and floods. All amounts are expected to be spent within the next 12 months.

Capital Grants

Unexpended capital grant funds held as restricted assets include funding from the Female Facilities and Water Safety Stream Program and the Multi-Sport Community Facility Fund for the Sportz Central redevelopment, funding from the Accelerated Infrastructure Fund for the North Boambee Valley West road raising and bridge infrastructure, funding from the Fixing Country Bridges Program for bridge upgrades at multiple sites, and funding from the Bushfire Local Economic Recovery Fund for the Brelsford Park Masterplan. All amounts are expected to be spent within the next 12 months.

Contributions

Unspent funds at 1 July	26,114	24,908	—	—
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	—	—	—	—
Add: contributions received and not recognised as revenue in the current year	11,539	8,101	—	—
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(3,535)	(6,895)	—	—
Unspent contributions at 30 June	34,118	26,114	—	—

Unexpended contributions held as restricted assets are developer Contributions. The funds are collected across a variety of district and area specific Contribution Plans. The funds collected are derived and levied from development consents issued. Funds are expended on an ongoing basis in accordance with project delivery requirements as outlined within the specified Contributions Plan.

B2-4 Grants and contributions (continued)

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include completion of IPPE construction, delivery of specified service and completion of event. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	349	360
– Cash and investments	8,550	2,811
– Deferred debtors	1	2
– Other	144	–
Finance income on the net investment in the lease	685	1,236
Fair valuation of financial liabilities on recognition		
– Interest free (or favourable) loans and advances received	–	2
Total interest and investment income (losses)	9,729	4,411
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	349	360
General Fund cash and investments	2,000	2,000
Restricted investments/funds – external:		
Water fund operations	543	279
Sewerage fund operations	1,490	536
Domestic waste management operations	1,446	–
Other externally restricted assets	60	–
Restricted investments/funds – internal:		
Internally restricted assets	3,841	1,236
Total interest and investment income	9,729	4,411

Accounting policy

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

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

B2-6 Other income

\$ '000	Notes	2023	2022
Operating lease income			
Operational property leases			
Lease income (excluding variable lease payments not dependent on an index or rate)		975	1,126
Total operational property leases		975	1,126
Other lease income			
Room/Facility Hire		538	315
Licence and Agistment Agreements		391	353
Total other lease income		929	668
Total lease income	C2-2	1,904	1,794
Total other income		1,904	1,794

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	42,108	42,294
Employee termination costs	917	1,011
Employee leave entitlements (ELE)	7,979	7,466
Superannuation – defined contribution plans	4,842	4,604
Superannuation – defined benefit plans	623	853
Workers' compensation insurance	969	1,065
Fringe benefit tax (FBT)	48	21
Payroll tax	600	493
Protective clothing	236	256
Other	415	350
Total employee costs	58,737	58,413
Less: capitalised costs	(3,862)	(4,444)
Total employee costs expensed	54,875	53,969
Number of 'full-time equivalent' employees (FTE) at year end	527	563

Accounting policy

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

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

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

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		27,548	31,643
Contractor costs		126,254	135,836
Audit Fees	F2-1	224	227
Councillor and Mayoral fees and associated expenses	F1-2	306	318
Bank charges		426	386
Election expenses		–	(2)
Electricity and heating		3,740	3,591
Insurance		1,980	1,734
Office expenses (including computer expenses)		86	100
Postage		216	200
Printing and stationery		195	246
Street lighting		772	610
Subscriptions and publications		1,008	964
Telephone and communications		556	548
Valuation fees		203	196
Travel expenses		211	87
Training costs (other than salaries and wages)		432	417
Other expenses		272	263
Legal expenses:			
Expenses from short-term leases		68	50
– Legal expenses: planning and development		474	541
– Legal expenses: other		1,280	1,373
Total materials and services		166,251	179,328
Less: capitalised costs		(91,342)	(94,298)
Total materials and services		74,909	85,030

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2023	2022
(i) Interest bearing liability costs			
Interest on leases		73	22
Interest on loans		7,274	7,633
Total interest bearing liability costs		7,347	7,655
Total interest bearing liability costs expensed		7,347	7,655
(ii) Other borrowing costs			
Amortisation of discounts and premiums			
– Remediation liabilities	C3-5	376	83
– Interest applicable on interest free (and favourable) loans to Council		–	9
Total other borrowing costs		376	92
Total borrowing costs expensed		7,723	7,747

Accounting policy

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

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

\$ '000	Notes	2023	2022
Depreciation and amortisation			
Plant and equipment		3,241	3,796
Office equipment		280	466
Furniture and fittings		189	193
Land improvements (depreciable)		120	109
Infrastructure:	C1-8		
– Buildings – non-specialised		836	864
– Buildings – specialised		2,092	2,939
– Roads		12,564	11,175
– Bridges		1,332	1,218
– Footpaths		1,547	1,415
– Stormwater drainage		2,359	2,128
– Water supply network		5,820	5,269
– Sewerage network		10,961	7,726
– Swimming pools		88	79
– Other open space/recreational assets		2,629	3,846
– Other infrastructure		92	87
Right of use assets	C2-1	1,085	856
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5, C1-8	212	369
Intangible assets	C1-9	571	580
Total gross depreciation and amortisation costs		46,018	43,115
Total depreciation and amortisation costs		46,018	43,115
Total depreciation, amortisation and impairment of non-financial assets		46,018	43,115

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-8 for IPPE assets and Note C1-9 for intangible assets.

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2023	2022
Impairment of receivables			
Other		(12)	(14)
Total impairment of receivables	C1-4	(12)	(14)
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		1,744	1,342
– Contributions to regional parks		340	318
– Other contributions/levies		726	565
Donations, contributions and assistance to other organisations (Section 356)		1,579	770
Total other		4,389	2,995
Total other expenses		4,377	2,981

Accounting policy

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

Impairment expenses are recognised when identified.

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

\$ '000	Notes	2023	2022
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		6,781	12,751
Less: carrying amount of property assets sold/written off		(4,476)	(14,072)
Gain (or loss) on disposal		2,305	(1,321)
Gain (or loss) on disposal of plant and equipment			
	C1-8		
Proceeds from disposal – plant and equipment		1,020	1,121
Less: carrying amount of plant and equipment assets sold/written off		(588)	(3,011)
Gain (or loss) on disposal		432	(1,890)
Gain (or loss) on disposal of infrastructure			
	C1-8		
Proceeds from disposal – infrastructure		201	–
Less: carrying amount of infrastructure assets sold/written off		(5,968)	(1,636)
Gain (or loss) on disposal		(5,767)	(1,636)
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		59,892	93,419
Less: carrying amount of investments sold/redeemed/matured		(59,892)	(93,419)
Gain (or loss) on disposal		–	–
Other (Artwork)			
Less: carrying amount of Other assets sold/written off		(58)	–
Gain (or loss) on disposal		(58)	–
Net gain (or loss) from disposal of assets		(3,088)	(4,847)

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 22 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	108,699	110,716	2,017	2% F
User charges and fees	44,779	52,714	7,935	18% F
Upturn in Englands Rd tipping fees and all Holiday Parks Site and Cabin income. In addition, the supply or Raw Water and Backfeed charges to Clarence Valley Council budgeted as Other Revenue whereas actual income treated as User Fees and Charges.				
Other revenues	15,145	23,185	8,040	53% F
Timing of income received for the Coffs Harbour Highway Bypass through Coastal Works impacted by scheduled program of works delayed from 2021/22 financial year to 2022/23. This delay will also impact the related timing of Highway Bypass costs under the other expenses category.				
Operating grants and contributions	15,287	18,792	3,505	23% F
Several grants approved during the financial year, including Natural Disaster Flood Events, Fixing Local Roads, Thriving Coffs Community Program, National sporting events.				
Capital grants and contributions	39,111	29,575	(9,536)	(24)% U
Sawtell and Woolgoolga Pool Redevelopments did not progress, therefore associated grants were not received. Sportz Central Upgrade project delayed due to issues with the Construction Certificate resulting in delays to milestone grant payments.				
Interest and investment revenue	4,557	9,729	5,172	113% F
Projected investment income impacted by both domestic and global forces affecting rate levels across all investment options.				
Other income	1,642	1,904	262	16% F
Recognition of capital profit on disposal of Council investment's. Also ticket sales from several sporting events held at the CEX Stadium throughout the year.				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Materials and services	65,351	74,909	(9,558)	(15)% U
Variation to England's Park Recovery facility processing contracts. Includes additional contractor resources to meet revised schedule of works for the Coffs Harbour Highway Bypass.				
Other expenses	10,359	4,377	5,982	58% F
Timing of income received for the Coffs Harbour Highway Bypass through Coastal Works impacted by scheduled program of works delayed from 2021/22 financial year to 2022/23.				
Net losses from disposal of assets	—	3,088	(3,088)	∞ U
Given the uncertain nature of these expenses they are not currently budgeted for.				

Statement of cash flows

Cash flows from operating activities	90,189	117,012	26,823	30% F
Original budget does not include revisions for revotes and quarterly review. A thorough review of Council's capital budget during the year resulted in a significant reduction in operating cash outflows as a result of financial sustainability measures undertaken.				
Cash flows from investing activities	(106,817)	(120,541)	(13,724)	13% U
The timing of the purchase and sale of investments are driven by anticipated cash flows, there have been impacted by economic factors outside of Council's control.				
Cash flows from financing activities	(10,657)	(16,426)	(5,769)	54% U
A budgeted loan drawdown did not proceed as anticipated, resulting in nil proceeds from Borrowings & Advances during the year.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	4,015	4,287
Cash equivalent assets		
– Deposits at call	29,162	48,845
Total cash and cash equivalents	33,177	53,132

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	33,177	53,132
Balance as per the Statement of Cash Flows	33,177	53,132

Accounting policy

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

C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Financial assets at fair value through the profit and loss				
NCD's, FRN's (with maturities > 3 months)	9,492	74,549	20,880	71,063
Total	9,492	74,549	20,880	71,063
Debt securities at amortised cost				
Long term deposits	93,650	57,800	39,400	60,550
Floating rate term deposits	2,746	3,000	–	5,750
Fixed coupon bonds	–	33,061	–	31,771
Total	96,396	93,861	39,400	98,071
Loans and receivables at fair value through profit and loss				
Non Profit Organisations	–	400	21	400
Less: Provision for impairment recognised	–	(400)	–	(400)
Total	–	–	21	–
Total financial investments	105,888	168,410	60,301	169,134
Total cash assets, cash equivalents and investments	139,065	168,410	113,433	169,134

Accounting policy

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

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

C1-2 Financial investments (continued)

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

Financial assets through profit or loss

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

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

Council's has no financial assets measured at fair value through profit or loss or disclosed as investments in the Statement of Financial Position.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities.

Impairment of financial assets

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	307,475	282,567
Less: Externally restricted cash, cash equivalents and investments	(144,677)	(126,601)
Cash, cash equivalents and investments not subject to external restrictions	162,798	155,966
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended loans – water	8,569	10,685
Specific purpose unexpended loans – sewer	–	4,443
Specific purpose unexpended grants – general fund	21,692	13,332
External restrictions – included in liabilities	30,261	28,460
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	20,103	18,703
Developer contributions – water fund	7,080	3,660
Developer contributions – sewer fund	6,935	3,429
Water fund	10,505	10,303
Transition To Sustainability ("T2S") savings - Water	93	90
Sewer fund	27,230	29,394
Transition To Sustainability ("T2S") savings - Sewer	491	474
Domestic waste management	41,979	32,088
External restrictions – other	114,416	98,141
Total external restrictions	144,677	126,601

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

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

\$ '000	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	162,798	155,966
Less: Internally restricted cash, cash equivalents and investments	(134,584)	(148,807)
Unrestricted and unallocated cash, cash equivalents and investments	28,214	7,159
Internal allocations		
At 30 June, Council has internally restricted cash, cash equivalents and investments as follows:		
Plant and vehicle replacement	14,486	15,569
Employees leave entitlement	8,601	5,732
Deposits, retentions and bonds	4,192	2,714
Unexpended contributions – general	2,144	584
RMS contributions – Sapphire to Woolgoolga	1,566	3,347
Environmental levy	638	322
Community facilities	3,874	3,052
Coffs Harbour Laboratory business unit	2,703	2,307
Strategic initiatives	895	1,373
Coastal Works business unit	1,000	543
RMS contributions – Pine Creek hand over	1,795	1,766
Flood mitigation works	5,386	5,054
CitySmart Solutions business unit	390	134
Unexpended loans – general	3,691	46,663
Waste management – non-domestic	16,390	13,084
Infrastructure assets renewal – general	13,142	9,011
CBD masterplan	935	536
Transition To Sustainability ("T2S") savings	378	2,392
Renewable energy	874	861
Coffs Coast Holiday Parks and Reserves	7,641	3,855
Special Rate Variation Revotes	11,054	6,229
Coffs Harbour Airport Lease Reserve	23,128	23,560
Other	9,681	119
Total internal allocations	134,584	148,807

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

C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Rates and annual charges	4,368	2,066	4,245	1,951
Interest and extra charges	415	562	402	616
User charges and fees	3,518	251	3,421	167
Private works	38	–	83	–
Accrued revenues				
– Interest on investments	2,349	–	761	–
– User charges and fees	2,187	–	2,406	–
– Other income accruals	–	–	173	–
Net investment in finance lease (Airport and Enterprise Park)	–	74,839	–	61,841
Government grants and subsidies	1,178	–	6,173	–
Net GST receivable	612	–	1,147	–
Airport landing charges	–	622	–	622
Switchboard sales	–	–	41	–
Tip charges	571	–	420	–
Lease rentals	202	–	113	–
Coffs Harbour Laboratory	127	–	67	–
Other debtors	1,536	122	855	147
Total	17,101	78,462	20,307	65,344
Less: provision for impairment				
Other debtors	(736)	–	(769)	–
Total provision for impairment – receivables	(736)	–	(769)	–
Total net receivables	16,365	78,462	19,538	65,344
Externally restricted receivables				
Water supply				
– Rates and availability charges	155	103	148	102
– Other	4,150	379	4,774	28
Sewerage services				
– Rates and availability charges	968	674	902	627
– Other	850	76	943	24
Domestic waste management	827	621	778	606
Total external restrictions	6,950	1,853	7,545	1,387
Internally restricted receivables				
Non Domestic Waste management	24	18	22	17
Internally restricted receivables	24	18	22	17
Unrestricted receivables	9,391	76,591	11,971	63,940
Total net receivables	16,365	78,462	19,538	65,344

C1-4 Receivables (continued)

\$ '000	2023	2022
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	769	704
+ new provisions recognised during the year	24	146
– amounts already provided for and written off this year	(15)	(11)
– amounts provided for but recovered during the year	(42)	(70)
Balance at the end of the year	736	769

Accounting policy

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

Airport Lease non-current receivable

On 31 May 2021 Council executed a lease agreement for a 50 year term (with option to extend for a further 49 years) with Palisade Investment Partners. The lease agreement included the ongoing operations of Coffs Harbour Airport and Enterprise Park land.

Council de-recognised the fair value of the Airport and Enterprise Park assets subject to the lease and recognised a non-current receivable for the fair value of those assets less the airport lease fixed lease payments received to date.

Impairment

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

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

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

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

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

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

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

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

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Stores and materials	1,487	–	1,395	–
Trading stock	1,054	–	842	–
Total inventories at cost	2,541	–	2,237	–
Total inventories	2,541	–	2,237	–

Externally restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Domestic waste management				
Stores and materials	179	–	115	–
Total domestic waste management	179	–	115	–
Total externally restricted assets	179	–	115	–
Total internally restricted assets	147	–	94	–
Total unrestricted assets	2,215	–	2,028	–
Total inventories	2,541	–	2,237	–

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Contract assets and Contract cost assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	5,119	–	22,706	–
Total contract assets and contract cost assets	5,119	–	22,706	–

Contract assets

Other	5,119	–	22,706	–
Total contract assets	5,119	–	22,706	–

Significant changes in contract assets

Significant changes in contract assets are due to Federal and State funding for the Airport Enterprise Park project and Wiigulga Sports Complex is receivable based upon progress reports. All amounts of funding are expected within the next 12 months.

(i) Externally restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Externally restricted assets				
Other (Grants and Contributions)	5,042	–	21,478	–
Total externally restricted assets	5,042	–	21,478	–
Internally restricted assets				
Other (City Smart Solutions)	31	–	40	–
Other (Coastal Works)	46	–	1,188	–
Total internally restricted assets	77	–	1,228	–
Total restricted assets	5,119	–	22,706	–
Total contract assets and contract cost asset	5,119	–	22,706	–

Accounting policy

Contract assets

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

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

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

Contract cost asset – costs to fulfil a contract

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

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

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

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

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

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

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Non-current assets held for sale				
Land	–	–	1,187	–
Total non-current assets held for sale	–	–	1,187	–
Total non-current assets classified as held for sale	–	–	1,187	–

Details of assets and disposal groups

Land and Buildings classified as Non Current Assets Held for Sale represent Land and Buildings that Council has committed to sell and it is expected that those sales will occur in the subsequent financial year.

Reconciliation of non-current assets held for sale and disposal groups – i.e. discontinued operations

\$ '000	2023 Assets 'held for sale'	2022 Assets 'held for sale'
Opening balance	1,187	19,623
Less: carrying value of assets sold	(1,187)	(12,449)
Balance still unsold after 12 months:	–	7,174
Less: assets no longer classified as held for sale	–	(7,174)
<u>Plus new transfers in:</u>		
– Assets held for sale	–	1,187
Closing balance of held for sale non-current assets and operations	–	1,187

Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use and are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	149,453	–	149,453	15,521	77,295	(1,725)	–	(73,255)	(22,479)	–	–	144,810	–	144,810
Plant and equipment	39,352	(22,571)	16,781	–	3,350	(589)	(3,241)	363	–	–	–	41,208	(24,544)	16,664
Office equipment	4,172	(3,666)	506	–	40	–	(280)	–	–	–	–	4,211	(3,945)	266
Furniture and fittings	4,041	(2,907)	1,134	–	26	–	(189)	–	–	–	–	4,068	(3,097)	971
Land:														
– Operational land	152,645	–	152,645	–	–	(2,668)	–	–	–	(3,047)	–	146,930	–	146,930
– Community land	76,393	–	76,393	–	249	–	–	–	–	–	37,358	114,000	–	114,000
– Land under roads (post 30/6/08)	4,283	–	4,283	–	6	–	–	–	–	–	2,084	6,373	–	6,373
Land improvements – depreciable	3,920	(2,227)	1,693	–	40	(8)	(120)	30	(2)	(795)	–	2,157	(1,319)	838
Infrastructure:														
– Buildings – non-specialised	58,992	(22,257)	36,735	12	–	(10)	(836)	668	–	–	13,409	83,490	(33,512)	49,978
– Buildings – specialised	118,157	(33,339)	84,818	56	285	(604)	(2,092)	24,579	1	–	10,890	174,197	(56,264)	117,933
– Roads	692,754	(160,490)	532,264	312	3,476	(883)	(12,564)	12,749	–	–	43,764	766,262	(187,144)	579,118
– Bridges	110,611	(35,898)	74,713	–	1,744	(779)	(1,332)	–	–	–	6,151	120,662	(40,165)	80,497
– Footpaths	85,092	(24,210)	60,882	–	969	(124)	(1,547)	2,524	–	–	5,001	95,450	(27,745)	67,705
– Bulk earthworks (non-depreciable)	270,452	–	270,452	3	974	(594)	–	3,085	–	–	22,848	296,768	–	296,768
– Stormwater drainage	264,863	(79,903)	184,960	1	297	(635)	(2,359)	14,605	–	–	15,393	301,189	(88,927)	212,262
– Water supply network	454,686	(127,643)	327,043	157	390	(253)	(5,820)	3,424	1	–	24,708	493,340	(143,690)	349,650
– Sewerage network	751,672	(242,772)	508,900	315	2,588	(769)	(10,961)	3,374	–	–	38,150	814,731	(273,134)	541,597
– Swimming pools	5,165	(3,042)	2,123	–	86	–	(88)	–	–	–	2,120	7,199	(2,958)	4,241
– Other open space/recreational assets	84,309	(49,125)	35,184	36	250	(728)	(2,629)	7,854	1	–	10,995	111,276	(60,313)	50,963
– Other infrastructure	1,358	(861)	497	–	–	–	(92)	–	5	–	13	1,303	(880)	423
Other assets:														
– Other	1,438	–	1,438	–	425	–	–	–	1	(84)	–	1,780	–	1,780
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	9,082	(7,042)	2,040	–	–	–	(212)	–	(840)	–	–	8,242	(7,254)	988
Total infrastructure, property, plant and equipment	3,342,890	(817,953)	2,524,937	16,413	92,490	(10,369)	(44,362)	–	(23,312)	(3,926)	232,884	3,739,646	(954,891)	2,784,755

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period									At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) 'held for sale' category	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	76,784	–	76,784	18,547	72,083	(1,651)	–	(16,326)	16	–	–	–	149,453	–	149,453
Plant and equipment	49,873	(28,988)	20,885	2,544	6	(3,007)	(3,796)	155	(6)	–	–	–	39,352	(22,571)	16,781
Office equipment	4,195	(3,226)	969	–	–	–	(466)	–	3	–	–	–	4,172	(3,666)	506
Furniture and fittings	4,029	(2,713)	1,316	7	4	–	(193)	–	–	–	–	–	4,041	(2,907)	1,134
Land:															
– Operational land	111,404	–	111,404	–	2,318	–	–	–	–	2,359	–	36,564	152,645	–	152,645
– Community land	76,220	–	76,220	–	180	–	–	–	–	(7)	–	–	76,393	–	76,393
– Land under roads (post 30/6/08)	3,657	–	3,657	599	–	–	–	–	–	–	–	27	4,283	–	4,283
Land improvements – depreciable	3,559	(1,976)	1,583	21	52	(18)	(109)	22	–	–	–	142	3,920	(2,227)	1,693
Infrastructure:															
– Buildings – non-specialised	45,309	(15,416)	29,893	46	393	(95)	(864)	515	–	3,635	–	3,212	58,992	(22,257)	36,735
– Buildings – specialised	102,602	(27,498)	75,104	652	1,283	(8)	(2,939)	2,875	772	–	–	7,079	118,157	(33,339)	84,818
– Roads	636,516	(137,830)	498,686	817	4,982	(217)	(11,175)	2,030	(385)	–	–	37,526	692,754	(160,490)	532,264
– Bridges	101,473	(32,464)	69,009	828	676	(213)	(1,218)	432	–	–	–	5,199	110,611	(35,898)	74,713
– Footpaths	77,443	(21,070)	56,373	126	1,004	(25)	(1,415)	513	–	–	–	4,306	85,092	(24,210)	60,882
– Bulk earthworks (non-depreciable)	249,268	–	249,268	7	1,280	(25)	–	191	385	–	–	19,346	270,452	–	270,452
– Stormwater drainage	239,609	(70,857)	168,752	159	4,883	(204)	(2,128)	309	1	–	–	13,188	264,863	(79,903)	184,960
– Water supply network	482,278	(135,604)	346,674	726	498	(311)	(5,269)	4,120	(628)	–	(18,767)	–	454,686	(127,643)	327,043
– Sewerage network	695,257	(223,207)	472,050	367	1,456	(260)	(7,726)	3,433	(16)	–	–	39,596	751,672	(242,772)	508,900
– Swimming pools	4,713	(2,697)	2,016	–	–	–	(79)	–	–	–	–	186	5,165	(3,042)	2,123
– Other open space/recreational assets	75,186	(41,715)	33,471	520	865	(238)	(3,846)	1,731	(127)	–	–	2,808	84,309	(49,125)	35,184
– Other infrastructure	1,189	(667)	522	–	22	–	(87)	–	–	–	–	40	1,358	(861)	497
Other assets:															
– Other	1,374	–	1,374	–	64	–	–	–	–	–	–	–	1,438	–	1,438
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Tip assets	8,171	(6,673)	1,498	–	–	–	(369)	–	911	–	–	–	9,082	(7,042)	2,040
Total infrastructure, property, plant and equipment	3,050,109	(752,601)	2,297,508	25,966	92,049	(6,272)	(41,679)	–	926	5,987	(18,767)	169,219	3,342,890	(817,953)	2,524,937

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

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

Accounting policy

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

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

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

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

Useful lives of IPPE

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

Plant and equipment	Years	Land Improvements	Years
Office equipment	3 to 20	Activity Area	5 to 80
Office furniture	3 to 50		
Computer equipment	3		
Vehicles	2 to 10	Buildings	
Heavy plant/road making equipment	5 to 21	Buildings	4 to 184
Other plant and equipment	3 to 50		
Water and sewer assets		Stormwater assets	
Dams and reservoirs	22 to 159	Drains	60 to 150
Pump stations	24 to 97	Pipes, pits and culverts	80 to 120
Mains	59 to 168	Gross pollutant traps	70 to 80
Treatment plants	8 to 163		
Telemetry	10 to 40		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	18 to 60	Bulk earthworks	Infinite
Sealed roads: structure	40 to 60	Swimming pools	50
Unsealed roads	10	Other open space/recreational assets	2 to 100
Bridge: concrete	30 to 100	Playground equipment	20
Bridge: other	30 to 100	Benches, seats etc.	20
Footpaths and cycleways	15 to 60		
Kerb, gutter and paths	75 to 200		

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

Revaluation model

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

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

Increases in the carrying amounts arising on revaluation are credited to the IPPE revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against IPPE revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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

Land under roads

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

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

Crown reserves

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

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

Rural Fire Service assets

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

Council has assessed whether it controls any material Rural Fire Services plant and equipment in accordance with Australian Accounting Standards and has determined that the assets are not material. As a result, the assets have been derecognised and any non-cash contribution income is not included within these financial statements.

Council continues to recognise RFS buildings on Council controlled land.

Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/23			as at 30/06/22		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Water supply						
WIP	11,376	–	11,376	9,453	–	9,453
Plant and equipment	1,822	1,766	56	1,822	1,760	62
Office equipment	237	237	–	237	237	–
Land						
– Operational land	5,781	–	5,781	6,930	–	6,930
Buildings	7,633	1,492	6,141	1,645	75	1,570
Infrastructure	492,728	143,586	349,142	454,105	124,840	329,265
Total water supply	519,577	147,081	372,496	474,192	126,912	347,280
Sewerage services						
WIP	8,806	–	8,806	9,322	–	9,322
Plant and equipment	83	79	4	83	78	5
Office equipment	150	150	–	150	130	20
Furniture and fittings	80	80	–	80	80	–
Land						
– Operational land	19,999	–	19,999	17,621	–	17,621
Buildings	9,102	2,161	6,941	1,993	216	1,777
Infrastructure	812,465	272,540	539,925	749,670	232,543	517,127
Total sewerage services	850,685	275,010	575,675	778,919	233,047	545,872
Domestic waste management						
WIP	597	–	597	480	–	480
Plant and equipment	405	256	149	224	169	55
Office equipment	4	4	–	4	4	–
Land						
– Operational land	8,412	–	8,412	7,965	–	7,965
Buildings	3,538	1,239	2,299	1,365	494	871
Other structures	418	151	267	383	127	256
Infrastructure	4,533	3,990	543	4,995	3,873	1,122
Total domestic waste management	17,907	5,640	12,267	15,416	4,667	10,749
Total restricted infrastructure, property, plant and equipment	1,388,169	427,731	960,438	1,268,527	364,626	903,901

C1-9 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
Software		
Opening values at 1 July		
Gross book value	3,153	3,153
Accumulated amortisation	(2,989)	(2,930)
Net book value – opening balance	164	223
Movements for the year		
Amortisation charges	(49)	(59)
Closing values at 30 June		
Gross book value	3,153	3,153
Accumulated amortisation	(3,038)	(2,989)
Total software – net book value	115	164
Other		
Regional Water Supply		
Opening values at 1 July		
Gross book value	59,880	59,880
Accumulated amortisation	(10,313)	(9,792)
Net book value – opening balance	49,567	50,088
Amortisation charges	(522)	(521)
Gross book value	59,880	59,880
Accumulated amortisation	(10,835)	(10,313)
Total Regional Water Supply – net book value	49,045	49,567
Total intangible assets – net book value	49,160	49,731

Accounting policy

Software

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

Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.

IT development and software costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

Regional Water Supply Scheme

Council has contributed to the construction of Regional Water Supply Scheme infrastructure assets that are not controlled by Council to secure water supply entitlements. The contributions are classified as an intangible asset with a definite life as the

C1-9 Intangible assets (continued)

Council has obligations to contribute to the operation and replacement of the Regional Water Supply Scheme infrastructure assets which have limited effective economic lives.

The intangible asset is amortised relative to the effective economic lives of the Regional Water Supply Scheme infrastructure assets. Amortisation is calculated on a straight line basis over 100 years.

C1-10 Other

Other assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	978	2,995	620	3,176
Other	321	–	249	–
Total other assets	1,299	2,995	869	3,176

Externally restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Water				
Prepayments	19	–	18	–
Total water	19	–	18	–
Sewerage				
Prepayments	8	–	38	–
Total sewerage	8	–	38	–
 Total externally restricted assets	 27	 –	 56	 –

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over four (4) building assets. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Buildings

Council leases land and buildings for their corporate offices and other buildings; the leases are generally between 2 and 3 years and some of them include a renewal option to allow Council to renew for up to twice the noncancellable lease term at their discretion.

The building leases contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

Extension options

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

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

There are potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is not reasonably certain.

(a) Right of use assets

\$ '000	Leased Properties	Total
2023		
Opening balance at 1 July	2,459	2,459
Additions to right-of-use assets	158	158
Depreciation charge	(1,085)	(1,085)
Balance at 30 June	1,532	1,532
2022		
Opening balance at 1 July	–	–
Additions to right-of-use assets	3,315	3,315
Depreciation charge	(856)	(856)
Balance at 30 June	2,459	2,459

(b) Lease liabilities

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Lease liabilities	1,043	465	1,104	1,332
Total lease liabilities	1,043	465	1,104	1,332

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
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C2-1 Council as a lessee (continued)

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2023					
Cash flows	1,160	616	–	1,776	1,508
2022					
Cash flows	1,104	1,332	–	2,436	2,436

C2-1 Council as a lessee (continued)

(c) Income Statement

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

\$ '000	2023	2022
Interest on lease liabilities	73	22
Depreciation of right of use assets	1,085	856
Expenses relating to short-term leases	68	50
	1,226	928

(d) Statement of Cash Flows

Total cash outflow for leases	(1,159)	(898)
	(1,159)	(898)

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

(a) Operating leases

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

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

\$ '000	2023	2022
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(i) Operational Property Leases

Operational property leases relate to use by community groups.

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

Lease income (excluding variable lease payments not dependent on an index or rate)	975	1,126
Lease income relating to variable lease payments not dependent on an index or a rate	(15)	—
Total income relating to operating leases for council assets	960	1,126

(ii) Other Lease Income

Council earns an immaterial amount of income relating to the provision of room and facility hire of Council buildings for community purposes. Licence and agistment agreements are also in use for various community events and recreational use.

Room/Facility Hire and Licence/Agistment Agreements	929	668
Total income relating to operating leases for Council assets	929	668

C2-2 Council as a lessor (continued)

(b) Finance leases

\$ '000	2023	2022
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On 31 May 2021 Council executed a lease agreement for a 50 year term (with option to extend for a further 49 years) with Palisade Investment Partners (ACN 645 547 992 Pty Ltd Trading as Coffs Harbour Airport Trust). The lease agreement includes the ongoing operations of the Coffs Harbour Airport and Enterprise Park land.

Council has classified the lease agreement as a finance lease due to the length of the initial lease term.

The consideration for the Airport IPPE assets and value of the ongoing operations is realised through fixed payments on a specified date and agreed variable revenue share arrangements over the term of the lease.

Council recognises the net investment in the lease as the discounted unguaranteed residual value of the assets (land and bulk earthworks) emerging back to Council in 2120, with interest accreting annually.

The finance lease consists of two components being the lease of the Airport assets that commenced in the 2020/2021 financial year and the lease of the Enterprise Park assets that commenced in the 2022/2023 financial year when the assets were made available for the use by the lessee.

Income relating to variable lease payments not included in the measurement of the net investment in the lease	15	16
Finance income on the net investment in the lease	685	1,236
Total income relating to finance leases	700	1,252

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

4–5 years	–	17,500
> 5 years	56,500	–
Total lease payments receivable	56,500	17,500

Unearned finance income	(19,573)	(1,459)
Discounted unguaranteed residual value	37,912	45,800
Net investment in the lease	74,839	61,841

Discounted unguaranteed residual value

The residual value of the Airport assets in 99 years is estimated at \$208 million, using an annual indexation of 2.38%. This indexation is calculated on the average CPI increase over a 30 year period to 30 June 2021. The present value at the Airport Assets at the inception of the lease was \$37m, discounted using the interest rate implicit in the lease of 1.77%.

The residual value of the Enterprise Park assets in 97 years is estimated at \$217 million, using an annual indexation of 2.66%. This indexation is calculated on the average CPI increase over a 30 year period to 30 June 2023. The present value of the Enterprise Park Assets at the inception of the lease was \$52,000 using the interest rate implicit in the lease of 8.97%.

Accounting policy

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepaid rates	3,178	–	2,779	–
Goods and services – operating expenditure	233	–	247	–
Goods and services – capital expenditure	1,146	–	3,209	–
Accrued expenses:				
– Borrowings	789	–	898	–
– Salaries and wages	414	–	666	–
– Other expenditure accruals	1,925	–	2,217	–
Security bonds, deposits and retentions	4,746	–	3,176	–
Other	118	–	692	–
Total payables	12,549	–	13,884	–

Payables relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Externally restricted assets				
Water	395	–	570	–
Sewer	345	–	849	–
Domestic waste management	230	–	56	–
Payables relating to externally restricted assets	970	–	1,475	–
Internally restricted assets				
Non Domestic Waste management	188	–	45	–
Payables relating to internally restricted assets	188	–	45	–
Total payables relating to restricted assets	1,158	–	1,520	–
Total payables relating to unrestricted assets	11,391	–	12,364	–
Total payables	12,549	–	13,884	–

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

\$ '000	2023	2022
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	4,746	3,176
Total payables	4,746	3,176

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	18,295	—	11,090	—
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	3,316	—	2,242	—
Unexpended capital contributions (to construct Council controlled assets)	(i)	836	—	50	—
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	1,308	—	534	—
Total grants and contributions received in advance		23,755	—	13,916	—
User fees and charges received in advance:					
Upfront fees – Coffs Coast Holiday Parks	(iii)	2,074	—	1,878	—
Other		730	—	649	—
Total user fees and charges received in advance		2,804	—	2,527	—
Total contract liabilities		26,559	—	16,443	—

Notes

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

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

(iii) Upfront fees for the Coffs Coast Holiday Parks do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue when the accommodation booking is completed.

C3-2 Contract Liabilities (continued)

Contract liabilities relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Externally restricted assets				
Water	563	—	507	—
Sewer	3	—	3	—
Unspent grants held as contract liabilities (excl. Water & Sewer)	21,692	—	13,329	—
Unspent Contributions held as contract liabilities (excl. Water & Sewer)	2,144	—	584	—
Other (Domestic Waste)	4	—	4	—
Contract liabilities relating to externally restricted assets	24,406	—	14,427	—
Internally restricted assets				
Non Domestic Waste	3	—	3	—
Business Units	2,140	—	1,922	—
Prepaid Income	93	—	91	—
Contract liabilities relating to internally restricted assets	2,236	—	2,016	—
Total contract liabilities relating to restricted assets	26,642	—	16,443	—
Total contract liabilities relating to unrestricted assets	(83)	—	—	—
Total contract liabilities	26,559	—	16,443	—

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

\$ '000	2023	2022
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	6,636	5,504
Operating grants (received prior to performance obligation being satisfied)	708	1,003
Capital contributions (to construct Council controlled assets)	43	25
Operating contributions (received prior to performance obligation being satisfied)	131	70
Total revenue recognised that was included in the contract liability balance at the beginning of the period	7,518	6,602

Significant changes in contract liabilities

Council has received funding in advance from:

- Female Facilities and Water Safety Stream Program and the Multi-Sport Community Facility Fund for the Sportz Central redevelopment,
- Accelerated Infrastructure Fund for North Boambee Valley West road raising and bridge infrastructure,
- Fixing Country Bridges program for multiple local bridge upgrades,
- Transport NSW for regional and local road repairs across our Local Government Area.

All funding is expected to be spent in the next 12 months.

Accounting policy

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

C3-3 Borrowings

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Loans – secured ¹	15,751	117,624	15,340	133,375
Total borrowings	15,751	117,624	15,340	133,375

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

Borrowings relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Externally restricted assets				
Water	5,888	26,847	5,496	32,735
Sewer	6,716	30,327	6,268	37,043
Borrowings relating to externally restricted assets	12,604	57,174	11,764	69,778
Internally restricted assets				
Holiday Parks Business Unit Loans	189	–	190	189
Airport Business Unit Loans	–	–	–	–
Borrowings relating to internally restricted assets	189	–	190	189
Total borrowings relating to restricted assets	12,793	57,174	11,954	69,967
Total borrowings relating to unrestricted assets	2,958	60,450	3,386	63,408
Total borrowings	15,751	117,624	15,340	133,375

(a) Changes in liabilities arising from financing activities

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	148,715	(15,340)	–	–	–	–	133,375
Lease liability (Note C2-1b)	2,436	(1,159)	231	–	–	–	1,508
Total liabilities from financing activities	151,151	(16,499)	231	–	–	–	134,883

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	107,460	41,255	–	–	–	–	148,715
Lease liability (Note C2-1b)	–	(898)	3,334	–	–	–	2,436
Total liabilities from financing activities	107,460	40,357	3,334	–	–	–	151,151

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Credit cards/purchase cards	1,200	1,200
Loan facilities	133,375	148,715
Total financing arrangements	134,575	149,915
Drawn facilities		
– Credit cards/purchase cards	272	319
– Loan facilities	133,375	148,715
Total drawn financing arrangements	133,647	149,034
Undrawn facilities		
– Credit cards/purchase cards	928	881
Total undrawn financing arrangements	928	881

Additional financing arrangements information

Breaches and defaults

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

Security over loans

Loans facilities are secured over Council's future cash flows.

Lease liabilities are secured by the underlying leased assets.

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Annual leave	3,633	–	4,071	–
Sick leave	105	–	110	–
Long service leave	6,712	310	7,961	461
Accrued leave	57	–	158	–
ELE on-costs	1,486	46	1,685	64
Total employee benefit provisions	11,993	356	13,985	525

Employee benefit provisions relating to restricted assets

Externally restricted assets

Water	780	23	797	31
Sewer	1,374	44	557	23
Domestic waste management	148	4	164	6
Employee benefit provisions relating to externally restricted assets	2,302	71	1,518	60

Internally restricted assets

Non Domestic Waste Management	121	3	135	5
Employee benefit provisions relating to internally restricted assets	121	3	135	5

Total employee benefit provisions relating to restricted assets

2,423	74	1,653	65
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Total employee benefit provisions relating to unrestricted assets

9,570	282	12,332	460
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Total employee benefit provisions

11,993	356	13,985	525
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C3-4 Employee benefit provisions (continued)

Description of and movements in provisions

\$ '000	ELE provisions					Total
	Annual leave	Sick leave	Long service leave	ELE on-costs	Other employee benefits	
2023						
At beginning of year	4,071	110	8,422	1,749	158	14,510
Additional provisions	438	145	–	217	–	800
Amounts used (payments)	(876)	(150)	(1,400)	(434)	(101)	(2,961)
Total ELE provisions at end of year	3,633	105	7,022	1,532	57	12,349
2022						
At beginning of year	3,873	142	10,008	1,908	137	16,068
Additional provisions	3,715	1,767	428	159	21	6,090
Amounts used (payments)	(3,517)	(1,799)	(2,014)	(318)	–	(7,648)
Total ELE provisions at end of year	4,071	110	8,422	1,749	158	14,510

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
Asset remediation/restoration:				
Tip asset remediation & restoration	–	9,818	–	10,281
Sub-total – asset remediation/restoration	–	9,818	–	10,281
Total provisions	–	9,818	–	10,281

Provisions relating to restricted assets

Externally restricted assets

Domestic waste management	–	5,400	–	5,655
Provisions relating to externally restricted assets	–	5,400	–	5,655
Total provisions relating to restricted assets	–	5,400	–	5,655
Total provisions relating to unrestricted assets	–	4,418	–	4,626
Total provisions	–	9,818	–	10,281

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2023		
At beginning of year	10,281	10,281
Unwinding of discount	376	376
Remeasurement effects	(839)	(839)
Total provisions at end of year	9,818	9,818
2022		
At beginning of year	9,288	9,288
Unwinding of discount	83	83
Remeasurement effects	910	910
Total provisions at end of year	10,281	10,281

Nature and purpose of provisions

Asset remediation/restoration

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

Accounting policy

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

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

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

C3-5 Provisions (continued)

Asset remediation – tips and quarries

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2023	Water 2023	Sewer 2023
Income from continuing operations			
Rates and annual charges	75,588	4,791	30,337
User charges and fees	28,420	20,539	3,755
Interest and investment revenue	7,696	543	1,490
Other revenues	22,896	207	82
Grants and contributions provided for operating purposes	18,102	430	260
Grants and contributions provided for capital purposes	21,583	3,562	4,430
Other income	1,904	—	—
Total income from continuing operations	176,189	30,072	40,354
Expenses from continuing operations			
Employee benefits and on-costs	46,488	3,547	4,840
Materials and services	56,227	7,706	10,967
Borrowing costs	2,455	2,469	2,799
Depreciation, amortisation and impairment of non-financial assets	28,553	6,397	11,068
Other expenses	4,306	3	68
Net losses from the disposal of assets	848	167	2,073
Fair value decrement on investments	—	9	—
Total expenses from continuing operations	138,877	20,298	31,815
Operating result from continuing operations	37,312	9,774	8,539
Net operating result for the year	37,312	9,774	8,539
Net operating result attributable to each council fund	37,312	9,774	8,539
Net operating result for the year before grants and contributions provided for capital purposes	15,729	6,212	4,109

D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
ASSETS			
Current assets			
Cash and cash equivalents	33,177	—	—
Investments	88,392	4,000	13,496
Receivables	7,446	5,291	3,628
Inventories	2,541	—	—
Contract assets and contract cost assets	5,119	—	—
Other	1,272	19	8
Total current assets	137,947	9,310	17,132
Non-current assets			
Investments	125,003	22,247	21,160
Receivables	67,735	189	10,538
Infrastructure, property, plant and equipment	1,839,278	372,328	573,149
Intangible assets	87	49,073	—
Right of use assets	1,532	—	—
Other	2,995	—	—
Total non-current assets	2,036,630	443,837	604,847
Total assets	2,174,577	453,147	621,979
LIABILITIES			
Current liabilities			
Payables	11,809	395	345
Contract liabilities	25,993	563	3
Lease liabilities	1,043	—	—
Borrowings	3,147	5,888	6,716
Employee benefit provision	9,839	780	1,374
Total current liabilities	51,831	7,626	8,438
Non-current liabilities			
Lease liabilities	465	—	—
Borrowings	60,450	26,847	30,327
Employee benefit provision	289	23	44
Provisions	9,818	—	—
Total non-current liabilities	71,022	26,870	30,371
Total liabilities	122,853	34,496	38,809
Net assets	2,051,724	418,651	583,170
EQUITY			
Accumulated surplus	1,086,997	218,973	308,553
Revaluation reserves	964,727	199,678	274,617
Council equity interest	2,051,724	418,651	583,170
Total equity	2,051,724	418,651	583,170

D1-3 Details of internal loans

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

Details of individual internal loans	Council ID / Ref IR 5779430
Borrower (by purpose)	Airport EPL Development
Lender (by purpose)	Sewer Fund
Date of Minister's approval	02/08/2018
Date raised	01/07/2018
Term years	10
Dates of maturity	30/06/2028
Rate of interest (%)	3.43%
Amount originally raised (\$'000)	\$10,500,000

D2 Interests in other entities

D2-1 Unconsolidated structured entities

Council did not consolidate the following structured entities:

1. Coffs Coast Regional Parks Trust

The Coffs Coast Regional Park Trust was gazetted in 2003 and Council is party to a Memorandum of Understanding and Operational Agreement that together with the Coffs Coast Regional Park Trust Board establishes a framework for joint management and shared responsibility between Council and the Department of Environment and Conservation to manage the area of the Coffs Coast Regional Park. Council is primarily responsible for the provision and maintenance of all facilities and infrastructure, maintenance of areas of open space, maintenance of sewerage infrastructure, provision of access facilities and provision of secretariat services to the Trust Board.

Management assessed the impact of the Trusts operations to be immaterial to the Financial Statements.

Nature of risks relating to the Unconsolidated Structured Entity

There are no material risks to Council relating to the Coffs Coast Regional Parks Trust. Council has an obligation under the Memorandum of Understanding to contribute financially to the day to day running of the Regional Park.

2. Coffs Harbour Technology Park Limited

Coffs Harbour Technology Park Limited is an unlisted public company whose principal activity is the commercial letting of premises that the company has built on leasehold land. The company was established as a venture with the Council, Southern Cross University and NSW TAFE to provide facilities as a focus for technology and technology service providers. Council holds one third of the share capital and has made unsecured loans to the company. The director position is held by the Director City Infrastructure.

Council's potential share of the net tangible assets of the company are insignificant to Council operations and financial position and accordingly the interest in this entity is not material to Council's financial report.

Nature of risks relating to the Unconsolidated Structured Entity

There are no material risks to Council relating to the Coffs Harbour Technology Park Limited. Since the inception of the Coffs Harbour Technology Park Limited on 31 May 2001, no agreement exists between the entities that requires Council to provide financial support to the Company or accept liability for any reporting losses.

3. Prosper Coffs Harbour Limited

Prosper Coffs Harbour Limited is an unlisted public company limited by guarantee, whose principal activity is the administration of three charitable trusts established to secure funding to finance projects across the Coffs Harbour local government area for the ongoing growth and development of the economic, social, cultural and environmental base of the community.

The Council is the sole member of the company. As per the constitution, the Board of Directors is comprised of a Councillor, appointed as the members representative, and up to 9 other persons appointed by the member, consisting of Council Executive Staff and Community Representatives (greater than 50% directors positions held).

The Council's potential share of the net tangible assets of the company are insignificant to Council's operations as the company administers trusts that receive and distribute funds in accordance with trust objectives.

Nature of risks relating to the Unconsolidated Structured Entity

There are no material risks to Council relating to the Prosper Coffs Harbour Limited.

Since the inception of the Prosper Coffs Harbour Limited on 4 January 2012, no agreement exists between the entities that requires Council to provide financial support to the Company or accept liability for any reporting losses.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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

Financial risk management is carried out by the finance team under policies approved by the Councillors.

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

\$ '000	Carrying value 2023	Carrying value 2022	Fair value 2023	Fair value 2022
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	33,177	53,132	33,177	53,132
Receivables	94,215	83,735	91,866	82,975
Investments				
– Debt securities at amortised cost	190,257	137,471	190,257	137,471
– Loans and receivables	–	21	400	421
Fair value through profit and loss				
Investments				
– FRN's (with maturities > 3 months)	84,041	91,943	84,041	91,943
Total financial assets	401,690	366,302	399,741	365,942
Financial liabilities				
Payables	9,371	11,105	9,376	11,105
Borrowings	133,375	148,715	155,511	175,051
Lease liabilities	1,508	2,436	1,508	2,436
Total financial liabilities	144,254	162,256	166,395	188,592

Fair value is determined as follows:

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

The risks associated with the financial instruments held are:

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

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

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

(a) Market risk – interest rate and price risk

\$ '000	2023	2022
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	3,078	2,829
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2023				
Gross carrying amount	–	5,950	484	6,434
2022				
Gross carrying amount	–	5,705	491	6,196

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

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	5,144	4,206	5,430	684	78,172	93,636
Expected loss rate (%)	0.53%	0.85%	1.44%	2.15%	2.69%	2.41%
ECL provision	27	36	78	15	2,103	2,259
2022						
Gross carrying amount	4,650	5,555	22,334	276	68,199	101,014
Expected loss rate (%)	0.85%	1.39%	2.34%	3.59%	4.42%	3.63%
ECL provision	40	77	523	10	3,014	3,664

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
\$ '000							
2023							
Payables	0.00%	4,746	7,808	–	–	12,554	12,549
Borrowings	5.12%	–	15,751	66,017	51,607	133,375	133,375
Total financial liabilities		4,746	23,559	66,017	51,607	145,929	145,924
2022							
Payables	0.00%	3,176	7,929	–	–	11,105	11,105
Borrowings	5.25%	–	15,340	67,157	66,218	148,715	148,715
Total financial liabilities		3,176	23,269	67,157	66,218	159,820	159,820

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment Property
- Financial assets and liabilities

During the reporting period, Council has also fair value measured the following assets on a non-recurring basis:

- Non-current assets classified as ‘held for sale’

During a reporting period, Council will measure non-current assets classified as held for sale at fair value on a non-recurring basis if their carrying amount is higher than their fair value and therefore the assets need to be written down to fair value. They are measured at the lower of their carrying amount and fair value less costs to sell.

During the current reporting period, there was no recorded change to the assets measured at fair value on a non-recurring basis. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Fair Value Hierachy

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

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that council 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 or liability held at fair value by Council:

E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy							
		Level 1 Quoted prices in active markets		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
Recurring fair value measurements									
Financial assets									
Financial investments	C1-2								
At fair value through profit or loss – designated at fair value on initial recognition		–	–	84,441	92,364	–	–	84,441	92,364
Total financial assets		–	–	84,441	92,364	–	–	84,441	92,364
Infrastructure, property, plant and equipment									
	C1-8								
Plant and equipment		–	–	–	–	16,664	16,781	16,664	16,781
Office equipment		–	–	–	–	266	506	266	506
Furniture and fittings		–	–	–	–	971	1,134	971	1,134
Operational land		–	–	146,930	152,645	–	–	146,930	152,645
Community land		–	–	–	–	114,000	76,393	114,000	76,393
Land under roads (post 30/6/08)		–	–	–	–	6,373	4,283	6,373	4,283
Land improvements – depreciable		–	–	–	–	838	1,693	838	1,693
Buildings – non-specialised		–	–	49,978	36,735	–	–	49,978	36,735
Buildings – specialised		–	–	–	–	117,933	84,818	117,933	84,818
Other structures		–	–	–	–	423	499	423	499
Roads		–	–	–	–	579,118	532,263	579,118	532,263
Bridges		–	–	–	–	80,497	74,713	80,497	74,713
Footpaths		–	–	–	–	67,705	60,882	67,705	60,882
Bulk earthworks (non-depreciable)		–	–	–	–	296,768	270,453	296,768	270,453
Stormwater drainage		–	–	–	–	212,262	184,960	212,262	184,960
Water supply network		–	–	–	–	349,650	327,043	349,650	327,043
Sewerage network		–	–	–	–	541,597	508,900	541,597	508,900
Swimming pools		–	–	–	–	4,241	2,123	4,241	2,123
Other open space/recreational assets		–	–	–	–	50,963	35,184	50,963	35,184
Other assets		–	–	–	–	1,780	1,438	1,780	1,438
Tip asset		–	–	–	–	988	2,040	988	2,040
Total infrastructure, property, plant and equipment		–	–	196,908	189,380	2,443,037	2,186,106	2,639,945	2,375,486

E2-1 Fair value measurement (continued)

		Fair value measurement hierarchy							
\$ '000	Notes	Level 1 Quoted prices in active markets		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
Non-recurring fair value measurements									
Non-current assets classified as held for sale	C1-7								
Operating Land		—	—	—	1,187	—	—	—	1,187
Total Non-current assets classified as held for sale		—	—	—	1,187	—	—	—	1,187

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Community Land

Assets within the "Community Land" class are Council owned land and managed Crown lands.

Council's community land is valued on the Unimproved Capital Value (UCV), provided by the Valuer-General. Currently all Council owned and managed assets in this asset class are based on UCV.

Valuation techniques remained the same for this reporting period.

Operational Land

Council's operational land includes all of Council's land classified as operational land under *Local Government Act 1993* and managed Crown land under the *Crown Land Management Act 2016*, that has been classified as operational by the Department of Lands.

Council's operational land values are reviewed on an annual basis with a comprehensive valuation completed and revalued every five years. Australis Advisory Group Pty Ltd completed the valuation in May 2023 with a valuation date of 30 June 2023. The total operational lands of 7,278,303 m², were valued by Australis Advisory Group Pty Ltd as at 30th June 2023 for \$147.3 million.

Council's operational land was valued using the market approach (highest and best use) after identifying all elements that would be taken into account by buyers and sellers in setting the price, including but not limited to zoning, topography, location, size, shape, access, exposure to traffic and businesses where there is a market for land of similar characteristics and competition between market participants or replacement cost (highest and best alternative use) being the cost to Council to acquire the land.

Condition of asset and future cash flow from the use of asset are also considered when determining the fair value.

This asset class is categorised as Level 2 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

Land Under Roads (post 30/6/08)

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips. Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

This asset class is classified as Level 3 asset as significant inputs used in the valuation methodology are unobservable.

Valuation techniques remained the same for this reporting period.

Land Improvements Depreciable

The land improvements asset class consists of recreational surfaces across different playgrounds and parks. This class of assets were viewed and revalued externally by Australis Advisory Group Pty Ltd, as at 30 June 2023. Generally the nature of infrastructure assets requires that they be valued using the application of unit rates. Unit rates are developed by summing each component which goes into producing a unit of the asset. The major components of any assets are the raw materials, plant, labour and intangibles. These unit costs are then applied to known measurements of the assets to produce a replacement cost, which is then adjusted for any obsolescence to estimate the Fair Value.

The condition of each asset was determined by completing inspections using the ratings 1 (Excellent) to 5 (Very Poor). If the asset was determined to be in an "average" condition for its age, the calculation reverts to the construction year. However, if the asset was found to be in better or worse condition for its age, the remaining life was adjusted accordingly.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

E2-1 Fair value measurement (continued)

Stormwater Drainage

The stormwater drainage asset class consists of Council's pits and pipes. Independent consultants completed the valuation of these assets using the cost approach and the last valuation was completed as at 1 July 2019. Independent consultants, APV were engaged to assist with the determination of replacement costs and useful lives at 1 July 2020. An assessment of the carrying value of this asset class was undertaken as at closing date and an increment was recorded in accordance with Australian Accounting Standards.

Replacement costs were derived using a combination of published/available market data for recent projects, and/or published cost guides, including allowances for preliminaries and professional fees. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life and pattern of consumption. The asset condition of 1 (Excellent) to 5 (Very Poor) was determined by assumptions based on age and CCTV investigations undertaken across a representative selection of Council's drainage network. To help determine these other significant inputs, 20% of each of the following categories were inspected; detention basins, surface drains, stormwater culverts, gross pollutant traps and 100% of flood warning systems.

Conditions are updated in the Asset Register as Council's Field Data Collection Officers attend assets for Defect and Maintenance reporting.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

Open Space & Recreational Assets

The open space and recreational asset class includes barbeques, fences, gates, lighting, jetties, viewing platforms, ramps, playground units, shade-sails, stairs, pontoons, parks and sport shelters and outdoor furniture.

This asset class was revalued by Australis Advisory Group Pty Ltd, as at 30 June 2023. Generally the nature of infrastructure assets requires that they be valued using the application of unit rates. Unit rates are developed by summing each component which goes into producing a unit of the asset. The major components of any assets are the raw materials, plant, labour and intangibles. These unit costs are then applied to known measurements of the assets to produce a replacement cost, which is then depreciated to estimate the Fair Value.

The appropriate amount of accumulated depreciation for this class was determined either by a site inspection or an assessment to determine remaining useful life. Where site inspections were conducted, the assets were allocated a condition rating of 1 (Excellent) to 5 (Very Poor). The assessment of remaining useful life was made taking into consideration the construction date, evidence of recent repairs or capital works and the surrounding environmental factors.

Due to the predominantly specialised nature of Local Government assets, the valuation was undertaken on a cost approach. The cost approach is deemed a Level 3 input.

Buildings - Non specialised and Specialised

Council engaged Australis Advisory Group Pty Ltd to value all buildings and shelters during the 2022/23 financial year. The valuation methodology adopted was dependent on whether a market exists to substantiate the value of the asset.

Specialised Buildings

Specialised buildings were valued using the cost approach using professionally qualified registered valuers.

The Crown Land holiday parks' villas and cabins have been included in this class. These buildings were valued taking into account actual construction or purchase prices for recent projects within the parks, Rawlinson's Construction Guide or similar guides, and benchmarking against other valuations.

All other buildings in this class were componentised into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence, other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Non Specialised Buildings

Commercial buildings have been generally derived using a combination of sales direct comparison approach and capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences

E2-1 Fair value measurement (continued)

in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre.

Bulk Earthworks

This asset class is major earth works undertaken at the initial construction of road assets and is the formation component of a road segment. Bulk earthworks are non-depreciable and are re-valued to fair value on the same 5 year cycle as road assets.

Independent valuers completed the valuation of these assets using the cost approach and the last comprehensive valuation was completed as at 1 July 2019. Independent consultants, Talis were engaged to assist in the determination of replacement costs of all bulk earthworks except for the airport runways and taxiways which were valued by AssetVal. The replacement costs (based on unit rates) were determined using a combination of actual construction costs for recent capital works projects, comparisons of lives adopted by comparable local government authorities and first principle calculations of plant, labour and overheads. As bulk earthworks have an infinite remaining useful life the most significant input into this valuation approach are the dimensions of the asset. Council engaged APV Valuers to complete a desktop revaluation as at 1 July 2020 to consider the short and long life components of transport assets.

This asset class is categorised as Level 3 as the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

Roads

Council's roads are componentised into pavement and surface and further separated into segments for inspection and valuation. The full revaluation of road assets is undertaken on a 5 year cycle.

The most recent comprehensive valuation of this class of assets was completed by independent consultants using the cost approach as at 1 July 2019.

Independent consultants, Talis were engaged to assist with the determination of replacement costs and useful lives of all Council's road network excluding the airport runways and taxiways which were valued by independent consultants, AssetVal.

The replacement costs (based on unit rates) were determined using a combination of actual construction costs for recent capital works projects, comparisons of lives adopted by comparable local government authorities and first principle calculations of plant, labour and overheads. Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and type of road. As part of the valuation for all roads and carparks, to determine the condition rating of the assets, Talis undertook a full inventory and condition assessment for each asset component.

Council engaged APV Valuers to complete a desktop revaluation as at 1 July 2020 to consider the short and long life components of transport assets. An assessment of the carrying value of this asset class was undertaken as at closing date and an increment was recorded in accordance with Australian Accounting Standards..

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

Bridges

Council's bridges register consists of all pedestrian and vehicle access bridges. The most recent comprehensive valuation of bridge assets was undertaken by an independent consultant and completed as at 1 July 2019 as part of the overall Transport category revaluation.

Independent consultants, AssetVal were engaged to assist with the determination of replacement costs and useful lives of all Council's bridges. An assessment of the carrying value of this asset class was undertaken as at closing date and an increment was recorded in accordance with Australian Accounting Standards.

Replacement costs were derived using a combination of published/available market data for recent projects, and/or published cost guides, including allowances for preliminaries and professional fees. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life and pattern of consumption. The asset condition of 1 (Excellent) to 5 (Very Poor) was determined by AssetVal inspecting 100% of all Councils bridges.

For both the timber and concrete bridges the total cost and area for each component were used to derive an average unit cost for the component.

E2-1 Fair value measurement (continued)

Council engaged APV Valuers to complete a desktop revaluation as at 1 July 2020 to consider the short and long life components of transport assets.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

Footpaths

Council's footpath and cycleway networks consist of on-road and off-road paths which may be concrete, sealed or unsealed and include footbridges. For the purpose of asset accounting, on-road paths are considered part of the road network. Off-road paths are the subject of this section.

The most recent comprehensive valuation of footpaths, cycleways and footbridges were undertaken by independent consultants and completed as at 1 July 2019. AssetVal were engaged to complete the valuation for major footbridges with the bridges valuation and Talis were engaged to complete the valuation for all other footpaths and cycleways. An assessment of the carrying value of this asset class was undertaken as at closing date and an increment was recorded in accordance with Australian Accounting Standards.

The replacement costs (based on unit rates) were determined using a combination of actual construction costs for recent capital works projects, comparisons of lives adopted by comparable local government authorities and first principle calculations of plant, labour and overheads. Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, components and material of the footpath/cycleway. As part of the valuation for all footpaths and cycleways, to determine the condition rating of the assets, Talis and AssetVal inspected 100% of all assets in this class.

Council engaged APV Valuers to complete a desktop revaluation as at 1 July 2020 to consider the short and long life components of transport assets.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Valuation techniques remained the same for this reporting period.

Swimming Pool

Swimming pools include all assets located within the facility. Australis Advisory Group Pty Ltd valued the building components and the swimming pools as at 30 June 2023.

The cost approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence, other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value.

The pools were valued taking into account their cost to construct and using their volume to calculate the replacement cost. Each pool was inspected and given a condition rating, 1 being excellent to 5 being poor, which was used to determine the accumulated depreciation.

As such these assets were classified as having been valued using Level 3 valuation inputs.

Plant & Equipment, Office Equipment and Furniture & Fittings

This asset category includes:

- Plant & Equipment – Motor vehicles, trucks, mowers, earthmoving equipment
- Office Equipment – Computer equipment, photocopiers
- Furniture & Fittings – Chairs, desks, cabinets, display systems

These assets are valued at cost in Council's books and reported at fair value due to the nature of the items. The cost of these assets are based on current invoices and contracts, which are based on observable inputs, however the remaining useful life and residual value is based on internal factors which are unobservable in the market therefore placing these assets in Level 3.

Valuation techniques remained the same for this reporting period.

Water Network

E2-1 Fair value measurement (continued)

The water network includes all water supply related assets located within the council area. The assets were described by the valuers as complex and non-separable meaning that they cannot function independently.

The last valuation of these assets was carried out by Australis Asset Advisory Group as at 30 June 2022. The assets were valued based on the replacement cost approach. This method is based on determining the replacement cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment. This valuation technique uses a range of inputs that were applied at asset level or component level which included; componentisation, unit rates/overall value, consumption scores & valuation profiles. A range of sources were used to determine the replacement cost including; actual construction or purchase prices for recent projects including adjustments for price movements, Australis's database of actual costs of recent projects sourced by clients with preference to nearby locations, Rawlinson's Construction Guide or similar guides (such as Cordells) and benchmarking against other valuations. As per AASB13, allowance was then made to adjust for condition and comparability. All active (above ground) assets were physically inspected.

The approach which estimated the replacement cost for each asset required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as Level 3.

Sewer Network

The sewer network includes all sewer related assets located within the council area. The assets were described by the valuers as complex and non-separable meaning that they cannot function independently.

The last valuation of these assets was carried out by Australis Asset Advisory Group as at 30 June 2022. The assets were valued based on the gross replacement cost approach. This method is based on determining the replacement cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment. This valuation technique uses a range of inputs that were applied at asset level or component level which included; components, unit rates/overall value, consumption scores & valuation profiles. A range of sources were used to determine the replacement cost including; actual construction or purchase prices for recent projects including adjustments for price movements, Australis's database of actual costs of recent projects sourced by clients with preference to nearby locations, Rawlinson's Construction Guide or similar guides (such as Cordells) and benchmarking against other valuations. As per AASB13, allowance was then made to adjust for condition and comparability. All active (above ground) assets were physically inspected.

The approach which estimated the replacement cost for each asset required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as Level 3.

Tip Asset

Council has one operational landfill site at present, being the England's Road Waste Management Facility. Council undertakes 6 monthly surveys of the landfill and have undertaken some volume calculations of sections and total landfill capacity. The estimated time of rehabilitation remains difficult to determine due to:

- The dynamic nature of the site and waste generation rates/management in the region.
- The operational performance of the Coffs Coast Resource Recovery Facility (operated under contract by Biomass Solutions (Coffs Harbour) Pty Ltd) also remains dynamic.

Other landfilling reduction projects are currently under consideration. At current landfilling rates we estimate that the landfill may require rehabilitation by 2026/27 Financial Year.

Funds for rehabilitation are provisioned on an ongoing basis from 2012/13 due to the commencement of final capping. In September 2019, a consultant prepared an updated report for Council which more fully defines the Council's preferred 'final capping plan' which is the major component of the rehabilitation of the site.

The costs as provided in 2019, indexed to CPI (or construction index) can be considered appropriate at this time. Whilst Council received a consultant's costing report with regard to final capping costs, that report relies on assumptions including that the NSW Environment Protection Authority agrees to Council's request for a Licence Variation to amend the proposed 'final capping plan'.

The approach estimated the replacement cost for each asset required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3.

Others Assets (Artwork & Sculptures)

Council engaged Australis Advisory Group Pty Ltd to value all artwork, memorabilia and monuments with a 30 June 2023 valuation date.

E2-1 Fair value measurement (continued)

This information was updated into Council's public art register. The valuation methodology was based on determining market value and setting this as the Insurable Value. The insurable value is the assessment of value which would indemnify the council in the event of a loss.

Where a market could be identified, assets were assessed at Net Current Value on the basis of Fair Value in accordance with AASB 13 Fair Value Measurement.

This asset class is categorised as Level 3 as some of the above mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

Non-current assets classified as 'held for sale'

Non-current assets classified as held for sale are measured at fair value on a non-recurring basis if their carrying amount is higher than their fair value and therefore the assets need to be written down to fair value. The assets are recognised at the lower of their carrying value and fair value less costs to sell.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Community Land	Land values obtained from the NSW Valuer-General	Unimproved Capital Value per square metre provided by Valuer General
Land under Roads	Average unit rate of Community Land held	Unimproved Capital Value per square metre provided by Valuer General
Operational Land	Rate per square metre	Rate per square metre
Furniture and Fittings, Office Equipment and Plant and Equipment	Cost Approach	Asset condition Remaining useful life Residual value
Buildings (Specialised)	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Roads	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Bridges	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Footpaths	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Stormwater Drainage	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Water Supply Network	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Sewer Network	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Tip Asset	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Swimming Pools	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Recreational Assets	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Bulk Earthworks	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Land Improvements - Depreciable	Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value
Other Assets	Insurance Values (Artworks, Sculptures)	Insurance Values (Artworks, Sculptures)
	Non artworks/sculptures: Gross replacement cost Asset condition Remaining useful life Residual value	Non artworks/sculptures: Gross replacement cost Asset condition Remaining useful life Residual value
Non-current assets classified as 'held for sale'		
Land	Rate per square metre	Rate per square metre
Buildings	Independent external valuation using Industry Cost Indexes, council and contractor construction rates	Gross replacement cost Asset condition Remaining useful life Residual value

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

\$ '000	Community Land		Land under Roads (post 30/06/08)		Land improvements depreciable		Stormwater drainage	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	76,393	76,220	4,283	3,657	1,693	1,583	184,960	168,752
Total gains or losses for the period								
Other movements								
Purchases (GBV)	—	—	—	—	—	44	123	338
Disposals (WDV)	—	—	—	—	(8)	(18)	(635)	(204)
Depreciation and impairment	—	—	—	—	(120)	(109)	(2,359)	(2,128)
Revaluation Increments to Equity (ARR)	37,358	—	2,084	27	(795)	142	15,393	13,188
Other movement (WIP Transfers)	—	—	—	—	30	22	14,605	309
Other movement (Assets recognised first time)	249	180	6	599	40	29	175	4,704
Other movement (Asset Adjustment)	—	—	—	—	(2)	—	—	1
Closing balance	114,000	76,400	6,373	4,283	838	1,693	212,262	184,960

\$ '000	Building specialised		Other assets		Roads		Bridges	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	84,818	75,104	1,438	1,374	532,263	498,685	74,713	69,009
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	—	772	—	—	—	78	—	—
Purchases (GBV)	341	1,834	15	—	3,685	1,044	1,200	828
Disposals (WDV)	(604)	(8)	—	—	(883)	(217)	(779)	(213)
Depreciation and impairment	(2,092)	(2,939)	—	—	(12,564)	(11,175)	(1,332)	(1,218)
Revaluation Increments to Equity (ARR)	10,890	7,079	(84)	—	43,764	37,526	6,151	5,199
Other movement (WIP Transfers)	24,579	2,875	—	—	12,749	1,949	—	432
Other movement (Assets recognised first time)	—	101	410	64	103	4,372	544	676

continued on next page ...

E2-1 Fair value measurement (continued)

\$ '000	Building specialised		Other assets		Roads		Bridges	
	2023	2022	2023	2022	2023	2022	2023	2022
Other movement (Asset Adjustment)	1	–	1	–	1	1	–	–
Closing balance	117,933	84,818	1,780	1,438	579,118	532,263	80,497	74,713

\$ '000	Footpaths		Bulk earthworks		Water supply network		Sewer network	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	60,882	56,373	270,453	249,268	327,043	346,674	508,900	472,050
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	–	–	(78)	–	(629)	–	(14)
Purchases (GBV)	853	289	957	457	334	906	1,749	406
Disposals (WDV)	(124)	(25)	(594)	(25)	(253)	(311)	(769)	(260)
Depreciation and impairment	(1,547)	(1,415)	–	–	(5,820)	(5,269)	(10,961)	(7,726)
Revaluation Increments to Equity (ARR)	5,001	4,306	22,848	19,346	24,708	(18,767)	38,150	39,596
Other movement (WIP Transfers)	2,524	513	3,085	272	3,424	4,120	3,374	3,433
Other movement (Assets recognised first time)	116	841	20	1,213	213	318	1,154	1,417
Other movement (Asset Adjustment)	–	–	(1)	–	1	1	–	(2)
Closing balance	67,705	60,882	296,768	270,453	349,650	327,043	541,597	508,900

\$ '000	Swimming pools		Recreational assets		Office equipment		Plant and equipment	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	2,123	2,016	35,683	33,994	506	968	16,781	20,884
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	–	–	–	(130)	–	–	–	–
Purchases (GBV)	–	–	167	943	40	–	3,298	2,550
Disposals (WDV)	–	–	(728)	(238)	–	–	(589)	(3,007)
Depreciation and impairment	(88)	(79)	(2,721)	(3,933)	(280)	(462)	(3,241)	(3,800)
Revaluation Increments to Equity (ARR)	2,120	186	11,008	2,850	–	–	–	–
Other movement (WIP Transfers)	–	–	7,854	1,731	–	–	363	154
Other movement (Assets recognised first time)	86	–	119	466	–	–	52	–
Other movement (Asset Adjustment)	–	–	4	–	–	–	–	–
Closing balance	4,241	2,123	51,386	35,683	266	506	16,664	16,781

\$ '000	Furniture and fittings		Tip asset		Total	
	2023	2022	2023	2022	2023	2022
Opening balance	1,134	1,316	2,040	1,498	2,186,106	2,079,425
Recognised in profit or loss – realised (refer to Note B4-1)	–	–	–	910	–	910
Transfers from/(to) another asset class	–	–	(840)	–	(840)	(1)
Purchases (GBV)	26	7	–	–	12,788	9,646
Disposals (WDV)	–	–	–	–	(5,966)	(4,526)
Depreciation and impairment	(189)	(193)	(212)	(368)	(43,526)	(40,814)
Revaluation Increments to Equity (ARR)	–	–	–	–	218,596	110,678

E2-1 Fair value measurement (continued)

\$ '000	Furniture and fittings		Tip asset		Total	
	2023	2022	2023	2022	2023	2022
Other movement (WIP Transfers)	–	–	–	–	72,587	15,810
Other movement (Assets recognised first time)	–	4	–	–	3,287	14,984
Other movement (Asset Adjustment)	–	–	–	–	5	1
Closing balance	971	1,134	988	2,040	2,443,037	2,186,113

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

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

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

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$473,934.92. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$271,685.65. Council's expected contribution to the plan for the next annual reporting period is \$407,362.08.

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

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

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$272,954.28 as at 30 June 2023.

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

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

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

Investment return	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI	6.0% for FY 22/23 2.5% per annum thereafter

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	1,450	1,367
Post-employment benefits	117	110
Other long-term benefits	544	230
Termination benefits	112	–
Total	2,223	1,707

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
2023						
Employee expenses relating to close family members of KMP ¹	4a	170	–	Enterprise Agreement and Local Government (NSW) Award	–	–
2022						
Employee expenses relating to close family members of KMP ¹	4a	163	–	Enterprise Agreement and Local Government (NSW) Award	–	–

(1) Close family members of the City's KMP are employed by the City under the relevant pay award on an arm's length basis. 3 close family members of KMP were employed by the City in the 2022/23 financial year.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	57	66
Councillors' fees	208	202
Other Councillors' expenses (including Mayor)	41	50
Total	306	318

F1-3 Other related parties

		Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
2023						
Coffs Coast Regional Parks Trust	Contribution to maintenance	340	–	Memorandum of Understanding	–	–
Prosper Coffs Harbour Limited	Contribution to operational costs	(8)	400	Memorandum of Understanding	–	–
2022						
Coffs Coast Regional Parks Trust	Contribution to maintenance	318	–	Memorandum of Understanding	–	–
Prosper Coffs Harbour Limited	Contribution to operational costs	3	400	Memorandum of Understanding	–	–

F2 Other relationships

F2-1 Audit fees

\$ '000	2023	2022
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

	175	164
Remuneration for audit and other assurance services	175	164

Total Auditor-General remuneration

	175	164
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Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Other audit and assurance services

	49	62
Remuneration for audit and other assurance services	49	62

(ii) Non-assurance services

Other services

	–	1
Remuneration for non-assurance services	–	1

Total remuneration of non NSW Auditor-General audit firms

	49	63
--	----	----

Total audit fees

	224	227
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G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
Net operating result from Income Statement	55,625	60,903
Add / (less) non-cash items:		
Depreciation and amortisation	46,018	43,115
(Gain) / loss on disposal of assets	3,088	4,847
Non-cash capital grants and contributions	(3,070)	(15,335)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Favourable financial liabilities (i.e. initial recognition at fair value)	–	(2)
Amortisation of premiums, discounts and prior period fair valuations		
– Interest exp. on interest-free loans received by Council (previously fair valued)	–	9
Unwinding of discount rates on reinstatement provisions	376	83
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(9,912)	(1,174)
Increase / (decrease) in provision for impairment of receivables	(33)	65
(Increase) / decrease of inventories	(304)	51
(Increase) / decrease of other assets	(249)	54
(Increase) / decrease of contract asset	17,587	(8,758)
Increase / (decrease) in payables	(14)	(1,224)
Increase / (decrease) in accrued interest payable	(109)	(8)
Increase / (decrease) in other accrued expenses payable	(544)	(3,128)
Increase / (decrease) in other liabilities	1,395	(3,654)
Increase / (decrease) in contract liabilities	10,116	3,407
Increase / (decrease) in employee benefit provision	(2,161)	(1,558)
Increase / (decrease) in other provisions	(797)	884
Net cash flows from operating activities	117,012	78,577

(b) Non-cash investing and financing activities

Assets Recognised for the first time	2,670	4,089
Other dedications (developer)	494	11,246
Total non-cash investing and financing activities	3,164	15,335

G2-1 Commitments

Capital commitments (exclusive of GST)

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

Property, plant and equipment

Buildings	6,853	12,847
Sewer network	60	922
Water network	928	1,100
Recreational surfaces	462	4,552
Total commitments	8,303	19,421

These expenditures are payable as follows:

Within the next year	8,303	19,421
Total payable	8,303	19,421

Sources for funding of capital commitments:

Section 7.11 and 64 funds/reserves	–	117
Unexpended grants	6,561	12,298
Externally restricted reserves	987	2,022
Internally restricted reserves	755	4,984
Total sources of funding	8,303	19,421

Details of capital commitments

Council has tenders and contracts for Capital Works that are in progress as at balance date.

The commitments for capital expenditure represent the balance of planned capital works on contracts that will be completed in the subsequent financial year.

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions as at 30 June 2023

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	2,332	176	–	–	64	(812)	–	1,760	–
Roads	6,842	1,303	–	–	220	(1,870)	–	6,495	–
Traffic facilities	208	148	–	–	12	(14)	–	354	–
Parking	825	326	–	–	39	–	–	1,190	–
Open space	5,699	1,390	–	–	241	(15)	–	7,315	–
Community facilities	1,065	38	–	–	37	–	–	1,140	–
Other	1,344	219	–	–	50	(165)	–	1,448	–
S7.11 contributions – under a plan	18,315	3,600	–	–	663	(2,876)	–	19,702	–
Total S7.11 and S7.12 revenue under plans	18,315	3,600	–	–	663	(2,876)	–	19,702	–
S7.11 not under plans	388	–	–	–	14	–	–	402	–
S64 contributions	7,089	6,803	–	–	458	(336)	–	14,014	–
Total contributions	25,792	10,403	–	–	1,135	(3,212)	–	34,118	–

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

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
City Centre Car Parking									
Parking	752	326	–	–	36	–	–	1,114	–
Total	752	326	–	–	36	–	–	1,114	–
Coffs Harbour Road Network									
Roads	97	219	–	–	1	(317)	–	–	–
Total	97	219	–	–	1	(317)	–	–	–
Corindi									
Roads	15	–	–	–	1	–	–	16	–
Community facilities	201	–	–	–	6	–	–	207	–
Total	216	–	–	–	7	–	–	223	–
Hearnes Lake / Sandy Beach									
Roads	899	–	–	–	31	–	–	930	–
Open space	939	–	–	–	30	–	–	969	–
Total	1,838	–	–	–	61	–	–	1,899	–
Jetty Area Car Parking									
Parking	51	–	–	–	2	–	–	53	–
Total	51	–	–	–	2	–	–	53	–
Korora Rural Residential Release Area									
Roads	652	14	–	–	23	–	–	689	–
Open space	53	6	–	–	2	–	–	61	–
Other	65	2	–	–	2	(1)	–	68	–
Total	770	22	–	–	27	(1)	–	818	–

G4-2 Developer contributions by plan (continued)

	Opening balance at 1 July 2022	Contributions received during the year		Non-cash Other	Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
\$ '000		Cash	Non-cash Land						
Mines and Extractive Industries									
Roads	29	4	—	—	1	—	—	34	—
Total	29	4	—	—	1	—	—	34	—
Moonee Release Area									
Roads	1,865	25	—	—	14	(1,517)	—	387	—
Open space	1,001	20	—	—	35	—	—	1,056	—
Community facilities	676	10	—	—	24	—	—	710	—
Total	3,542	55	—	—	73	(1,517)	—	2,153	—
North Boambee Valley (East)									
Drainage	3	18	—	—	1	—	—	22	—
Roads	169	20	—	—	7	—	—	196	—
Open space	26	5	—	—	1	—	—	32	—
Community facilities	12	15	—	—	1	—	—	28	—
Other	167	33	—	—	7	(1)	—	206	—
Total	377	91	—	—	17	(1)	—	484	—
North Bonville									
Drainage	340	80	—	—	14	—	—	434	—
Roads	453	325	—	—	27	—	—	805	—
Open space	262	10	—	—	10	—	—	282	—
Other	—	4	—	—	—	(4)	—	—	—
Total	1,055	419	—	—	51	(4)	—	1,521	—
Park Beach									
Traffic facilities	60	15	—	—	3	—	—	78	—
Parking	22	—	—	—	1	—	—	23	—
Open space	142	52	—	—	6	—	—	200	—
Total	224	67	—	—	10	—	—	301	—

G4-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Regional, District and Neighbourhood Facilities and Services									
Open space	2,976	1,079	—	—	140	(15)	—	4,180	—
Community facilities	2	11	—	—	—	—	—	13	—
Other	438	105	—	—	15	(145)	—	413	—
Total	3,416	1,195	—	—	155	(160)	—	4,606	—
South Coffs									
Roads	225	13	—	—	9	—	—	247	—
Open space	30	1	—	—	1	—	—	32	—
Total	255	14	—	—	10	—	—	279	—
Surf Rescue Facilities									
Other	139	39	—	—	6	—	—	184	—
Total	139	39	—	—	6	—	—	184	—
West Coffs									
Drainage	1,989	78	—	—	49	(719)	(93)	1,304	—
Roads	614	167	—	—	26	(36)	—	771	—
Open space	191	84	—	—	9	—	—	284	—
Community facilities	174	2	—	—	6	—	—	182	—
Other	456	5	—	—	16	(5)	—	472	—
Total	3,424	336	—	—	106	(760)	(93)	3,013	—
West Woolgoolga									
Roads	979	422	—	—	48	—	—	1,449	—
Traffic facilities	148	133	—	—	9	(14)	—	276	—
Open space	79	23	—	—	4	—	—	106	—
Other	79	28	—	—	4	(6)	—	105	—
Total	1,285	606	—	—	65	(20)	—	1,936	—
Woolgoolga Safety Beach Neighbourhood									
Open space	—	110	—	—	3	—	—	113	—
Total	—	110	—	—	3	—	—	113	—

G4-2 Developer contributions by plan (continued)

	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
\$ '000		Cash	Non-cash Land	Non-cash Other					
Bonville Large Lot Release Area									
Roads	845	94	—	—	32	—	—	971	—
Other	—	3	—	—	—	(3)	—	—	—
Total	845	97	—	—	32	(3)	—	971	—
North Boambee Valley (West)									
Drainage	—	—	—	—	—	(93)	93	—	—
Total	—	—	—	—	—	(93)	93	—	—

G4-3 Contributions not under plans

S7.11 CONTRIBUTIONS – NOT UNDER A PLAN

Drainage	171	–	–	–	6	–	–	177	–
Community facilities	1	–	–	–	–	–	–	1	–
Other	216	–	–	–	8	–	–	224	–
Total	388	–	–	–	14	–	–	402	–

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	29,126	13.42%	2.52%	4.76%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	217,040				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	198,248	80.39%	69.28%	76.00%	> 60.00%
Total continuing operating revenue ¹	246,615				
3. Unrestricted current ratio					
Current assets less all external restrictions	152,191	9.18x	6.50x	6.49x	> 1.50x
Current liabilities less specific purpose liabilities	16,576				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	82,867	3.43x	2.27x	2.45x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	24,149				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	7,411	6.27%	6.29%	6.31%	< 10.00%
Rates and annual charges collectable	118,279				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	184,627	12.35 months	9.47 months	9.53 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	14,951				

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	10.32%	(3.76)%	23.27%	18.78%	19.36%	17.57%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	76.70%	63.20%	87.25%	86.65%	91.39%	88.38%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	8.47x	6.19x	No liabilities	∞	No liabilities	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	6.68x	4.60x	1.91x	1.47x	2.21x	1.67x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	6.78%	6.87%	5.11%	5.08%	5.13%	5.01%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	13.76 months	10.10 months	10.99 months	9.96 months	5.75 months	5.71 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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

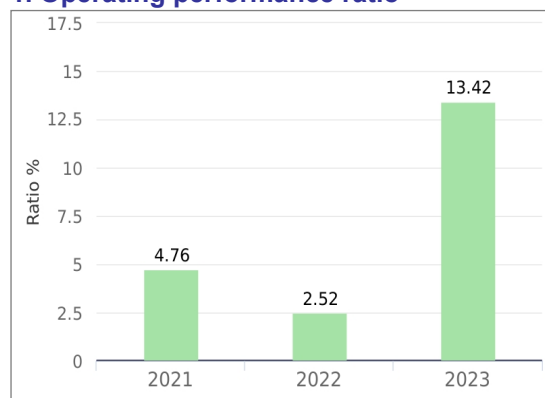
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio 13.42%

Council's operating performance ratio has improved significantly, performing well above the benchmark of >0.00%

This improved performance is a result of the financial sustainability measures implemented during the financial year in an effort to improve Council's alignment of operating expenditure to its available operating revenue.

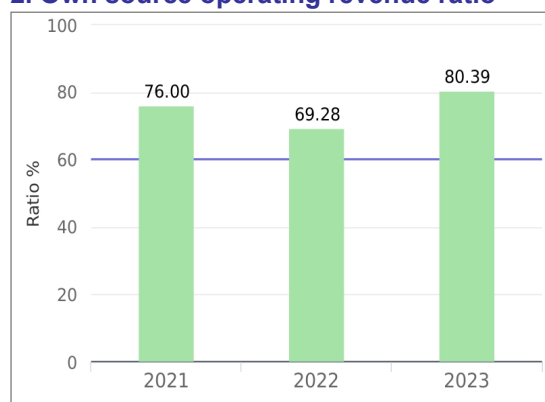
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2022/23 result

2022/23 ratio 80.39%

Council continues to perform well against the benchmark, retaining a high level of own source revenue.

Although continuing operating revenue decreased by \$11.88m in the 2022/23 financial year, Council received \$30.98m less in grants and contributions for operating and capital purposes, which has had a positive impact of the performance of this ratio overall.

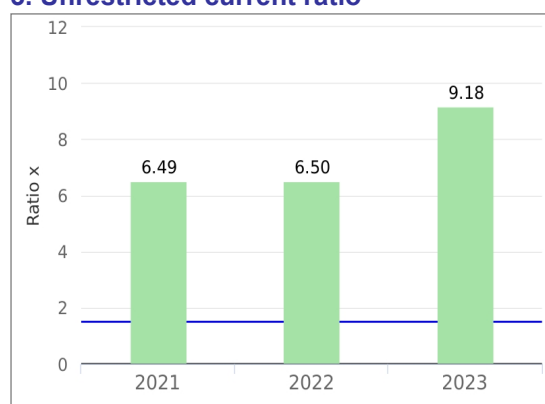
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2022/23 result

2022/23 ratio 9.18x

Council's result of 9.13x has far exceeded the unrestricted current ratio benchmark of >1.50x.

A decrease in externally restricted contract assets, resulting from a reduction in grant funds owed to Council at the end of 2022/23 and an increase in financial investments held, have improved the Council's overall current assets held.

Benchmark: — > 1.50x

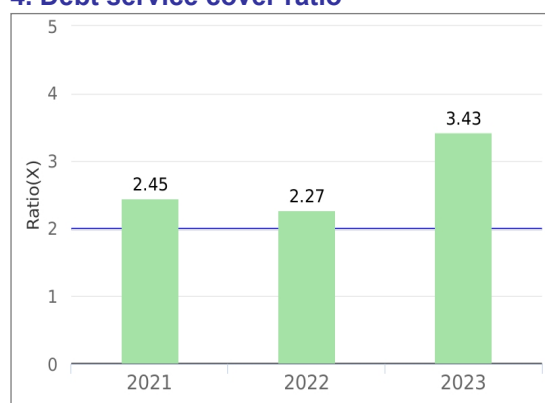
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 3.43x

Council has again exceeded the debt service cover ratio benchmark with an improvement on last year's result.

This ratio has increased due to a reduction in capital grants and non-developer contributions received during the year and a reduction in principal loan repayments.

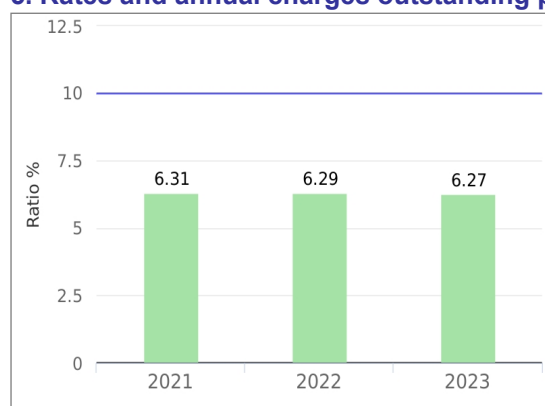
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

2022/23 ratio 6.27%

This ratio consistently remains below the maximum benchmark of <10.0%.

The amount of rates and annual charges outstanding remains steady with last year's reported figures however City staff are continuing debt recovery efforts, including the commencement of the sale of land for unpaid rates and charges process.

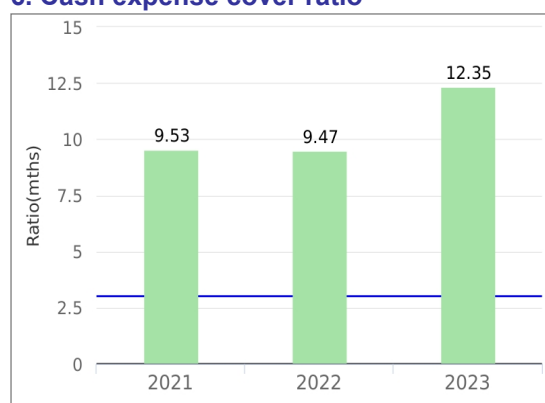
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 12.35 months

Council has performed exceptionally well above the benchmark of 3 months.

This ratio has been exceeded due to increase in investment income received as interest rates improved and financial sustainability measures implemented saw a decrease in operating expenditure during the 2022/23 financial year.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

Corner Coff and Castle Streets
Coffs Harbour NSW 2450

Contact details**Mailing Address:**

Locked Bag 155
Coffs Harbour NSW 2450

Telephone: 02 6648 4000

Facsimile: 02 6648 4199

Opening hours:

9:00am to 3:30pm
Monday to Friday

Internet: www.coffsharbour.nsw.gov.au

Email: coffs.council@chcc.nsw.gov.au

Officers**General Manager**

Natalia Cowley

Responsible Accounting Officer

Amy Mott

Public Officer

Ross Clark

Auditors

Audit Office of NSW
Level 19, Tower 2
201 Sussex St
SYDNEY NSW 2001

Elected members**Mayor**

Paul Amos

Councillors

Paul Amos
Jonathan Cassell
George Cecato
Tony Judge
Rodger Pryce
Julie Sechi
Tegan Swan
Sally Townley
Scott Wolgamot

Other information

ABN: 79 126 214 487



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Coffs Harbour City Council

To the Councillors of Coffs Harbour City Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Jan-Michael Perez
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY



Councillor Paul Amos
Mayor
Coffs Harbour City Council
Locked Bag 155
COFFS HARBOUR NSW 2450

Contact: Jan-Michael Perez
Phone no: 02 9275 7115
Our ref: R008-16585809-46254

31 October 2023

Dear Mayor Amos

**Report on the Conduct of the Audit
for the year ended 30 June 2023
Coffs Harbour City Council**

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

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

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

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	110.7	107.2	3.3
Grants and contributions revenue	48.4	79.4	39.1
Operating result from continuing operations	55.6	60.9	8.7
Net operating result for the year attributed to Council	55.6	60.9	8.7
Net operating result before capital grants and contributions	26.0	0.2	16,598.7

Grants and contributions revenue (\$48.4 million) decreased by \$31.1 million (39.1 per cent) in 2022–23 due largely to lower capital cash grants received by Council following the completion of the Coffs Coast Sport and Leisure Park and Enterprise Park Land Redevelopment, and reductions in non-cash contributions mainly from dedications.

The Council's operating result from continuing operations (\$55.6 million including depreciation, amortisation and impairment expense of \$46.0 million) was \$5.3 million lower than the 2021–22 result.

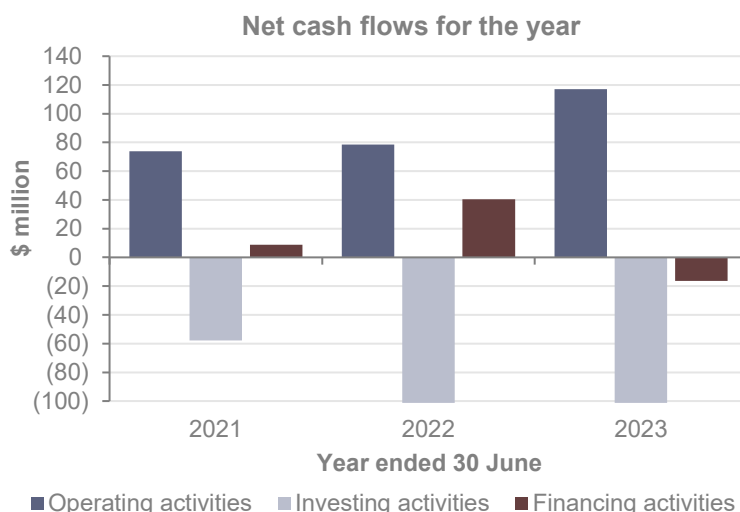
The net operating result before capital grants and contributions (\$26.0 million) was \$25.9 million higher than the 2021–22 result. Driving this result was a decrease of \$29.6 million in capital grants and contributions compared with the prior year, as well as

- increases of \$6.6 million for user charges and fees
- increases of \$3.5 million for other revenues
- increases of \$5.3 million for interest and investment revenue
- decreases of \$10.1 million for expenses of materials and services.

STATEMENT OF CASH FLOWS

Cash from operating activities increased by \$38.4 million - driven by higher cash grants and contributions received; increased user fees and charges generated, and lower payments made for materials and services when compared to the prior year.

Cash from financing activities decreased by \$56.8 million due to no new borrowings entered into by Council during the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	307.5	282.6	Externally restricted cash and investments are restricted in their use by externally imposed requirements. These include unspent developer contributions, specific purpose grants and domestic waste charges.
Restricted and allocated cash, cash equivalents and investments:			Internally allocated cash and investments have been restricted in their use by resolution or policy of the Council to reflect forward plans and identified work programs. Their purposes are disclosed in Note C1-3 of the financial statements.
• External restrictions	144.7	126.6	
• Internal allocations	134.6	148.8	

Debt

Council's overdraft facilities, which include loan and purchase card facilities, totalled \$134.6 million (2022: \$149.9 million) at 30 June 2023. The total amount drawn down was \$133.6 million.

PERFORMANCE

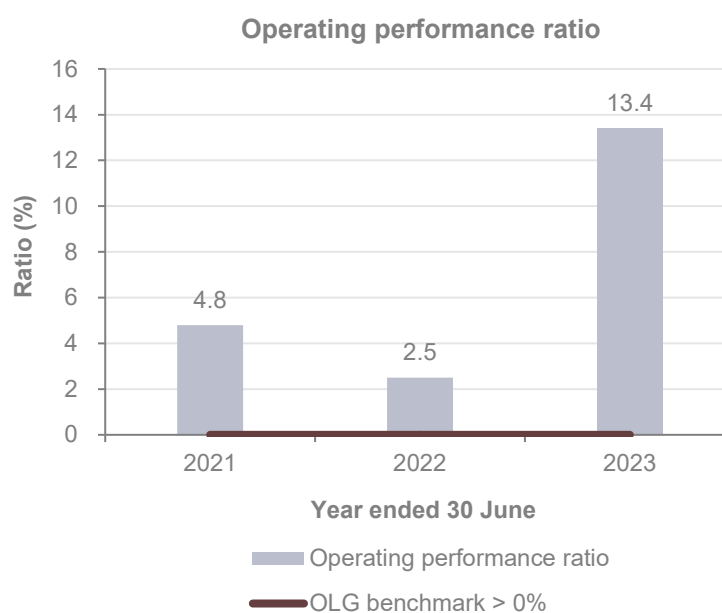
Performance measures

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

Operating performance ratio

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

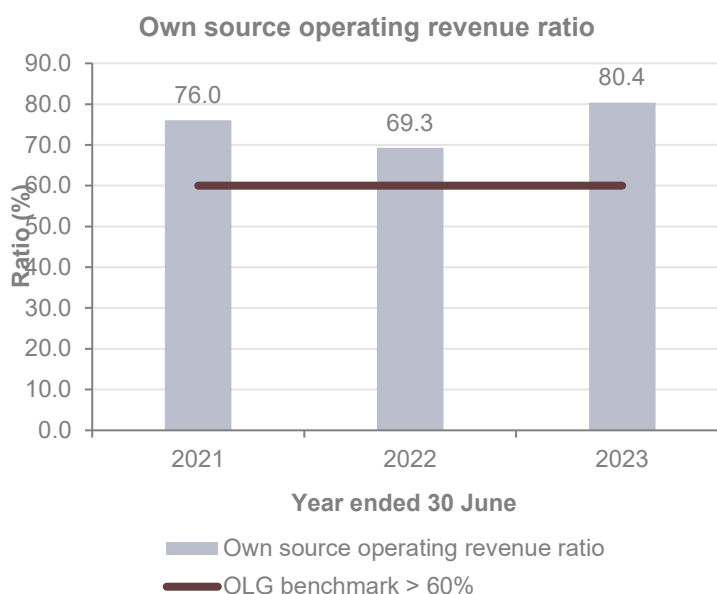
The Council exceeded the OLG benchmark for the current reporting period.



Own source operating revenue ratio

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

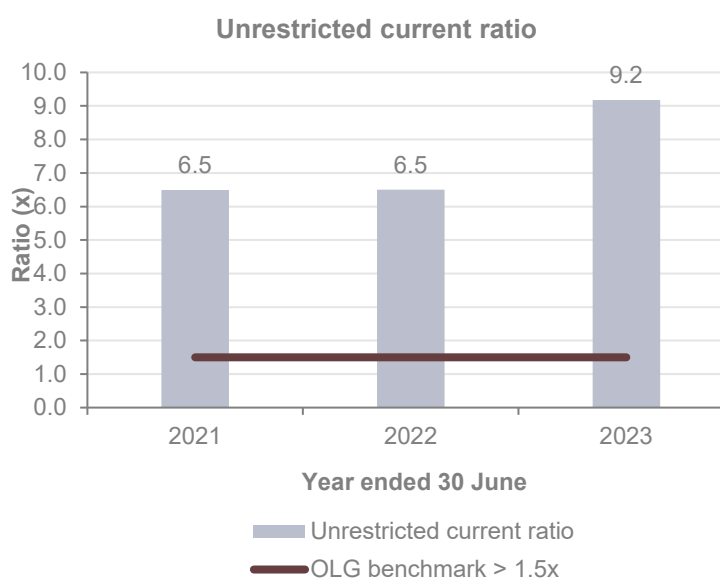
The Council exceeded the OLG benchmark for this reporting year.



Unrestricted current ratio

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

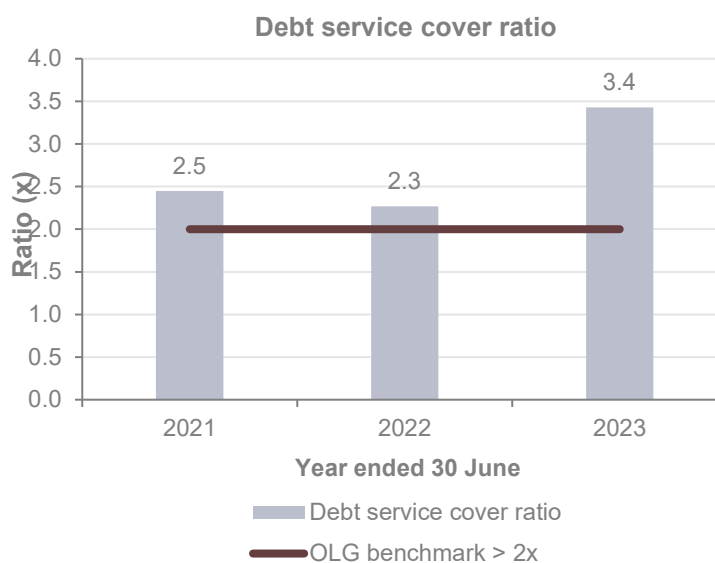
The Council exceeded the OLG benchmark for this reporting year.



Debt service cover ratio

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

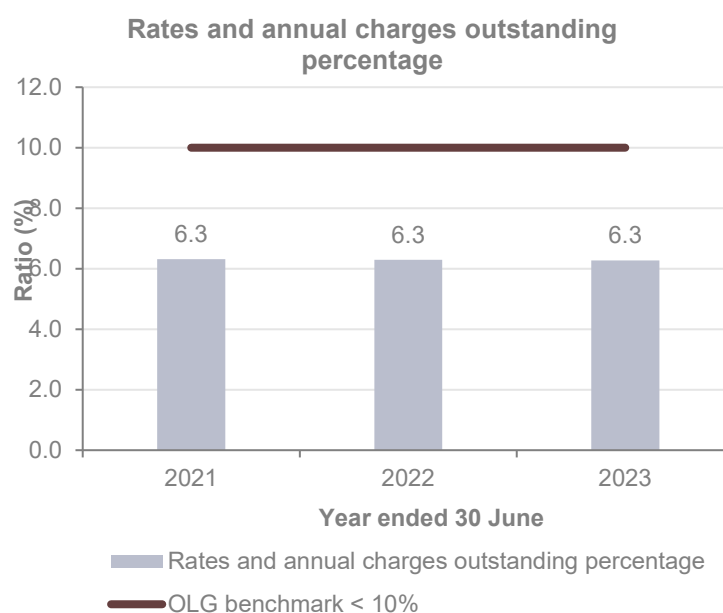
The Council exceeded the OLG benchmark for the financial reporting year.



Rates and annual charges outstanding percentage

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

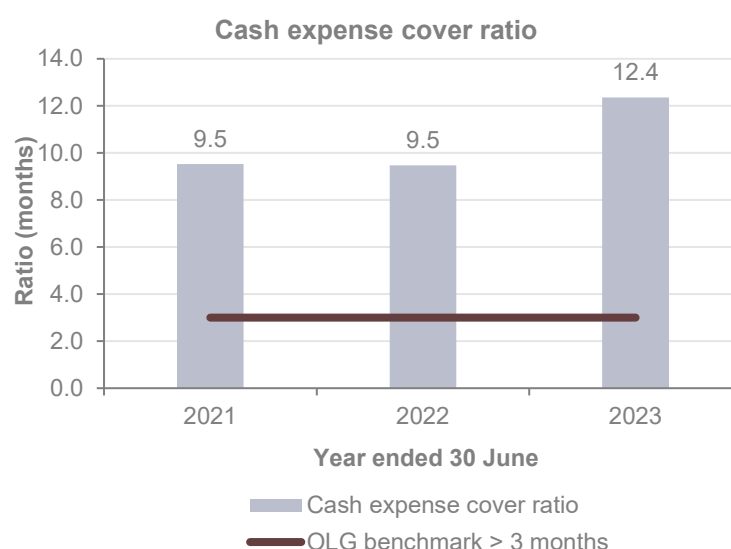
The Council continues to meet the OLG benchmark. The ratio is consistent with the prior year.



Cash expense cover ratio

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

The Council exceeded the OLG benchmark for the financial reporting year.



Infrastructure, property, plant and equipment renewals

Infrastructure, property, plant and equipment renewal expenditure was \$16.4 million compared to \$26.0 million in 2021–22.

OTHER MATTERS

Rural fire-fighting equipment not recognised in the financial statements

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

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

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

- these assets are vested in the Council under section 119(2) of the Rural Fires Act 1997 (Rural Fires Act), giving the Council legal ownership
- the Council has the ability, outside of emergency events as defined in section 44 of the Rural Fires Act, to prevent the NSW Rural Fire Service from directing the use of the rural fire-fighting equipment by either not entering into a service agreement, or cancelling the existing service agreement that was signed in July 2012
- the Council has specific responsibilities for fire mitigation and safety works and bush fire hazard reduction under Part 4 of the Rural Fires Act. The Council obtains economic benefits from the rural fire-fighting equipment as these assets are used to fulfil Council's responsibilities
- in the event of the loss of an asset, the insurance proceeds must be paid into the New South Wales Rural Fire Fighting Fund (section 119(4) of the Rural Fires Act) and be used to reacquire or build a similar asset, which is again vested in the Council as an asset provided free of charge.

I have concluded that the impact of not recognising these assets is not material to the financial statements of Council at 30 June 2023 – this after considering management procedures to validate the existence and completeness of these unreported balances.

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

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

A handwritten signature in dark ink, appearing to read 'JMP', is positioned above the printed name.

Jan-Michael Perez
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

Coffs Harbour City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

*Connected
Sustainable
Thriving*



Special Purpose Financial Statements

for the year ended 30 June 2023

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Background

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

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

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

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

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

Coffs Harbour City Council

Special Purpose Financial Statements for the year ended 30 June 2023

Statement by Councillors and Management

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

The attached Special Purpose Financial Statements have been prepared in accordance with:

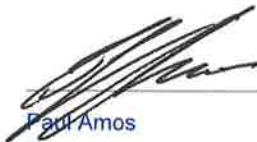
- NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- Local Government Code of Accounting Practice and Financial Reporting,
- Sections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

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

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

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

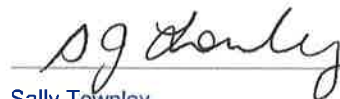
Signed in accordance with a resolution of Council made on 26 October 2023.



Paul Amos

Mayor

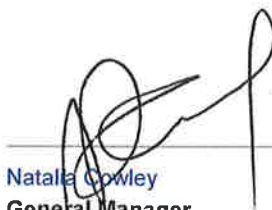
26 October 2023



Sally Townley

Councillor

26 October 2023



Natalia Cowley

General Manager

26 October 2023



Amy Mott

Responsible Accounting Officer

26 October 2023

Coffs Harbour City Council

Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	4,791	4,672
User charges	20,117	17,345
Fees	422	436
Interest and investment income	543	282
Grants and contributions provided for operating purposes	430	354
Other income	207	101
Total income from continuing operations	26,510	23,190
Expenses from continuing operations		
Employee benefits and on-costs	3,547	3,185
Borrowing costs	2,469	2,850
Materials and services	7,706	6,861
Depreciation, amortisation and impairment	6,397	5,829
Net loss from the disposal of assets	167	397
Calculated taxation equivalents	65	42
Debt guarantee fee	328	382
Other National Competition Policy imputation payments	3	3
Decrease in Fair Value of Investments	9	100
Total expenses from continuing operations	20,691	19,649
Surplus (deficit) from continuing operations before capital amounts	5,819	3,541
Grants and contributions provided for capital purposes	3,562	3,165
Surplus (deficit) from continuing operations after capital amounts	9,381	6,706
Surplus (deficit) from all operations before tax	9,381	6,706
Less: corporate taxation equivalent (25%) [based on result before capital]	(1,455)	(885)
Surplus (deficit) after tax	7,926	5,821
Plus Accumulated Funds and Equity Reserves	219,665	212,909
Plus/less: Transfers to Reserves	–	(335)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	65	42
– Debt guarantee fees	328	382
– Corporate taxation equivalent	1,455	885
– Other National Competition Policy imputation payments	3	3
Less:		
– Tax equivalent dividend paid	(65)	(42)
Closing Accumulated Funds and Equity Reserves	229,377	219,665
Return on capital %	2.2%	1.9%
Subsidy from Council	6,680	6,220
Calculation of dividend payable:		
Surplus (deficit) after tax	7,926	5,821
Less: capital grants and contributions (excluding developer contributions)	(3,562)	(3,165)
Surplus for dividend calculation purposes	4,364	2,656
Potential dividend calculated from surplus	2,182	1,328

Coffs Harbour City Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	30,337	29,008
User charges	3,027	2,797
Liquid trade waste charges	672	607
Fees	56	89
Interest and investment income	1,490	932
Grants and contributions provided for operating purposes	260	269
Other income	82	82
Total income from continuing operations	35,924	33,784
Expenses from continuing operations		
Employee benefits and on-costs	4,840	4,918
Borrowing costs	2,799	3,234
Materials and services	10,967	11,463
Depreciation, amortisation and impairment	11,068	7,788
Net loss from the disposal of assets	2,073	265
Calculated taxation equivalents	223	173
Debt guarantee fee	370	433
Other National Competition Policy imputation payments	10	9
Decrease in Fair Value of Investments	58	436
Total expenses from continuing operations	32,408	28,719
Surplus (deficit) from continuing operations before capital amounts	3,516	5,065
Grants and contributions provided for capital purposes	4,430	4,136
Surplus (deficit) from continuing operations after capital amounts	7,946	9,201
Surplus (deficit) from all operations before tax	7,946	9,201
Less: corporate taxation equivalent (25%) [based on result before capital]	(879)	(1,266)
Surplus (deficit) after tax	7,067	7,935
Plus Accumulated Funds and Equity Reserves	320,244	313,799
Plus/less: Transfers to Reserves	–	(3,288)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	223	173
– Debt guarantee fees	370	433
– Corporate taxation equivalent	879	1,266
– Other National Competition Policy imputation payments	10	9
Less:		
– Tax equivalent dividend paid	(83)	(83)
Closing Accumulated Funds and Equity Reserves	328,710	320,244
Return on capital %	1.1%	1.5%
Subsidy from Council	16,726	11,322
Calculation of dividend payable:		
Surplus (deficit) after tax	7,067	7,935
Less: capital grants and contributions (excluding developer contributions)	(4,430)	(4,136)
Surplus for dividend calculation purposes	2,637	3,799
Potential dividend calculated from surplus	1,319	1,900

Coffs Harbour City Council

Income Statement of CitySmart Solutions

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
Income from continuing operations		
Interest and investment income	11	—
Other income	1,688	1,922
Total income from continuing operations	1,699	1,922
Expenses from continuing operations		
Employee benefits and on-costs	668	625
Borrowing costs	5	3
Materials and services	817	1,126
Depreciation, amortisation and impairment	50	50
Total expenses from continuing operations	1,540	1,804
Surplus (deficit) from continuing operations before capital amounts	159	118
Surplus (deficit) from continuing operations after capital amounts	159	118
Surplus (deficit) from all operations before tax	159	118
Less: corporate taxation equivalent (25%) [based on result before capital]	(40)	(30)
Surplus (deficit) after tax	119	88
Plus Accumulated Funds and Equity Reserves	315	230
Plus adjustments for amounts unpaid		
– Corporate taxation equivalent	40	30
– Dividend paid	(121)	(33)
Closing Accumulated Funds and Equity Reserves	353	315
Return on capital %	2,733.3%	1,512.5%

Coffs Harbour City Council

Income Statement of Coffs Harbour Laboratory

for the year ended 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
Income from continuing operations		
Interest and investment income	88	—
Other income	1,140	1,057
Total income from continuing operations	1,228	1,057
Expenses from continuing operations		
Employee benefits and on-costs	578	498
Materials and services	485	409
Depreciation, amortisation and impairment	66	31
Net loss from the disposal of assets	3	—
Total expenses from continuing operations	1,132	938
Surplus (deficit) from continuing operations before capital amounts	96	119
Surplus (deficit) from continuing operations after capital amounts	96	119
Surplus (deficit) from all operations before tax	96	119
Less: corporate taxation equivalent (25%) [based on result before capital]	(24)	(30)
Surplus (deficit) after tax	72	89
Plus Accumulated Funds and Equity Reserves	2,604	2,485
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	24	30
Closing Accumulated Funds and Equity Reserves	2,700	2,604
Return on capital %	5.1%	5.4%

Coffs Harbour City Council

Income Statement of Coastal Works

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
Income from continuing operations		
Interest and investment income	210	—
Other income	17,829	14,873
Total income from continuing operations	18,039	14,873
Expenses from continuing operations		
Employee benefits and on-costs	2,740	2,816
Materials and services	10,134	10,410
Total expenses from continuing operations	12,874	13,226
Surplus (deficit) from continuing operations before capital amounts	5,165	1,647
Surplus (deficit) from continuing operations after capital amounts	5,165	1,647
Surplus (deficit) from all operations before tax	5,165	1,647
Less: corporate taxation equivalent (25%) [based on result before capital]	(1,291)	(412)
Surplus (deficit) after tax	3,874	1,235
Plus Accumulated Funds and Equity Reserves	1,775	1,516
Plus/less: Transfer to Reserves	(4,713)	(972)
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	1,291	412
– Dividend paid	(1,227)	(416)
Closing Accumulated Funds and Equity Reserves	1,000	1,775

Coffs Harbour City Council

Income Statement of Coffs Coast Holiday Parks

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
Income from continuing operations		
User charges	14,709	11,297
Interest and investment income	235	—
Grants and contributions provided for operating purposes	18	—
Other income	349	353
Total income from continuing operations	15,311	11,650
Expenses from continuing operations		
Employee benefits and on-costs	4,661	3,970
Borrowing costs	21	29
Materials and services	6,016	3,476
Depreciation, amortisation and impairment	1,487	4,082
Net loss from the disposal of assets	483	62
Debt guarantee fee	2	4
Other National Competition Policy imputation charges	257	249
Total expenses from continuing operations	12,927	11,872
Surplus (deficit) from continuing operations before capital amounts	2,384	(222)
Grants and contributions provided for capital purposes	186	454
Surplus (deficit) from continuing operations after capital amounts	2,570	232
Surplus (deficit) from all operations before tax	2,570	232
Less: corporate taxation equivalent (25%) [based on result before capital]	(596)	—
Surplus (deficit) after tax	1,974	232
Plus Accumulated Funds and Equity Reserves	4,340	3,704
Plus/less: Transfers to Reserves	—	151
Plus adjustments for amounts unpaid:		
– Debt guarantee fees	2	4
– Other National Competition Policy imputation charges	257	249
– Corporate taxation equivalent	596	—
Closing Accumulated Funds and Equity Reserves	7,169	4,340
Return on capital %	2.4%	(0.3)%
Subsidy from Council	1,583	2,891

Coffs Harbour City Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Investments	4,000	7,008
Receivables	15,695	14,135
Other	19	18
Total current assets	19,714	21,161
Non-current assets		
Investments	22,247	17,730
Receivables	189	130
Infrastructure, property, plant and equipment	372,328	344,569
Intangible assets	49,073	49,595
Total non-current assets	443,837	412,024
Total assets	463,551	433,185
LIABILITIES		
Current liabilities		
Contract liabilities	563	507
Payables	395	570
Borrowings	5,888	5,496
Employee benefit provisions	780	797
Total current liabilities	7,626	7,370
Non-current liabilities		
Borrowings	26,847	32,735
Employee benefit provisions	23	31
Total non-current liabilities	26,870	32,766
Total liabilities	34,496	40,136
Net assets	429,055	393,049
EQUITY		
Accumulated Funds and Equity Reserves	229,377	219,665
Revaluation reserves	199,678	173,384
Total equity	429,055	393,049

Coffs Harbour City Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Investments	13,496	11,328
Receivables	23,785	14,915
Other	8	38
Total current assets	37,289	26,281
Non-current assets		
Investments	21,160	26,412
Receivables	10,538	10,524
Infrastructure, property, plant and equipment	573,149	536,106
Total non-current assets	604,847	573,042
Total assets	642,136	599,323
LIABILITIES		
Current liabilities		
Contract liabilities	3	3
Payables	345	849
Borrowings	6,716	6,268
Employee benefit provisions	1,374	557
Total current liabilities	8,438	7,677
Non-current liabilities		
Borrowings	30,327	37,043
Employee benefit provisions	44	23
Total non-current liabilities	30,371	37,066
Total liabilities	38,809	44,743
Net assets	603,327	554,580
EQUITY		
Accumulated Funds and Equity Reserves	328,710	320,245
Revaluation reserves	274,617	234,335
Total equity	603,327	554,580

Coffs Harbour City Council

Statement of Financial Position of CitySmart Solutions

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
ASSETS		
Current assets		
Inventories	674	667
Contract assets and contract cost assets	273	100
Other	9	3
Total current assets	956	770
Non-current assets		
Infrastructure, property, plant and equipment	6	8
Right of use assets	16	63
Total non-current assets	22	71
Total assets	978	841
LIABILITIES		
Current liabilities		
Payables	470	364
Contract liabilities	66	34
Lease liabilities	15	47
Employee benefit provisions	72	64
Total current liabilities	623	509
Non-current liabilities		
Lease liabilities	–	15
Employee benefit provisions	2	2
Total non-current liabilities	2	17
Total liabilities	625	526
Net assets	353	315
EQUITY		
Accumulated Funds and Equity Reserves	353	315
Total equity	353	315

Coffs Harbour City Council

Statement of Financial Position of Coffs Harbour Laboratory

as at 30 June 2023

\$ '000	2023 Category 2	2022 Category 2
ASSETS		
Current assets		
Receivables	1,013	1,028
Inventories	29	36
Total current assets	1,042	1,064
Non-current assets		
Contract assets and contract cost assets	10	9
Infrastructure, property, plant and equipment	1,881	2,224
Total non-current assets	1,891	2,233
Total assets	2,933	3,297
LIABILITIES		
Current liabilities		
Contract liabilities	–	6
Payables	–	134
Employee benefit provisions	103	99
Total current liabilities	103	239
Non-current liabilities		
Employee benefit provisions	3	4
Total non-current liabilities	3	4
Total liabilities	106	243
Net assets	2,827	3,054
EQUITY		
Accumulated Funds and Equity Reserves	2,700	2,604
Revaluation reserves	127	450
Total equity	2,827	3,054

Coffs Harbour City Council

Statement of Financial Position of Coastal Works

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
ASSETS		
Current assets		
Contract assets and contract cost assets	191	1,188
Receivables	614	631
Inventories	194	113
Other	4	4
Total current assets	1,003	1,936
Total assets	1,003	1,936
LIABILITIES		
Current liabilities		
Contract liabilities	–	2
Payables	2	158
Employee benefit provisions	1	1
Total current liabilities	3	161
Total liabilities	3	161
Net assets	1,000	1,775
EQUITY		
Accumulated Funds and Equity Reserves	1,000	1,775
Total equity	1,000	1,775

Coffs Harbour City Council

Statement of Financial Position of Coffs Coast Holiday Parks

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	109	110
Receivables	10,427	2,120
Inventories	101	89
Contract assets and contract cost assets	338	348
Other	1	2
Total current assets	10,976	2,669
Non-current assets		
Infrastructure, property, plant and equipment	99,208	73,714
Intangible assets	24	27
Total non-current assets	99,232	73,741
Total assets	110,208	76,410
LIABILITIES		
Current liabilities		
Payables	5,193	472
Borrowings	189	190
Contract liabilities	2,074	1,880
Employee benefit provisions	684	735
Total current liabilities	8,140	3,277
Non-current liabilities		
Borrowings	–	189
Employee benefit provisions	20	26
Total non-current liabilities	20	215
Total liabilities	8,160	3,492
Net assets	102,048	72,918
EQUITY		
Accumulated Funds and Equity Reserves	7,169	4,341
Revaluation reserves	94,879	68,577
Total equity	102,048	72,918

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1 - business activities with gross operating turnover more than \$2 million

a. Coffs Harbour City Council Water Supplies

Water supply activity servicing the Coffs Harbour local government area

b. Coffs Harbour City Council Sewerage Service

Sewerage reticulation & treatment activity servicing the Coffs Harbour local government area

c. Coastal Works

Infrastructure construction, maintenance and consultancy

d. Coffs Coast Holiday Parks

Holiday Park operations at 4 locations and maintenance of Crown reserves

Category 2 - business activities with gross operating turnover less than \$2 million

a. Coffs Harbour Laboratory

Environmental testing, analysis and consultancy

b. CitySmart Solutions

Telemetry switchboard construction and sales, optical fibre provision, CCTV installation, and consultancy income

Note – Significant Accounting Policies (continued)

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in the special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – **25%** (21/22 25%)

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

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

In accordance with Section 4 of Department of Planning and Environment (DPE) – Waters regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

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

Achievement of substantial compliance to Sections 3 and 4 of DPE – Waters regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (21/22 25%).

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

Note – Significant Accounting Policies (continued)

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.02% at 30/6/23.

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with Section 4 of DPE – Water's regulator and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Coffs Harbour City Council

To the Councillors of Coffs Harbour City Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Coffs Harbour City Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2023, the Statement of Financial Position of each Declared Business Activity as at 30 June 2023 and the Significant Accounting Policies Note.

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity
- CitySmart Solutions
- Coffs Harbour Laboratory
- Coastal Works
- Coffs Coast Holiday Parks.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'JMP', is positioned above the printed name.

Jan-Michael Perez
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY

Coffs Harbour City Council

SPECIAL SCHEDULES
for the year ended 30 June 2023

*Connected
Sustainable
Thriving*



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Report on infrastructure assets as at 30 June 2023	6

Coffs Harbour City Council

Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
Notional general income calculation ¹			
Last year notional general income yield	a	49,916	51,324
Plus or minus adjustments ²	b	172	172
Notional general income	$c = a + b$	50,088	51,496
Permissible income calculation			
Or rate peg percentage	e	2.50%	3.80%
Less expiring special variation amount	g	—	(994)
Or plus rate peg amount	$i = e \times (c + g)$	1,252	1,919
Sub-total	$k = (c + g + h + i + j)$	51,340	52,421
Plus (or minus) last year's carry forward total	l	787	803
Sub-total	$n = (l + m)$	787	803
Total permissible income	$o = k + n$	52,127	53,224
Less notional general income yield	p	51,324	52,471
Catch-up or (excess) result	$q = o - p$	802	753
Carry forward to next year ⁶	$t = q + r + s$	802	753

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Coffs Harbour City Council

To the Councillors of Coffs Harbour City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Coffs Harbour City Council (the Council) for the year ending 30 June 2024.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Jan-Michael Perez
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY

Coffs Harbour City Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings	–	–	3,541	1,656	167,911	257,687	23.0%	22.0%	35.0%	18.0%	2.0%
	Sub-total	–	–	3,541	1,656	167,911	257,687	23.0%	22.0%	35.0%	18.0%	2.0%
Roads	Roads	–	–	481	321	63,215	117,399	80.9%	15.8%	2.4%	0.9%	0.0%
	Sealed roads	–	–	10,875	12,515	424,275	538,289	47.6%	49.9%	2.4%	0.1%	0.0%
	Unsealed roads	–	–	155	468	8,385	11,715	24.0%	36.2%	35.1%	3.9%	0.7%
	Bridges	–	–	163	154	80,497	120,662	25.5%	59.6%	13.4%	1.5%	0.0%
	Footpaths	–	–	338	316	67,705	95,450	49.0%	29.0%	16.0%	3.0%	3.0%
	Other road assets	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Bulk earthworks	–	–	5,483	6,310	296,768	296,768	100.0%	0.0%	0.1%	0.0%	0.0%
	Kerb & Gutter	–	–	1,539	1,771	83,243	98,859	53.5%	34.0%	9.7%	1.9%	0.9%
	Sub-total	–	–	19,034	21,855	1,024,088	1,279,142	61.0%	33.2%	4.7%	0.7%	0.4%
Water supply network	Water supply network	–	–	3,974	2,315	349,650	493,340	33.7%	12.0%	51.0%	2.5%	0.9%
	Sub-total	–	–	3,974	2,315	349,650	493,340	33.7%	12.0%	51.0%	2.5%	0.8%
Sewerage network	Sewerage network	–	–	3,431	2,013	541,597	814,731	35.0%	32.0%	29.0%	2.8%	1.2%
	Sub-total	–	–	3,431	2,013	541,597	814,731	35.0%	32.0%	29.0%	2.8%	1.2%
Stormwater drainage	Stormwater drainage	–	–	306	279	212,262	301,189	47.0%	35.4%	16.2%	1.4%	0.1%
	Sub-total	–	–	306	279	212,262	301,189	47.0%	35.4%	16.2%	1.4%	0.0%
Open space / recreational assets	Other Open Space	20,000	20,000	517	532	50,963	111,276	22.6%	22.0%	27.7%	5.0%	22.7%
	Swimming Pools	34,770	34,770	–	31	4,241	7,199	12.8%	49.5%	3.8%	33.9%	0.0%
	Sub-total	54,770	54,770	517	563	55,204	118,475	22.0%	23.7%	26.3%	6.7%	21.3%
Other infrastructure assets	Other	–	–	–	–	423	1,303	8.1%	89.6%	2.3%	0.0%	0.0%
	Sub-total	–	–	–	–	423	1,303	8.1%	89.6%	2.3%	0.0%	0.0%
Total – all assets		54,770	54,770	30,803	28,681	2,351,135	3,265,867	44.7%	28.7%	22.0%	3.1%	1.5%

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

Coffs Harbour City Council

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

Infrastructure asset condition assessment 'key'

1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Coffs Harbour City Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	9,102	22.57%	45.45%	58.08%	> 100.00%
Depreciation, amortisation and impairment	40,320				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	54,770	2.19%	1.14%	1.57%	< 2.00%
Net carrying amount of infrastructure assets	2,495,945				
Asset maintenance ratio					
Actual asset maintenance	28,681	93.11%	95.51%	96.65%	> 100.00%
Required asset maintenance	30,803				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	54,770	1.68%	0.89%	1.20%	
Gross replacement cost	3,265,867				

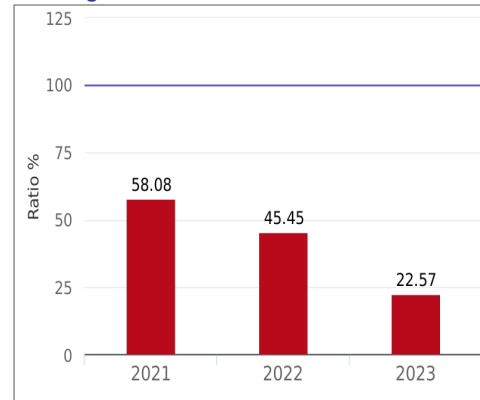
(*) All asset performance indicators are calculated using classes identified in the previous table.

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

Coffs Harbour City Council

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

22/23 ratio 22.57%

Required renewal is determined based on assessed remaining service capacity, with the majority of Council's infrastructure assets currently assessed as good/satisfactory condition.

The renewal ratio decreased in 22/23 as Council reduced its overall capital program and finalised a number of major capital infrastructure projects.

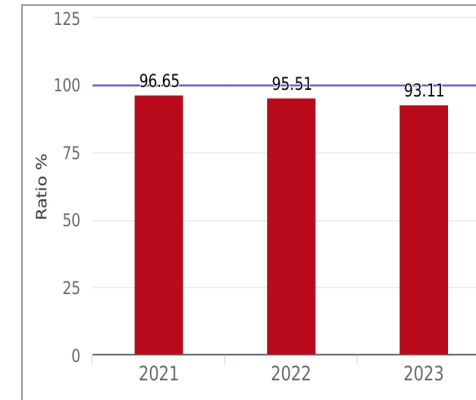
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

22/23 ratio 93.11%

Council has consistently utilised approximately 93% of its available maintenance and repairs budget to keep assets at a serviceable level.

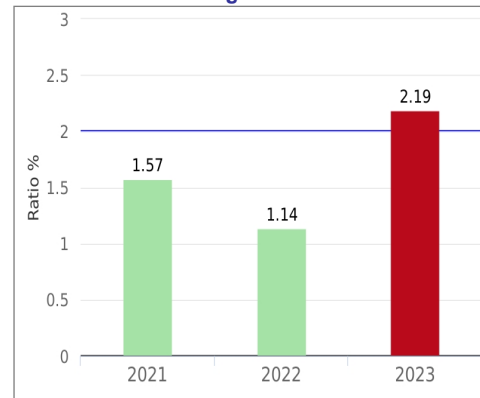
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

22/23 ratio 2.19%

Required renewal is determined based on assessed remaining service capacity, with the majority of Council's infrastructure assets currently assessed as good/satisfactory condition.

This ratio has increased due to the inclusion of additional infrastructure assets that require renewal, and will be addressed in future financial years when Council has the capacity and budget to deliver.

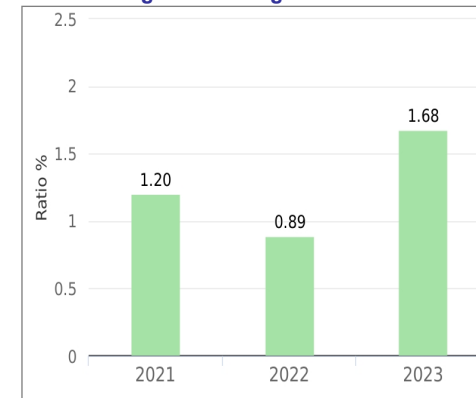
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

22/23 ratio 1.68%

The estimated cost to bring the asset to a satisfactory standard should be measured against the condition 2 rating of 'good' as stated in the Integrated Planning and Reporting framework for Local Government in NSW.

However in practical terms, the assets will be renewed to condition 1, which is the cost calculated.

Coffs Harbour City Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	32.13%	35.09%	14.02%	90.51%	6.59%	46.54%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	3.41%	1.83%	0.00%	0.00%	0.00%	0.00%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	104.08%	99.48%	58.25%	81.79%	58.67%	81.16%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	2.80%	1.53%	0.00%	0.00%	0.00%	0.00%	
Gross replacement cost							

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