Queanbeyan-Palerang Regional Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2026

Queanbeyan-Palerang Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2026

Queanbeyan-Palerang Regional Council

General Purpose Financial Statements

for the year ended 30 June 2026

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Queanbeyan-Palerang Regional Council

General Purpose Financial Statements
for the year ended 30 June 2026

Statement by Councillors and Management

Statement by Councillors and Management for the year ended 30 June 2026 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 issued by 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 23 September 2026.

Kenrick Winchester
Mayor
23 September 2026

Esma Livermore
Deputy Mayor
23 September 2026

Rebecca Ryan
General Manager
23 September 2026

Tracy Sligar
Responsible Accounting Officer
23 September 2026

Queanbeyan-Palerang Regional Council

Income Statement

for the year ended 30 June 2026

Original unaudited budget 2026 $ '000		Notes	Actual 2026 $ '000	Actual 2025 $ '000
	Income from continuing operations			
128,515	Rates and annual charges	B2-1	**125,200**	110,815
38,996	User charges and fees	B2-2	**52,972**	40,550
2,042	Other revenues	B2-3	**1,834**	2,003
37,881	Grants and contributions provided for operating purposes	B2-4	**19,052**	21,748
82,936	Grants and contributions provided for capital purposes	B2-4	**59,340**	48,732
10,492	Interest and investment income	B2-5	**13,978**	13,992
1,970	Other income	B2-6	**5,660**	5,179
302,832	**Total income from continuing operations**		**278,036**	243,019
	Expenses from continuing operations			
52,562	Employee benefits and on-costs	B3-1	**55,436**	50,616
96,196	Materials and services	B3-2	**82,414**	80,264
6,312	Borrowing costs	B3-3	**10,729**	6,839
2,254	Other expenses	B3-5	**3,795**	3,034
–	Net loss from the disposal of assets	B4-1	**16,345**	5,970
157,324	**Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets**		**168,719**	146,723
145,508	**Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets**		**109,317**	96,296
57,819	Depreciation, amortisation and impairment of non-financial assets	B3-4	**47,965**	52,106
87,689	**Operating result from continuing operations**		**61,352**	44,190
87,689	Net operating result for the year attributable to Council		**61,352**	44,190
4,752	**Net operating result for the year before grants and contributions provided for capital purposes**		**2,012**	(4,542)

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

Queanbeyan-Palerang Regional Council

Statement of Comprehensive Income

for the year ended 30 June 2026

	Notes	2026 $ '000	2025 $ '000
Net operating result for the year – from Income Statement		**61,352**	44,190
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-8	**123,457**	(190,688)
Total other comprehensive income for the year		**123,457**	(190,688)
Total comprehensive income for the year attributable to Council		**184,809**	(146,498)

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

Queanbeyan-Palerang Regional Council

Statement of Financial Position

as at 30 June 2026

	Notes	2026 $ '000	2025 $ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	**21,455**	43,121
Investments	C1-2	**135,966**	118,125
Receivables	C1-4	**39,251**	37,825
Inventories	C1-5	**335**	185
Contract assets and contract cost assets	C1-6	**6,412**	8,079
Other	C1-11a	**4,201**	3,764
Non-current assets classified as 'held for sale'	C1-7	**1,537**	1,455
Total current assets		**209,157**	212,554
Non-current assets			
Investments	C1-2	**166,800**	141,300
Receivables	C1-4	**53**	48
Infrastructure, property, plant and equipment (IPPE)	C1-8	**2,393,624**	2,239,188
Investment property	C1-9	**23,965**	24,668
Intangible assets	C1-10	**4,155**	4,618
Right of use assets	C2-1	**90**	152
Total non-current assets		**2,588,687**	2,409,974
Total assets		**2,797,844**	2,622,528
LIABILITIES			
Current liabilities			
Payables	C3-1	**29,021**	24,849
Contract liabilities	C3-2	**7,667**	16,179
Lease liabilities	C2-1	**52**	60
Borrowings	C3-3	**11,217**	10,883
Employee benefit provisions	C3-4	**9,713**	9,173
Provisions	C3-5	**14**	15
Total current liabilities		**57,684**	61,159
Non-current liabilities			
Lease liabilities	C2-1	**38**	90
Borrowings	C3-3	**116,019**	127,270
Employee benefit provisions	C3-4	**1,301**	929
Provisions	C3-5	**10,539**	5,626
Total non-current liabilities		**127,897**	133,915
Total liabilities		**185,581**	195,074
Net assets		**2,612,263**	2,427,454
EQUITY			
Accumulated surplus	C4-1	**2,057,970**	1,996,618
IPPE revaluation surplus	C4-1	**554,293**	430,836
Total equity		**2,612,263**	2,427,454

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

Queanbeyan-Palerang Regional Council

Statement of Changes in Equity

for the year ended 30 June 2026

	Notes	2026 Accumulated surplus $ '000	2026 IPPE revaluation surplus $ '000	2026 Total equity $ '000	2025 Accumulated surplus $ '000	2025 IPPE revaluation surplus $ '000	2025 Total equity $ '000
Opening balance at 1 July		**1,996,618**	**430,836**	**2,427,454**	1,952,428	621,524	2,573,952
Net operating result for the year		**61,352**	**–**	**61,352**	44,190	–	44,190
Other comprehensive income							
Gain on revaluation of infrastructure, property, plant and equipment	C1-8	**–**	**123,457**	**123,457**	–	(190,688)	(190,688)
Total comprehensive income		**61,352**	**123,457**	**184,809**	44,190	(190,688)	(146,498)
Closing balance at 30 June		**2,057,970**	**554,293**	**2,612,263**	1,996,618	430,836	2,427,454

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

Queanbeyan-Palerang Regional Council

Statement of Cash Flows

for the year ended 30 June 2026

Original unaudited budget 2026 $ '000		Notes	Actual 2026 $ '000	Actual 2025 $ '000
	Cash flows from operating activities			
	Receipts:			
128,514	Rates and annual charges		**123,477**	109,436
38,996	User charges and fees		**53,023**	46,567
10,492	Interest received		**13,635**	13,767
93,619	Grants and contributions		**49,726**	40,697
–	Bonds, deposits and retentions received		**932**	2,885
4,012	Other		**13,787**	10,844
	Payments:			
(52,562)	Payments to employees		**(54,482)**	(50,951)
(96,196)	Payments for materials and services		**(90,764)**	(89,818)
(6,312)	Borrowing costs		**(6,463)**	(6,773)
–	Bonds, deposits and retentions refunded		**(1,429)**	(1,860)
(2,254)	Other		**(2,562)**	129
118,309	**Net cash flows from operating activities**	G1-1	**98,880**	74,923
	Cash flows from investing activities			
	Receipts:			
–	Sale of investments		**15,540**	26,000
–	Redemption of term deposits		**68,010**	71,510
2,200	Proceeds from sale of IPPE		**1,863**	9,343
–	Deferred debtors receipts		**10**	11
	Payments:			
–	Purchase of investments		**(20,050)**	(36,106)
–	Acquisition of term deposits		**(103,265)**	(80,010)
–	Purchase of investment property		**–**	(24,668)
(148,654)	Payments for IPPE		**(71,678)**	(22,025)
(146,454)	**Net cash flows from investing activities**		**(109,570)**	(55,945)
	Cash flows from financing activities			
	Receipts:			
7,739	Proceeds from borrowings		**–**	–
	Payments:			
(10,960)	Repayment of borrowings		**(10,917)**	(10,620)
–	Principal component of lease payments		**(59)**	(68)
(3,221)	**Net cash flows from financing activities**		**(10,976)**	(10,688)
(31,366)	**Net change in cash and cash equivalents**		**(21,666)**	8,290
302,546	Cash and cash equivalents at beginning of year		**43,121**	34,831
271,180	Cash and cash equivalents at end of year	C1-1	**21,455**	43,121

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

Queanbeyan-Palerang Regional 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 23 September 2026. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policy information related to these financial statements is set out below.

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

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

Historical cost convention

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

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. Actual results may differ from these estimates.

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 investment property - refer Note C1-9
iii. tip remediation provisions – refer Note C3-5
iv. employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

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

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

- general purpose operations
- water service
- sewerage service

continued on next page ...

A1-1 Basis of preparation (continued)

The Trust Fund

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

Trust monies and property subject to Council's control have not been included in these reports.

The following Trust monies and properties are held by Council but not considered to be under the control of Council and therefore are excluded from these financial statements:

- South East Weights and Loads
- Unclaimed money, funds held for sale of land, RFS donations and other money held in trust

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

Volunteer services

Council does not recognise volunteer services in the income statement. Council does not rely on volunteers in the provision of services, and would not purchase those services if they were not provided for free.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2026 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2025.

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

Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2025.

New accounting standards adopted during the year

There were no new standards relevant to Councils that became mandatorily effective for the year ended 30 June 2026.

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.

	Income		Expenses		Operating results		Grants and contributions		Carrying amount of assets	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
Functions or activities										
Community, Arts And Recreation	**11,772**	10,670	**34,796**	29,580	**(23,024)**	(18,910)	**5,532**	5,251	**185,111**	181,125
Development and Environment	**7,482**	8,198	**16,435**	14,613	**(8,953)**	(6,415)	**3,133**	4,206	**–**	–
Infrastructure Services	**166,306**	150,740	**158,399**	148,261	**7,907**	2,479	**56,170**	55,600	**2,083,053**	1,941,654
Corporate Services	**91,252**	73,129	**3,811**	2,361	**87,441**	70,768	**12,635**	5,423	**451,079**	427,028
Executive Services	**1,224**	282	**3,243**	4,014	**(2,019)**	(3,732)	**922**	–	**78,601**	72,721
Total functions and activities	**278,036**	243,019	**216,684**	198,829	**61,352**	44,190	**78,392**	70,480	**2,797,844**	2,622,528

B1-2 Components of functions or activities

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

Community, Arts and Recreation

- Responsible for arts & culture, community, customer service, education, recreation services, communications, library services, parks, tourism, and economic development.

Development and Environment

- Responsible for development, environmental health, sustainability, land-use planning.

Infrastructure Services

- Responsible for roads and transport, water, sewer, waste, emergency management, Council’s plant and fleet, and facilities management.

Corporate Services

- Responsible for asset management, finance, technology, property services.

Executive Services

- Responsible for human resources, governance and legal, and elected representatives.

B2 Sources of income

B2-1 Rates and annual charges

	2026 $ '000	2025 $ '000
Ordinary rates		
Residential	**57,591**	48,264
Farmland	**4,414**	3,782
Business	**11,497**	9,730
Mining	**40**	34
Less: Pensioner rebates	**(655)**	(609)
Rates levied to ratepayers	**72,887**	61,201
Pensioner rate subsidies received	**293**	286
Total ordinary rates	**73,180**	61,487
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	**8,425**	7,978
Water supply	**9,967**	9,566
Sewerage services	**24,501**	23,093
Stormwater management services charge	**547**	538
Waste management services (not domestic)	**7,601**	7,235
Recycled water supply	**1,169**	1,115
Less: Pensioner rebates	**(434)**	(436)
Annual charges levied	**51,776**	49,089
Pensioner annual charges subsidies received	**244**	239
Total annual charges	**52,020**	49,328
Total rates and annual charges	**125,200**	110,815

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

Material accounting policy information

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

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

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

B2-2 User charges and fees

	2026 $ '000	2025 $ '000
User charges		
Water supply services	**22,978**	15,781
Sewerage services	**2,374**	1,576
Waste management services (not domestic)	**16**	37
Total user charges	**25,368**	17,394
Fees		
Private works - s67	**3,133**	789
Transport for NSW works (state roads not controlled by Council)	**13,358**	12,722
Building services - other	**191**	154
Planning and building - regulatory	**2,355**	1,646
Inspection fees	**1,035**	1,140
s10.7 certificates (EP&A Act)	**222**	212
s603 certificates	**320**	304
Registration fees	**69**	16
Cemeteries	**817**	600
Sports and aquatic centres	**1,137**	1,140
Community centres	**3,363**	2,678
Childcare	**75**	40
Saleyards	**221**	220
Regional waste	**767**	840
Other	**541**	655
Total fees	**27,604**	23,156
Total user charges and fees	**52,972**	40,550
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	**4,109**	3,676
User charges and fees recognised at a point in time	**48,863**	36,874
Total user charges and fees	**52,972**	40,550

Material accounting policy information

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided. However, Development Application fees are recognised as income prior to the development application being determined.

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. Where an upfront fee is charged such as membership fees for the aquatic centre the fee is recognised on a straight-line basis over the expected life of the membership. For the prepayment of theatre tickets at "The Q" the income is recognised at a point in time when the show is performed.

B2-3 Other revenues

	2026 $ '000	2025 $ '000
Parking fines	**560**	624
Other fines	**131**	252
Recycling income	**162**	286
Insurance claims recoveries	**11**	25
Commissions and agency fees	**14**	11
Diesel rebate	**83**	96
Legal fees recovery	**285**	382
Risk management rebate	**130**	143
Other reimbursements	**230**	–
SEWOL administration fee	**65**	–
Other	**163**	184
Total other revenue	**1,834**	2,003
Timing of revenue recognition for other revenue		
Other revenue recognised at a point in time	**1,834**	2,003
Total other revenue	**1,834**	2,003

Material accounting policy information for other revenue

Where the revenue is earned via 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

	Operating 2026 $ '000	Operating 2025 $ '000	Capital 2026 $ '000	Capital 2025 $ '000
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant [1]				
– Relating to current year	**4,235**	1,211	**–**	–
– Prepayment received in advance for subsequent year	**7,023**	4,128	**–**	–
Amount recognised as income during current year	**11,258**	5,339	**–**	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Water supplies	**–**	148	**–**	–
Sewerage services	**–**	–	**157**	111
Community care	**1,859**	2,134	**–**	1
Environmental programs	**343**	210	**–**	–
Recreation and culture	**248**	226	**4,601**	1,275
Storm/flood/fire damage	**70**	3,546	**–**	–
Transport for NSW contributions (regional roads, block grant)	**388**	4,264	**–**	–
Roads to recovery	**1,799**	2,137	**–**	–
Other roads and bridges	**2,115**	2,319	**22,393**	27,879
Local Infrastructure Renewal Scheme	**–**	2	**–**	–
NSW Rural Fire Services	**542**	467	**–**	646
Other	**430**	956	**–**	1
Heritage and cultural	**–**	–	**11**	–
Transport (road safety)	**–**	–	**12**	–
Total special purpose grants and non-developer contributions (tied)	**7,794**	16,409	**27,174**	29,913
Total grants and non-developer contributions	**19,052**	21,748	**27,174**	29,913
Comprising:				
– Commonwealth funding	**14,799**	7,214	**2,373**	3,504
– State funding	**2,312**	12,552	**24,801**	26,409
– Other funding	**1,941**	1,982	**–**	–
	19,052	21,748	**27,174**	29,913

(1) $7.023m of the 2026/27 Financial Assistance Grant from the Commonwealth Government was received by QPRC in June 2026 and hence it is reported as 2025/26 income although it relates to the 2026/27 financial year.

Developer contributions

	Notes	Operating 2026 $ '000	Operating 2025 $ '000	Capital 2026 $ '000	Capital 2025 $ '000
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G4				
Cash contributions					
Cash contributions		**–**	–	**3,884**	5,465
S 7.11 – contributions towards amenities/services		**–**	–	**44**	–
S 64 – water supply contributions		**–**	–	**3,176**	–
S 64 – sewerage service contributions		**–**	–	**30**	–
Total developer contributions – cash		**–**	–	**7,134**	5,465
Non-cash contributions					
Non-cash contributions		**–**	–	**25,032**	13,354

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B2-4 Grants and contributions (continued)

	Notes	Operating 2026 $ '000	Operating 2025 $ '000	Capital 2026 $ '000	Capital 2025 $ '000
Total developer contributions non-cash		**–**	–	**25,032**	13,354
Total developer contributions		**–**	–	**32,166**	18,819
Total contributions		**–**	–	**32,166**	18,819
Total grants and contributions		**19,052**	21,748	**59,340**	48,732
Timing of revenue recognition					
Grants and contributions recognised over time (1)		**169**	829	**27,174**	25,706
Grants and contributions recognised at a point in time (2)		**18,883**	20,919	**32,166**	23,026
Total grants and contributions		**19,052**	21,748	**59,340**	48,732

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:

	Operating 2026 $ '000	Operating 2025 $ '000	Capital 2026 $ '000	Capital 2025 $ '000
Unspent funds at 1 July	**8,567**	6,751	**13,838**	23,986
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	**3,689**	3,203	**182**	527
Add: Funds received and not recognised as revenue in the current year	**–**	171	**4,309**	15,736
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	**(1,625)**	(4,788)	**(3,583)**	(2,704)
Less: Funds received in prior year but revenue recognised and funds spent in current year	**(168)**	(563)	**(14,011)**	(20,426)
Less: Funds not yet received for expenses incurred in the current year	**(3,297)**	3,793	**1,475**	(3,281)
Unspent funds at 30 June	**7,166**	8,567	**2,210**	13,838

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include events, provision of services and acquittal of funds. 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 of costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

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B2-4 Grants and contributions (continued)

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, income is recognised for any remaining asset value at the time that the asset is received.

B2-5 Interest and investment income

	2026	2025
	$ '000	$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	**1,185**	957
– Cash and investments	**827**	1,037
Interest on financial assets measured at fair value through the profit and loss		
– Cash and investments	**11,966**	11,998
Total interest and investment income	**13,978**	13,992

B2-6 Other income

	2026 $ '000	2025 $ '000
Fair value increment on investments through profit and loss	**3,576**	3,349
Lease income (excluding variable lease payments not dependent on an index or rate)	**824**	530
Room/Facility Hire	**660**	723
Leaseback fees - council vehicles	**600**	577
Total other income	**5,660**	5,179

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2026 $ '000	2025 $ '000
Salaries and wages	**44,265**	40,671
Employee leave entitlements	**5,609**	4,382
Superannuation	**5,410**	4,847
Workers' compensation insurance	**2,728**	2,305
FBT	**78**	86
Payroll tax	**291**	277
Less: capitalised costs	**(2,945)**	(1,952)
Total employee costs expensed	**55,436**	50,616

Material accounting policy information

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

	Notes	2026 $ '000	2025 $ '000
Consultancy costs		**1,686**	4,675
Raw materials and consumables		**9,900**	12,376
Contractor costs		**36,344**	31,395
IT expenses		**3,599**	3,278
Insurance		**2,717**	2,631
Street lighting		**985**	815
Electricity		**3,671**	2,489
Subscriptions and publications		**590**	631
Telephone		**571**	606
Repairs and maintenance		**1,704**	1,763
Postage, printing and stationery		**632**	543
Audit Fees	F2-1	**238**	195
Councillor and Mayoral fees and associated expenses	F1-2	**441**	391
Election expenses		**–**	533
Bank charges		**282**	244
Travel expenses		**60**	53
Training costs (other than salaries and wages)		**848**	704
Asset valuation fees		**208**	233
Child care – parent payments		**1,740**	1,225
Waterwise subsidy		**78**	67
Legal expenses		**1,068**	751
Water charges		**14,937**	14,519
Other		**115**	147
Total materials and services		**82,414**	80,264

B3-3 Borrowing costs

	2026 $ '000	2025 $ '000
Interest on loans and advances	**6,416**	6,718
Interest on leases	**1**	1
Amortisation of discounts and premiums:		
– Remediation (tip) - Note C3-5	**4,312**	120
Total borrowing costs expensed	**10,729**	6,839

Material accounting policy information

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

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

	Notes	2026 $ '000	2025 $ '000
Depreciation and amortisation			
Plant and equipment	C1-8	**2,406**	2,161
Office equipment	C1-8	**272**	243
Furniture and fittings	C1-8	**235**	161
– Buildings	C1-8	**5,052**	9,016
– Other structures	C1-8	**314**	815
– Roads	C1-8	**15,227**	15,591
– Bridges	C1-8	**1,544**	1,449
– Footpaths	C1-8	**958**	721
– Other road assets	C1-8	**2,308**	1,887
– Stormwater drainage	C1-8	**3,181**	2,948
– Water supply network	C1-8	**5,257**	4,711
– Sewerage network	C1-8	**8,889**	7,727
– Swimming pools	C1-8	**134**	308
– Other open space/recreational assets	C1-8	**1,602**	3,501
Other assets:			
– Library books	C1-8	**62**	88
Right of use assets	C2-1	**61**	69
Intangible assets	C1-10	**463**	463
Investment Properties	C1-9	**–**	247
Total depreciation and amortisation costs		**47,965**	52,106
Total depreciation, amortisation and impairment of non-financial assets		**47,965**	52,106

Material accounting policy information

Depreciation and amortisation

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

The 2024/25 Buildings, Other Structures and Other open space/recreational assets depreciation has been overstated. An adjustment has been made to 2025/26 reported amounts to correct 30 June 2026 balances of Accumulated Depreciation.

Impairment of non-financial assets

Specialised assets held at fair value which are not primarily held for cash-generating purposes are not subject to impairment testing. These assets are reassessed annually to confirm their value is not materially different from fair value, and any impairment is captured through that process.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if there are indicators of impairment.

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

All other non-financial assets are tested for impairment if events suggest their carrying amount might not be recoverable. If the carrying amount is higher than the recoverable amount, an impairment loss is recognised. The recoverable amount is the greater of fair value (less selling costs) and value in use..

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

	Notes	2026 $ '000	2025 $ '000
Impairment of receivables	C1-4	**165**	18
Other assurance services		**225**	228
Fair value decrement on investment properties			
Fair value decrement on investment properties		**703**	–
Total fair value decrement on investment properties	C1-9	**703**	–
Donations, contributions and assistance to other organisations (s356)		**304**	186
Emergency services levy (includes FRNSW, SES, and RFS levies)		**1,780**	1,778
Remediation (tip) provision		**618**	824
Total other expenses		**3,795**	3,034

B4 Gains or losses

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

	Notes	2026 $ '000	2025 $ '000
Gain (or loss) on disposal of infrastructure, property, plant and equipment	C1-8		
Proceeds from disposal		**1,408**	58
Less: carrying amount of assets sold		**(16,753)**	(6,808)
Gain (or loss) on disposal		**(15,345)**	(6,750)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal		**15,540**	26,000
Less: carrying value of investments		**(15,540)**	(26,000)
Gain (or loss) on disposal		**–**	–
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		**68,010**	71,510
Less: carrying amount of term deposits sold/redeemed/matured		**(68,010)**	(71,510)
Gain (or loss) on disposal		**–**	–
Gain (or loss) on disposal of non-current assets held for sale	C1-7		
Proceeds from disposal		**455**	8,204
Less: carrying amount of 'held for sale' assets sold/written off		**(1,455)**	(7,424)
Gain (or loss) on disposal		**(1,000)**	780
Net gain (or loss) from disposal of assets		**(16,345)**	(5,970)

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 25 June 2025 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	2026 Budget	2026 Actual	2026 Variance		
Revenues					
User charges and fees	**38,996**	**52,972**	**13,976**	**36%**	**F**
Councils income related to the Roads Maintenance Council Contracts with Transport for NSW can be variable depending on the work that Transport for NSW needs to be completed. In 2025-26 this income was in excess of the original budget of $6.4M. This was offset with corresponding expenditure. Based on a dryer than expected year, it was noticed throughout the year that water user charges were forecast to exceed the original estimates. This also resulted in an increase to the water purchases from the ACT.					
Other revenues	**2,042**	**1,834**	**(208)**	**(10)%**	**U**
Other revenue is inherently difficult to forecast as this income is primarily from enforcement action.					
Operating grants and contributions	**37,881**	**19,052**	**(18,829)**	**(50)%**	**U**
Operating grants and contributions include the grants provided to council under the Disaster Recovery Funding Agreement. The timeframe for the delivery of these repairs has extended into a future financial year. The variance in grants is offset by an underspend within materials and services.					
Capital grants and contributions	**82,936**	**59,340**	**(23,596)**	**(28)%**	**U**
The recognition of capital grant income is directly related to when the works are completed. Council has reported on the progress of the delivery of the capital works program through the quarterly budget review statements. It is not unusual for large capital projects delivery to extend across mutliple financial years Approximately $20M of this variance relates to 4 projects: Dunns Creek Road, Briars Sharrow Bridge, Reschs Creek Bridge and the Queanbeyan to Bungendore water pipeline.					
Interest and investment income	**10,492**	**13,978**	**3,486**	**33%**	**F**
Interest revenue is favourable to the original budget for the financial year due to a conservative approach in setting the original budget. Higher levels of cash than originally budgeted has increased the interest earned for all funds. This revenue is monitored throughout the year and budget amendments, to reflect this higher income, has been approved thorughout the year.					
Other income	**1,970**	**5,660**	**3,690**	**187%**	**F**
This is due to the recognition of a Fair Value increment in investments, which is not budgeted for.					
Expenses					
Materials and services	**96,196**	**82,414**	**13,782**	**14%**	**F**
The delivery of repaid and maintennce work related to the Disaster Recovery Funding Agreement has extended into a future financial year. The variance in expenditure is offset by a variance in grant income received.					
Borrowing costs	**6,312**	**10,729**	**(4,417)**	**(70)%**	**U**

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B5-1 Material budget variations (continued)

$ '000	2026 Budget	2026 Actual	2026 Variance		
Included in this line item is the costs associated with revaluaing the funding needed to increase the provision for future waste landfill remediation work. This provision is reviewed annually and is subject to cost escalations each year until the work is required to be completed.					
Depreciation, amortisation and impairment of non-financial assets	**57,819**	**47,965**	**9,854**	**17%**	**F**
In 2024-25 council undertook an external valuation on the transport network assets including roads, bridges and footpaths. Part of this valuation exercise was to also review the useful lives of these long life assets, which is a driver of depreciation. The result of this review was a change to the useful lives of these assets as at 30 June 2025. This impacted the depreciation attributable to these assets from 2025-26 onwards. This variance is due to the timing between the work being completed as part of the revaluation of these assets and the forecast for the depreciation for budget purposes.					
Other expenses	**2,254**	**3,795**	**(1,541)**	**(68)%**	**U**
Other expenses include the Fair value movement on investment properties. A portion of the Nellie Hamilton Centre is classified as an investment property and as such the movement in the value of this is represented as a non cash expense on the income statement. This remeasurement was not budgeted for.					
Net losses from disposal of assets	**–**	**16,345**	**(16,345)**	**∞**	**U**
As part of the annual asset renewal program, it was identified that a number of transport assets were required to be written off as they were replaced. The disposal of these assets do not have corresponding income from the sale/disposal of these assets resulting in a net loss.					

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2026 $ '000	2025 $ '000
Cash at bank and on hand	**4,083**	24,548
Deposits at call	**17,372**	18,573
Total cash and cash equivalents	**21,455**	43,121

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	**21,455**	43,121
Balance as per the Statement of Cash Flows	**21,455**	43,121

C1-2 Financial investments

	2026 Current $ '000	2026 Non-current $ '000	2025 Current $ '000	2025 Non-current $ '000
Financial assets at fair value through the profit and loss				
Managed funds	**38,059**	**–**	34,483	–
Non-convertible debentures or floating rate notes	**39,642**	**111,800**	15,632	131,300
Debt securities at amortised cost				
Term deposits	**58,265**	**55,000**	68,010	10,000
Total	**135,966**	**166,800**	118,125	141,300

Material accounting policy information

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

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

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

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost
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.

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C1-2 Financial investments (continued)

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

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

Council's financial assets measured at FVTPL comprise investments in floating rate notes and managed funds.

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

	2026 $ '000	2025 $ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	**324,221**	302,546
Less: Externally restricted cash, cash equivalents and investments	**(264,845)**	(266,223)
Cash, cash equivalents and investments not subject to external restrictions	**59,376**	36,323
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Water fund	**45,347**	43,717
Sewer fund	**114,799**	99,039
Developer contributions:		
– General fund	**48,605**	50,812
– Water fund	**14,047**	15,209
– Sewer fund	**14,831**	13,742
Specific purpose unexpended grants:		
– General fund	**9,376**	22,405
Specific purpose unexpended loans:		
– General fund	**–**	1,219
Domestic waste management	**8,974**	10,549
Stormwater management	**2,084**	1,553
Other	**491**	816
Department of Education Compensation	**6,291**	7,162
External restrictions	**264,845**	266,223
Total external restrictions	**264,845**	266,223

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.

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

	2026 $ '000	2025 $ '000

(b) Internal allocations

Internal allocations

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

Infrastructure replacement	**1,400**	1,552
Employees leave entitlement	**2,820**	2,320
Carry over works	**12,226**	4,474
Business waste management	**8,790**	7,815
WH&S	**–**	414
Heritage grant program	**158**	244
Deposits, retentions and bonds	**3,459**	3,496
Plant and vehicle replacement	**4,021**	4,174
Property reserve	**459**	609
Revolving energy	**187**	171
Financial assistance grant	**7,023**	4,128
Total internal allocations	**40,543**	29,397

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.

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

	2026 $ '000	2025 $ '000

(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	**18,833**	6,926

C1-4 Receivables

	2026 Current $ '000	2026 Non-current $ '000	2025 Current $ '000	2025 Non-current $ '000
Rates and annual charges	**11,414**	**124**	9,460	127
Interest and extra charges	**1,816**	**24**	1,470	23
User charges and fees	**14,316**	**–**	12,008	–
Private works	**5,872**	**–**	6,454	–
Government grants and subsidies	**126**	**–**	2,935	–
Deferred debtors	**1**	**53**	11	53
Net GST receivable	**2,367**	**–**	2,383	–
Accrued Interest on Investments	**3,612**	**–**	3,302	–
Debtors other	**3**	**–**	–	–
Total	**39,527**	**201**	38,023	203
Less: provision for impairment:				
– Rates and annual charges	**–**	**(124)**	–	(135)
– Interest and extra charges	**–**	**(24)**	–	(20)
– User charges and fees	**(276)**	**–**	(198)	–
Total	**(276)**	**(148)**	(198)	(155)
NET RECEIVABLES	**39,251**	**53**	37,825	48

Material accounting policy information

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

Impairment

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

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

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

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

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

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

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

Where 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

	2026 Current $ '000	2026 Non-current $ '000	2025 Current $ '000	2025 Non-current $ '000
At cost:				
Stores and materials	**335**	**–**	185	–
Total inventories	**335**	**–**	185	–

Material accounting policy information

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

C1-6 Contract assets and Contract cost assets

Contract assets

	2026 Current $ '000	2026 Non-current $ '000	2025 Current $ '000	2025 Non-current $ '000
Work relating to infrastructure grants	**6,412**	**–**	8,079	–
Total contract assets	**6,412**	**–**	8,079	–

Contract assets

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

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

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

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

	2026 $ '000	2025 $ '000
Land	**1,537**	750
Other structures	**–**	705
	1,537	1,455

The 2025/26 value reflects Land that is currently on the market for sale in Bungendore .

C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2025			Asset movements during the reporting period								At 30 June 2026		
	Gross carrying amount	Accumulated depreciation & impairment	Net carrying amount	Renewals	New assets	Carrying value of disposals	Depreciation	WIP transfers	Transfers	Tfrs from/(to) 'held for sale' category	Revaluation increments / (decrements)	Gross carrying amount	Accumulated depreciation & impairment	Net carrying amount
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Capital work in progress	59,885	–	59,885	**22,456**	**23,413**	**(66)**	**–**	**(23,692)**	**–**	**–**	**–**	**81,996**	**–**	**81,996**
Plant, equipment, furniture and fittings	34,618	(22,361)	12,257	**5,758**	**163**	**(770)**	**(2,913)**	**(40)**	**–**	**–**	**–**	**36,760**	**(22,305)**	**14,455**
Land	231,684	–	231,684	**63**	**730**	**–**	**–**	**56**	**–**	**(1,537)**	**12,893**	**243,890**	**–**	**243,890**
Land improvements	1,395	–	1,395	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6**	**1,402**	**–**	**1,402**
Infrastructure:														
– Buildings and other structures	272,453	(82,324)	190,129	**1,049**	**887**	**(265)**	**(5,366)**	**1,509**	**–**	**–**	**2,873**	**279,319**	**(88,504)**	**190,815**
– Roads, bridges and footpaths	768,198	(184,224)	583,974	**17,413**	**10,077**	**(14,155)**	**(17,724)**	**17,828**	**–**	**–**	**2,706**	**795,288**	**(195,173)**	**600,115**
– Other road assets (including bulk earthworks)	538,735	(47,932)	490,803	**32**	**–**	**(741)**	**(2,309)**	**828**	**–**	**–**	**2,290**	**541,318**	**(50,415)**	**490,903**
– Stormwater drainage	302,740	(101,193)	201,547	**–**	**7,424**	**–**	**(3,182)**	**–**	**–**	**–**	**21,288**	**349,301**	**(122,224)**	**227,077**
– Water supply network	318,783	(139,745)	179,038	**–**	**2,368**	**(756)**	**(5,257)**	**3,434**	**16**	**–**	**27,683**	**355,866**	**(149,340)**	**206,526**
– Sewerage network	381,198	(158,171)	223,027	**111**	**3,211**	**–**	**(8,889)**	**74**	**(16)**	**–**	**52,846**	**474,341**	**(203,977)**	**270,364**
– Open space / recreational assets	92,721	(27,382)	65,339	**1,435**	**–**	**–**	**(1,739)**	**3**	**–**	**–**	**872**	**95,429**	**(29,517)**	**65,912**
– Other open space/recreational assets	–	–	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other assets	827	(717)	110	**120**	**–**	**–**	**(62)**	**–**	**–**	**–**	**–**	**947**	**(778)**	**169**
Tip assets	8,827	(8,827)	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8,827**	**(8,827)**	**–**
Totals	3,012,064	(772,876)	2,239,188	**48,437**	**48,273**	**(16,753)**	**(47,441)**	**–**	**–**	**(1,537)**	**123,457**	**3,264,684**	**(871,060)**	**2,393,624**

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

	At 1 July 2024			Asset movements during the reporting period							At 30 June 2025		
By aggregated asset class	Gross carrying amount	Accumulated depreciation & impairment	Net carrying amount	Renewals	New assets	Carrying value of disposals	Depreciation [1]	WIP transfers Restated	Transfers	Revaluation increments / (decrements)	Gross carrying amount	Accumulated depreciation & impairment	Net carrying amount
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Capital work in progress	36,890	–	36,890	26,245	7,840	(2,561)	–	(8,529)	–	–	59,885	–	59,885
Equipment, furniture and fittings	33,247	(21,423)	11,824	3,468	–	(602)	(2,565)	132	–	–	34,618	(22,361)	12,257
Land	233,124	–	233,124	155	465	–	–	529	(497)	(2,091)	231,684	–	231,684
Land:													
Land improvements	1,363	–	1,363	–	–	–	–	–	–	32	1,395	–	1,395
Infrastructure:													
– Buildings and other structures	295,336	(72,436)	222,900	244	1,301	–	(9,831)	438	(24,915)	(9)	272,453	(82,324)	190,129
– Roads, bridges and footpaths	736,988	(184,534)	552,454	6,924	4,569	(2,689)	(17,761)	3,486	51	36,944	768,198	(184,224)	583,974
– Other road assets (including bulk earthworks)	765,752	(38,419)	727,333	243	666	(851)	(1,887)	3,577	–	(238,278)	538,735	(47,932)	490,803
– Stormwater drainage	289,978	(95,529)	194,449	–	4,810	–	(2,948)	–	(51)	5,287	302,740	(101,193)	201,547
– Water supply network	309,244	(131,625)	177,619	423	1,296	–	(4,711)	88	–	4,323	318,783	(139,745)	179,038
– Sewerage network	370,873	(146,586)	224,287	10	857	–	(7,727)	186	–	5,414	381,198	(158,171)	223,027
– Open space / recreational assets	96,873	(25,813)	71,060	307	–	–	(3,809)	93	–	(2,310)	92,721	(27,382)	65,339
– Other open space/recreational assets	–	–	–	–	–	–	–	–	–	–	–	–	–
Other assets	827	(629)	198	–	–	–	(88)	–	–	–	827	(717)	110
Tip and quarry assets	8,827	(8,827)	–	–	–	–	–	–	–	–	8,827	(8,827)	–
Totals	3,179,322	(725,821)	2,453,501	38,019	21,804	(6,703)	(51,327)	–	(25,412)	(190,688)	3,012,064	(772,876)	2,239,188

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

Material accounting policy information

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

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

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

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

Useful lives of IPPE

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their carrying amount, net of their residual values, over their estimated remaining useful lives. The range of useful lives applied to new assets by Council are:

	Useful lives
Plant, equipment, furniture and fittings	3-30
Land	n/a
Land improvements	n/a
Infrastructure:	
– Buildings and other structures	2-200
– Roads, bridges and footpaths	10-100
– Bulk earthworks	n/a
– Stormwater drainage	10-100
– Water supply network	2-100
– Sewerage network	1-112
– Open space / recreational assets	5-100
Other assets	5
Tip assets	20

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Climate Change, Energy, the Environment and Water (DCCEEW).

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

Land under roads

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

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

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Where the Crown reserves are under a lease agreement they are accounted for under AASB 16 Leases, refer to Note C2-1.

continued on next page ...

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

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".

The NSW Government has confirmed its view that these assets are not controlled by the NSW Rural Fire Services or the State.

Council has made an assessment under AASB116 and concluded that Council does not control the rural firefighting equipment referred to as 'red fleet' and as such this equipment is not recognised in these financial statements, however Council continues to recognise the RFS lands and buildings in these statements.

Revaluation Increment Explanation
Revaluation increments for water supply network and sewerage network include newly found assets totalling $36.3M.

C1-9 Investment properties

Owned investment property

	2026 $ '000	2025 $ '000
At fair value		
Opening balance at 1 July	**24,668**	–
Net gain/(loss) from fair value adjustments	**(703)**	–
Transfers from/(to) owner-occupied property (Note C1-8)	**–**	24,915
Other movements	**–**	(247)
Closing balance at 30 June	**23,965**	24,668

Material accounting policy information
Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as part of other income.

C1-10 Intangible assets

	2026 $ '000	2025 $ '000
Software		
Opening values at 1 July		
Gross carrying amount	**4,642**	4,642
Accumulated amortisation	**(3,083)**	(2,620)
Net carrying amount – opening balance	**1,559**	2,022
Movements for the year		
Amortisation charges	**(463)**	(463)
Closing values at 30 June		
Gross carrying amount	**4,642**	4,642
Accumulated amortisation	**(3,546)**	(3,083)
Total software – net carrying amount	**1,096**	1,559

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C1-10 Intangible assets (continued)

	2026 $ '000	2025 $ '000
Bio-banking credit		
Opening values at 1 July		
Gross carrying amount	**3,059**	3,059
Net carrying amount - opening balance	**3,059**	3,059
Closing values at 30 June		
Gross carrying amount	**3,059**	3,059
Total Bio-banking credit – net carrying amount	**3,059**	3,059
Total intangible assets – net carrying amount	**4,155**	4,618

Material accounting policy information

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

Biobanking credits are held by Council as part of the Bio Banking Scheme to offset environmental damage caused by Ellerton Drive Extension. Council is required to hold these assets for perpetuity and as such are held as intangible assets with no amortisation.
The Bio Banking Scheme under which the Bio Banking Credits were purchased has been superseded by the NSW Government, although existing agreements remain in place. No active market for the credits currently exist, therefore, the credits are recorded in Councils financial statements at cost in accordance with paragraph 72 of AASB 138, which states that intangible assets cannot be carried at fair value unless there is an active market.

C1-11 Other

Other assets

	2026 Current $ '000	2026 Non-current $ '000	2025 Current $ '000	2025 Non-current $ '000
Prepayments	**4,201**	**–**	3,764	–
Total other assets	**4,201**	**–**	3,764	–

Accounting Policy

Prepayments are recognised when Council pays for goods or services which it does not consume during the reporting period.

Prepayments are subsequently recognised as expenses in the pattern by which the goods and services are consumed. This can be at a point in time, or over time.

Council has recognised all prepayments with a monetary value of $20,000 or greater.

Common prepayments recognised by Council include licenses and subscriptions which are prospective and cover future periods beyond the reporting year

C2 Leasing activities

C2-1 Council as lessee

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

Terms and conditions of leases
Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 3 and 5 years with no renewal option, and the payments are fixed.

(a) Right of use assets

	Office Equipment $ '000	Total $ '000
2026		
Opening balance at 1 July	**152**	**152**
Additions	**–**	**–**
Depreciation charge	**(61)**	**(61)**
Balance at 30 June	**90**	**90**
2025		
Opening balance at 1 July	220	220
Additions	–	–
Depreciation charge	(69)	(69)
Balance at 30 June	152	152

(b) Lease liabilities

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

	< 1 year $ '000	1 – 5 years $ '000	> 5 years $ '000	Total $ '000	Total per Statement of Financial Position $ '000
2026					
Cash flows	**52**	**38**	**–**	**90**	**90**
2025					
Cash flows	60	90	–	150	150

(c) Income Statement

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

	2026 $ '000	2025 $ '000
Interest on lease liabilities	**1**	1
Depreciation of right of use assets	**61**	69
Expenses relating to leases of low-value assets	**48**	43
	110	113

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C2-1 Council as lessee (continued)

(d) Statement of Cash Flows

	2026 $ '000	2025 $ '000
Total cash outflow for leases	**(65)**	(107)
	(65)	(107)

(e) Leases at significantly below market value – concessionary / peppercorn leases

Council has a lease at significantly below market value for land and buildings which is used for the sewerage treatment works.

The lease is for 99 years and requires payments of a maximum amount of $80 per year. The use of the right-to-use asset is restricted by the lessor to specified community services which Council must provide, these services are detailed in the lease.

Council does not believe that the lease in place is material from a statement of financial position or performance perspective.

Material accounting policy information

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.

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.

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; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the statement of financial position as:

- investment property - where the asset is held predominantly for rental or capital growth purposes. (Refer note C1-9).
- property, plant and equipment - where the rental is incidental, or the asset is held to meet Councils service delivery objectives. (Refer note C1-8).

	2026 $ '000	2025 $ '000
(i) Assets held as investment property		
The amounts recognised in the Income Statement relate to the operating lease for the Nellie Hamilton Centre, where Council is a lessor, are shown below		
Lease income (excluding variable lease payments not dependent on an index or rate)	**824**	530
Total income relating to operating leases for investment property assets	**824**	530
(ii) Assets held as property, plant and equipment		
Council provides operating leases on Council assets for the purpose of vehicles and Council land and buildings for the purpose of telecommunication towers, sporting fields and community centres. The table below relates to operating leases on assets disclosed in C1-8.		
Lease income (excluding variable lease payments not dependent on an index or rate)	**1,260**	1,300

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C2-2 Council as a lessor (continued)

Total income relating to operating leases for Council assets	**1,260**	1,300

	2026	2025
	$ '000	$ '000
(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:		
Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:		
< 1 year	**1,239**	1,236
1–2 years	**1,097**	1,088
2–3 years	**930**	997
3–4 years	**707**	929
4–5 years	**637**	706
> 5 years	**627**	637
Total undiscounted lease payments to be received	**5,237**	5,593

C3 Liabilities of Council

C3-1 Payables

	2026 Current $ '000	2026 Non-current $ '000	2025 Current $ '000	2025 Non-current $ '000
Goods and services	**19,226**	**–**	15,111	–
Accrued wages and salaries	**1,651**	**–**	1,290	–
Accrued Interest	**552**	**–**	598	–
Deposits and retentions	**3,838**	**–**	4,335	–
Prepaid rates	**3,754**	**–**	3,515	–
Total payables	**29,021**	**–**	24,849	–

	2026 $ '000	2025 $ '000
Current payables not expected to be settled within the next 12 months	**842**	703

Material accounting policy information

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

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

C3-2 Contract Liabilities

	Notes	2026 Current $ '000	2026 Non-current $ '000	2025 Current $ '000	2025 Non-current $ '000
Funds to construct Council controlled assets	(i)	**6,596**	**–**	14,706	–
Upfront fees - Sports, aquatic, and community centres	(ii)	**267**	**–**	267	–
Upfront fees - Development Applications	(ii)	**632**	**–**	865	–
Upfront fees - Ticket sales	(ii)	**172**	**–**	341	–
Total contract liabilities		**7,667**	**–**	16,179	–

Notes

(i) Council has received funding to construct assets including sporting facilities, roads and other 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.

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

(ii) Upfront membership fees for the leisure centre 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 over the expected average membership life.

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

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C3-2 Contract Liabilities (continued)

	2026 $ '000	2025 $ '000
Funds to construct Council controlled assets	**6,940**	17,214
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	**617**	3,774
	7,557	20,988

Significant changes in contract liabilities
There has been a significant change to contract liabilities due to the recognition of grant income previously held as funding in advance for Cooma Rd stabilise, Oallen Road rehabilitation, and Nerriga Road construct and seal.

C3-3 Borrowings

	2026 Current $ '000	2026 Non-current $ '000	2025 Current $ '000	2025 Non-current $ '000
Loans – unsecured	**11,217**	**116,019**	10,883	127,270
Total borrowings	**11,217**	**116,019**	10,883	127,270

(a) Changes in liabilities arising from financing activities

	2025 Opening Balance $ '000	Cash flows $ '000	Non-cash movements Acquisition $ '000	Non-cash movements Other $ '000	2026 $ '000
Loans – unsecured	138,153	**(10,917)**	**–**	**–**	**127,236**
Lease liability (Note C2-1)	150	**(60)**	**–**	**–**	**90**
Total liabilities from financing activities	138,303	**(10,977)**	**–**	**–**	**127,326**

	2024 Opening Balance $ '000	Cash flows $ '000	Non-cash movements Acquisition $ '000	Non-cash movements Other $ '000	2025 $ '000
Loans – unsecured	148,773	(10,620)	–	–	138,153
Lease liability (Note C2-1)	217	(67)	–	–	150
Total liabilities from financing activities	148,990	(10,687)	–	–	138,303

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C3-3 Borrowings (continued)

(b) Financing arrangements

	2026 $ '000	2025 $ '000
(i) Total facilities:		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facility [1]	**2,000**	2,000
Corporate credit cards	**210**	210
	2,210	2,210
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
Corporate credit cards	**128**	111
	128	111
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	**2,000**	2,000
– Corporate credit cards	**82**	99
	2,082	2,099

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

C3-4 Employee benefit provisions

	2026 Current $ '000	2026 Non-current $ '000	2025 Current $ '000	2025 Non-current $ '000
Annual leave	**3,278**	**–**	3,027	–
Long service leave	**6,435**	**1,301**	6,146	929
Total employee benefit provisions	**9,713**	**1,301**	9,173	929

Current provisions not expected to be settled within the next twelve months

	2026 $ '000	2025 $ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	**4,979**	5,297
Current provisions not expected to be settled within the next twelve months	**4,979**	5,297

Material accounting policy information

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

The employee benefot 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 uping the future payment of certain leave liabilities which employees are entitled to at the reporting period.

C3-5 Provisions

	2026 Current $ '000	2026 Non-Current $ '000	2025 Current $ '000	2025 Non-Current $ '000
Asset remediation	**14**	**10,539**	15	5,626
Total provisions	**14**	**10,539**	15	5,626

Movements in provisions

	Asset remediation $ '000	Total $ '000
2026		
At beginning of year	**5,641**	**5,641**
Amounts used (payments)	**(18)**	**(18)**
Remeasurement effects	**618**	**618**
Unwinding of discount	**4,312**	**4,312**
Total	**10,553**	**10,553**
2025		
At beginning of year	4,706	4,706
Amounts used (payments)	(10)	(10)
Remeasurement effects	825	825
Unwinding of discount	120	120
Total	5,641	5,641

Nature and purpose of provisions

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

Material accounting policy information

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

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

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

Asset remediation – tips

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.

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C3-5 Provisions (continued)

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation Surplus

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

	General 2026 $ '000	Water 2026 $ '000	Sewer 2026 $ '000
Income from continuing operations			
Rates and annual charges	89,778	9,889	25,533
User charges and fees	26,941	23,568	2,463
Other revenues	1,523	144	167
Grants and contributions provided for operating purposes	18,875	60	117
Grants and contributions provided for capital purposes	51,093	5,165	3,082
Interest and investment income	2,602	3,625	7,751
Other income	5,660	–	–
Total income from continuing operations	196,472	42,451	39,113
Expenses from continuing operations			
Employee benefits and on-costs	49,465	2,591	3,380
Materials and services	48,161	23,244	11,009
Borrowing costs	10,175	213	341
Other expenses	3,795	–	–
Net loss from the disposal of assets	15,589	756	–
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	127,185	26,804	14,730
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	69,287	15,647	24,383
Depreciation, amortisation and impairment of non-financial assets	33,814	5,262	8,889
Operating result from continuing operations	35,473	10,385	15,494
Net operating result for the year attributable to Council	35,473	10,385	15,494
Net operating result for the year before grants and contributions provided for capital purposes	**(15,620)**	**5,220**	**12,412**

D1-2 Statement of Financial Position by fund

	General 2026 $ '000	Water 2026 $ '000	Sewer 2026 $ '000
ASSETS			
Current assets			
Cash and cash equivalents	19,037	764	1,654
Investments	46,587	28,082	61,297
Receivables	28,249	7,857	3,145
Inventories	335	–	–
Contract assets and contract cost assets	6,412	–	–
Other	4,201	–	–
Non-current assets classified as held for sale	1,537	–	–
Total current assets	106,358	36,703	66,096
Non-current assets			
Investments	69,573	30,548	66,679
Receivables	53	–	–
Infrastructure, property, plant and equipment	1,871,484	225,876	296,264
Investment property	23,965	–	–
Intangible assets	4,155	–	–
Right of use assets	90	–	–
Total non-current assets	1,969,320	256,424	362,943
Total assets	2,075,678	293,127	429,039
LIABILITIES			
Current liabilities			
Payables	28,188	715	118
Contract liabilities	7,667	–	–
Lease liabilities	52	–	–
Borrowings	10,411	306	500
Employee benefit provisions	8,503	247	963
Provisions	14	–	–
Total current liabilities	54,835	1,268	1,581
Non-current liabilities			
Lease liabilities	38	–	–
Borrowings	107,782	3,248	4,989
Employee benefit provisions	1,301	–	–
Provisions	10,539	–	–
Total non-current liabilities	119,660	3,248	4,989
Total liabilities	174,495	4,516	6,570
Net assets	1,901,183	288,611	422,469
EQUITY			
Accumulated surplus	1,539,261	189,723	328,986
IPPE revaluation reserve	361,922	98,888	93,483
Total equity	1,901,183	288,611	422,469

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 s.625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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

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

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

The risks associated with the financial instruments held are:

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

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

(a) Market risk – interest rate and price risk

	2026	2025
	$ '000	$ '000
The impact on the 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	**3,248**	3,029
Impact of a 10% movement in price of investments		
– Equity / Income Statement	**3,806**	3,448

(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.

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

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.

	Not yet due	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
	$ '000	$ '000	$ '000	$ '000
2026				
Gross carrying amount	**1,452**	**9,784**	**302**	**11,538**
2025				
Gross carrying amount	1,489	7,502	596	9,587

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.

	Not yet due	< 30 days overdue	30 - 60 days overdue	61 - 90 days overdue	> 90 days overdue	Total
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
2026						
Gross carrying amount	**24,592**	**1,829**	**772**	**708**	**6,701**	**34,602**
Expected loss rate (%)	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**4.12%**	**0.80%**
ECL provision	**–**	**–**	**–**	**–**	**276**	**276**
2025						
Gross carrying amount	26,969	68	2,280	789	6,612	36,718
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	2.99%	0.54%
ECL provision	–	–	–	–	198	198

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

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate %	Due within 1 year $ '000	Due between 1 & 5 years $ '000	Due after 5 years $ '000	Total contractual cash outflows $ '000	Carrying values $ '000
2026						
Payables	**0.00%**	**25,267**	**–**	**–**	**25,267**	**29,021**
Borrowings	**4.84%**	**17,139**	**68,049**	**88,072**	**173,260**	**127,236**
Lease liabilities	**1.10%**	**52**	**38**	**–**	**90**	**90**
Total financial liabilities		**42,458**	**68,087**	**88,072**	**198,617**	**156,347**
2025						
Payables	0.00%	21,333	–	–	21,333	24,849
Borrowings	4.80%	17,199	73,654	98,756	189,609	138,153
Lease liabilities	1.26%	60	90	–	150	150
Total financial liabilities		38,592	73,744	98,756	211,092	163,152

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
Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

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

		Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2026	2025	**2026**	2025	**2026**	2025
	Notes	**$ '000**	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
Recurring fair value measurements							
Financial investments	C1-2						
At fair value through profit or loss		**189,359**	181,323	**–**	–	**189,359**	181,323
Investment property	C1-9						
Investment Property - Nellie Hamilton Centre		**–**	–	**23,965**	24,668	**23,965**	24,668
Total investment property		**–**	–	**23,965**	24,668	**23,965**	24,668
Infrastructure, property, plant and equipment	C1-8						
Plant, Equipment, furniture and fittings		**–**	–	**14,455**	12,257	**14,455**	12,257
Land		**78,602**	72,721	**165,288**	158,963	**243,890**	231,684
Land improvements		**–**	–	**1,402**	1,395	**1,402**	1,395
Buildings and other structures		**–**	–	**190,815**	190,129	**190,815**	190,129
Roads, bridges and footpaths		**–**	–	**600,115**	583,974	**600,115**	583,974
Other road assets (including bulk earthworks)		**–**	–	**490,903**	490,803	**490,903**	490,803
Stormwater drainage		**–**	–	**227,077**	201,547	**227,077**	201,547
Water supply network		**–**	–	**206,526**	179,038	**206,526**	179,038
Sewerage network		**–**	–	**270,364**	223,027	**270,364**	223,027
Open space/recreation assets		**–**	–	**65,912**	65,339	**65,912**	65,339
Other assets		**–**	–	**169**	110	**169**	110
Total infrastructure, property, plant and equipment		**78,602**	72,721	**2,233,026**	2,106,582	**2,311,628**	2,179,303
Non-recurring fair value measurements							
Non-current assets classified as held for sale	C1-7						
Land		**1,537**	750	**–**	–	**1,537**	750
Other Structures		**–**	705	**–**	–	**–**	705
Total non-recurring fair value measurements		**1,537**	1,455	**–**	–	**1,537**	1,455

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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).

Level 2 measurements

Where investments are valued at fair value through profit or loss, Council obtains valuations from its investment adviser (Laminar Capital) at the end of each reporting period ensuring financial statements reflect the most up to date valuation.

Level 3 measurements

As at 30 June 2026, Council undertook an independent valuation (using unobservable input) through Stantec Australia Pty Ltd Consultants to assess the fair value of:

- Water
- Sewerage
- Stormwater

Council assesses the fair value measurement of the asset classes that are not subject to a full external valuation using unobservable inputs, such as indexation rates and their impact on the value of the asset.
These valuations are calculated by council staff and are assesssed at 30 June each year.
The most recent public cost indeces available accounting for increases in inflation are used and documented for audit purposes.

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		
Plant, equipment, furniture, fittings and office equipment	Cost approach	Current replacement cost and residual value of modern equivalent asset, asset condition and useful life.
Land	Community and Crown Land: Values obtained from the NSW Valuer-General. Land under roads: Market-based direct comparison.	Community and Crown Land: Land value, land area, level of restriction. Land under roads: Extent and Impact of use, market cost of land per square metre. The market value of land varies significantly depending on location and current market conditions.
Buildings and others structures (including swimming pools and other recreational buildings)	Cost approach	Buildings: Current replacement cost and residual value of modern equivalent asset using componentisation, asset condition, and remaining lives. Other structures: Current replacement cost of modern equivalent asset, asset condition, and remaining lives.
Roads (including bridges, footpaths, bulk earthworks) and other similar assets	Cost approach	Asset condition, remaining lives using componentisation.
Stormwater drainage	Unit rates per square metre or length	Asset condition, remaining lives
Water supply and sewerage network infrastructure	Cost approach	Asset condition, remaining lives using componentisation.
Tips assets	Cost approach	Environmental legislation, timing of expected cash outflows, asset condition.
Library books	Cost approach	Current replacement cost and residual value of modern equivalent asset, asset condition, remaining lives.

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E2-1 Fair value measurement (continued)

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

	2026 $ '000	2025 $ '000
Balance at 1 July	**2,106,582**	2,343,962
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	**117,577**	(213,761)
Other movements		
Purchases	**74,599**	59,823
Sales	**(16,753)**	(6,703)
Transfers from/(to) level 2 FV hierarchy	**(1,537)**	–
Transfers from/(to) another asset class	**–**	–
Depreciation and impairment	**(47,441)**	(51,327)
Other asset transfers	**–**	(25,412)
Balance at 30 June	**2,233,027**	2,106,582

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

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 9.5% from 1 July 2026 of salaries to these members' accumulation accounts, in line with the current level of SG contributions, which are paid in addition to members defined benefits.

The adequacy of contributions is assessed at each actuarial investigation, which will be conducted annually, the next of which is due effective 30 June 2026.

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

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

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

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

The estimated employer reserves financial position for the Pooled Employers at 30 June 2026 is:

Defined Benefit reserves only *	**$millions**	**Asset Coverage**
Assets	2,127.6	
Past Service Liabilities	1,966.9	108.2%
Vested Benefits	2,007.4	106.0%

* excluding member 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 0.77% as at 30 June 2025.

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E3-1 Contingencies (continued)

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	6.25% per annum
Salary inflation	4.0% 2026/27, 4.0% 2027/28, 4.0% 2028/29, 3.5% p.a. thereafter.
Increase in CPI	4.1% 2025/26, 3.75% 2026/27, 2.50% p.a. 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. The estimated employer reserves financial position above is a preliminary calculation and once all relevant information has been received by the Fund's Actuary, the final end of year review will be completed by December 2026.

(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 the Australian Prudential Regulation Authority.

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.

2. Other contingent 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.

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E3-1 Contingencies (continued)

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

The Council is involved from time to time in land acquisitions for the purpose of building community infrastructure. Where land is compulsorily acquired and compensation is disputed, the Council may be required to cover other costs including severance and disturbance costs.

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 30/6/08.

(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.

(iii) Contingent Asset - Outstanding Legal Matters

Council has no legal matters requiring recognition of a contingent asset.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

	2026 $ '000	2025 $ '000
Compensation:		
Short-term benefits	**1,657**	1,680
Post-employment benefits	**179**	206
Other Long Term Benefits	**18**	230
Total	**1,854**	2,116

F1-2 Councillor and Mayoral fees and associated expenses

	2026 $ '000	2025 $ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	**70**	65
Councillors' fees	**312**	283
Councillors' (including Mayor) expenses	**59**	43
Total	**441**	391

F2 Other relationships

F2-1 Audit fees

	2026 $ '000	2025 $ '000
Auditors of the Council - NSW Auditor-General:		
Audit and review of financial statements	**234**	193
Remuneration for audit and other assurance services	**234**	193
Total fees paid or payable to the NSW Auditor-General	**234**	193
Other audit and assurance services (due diligence services)	**4**	2

G Other matters

G1-1 Statement of Cash Flows information

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

	2026 $ '000	2025 $ '000
Operating result	**61,352**	44,190
Add/(less) non-cash items:		
(Gain)/loss on disposal of assets	**16,345**	5,970
Depreciation and amortisation	**47,965**	52,106
Non-cash capital grants and contributions	**(25,032)**	(13,354)
Fair value decrements on investments through P&L	**(3,576)**	(3,349)
– Investment property	**703**	–
Unwinding of discount rates on reinstatement provisions	**4,312**	120
Changes in assets and liabilities:		
Movements in operating assets and liabilities		
(Increase)/decrease in receivables	**(1,512)**	(1,161)
(Increase)/decrease in other assets	**(437)**	2,125
(Increase)/decrease in inventories	**(150)**	19
(Increase) / decrease of contract asset	**1,667**	(358)
Increase/(decrease) in trade payables	**4,115**	582
Increase / (decrease) in contract liabilities	**(8,512)**	(13,847)
Increase/(decrease) in employee benefit provision	**912**	(157)
Increase / (decrease) in provision for impairment of receivables	**71**	18
Increase / (decrease) in accrued interest payable	**(46)**	(54)
Increase / (decrease) in other accrued expenses payable	**361**	63
Increase / (decrease) in other provisions	**600**	815
Increase/(decrease) in other liabilities and accruals	**(258)**	1,195
Net cash flows from operating activities	**98,880**	74,923

(b) Non-cash investing and financing activities

Developer contributions ‘in kind’	**25,032**	13,354
	25,032	13,354

G2-1 Commitments

Capital commitments (exclusive of GST)

	2026 $ '000	2025 $ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Sewerage & water infrastructure	**22,416**	9,100
Buildings	**2,572**	1,546
Road infrastructure	**33,288**	7,346
Other	**6,895**	2,456
Cemetery	**–**	123
Recreation	**873**	1,094
Total commitments	**66,044**	21,665

Details of capital commitments

Council hold commitments for major projects as listed. The projects are due to be completed within the next 5 years and are funded by a combination of grants, contributions, loans and Council reserves.

G3-1 Events occurring after reporting date

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

G4 Statement of developer contributions

G4-1 Summary of developer contributions

	Opening balance at 1 July 2025	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2026	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other				Purpose	
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Roads	20,363	2,140	–	–	963	(6,150)	–	17,316	–
Parking	3	–	–	–	–	–	–	3	–
Open space	110	2	–	–	5	(28)	–	89	–
Community facilities	8,689	1,772	–	–	428	(1,538)	–	9,351	–
Other	14,307	(1,100)	–	–	608	(532)	–	13,283	–
Bushfire	256	6	–	–	12	–	–	274	–
Waste management	345	–	–	–	17	–	–	362	–
Rural addressing	22	–	–	–	1	–	–	23	–
Recreation facilities	2,862	36	–	–	138	–	–	3,036	–
Pathway	697	5	–	–	34	–	–	736	–
Purpose	–	–	–	–	–	–	–	–	–
Street upgrade	1,863	94	–	–	90	(34)	–	2,013	–
S7.11 contributions – under a plan	49,517	2,955	–	–	2,296	(8,282)	–	46,486	–
Total S7.11 and S7.12 revenue under plans	49,517	2,955	–	–	2,296	(8,282)	–	46,486	–
S7.11 not under plans	414	852	–	–	29	(553)	–	742	–
S7.4 planning agreements	881	539	–	–	64	(107)	–	1,377	–
S64 contributions	28,951	2,970	–	–	1,280	(4,323)	–	28,878	–
Total contributions	79,763	7,316	–	–	3,669	(13,265)	–	77,483	–

Under the *Environmental Planning and Assessment Act 1979*, local infrastructure contributions, also known as developer contributions, are charged by councils when new development occurs. They help fund infrastructure like parks, community facilities, local roads, footpaths, stormwater drainage and traffic management. 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

	Opening balance at 1 July 2025	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2026	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other				Purpose	
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
S7.11 contributions – under a plan									
CONTRIBUTION PLAN (former Palerang)									
Roads	8,764	768	–	–	391	(1,601)	–	8,322	–

continued on next page ...

G4-2 Developer contributions by plan (continued)

	Opening balance at 1 July 2025	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2026 Purpose	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Community facilities	1,514	7	–	–	81	–	–	1,602	–
Bushfire	256	6	–	–	12	–	–	274	–
Waste management	345	–	–	–	17	–	–	362	–
Rural addressing	22	–	–	–	1	–	–	23	–
Recreation facilities	2,862	36	–	–	138	–	–	3,036	–
Pathway	697	5	–	–	34	–	–	736	–
Street upgrade	1,863	94	–	–	90	(34)	–	2,013	–
Purpose	–	–	–	–	–	–	–	–	–
Total	16,323	916	–	–	764	(1,635)	–	16,368	–
CONTRIBUTION PLAN (former QCC)									
Roads	11,599	1,372	–	–	572	(4,549)	–	8,994	–
Parking	3	–	–	–	–	–	–	3	–
Open space	110	2	–	–	5	(28)	–	89	–
Community facilities	7,175	1,765	–	–	347	(1,538)	–	7,749	–
Other (Googong Development, Extractive Industries - C.S.R)	14,307	(1,100)	–	–	608	(532)	–	13,283	–
Purpose	–	–	–	–	–	–	–	–	–
Total	33,194	2,039	–	–	1,532	(6,647)	–	30,118	–

G4-3 Contributions not under plans

(former Palerang)									
Roads	169	715	–	–	15	(553)	–	346	–
Parking	245	137	–	–	14	–	–	396	–
Total	414	852	–	–	29	(553)	–	742	–

G4-4 S7.4 planning agreements

Roads	881	539	–	–	64	(107)	–	1,377	–
Community Facilities	–	–	–	–	–	–	–	–	–
Stormwater	–	–	–	–	–	–	–	–	–
Water	–	–	–	–	–	–	–	–	–
Sewer	–	–	–	–	–	–	–	–	–
Total	881	539	–	–	64	(107)	–	1,377	–

G4-5 S64 contributions

	Opening balance at 1 July 2025	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2026	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other				Purpose	
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Section 64 Water	15,208	**2,543**	**–**	**–**	**618**	**(4,323)**	**–**	**14,046**	**–**
Section 64 Sewer	13,743	**427**	**–**	**–**	**662**	**–**	**–**	**14,832**	**–**
Total	28,951	**2,970**	**–**	**–**	**1,280**	**(4,323)**	**–**	**28,878**	**–**

Cr Kenrick Winchester
Mayor
Queanbeyan-Palerang Regional Council
PO Box 90
QUEANBEYAN NSW 2620

Contact: Furqan Yousuf
Phone no: 02 9275 7470
Our ref: R008-266507568-13273

14 October 2026

Dear Mayor

Report on the Conduct of the Audit

for the year ended 30 June 2026

Queanbeyan-Palerang Regional Council

I have audited the general purpose financial statements (GPFS) of the Queanbeyan-Palerang Regional Council (the Council) for the year ended 30 June 2026 as required by section 415 of the *Local Government Act 1993* (the Act).

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

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

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

Basis of this report

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2026 is issued in accordance with section 417 of the Act. The Report:

- must address the specific matters outlined in the Local Government Code of Accounting Practice and Financial Reporting 2025-26
- may include statements, comments and recommendations that I consider to be appropriate based on the conduct of the audit of the GPFS.

This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

Income statement

Financial performance

	2026 $m	2025 $m	Variance %
Rates and annual charges revenue	125.2	110.8	13.0
Grants and contributions provided for operating purposes revenue	19.1	21.7	12.0
Grants and contributions provided for capital purposes revenue	59.3	48.7	21.8
Operating result from continuing operations	61.4	44.2	38.9
Net operating result for the year before grants and contributions provided for capital purposes	2.0	(4.5)	144.4

Operating result from continuing operations

This graph shows the operating result from continuing operations for the current and prior two financial years.

Council's operating result from continuing operations for the year was $17.2 million higher than the 2024–25 result, due to the following significant movements:

- grants and contributions provided for capital purposes increased by $10.6 million (22%), primarily due to increase in non-cash contributions
- rates and annual charges revenue increased by $14.4 million (13%), mainly due to special rate variation of 18%
- net losses from the disposal of assets increased by $10.4 million (173%), mainly due to road assets renewal
- employee expenses increased by $4.8 million (9.5%), due to increase in Full-Time-Equivalent (FTE) employees by 38.

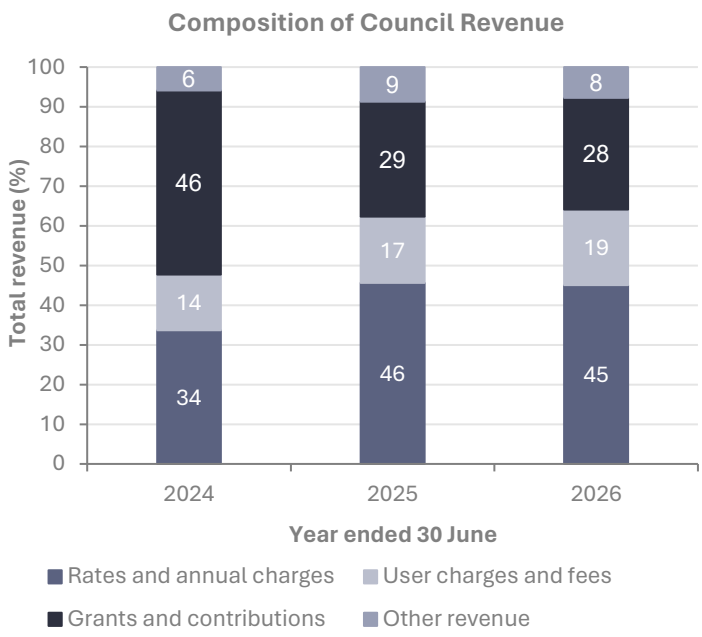
Income

Council revenue

This graph shows the composition of Council's revenue recognised for the current and prior two financial years.

Revenue ($278 million) increased by $35 million (14.4%) in 2025–26 due to:

- grants and contributions revenue ($78.4 million) which increased by $7.9 million due to increase in non-cash contributions and financial assistance grant relating to FY2026-27 received in advance
- rates and annual charges revenue ($125 million) which increased by $14.4 million due to special rate variation of 18%
- user charges and fees revenue ($53.0 million) increased by $12.4 million, mainly due to increase in water supply and sewerage service charges.



Cash flows

Statement of Cash Flows

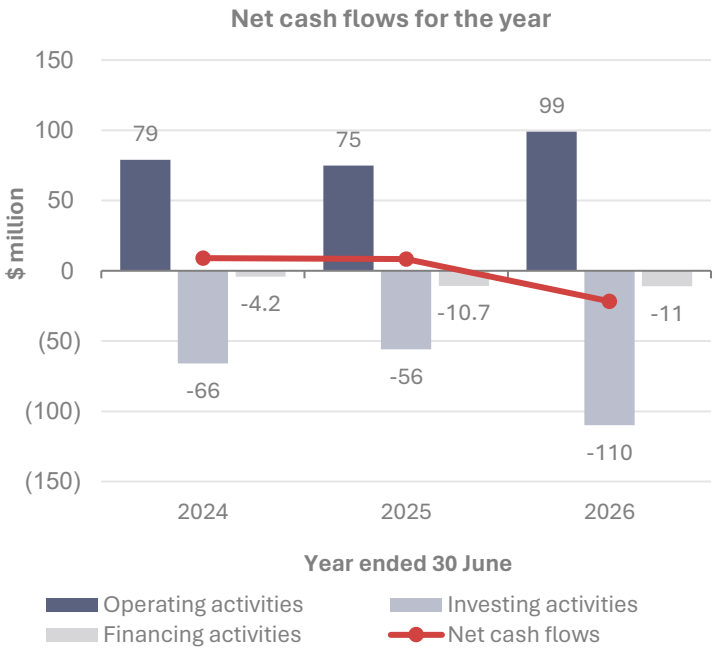
The Statement of Cash Flows details the Council's cash inflows and outflows. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating in a financially sustainable manner.

This graph shows the net cash flows for the current and prior two financial years.

The net cash flows for 2025-26 were negative $21.6 million ($8.3 million net cash inflows in 2024-25).

In 2025-26 the net cashflows:

- from operating activities increased by $24.0 million, mainly due to increase in receipts from rates and annual charges, user charges and fees and grants and contributions
- used in investing activities increased by $53.6 million, mainly due to net increase in acquisition of term deposits and payments for infrastructure assets
- used in financing activities remained consistent to previous financial year.



Financial position

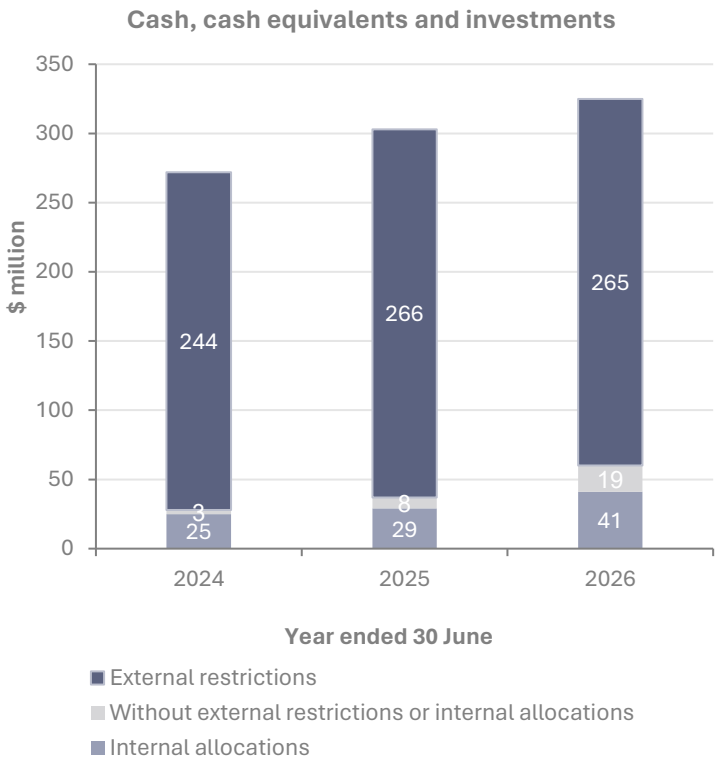
Cash, cash equivalents and investments

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.

Cash, cash equivalents, and investments without external restrictions can be allocated internally by the elected Council's resolution or policy. These allocations are matters of Council policy and can be changed or removed by a Council resolution.

This graph shows the amount of cash, cash equivalents and investments with external restrictions, internal allocations, and those with neither as at 30 June 2026 and prior two financial years.

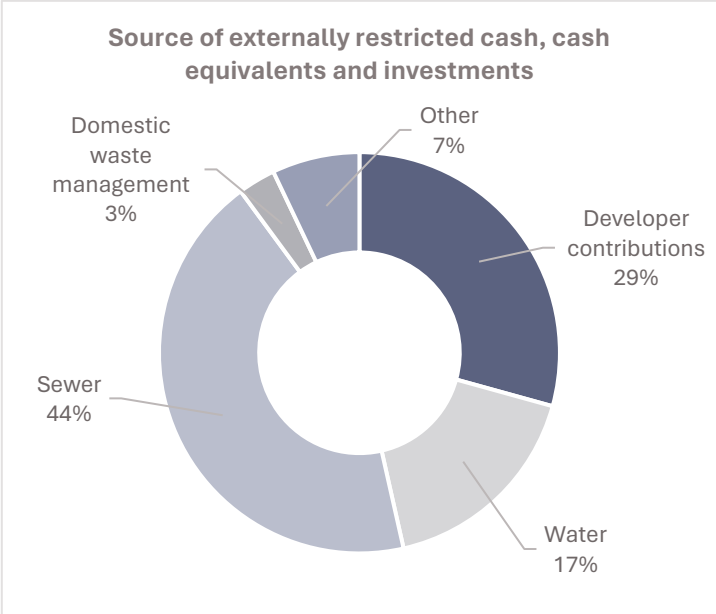
- Externally restricted balance remained consistent to previous financial year.
- Internally allocated funds increased by $11.1 million due to higher reserves for carry over capital works and financial assistance grant.



This graph shows the sources of externally restricted cash, cash equivalents and investments.

In 2025-26 the Council's main sources of externally restricted cash, cash equivalents and investments include:

- developer contributions of $77.5 million
- water fund of $45.3 million
- sewer fund of $114.8 million
- domestic waste management fund of $8.9 million.



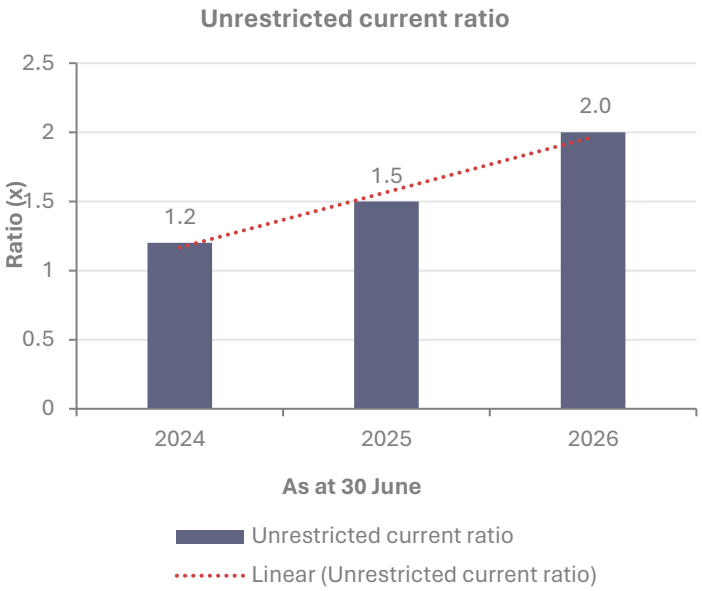
Council liquidity

This graph shows the Council's unrestricted current ratio for the current and prior two financial years.

The unrestricted current ratio is specific to local government and represents council's ability to meet its short-term obligations as they fall due. It measures the ratio of unrestricted current assets to current liabilities less specific purpose liabilities.

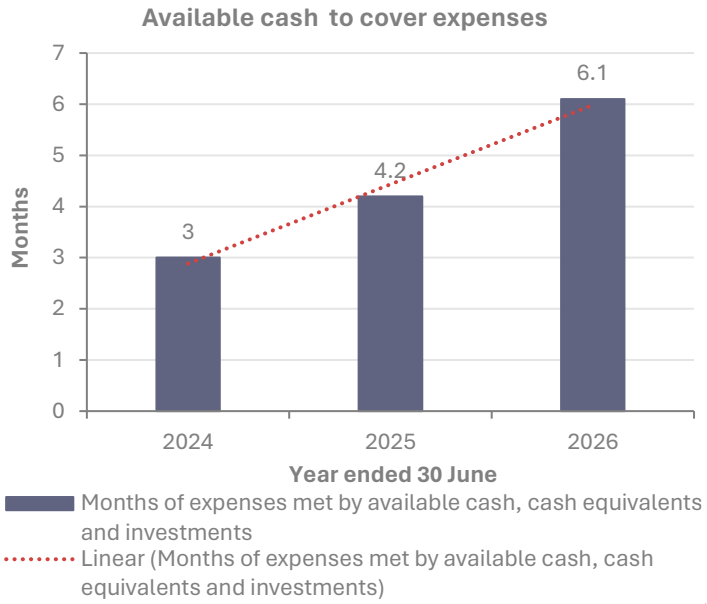
In 2025-26, the average unrestricted current ratio was an average of 2.6x for regional councils.

Council's ratio has improved from the previous year.



This graph shows the number of months of general fund expenses (excluding depreciation and borrowing costs) Council can fund from its available cash, cash equivalents and investments (not subject to external restrictions).

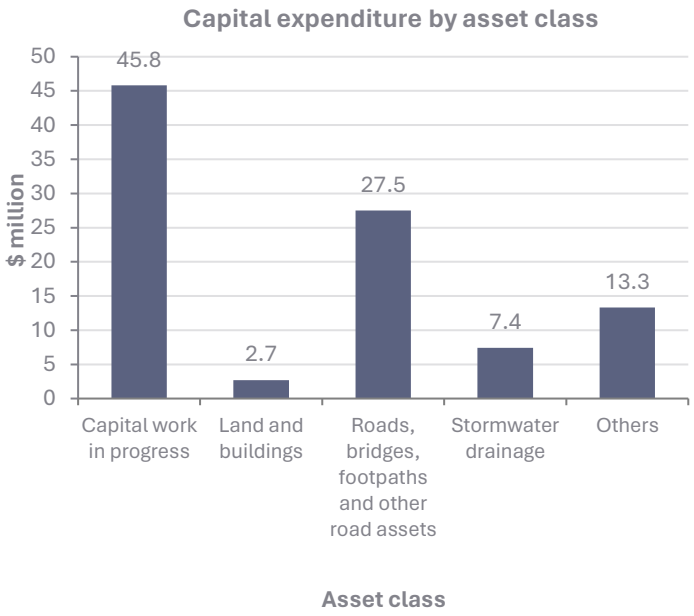
At 30 June 2026, Council has available cash to cover 6.1 months of general fund expenses.



Infrastructure, property, plant and equipment

This graph shows how much the Council spent on renewing and purchasing assets in 2025-26.

Council renewed $48.4 million of infrastructure, property, plant and equipment during the 2025-26 financial year. This was mainly spent on capital work in progress and roads. A further $48.3 million was spent on new assets including capital work in progress, roads, and stormwater drainage.



Debt

The Council has entered contracts for $127.2 million in loans with financial institutions (2025: $138.2 million). The Council used loans to finance infrastructure upgrades.

Furqan Yousuf
Director, Financial Audit

Delegate of the Auditor-General

INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Queanbeyan-Palerang Regional Council

To the Councillors of Queanbeyan-Palerang Regional Council

Opinion

I have audited the accompanying financial statements of Queanbeyan-Palerang Regional Council (the council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2026, the Statement of Financial Position as at 30 June 2026, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of the Division
  - are, in all material respects, consistent with the council's accounting records
  - present fairly, in all material respects, the financial position of the council as at 30 June 2026, 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 2026 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’
- 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.

Furqan Yousuf
Delegate of the Auditor-General for New South Wales

14 October 2026
SYDNEY

H After the Audit disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:
257 Crawford Street
Queanbeyan NSW 2620

13 Gibraltar Street
Bungendore NSW 2621

144 Wallace Street
Braidwood NSW 2622

Contact details

Mailing Address:
PO Box 90
Queanbeyan NSW 2620

Telephone: 02 6285 6000

Opening hours:
8:30am - 4:30pm - Weekdays

Internet: www.qprc.nsw.gov.au
Email: council@qprc.nsw.gov.au

Officers

General Manager
Rebecca Ryan

Responsible Accounting Officer
Tracy Sligar

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

Elected members

Mayor
Kenrick Winchester

Deputy Mayor
Esma Livermore

Councillors
Morgan Broadbent
Mareeta Grundy
Ross Macdonald
John Preston
Mark Schweikert
Steve Taskovski
Bill Waterhouse
Katrina Willis
Bryce Wilson

Other information

ABN: 95 933 070 982

Queanbeyan-Palerang Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2026

Queanbeyan-Palerang Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2026

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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).

Queanbeyan-Palerang Regional Council

Special Purpose Financial Statements
for the year ended 30 June 2026

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*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Climate Change, Energy, the Environment and Water's (DCCEEW) *Regulatory and assurance framework for local water utilities, July 2022*

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 23 September 2026.

Kenrick Winchester
Mayor
23 September 2026

Esma Livermore
Deputy Mayor
23 September 2026

Rebecca Ryan
General Manager
23 September 2026

Tracy Sligar
Responsible Accounting Officer
23 September 2026

Queanbeyan-Palerang Regional Council

Income Statement of water supply business activity

for the year ended 30 June 2026

	2026 $ '000	2025 $ '000
Income from continuing operations		
Access charges	**9,889**	9,489
User charges	**23,568**	16,704
Grants and contributions provided for operating purposes	**60**	148
Interest and investment income	**3,625**	3,603
Other income	**144**	10
Total income from continuing operations	**37,286**	29,954
Expenses from continuing operations		
Employee benefits and on-costs	**2,591**	2,166
Materials and services	**8,126**	7,426
Borrowing costs	**213**	232
Water purchase charges	**15,118**	14,529
Net loss from the disposal of assets	**756**	–
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**26,804**	24,353
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**10,482**	5,601
Depreciation, amortisation and impairment of non-financial assets	**5,262**	4,714
Operating result from continuing operations	**5,220**	887
Grants and contributions provided for capital purposes	**5,165**	1,470
Operating result from continuing operations after capital amounts	**10,385**	2,357
Surplus (deficit) from all operations before tax	**10,385**	2,357
Less: corporate taxation equivalent 25% [based on result before capital]	**(1,305)**	(222)
Surplus (deficit) after tax	**9,080**	2,135
opening accumulated surplus	**179,338**	176,981
Adjustments for amounts unpaid:		
– Corporate taxation equivalent	**1,305**	222
Closing accumulated surplus	**189,723**	179,338
Return on capital %	**2.4%**	0.6%
Subsidy from Council	**5,274**	6,740
Calculation of dividend payable:		
Surplus (deficit) after tax	**9,080**	2,135
Less: capital grants and contributions (excluding developer contributions)	**(5,165)**	(1,470)
Surplus for dividend calculation purposes	**3,915**	665
Dividend calculated from surplus	**1,958**	333

Queanbeyan-Palerang Regional Council

Income Statement of sewerage business activity

for the year ended 30 June 2026

	2026 $ '000	2025 $ '000
Income from continuing operations		
Access charges	**25,533**	24,088
User charges	**2,374**	1,576
Liquid trade waste charges	**60**	44
Fees	**29**	286
Interest and investment income	**7,751**	6,503
Grants and contributions provided for operating purposes	**117**	–
Other income	**167**	–
Total income from continuing operations	**36,031**	32,497
Expenses from continuing operations		
Employee benefits and on-costs	**3,380**	3,028
Materials and services	**11,009**	10,089
Borrowing costs	**341**	376
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**14,730**	13,493
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**21,301**	19,004
Depreciation, amortisation, impairment and revaluation decrement	**8,889**	7,727
Operating result from continuing operations	**12,412**	11,277
Grants and contributions provided for capital purposes	**3,082**	618
Operating result from continuing operations after capital amounts	**15,494**	11,895
Surplus (deficit) from all operations before tax	**15,494**	11,895
Less: corporate taxation equivalent 25% [based on result before capital]	**(3,103)**	(2,819)
Surplus (deficit) after tax	**12,391**	9,076
Opening accumulated surplus	**313,492**	301,597
Adjustments for amounts unpaid:		
– Corporate taxation equivalent	**3,103**	2,819
Closing accumulated surplus	**328,986**	313,492
Return on capital %	**4.3%**	4.8%
Subsidy from Council	**1,290**	–
Calculation of dividend payable:		
Surplus (deficit) after tax	**12,391**	9,076
Less: capital grants and contributions (excluding developer contributions)	**(3,082)**	(618)
Surplus for dividend calculation purposes	**9,309**	8,458
Dividend calculated from surplus	**4,655**	4,229

Queanbeyan-Palerang Regional Council

Statement of Financial Position of water supply business activity

as at 30 June 2026

	2026 $ '000	2025 $ '000
ASSETS		
Current assets		
Cash and cash equivalents	**764**	4,591
Investments	**28,082**	26,721
Receivables	**7,857**	7,381
Total current assets	**36,703**	38,693
Non-current assets		
Investments	**30,548**	27,614
Infrastructure, property, plant and equipment	**225,876**	188,917
Total non-current assets	**256,424**	216,531
Total assets	**293,127**	255,224
LIABILITIES		
Current liabilities		
Payables	**715**	701
Borrowings	**306**	266
Employee benefit provisions	**247**	396
Total current liabilities	**1,268**	1,363
Non-current liabilities		
Borrowings	**3,248**	3,580
Total non-current liabilities	**3,248**	3,580
Total liabilities	**4,516**	4,943
Net assets	**288,611**	250,281
EQUITY		
Accumulated surplus	**189,723**	179,338
IPPE Revaluation reserves	**98,888**	70,943
Total equity	**288,611**	250,281

Queanbeyan-Palerang Regional Council

Statement of Financial Position of sewerage business activity

as at 30 June 2026

	2026 $ '000	2025 $ '000
ASSETS		
Current assets		
Cash and cash equivalents	**1,654**	9,278
Investments	**61,297**	50,901
Receivables	**3,145**	2,869
Total current assets	**66,096**	63,048
Non-current assets		
Investments	**66,679**	52,602
Infrastructure, property, plant and equipment	**296,264**	244,851
Total non-current assets	**362,943**	297,453
Total assets	**429,039**	360,501
LIABILITIES		
Current liabilities		
Payables	**118**	76
Borrowings	**500**	482
Employee benefit provisions	**963**	865
Total current liabilities	**1,581**	1,423
Non-current liabilities		
Borrowings	**4,989**	5,494
Total non-current liabilities	**4,989**	5,494
Total liabilities	**6,570**	6,917
Net assets	**422,469**	353,584
EQUITY		
Accumulated surplus	**328,986**	313,492
IPPE Revaluation reserves	**93,483**	40,092
Total equity	**422,469**	353,584

Note – Material accounting policy information

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

(where gross operating turnover is over $2 million)

a. Water Supplies
Provision of water services to the Local Government Area.

b. Sewerage Services
Provision of waste water services to the Local Government Area.

Category 2

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

Nil

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

continued on next page ...

Note – Material accounting policy information (continued)

Notional rate applied (%)

Corporate income tax rate – **25%** (2024/25 - 25%)

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

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

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

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

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

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate.

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 occured 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.

continued on next page ...

Note – Material accounting policy information (continued)

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

$$\frac{\textbf{Operating result before capital income + interest expense}}{\textbf{Written down value of I,PP\&E as at 30 June 2025}}$$

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.16% at 30/6/25.

(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 DCCEEW's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2025 multiplied by $30 (less the payment for tax equivalent charges, not exceeding $3 per assessment.

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

INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Queanbeyan-Palerang Regional Council

To the Councillors of Queanbeyan-Palerang Regional Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Queanbeyan-Palerang Regional Council's (the council) declared business activities, which comprise the Statement by Councillors and Management, the Income Statement of each declared business activity for the year ended 30 June 2026, the Statement of Financial Position of each declared business activity as at 30 June 2026 and the Material accounting policy information note.

The declared business activities of the council are:

- Water supply
- Sewerage

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 2026, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2025–26 (LG Code).

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

Basis for opinion

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

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

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

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

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

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

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

Emphasis of matter - basis of accounting

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

Other information

The council's annual report for the year ended 30 June 2026 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and special schedules (the schedules).

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

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

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

I have nothing to report in this regard.

The councillors' responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to:

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

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

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

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

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

Furqan Yousuf
Delegate of the Auditor-General for New South Wales

14 October 2026
SYDNEY

Queanbeyan-Palerang Regional Council

SPECIAL SCHEDULES
for the year ended 30 June 2026

Queanbeyan-Palerang Regional Council

Special Schedules

for the year ended 30 June 2026

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Queanbeyan-Palerang Regional Council

Permissible income for general rates

	Notes	Calculation 2025/26 $ '000	**Calculation 2026/27 $ '000**
Notional general income calculation [1]			
Last year notional general income yield	a	61,787	**73,248**
Plus or minus adjustments [2]	b	300	**251**
Notional general income	c = a + b	**62,087**	**73,499**
Permissible income calculation			
Percentage increase	d	18.00%	**3.10%**
Plus percentage increase amount [3]	f = d x (c + e)	11,176	**2,278**
Sub-total	g = (c + e + f)	**73,263**	**75,777**
Plus last year's carry forward total	h	569	**584**
Sub-total	j = (h + i)	**569**	**584**
Total permissible income	k = g + j	73,832	**76,361**
Less notional general income yield	l	73,248	**76,149**
Catch-up or (excess) result	m = k – l	584	**212**
Carry forward to next year [6]	p = m + n + o	584	**212**

Notes

(1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.

(2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.

(3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).

(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

Queanbeyan-Palerang Regional Council

To the Councillors of Queanbeyan-Palerang Regional Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the schedule) of Queanbeyan-Palerang Regional Council (the council) for the year ending 30 June 2027.

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 2025–26 (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 2026 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 2026.

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.

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.

Furqan Yousuf
Delegate of the Auditor-General for New South Wales

14 October 2026
SYDNEY

Queanbeyan-Palerang Regional Council

Report on infrastructure assets as at 30 June 2026

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard $ '000	Estimated cost to bring to the agreed level of service set by Council $ '000	2025/26 Required maintenance [a] $ '000	2025/26 Actual maintenance $ '000	Net carrying amount $ '000	Gross replacement cost (GRC) $ '000	Asset condition as a percentage of gross replacement cost 1	2	3	4	5
Buildings	Buildings	1,485	5,501	3,821	2,048	190,816	279,320	37.3%	32.1%	28.5%	1.6%	0.5%
	Sub-total	**1,485**	**5,501**	**3,821**	**2,048**	**190,816**	**279,320**	**37.3%**	**32.1%**	**28.5%**	**1.6%**	**0.5%**
Roads	Roads	7,212	36,196	4,233	7,155	417,537	548,431	56.6%	29.8%	7.0%	6.2%	0.4%
	Bridges	3,064	16,787	815	1,060	116,447	158,372	14.9%	74.3%	0.2%	10.4%	0.2%
	Footpaths	646	2,478	804	618	66,131	88,485	29.7%	57.3%	10.2%	2.2%	0.6%
	Other road assets (incl. bulk earth works)	199	1,099	759	–	490,903	541,318	75.1%	17.6%	7.1%	0.2%	0.0%
	Sub-total	**11,121**	**56,560**	**6,611**	**8,833**	**1,091,018**	**1,336,606**	**57.4%**	**32.0%**	**6.4%**	**4.0%**	**0.2%**
Water supply network	Water supply network	2,616	14,946	3,948	3,186	206,526	355,866	26.9%	33.9%	35.0%	4.2%	0.0%
	Sub-total	**2,616**	**14,946**	**3,948**	**3,186**	**206,526**	**355,866**	**26.9%**	**33.9%**	**35.0%**	**4.2%**	**0.0%**
Sewerage network	Sewerage network	4,921	27,037	6,123	5,634	270,364	474,341	25.5%	41.1%	27.7%	5.6%	0.1%
	Sub-total	**4,921**	**27,037**	**6,123**	**5,634**	**270,364**	**474,341**	**25.5%**	**41.1%**	**27.7%**	**5.6%**	**0.1%**
Stormwater drainage	Stormwater drainage	11,248	19,561	1,588	144	227,077	349,301	63.3%	22.3%	8.8%	0.0%	5.6%
	Sub-total	**11,248**	**19,561**	**1,588**	**144**	**227,077**	**349,301**	**63.3%**	**22.3%**	**8.8%**	**0.0%**	**5.6%**
Open space / recreational assets	Swimming pools	20	112	407	79	5,451	10,219	11.0%	1.0%	86.9%	1.1%	0.0%
	Park Structures	273	1,363	3,938	3,081	60,461	85,210	44.9%	28.3%	25.2%	1.5%	0.1%
	Sub-total	**293**	**1,475**	**4,345**	**3,160**	**65,912**	**95,429**	**41.3%**	**25.4%**	**31.8%**	**1.5%**	**0.0%**
	Total – all assets	**31,684**	**125,080**	**26,436**	**23,005**	**2,051,713**	**2,890,863**	**46.6%**	**32.3%**	**16.7%**	**3.5%**	**0.9%**

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

Infrastructure asset condition assessment 'key'

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

Queanbeyan-Palerang Regional Council

Report on infrastructure assets as at 30 June 2026

Infrastructure asset performance indicators (consolidated) *

	Amounts 2026 $ '000	Indicator 2026	Indicators 2025	2024	2023	Benchmark
Buildings and infrastructure renewals ratio						
Asset renewals [1] / Depreciation, amortisation and impairment	42,355 / 44,466	**95.25%**	69.92%	42.81%	99.45%	> 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard / Net carrying amount of infrastructure assets	31,684 / 2,133,708	**1.48%**	1.41%	1.25%	1.17%	< 2.00%
Asset maintenance ratio						
Actual asset maintenance / Required asset maintenance	23,005 / 26,436	**87.02%**	94.59%	92.15%	118.24%	> 100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council / Gross replacement cost	125,080 / 2,890,863	**4.33%**	3.01%	2.79%	2.69%	

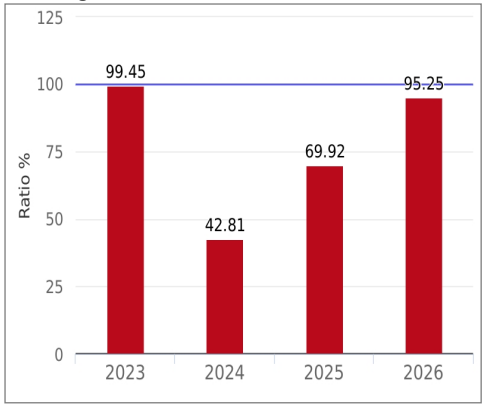
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Queanbeyan-Palerang Regional Council

Report on infrastructure assets as at 30 June 2026

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio	Commentary on result
	25/26 ratio 95.25%
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	This ratio continues to track below the benchmark of 100%. Council will need to increase its renewal of assets compared to the level of depreciation.

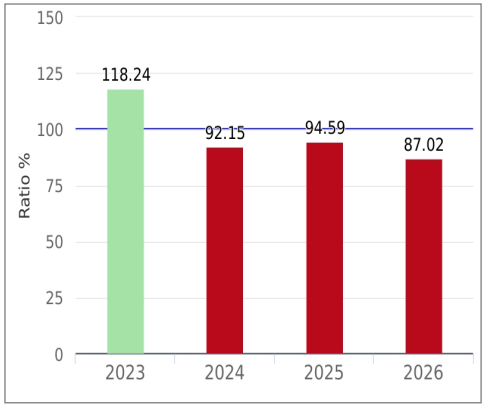
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio	Commentary on result
	25/26 ratio 87.02%
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	Council's assets maintenance ratio is lower than the benchmark of 100%. This indicates that Council spent lower than required funds on maintenance for the year.

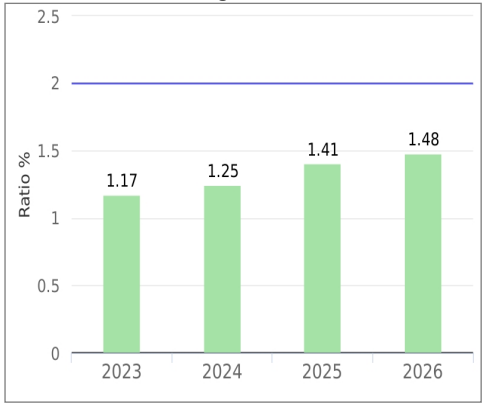
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio	Commentary on result
	25/26 ratio 1.48%
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	The infrastructure backlog ratio has increased slightly, however has stayed below the 2% benchmark. This means Council is spending sufficient amounts on renewing its assets to a satisfactory level.

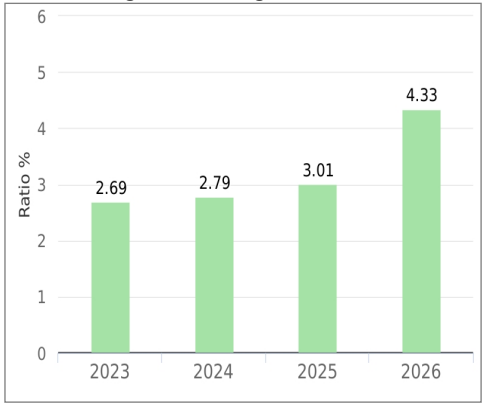
Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level	Commentary on result
	25/26 ratio 4.33%
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.	The increasing trend in costs to bring assets to an agreed service level is reflective of ongoing increases in costs to renew infrastructure assets. This has increased due to the addition of assets and assets that were previously new now moving to a lower condition.

Queanbeyan-Palerang Regional Council

Report on infrastructure assets as at 30 June 2026

Infrastructure asset performance indicators (by fund)

$ '000	General fund 2026	General fund 2025	Water fund 2026	Water fund 2025	Sewer fund 2026	Sewer fund 2025	Benchmark
Buildings and infrastructure renewals ratio Asset renewals [1] / Depreciation, amortisation and impairment	**126.17%**	81.53%	**53.97%**	82.34%	**14.20%**	7.91%	> 100.00%
Infrastructure backlog ratio Estimated cost to bring assets to a satisfactory standard / Net carrying amount of infrastructure assets	**1.46%**	1.06%	**1.27%**	1.34%	**1.82%**	4.00%	< 2.00%
Asset maintenance ratio Actual asset maintenance / Required asset maintenance	**86.68%**	101.81%	**80.70%**	61.22%	**92.01%**	101.59%	> 100.00%
Cost to bring assets to agreed service level Estimated cost to bring assets to an agreed service level set by Council / Gross replacement cost	**4.03%**	2.47%	**4.20%**	4.00%	**5.70%**	4.94%	

(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.