

Queanbeyan-Palerang Regional Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2025



Queanbeyan-Palerang Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2025



Queanbeyan-Palerang Regional Council

General Purpose Financial Statements

for the year ended 30 June 2025

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Overview

Queanbeyan-Palerang Regional Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

257 Crawford Street
Queanbeyan NSW 2620

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

Queanbeyan-Palerang Regional Council

General Purpose Financial Statements

for the year ended 30 June 2025

Statement by Councillors and Management

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

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 10 September 2025.



Kenrick Winchester
Mayor
12 November 2025



Esma Livermore
Deputy Mayor
12 November 2025



Rebecca Ryan
General Manager
12 November 2025



Tracy Sligar
Responsible Accounting Officer
12 November 2025

Queanbeyan-Palerang Regional Council

Income Statement

for the year ended 30 June 2025

Original unaudited budget 2025 \$ '000		Notes	Actual 2025 \$ '000	Actual 2024 \$ '000
	Income from continuing operations			
111,118	Rates and annual charges	B2-1	110,815	96,559
42,483	User charges and fees	B2-2	40,550	40,208
1,193	Other revenues	B2-3	2,003	2,454
20,042	Grants and contributions provided for operating purposes	B2-4	22,003	19,756
44,882	Grants and contributions provided for capital purposes	B2-4	48,477	113,331
7,630	Interest and investment income	B2-5	13,992	10,864
1,803	Other income	B2-6	5,179	3,540
229,151	Total income from continuing operations		243,019	286,712
	Expenses from continuing operations			
49,105	Employee benefits and on-costs	B3-1	50,616	44,650
75,063	Materials and services	B3-2	80,264	71,824
6,822	Borrowing costs	B3-3	6,839	4,999
2,019	Other expenses	B3-5	3,034	3,208
–	Net loss from the disposal of assets	B4-1	5,970	1,853
133,009	Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		146,723	126,534
96,142	Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		96,296	160,178
44,601	Depreciation, amortisation and impairment of non-financial assets	B3-4	52,106	40,076
51,541	Operating result from continuing operations		44,190	120,102
51,541	Net operating result for the year attributable to Council		44,190	120,102
6,659	Net operating result for the year before grants and contributions provided for capital purposes		(4,287)	6,771

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 2025

	Notes	2025 \$ '000	2024 \$ '000
Net operating result for the year – from Income Statement		44,190	120,102
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	(190,688)	148,307
Total other comprehensive income for the year		(190,688)	148,307
Total comprehensive income for the year attributable to Council		(146,498)	268,409

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 2025

	Notes	2025 \$ '000	2024 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	43,121	34,831
Investments	C1-2	118,125	116,630
Receivables	C1-4	37,825	37,758
Inventories	C1-5	185	204
Contract assets and contract cost assets	C1-6	8,079	7,721
Other	C1-11a	3,764	5,889
Non-current assets classified as 'held for sale'	C1-7	1,455	8,257
Total current assets		212,554	211,290
Non-current assets			
Investments	C1-2	141,300	120,840
Receivables	C1-4	48	64
Infrastructure, property, plant and equipment (IPPE)	C1-8	2,239,188	2,453,501
Investment property	C1-9	24,668	—
Intangible assets	C1-10	4,618	5,081
Right of use assets	C2-1	152	220
Total non-current assets		2,409,974	2,579,706
Total assets		2,622,528	2,790,996
LIABILITIES			
Current liabilities			
Payables	C3-1	24,849	23,063
Contract liabilities	C3-2	16,179	30,026
Lease liabilities	C2-1	60	67
Borrowings	C3-3	10,883	10,667
Employee benefit provisions	C3-4	9,173	9,286
Provisions	C3-5	15	14
Total current liabilities		61,159	73,123
Non-current liabilities			
Lease liabilities	C2-1	90	150
Borrowings	C3-3	127,270	138,106
Employee benefit provisions	C3-4	929	973
Provisions	C3-5	5,626	4,692
Total non-current liabilities		133,915	143,921
Total liabilities		195,074	217,044
Net assets		2,427,454	2,573,952
EQUITY			
Accumulated surplus	C4-1	1,996,618	1,952,428
IPPE revaluation surplus	C4-1	430,836	621,524
Total equity		2,427,454	2,573,952

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 2025

	Notes	2025			2024		
		Accumulated surplus \$ '000	IPPE revaluation surplus \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation surplus \$ '000	Total equity \$ '000
Opening balance at 1 July		1,952,428	621,524	2,573,952	1,832,325	473,217	2,305,542
Net operating result for the year		44,190	–	44,190	120,103	–	120,103
Other comprehensive income							
Gain on revaluation of infrastructure, property, plant and equipment	C1-8	–	(190,688)	(190,688)	–	148,307	148,307
Total comprehensive income		44,190	(190,688)	(146,498)	120,103	148,307	268,410
Closing balance at 30 June		1,996,618	430,836	2,427,454	1,952,428	621,524	2,573,952

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 2025

Original unaudited budget 2025 \$ '000		Notes	Actual 2025 \$ '000	Actual 2024 \$ '000
Cash flows from operating activities				
Receipts:				
111,118	Rates and annual charges		109,436	94,884
42,483	User charges and fees		46,567	40,524
7,630	Interest received		13,767	10,553
49,571	Grants and contributions		40,697	59,056
–	Bonds, deposits and retentions received		2,885	1,370
2,996	Other		10,844	10,483
Payments:				
(49,105)	Payments to employees		(50,951)	(44,515)
(75,063)	Payments for materials and services		(89,818)	(80,895)
(6,822)	Borrowing costs		(6,773)	(4,874)
–	Bonds, deposits and retentions refunded		(1,860)	(1,457)
(2,019)	Other		129	(6,304)
80,789	Net cash flows from operating activities	G1-1	74,923	78,825
Cash flows from investing activities				
Receipts:				
–	Sale of investments		26,000	11,518
–	Redemption of term deposits		71,510	193,000
500	Proceeds from sale of IPPE		9,343	4,151
–	Deferred debtors receipts		11	12
Payments:				
–	Purchase of investments		(36,106)	(62,483)
–	Acquisition of term deposits		(80,010)	(169,510)
–	Purchase of investment property		(24,668)	–
(102,102)	Payments for IPPE		(22,025)	(42,300)
(101,602)	Net cash flows from investing activities		(55,945)	(65,612)
Cash flows from financing activities				
Receipts:				
–	Proceeds from borrowings		–	6,108
Payments:				
(10,641)	Repayment of borrowings		(10,620)	(10,248)
–	Principal component of lease payments		(68)	(50)
(10,641)	Net cash flows from financing activities		(10,688)	(4,190)
(31,454)	Net change in cash and cash equivalents		8,290	9,023
–	Cash and cash equivalents at beginning of year		34,831	25,808
(31,454)	Cash and cash equivalents at end of year	C1-1	43,121	34,831

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 30 November 2025. 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.

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

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

- i. fair values of infrastructure, property, plant and equipment – refer Note C1-8
- ii. fair value of 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

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 2025 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

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2025. None of these standards had a significant impact on reported position or performance.

The following new standard is effective for the first time at 30 June 2025:

- **AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current**
- **AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date**
- **AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants**

Unlikely to have significant impact for Councils, however if Councils have external borrowings:

- The presentation of these loans as current or non-current should be confirmed and
- if there are any covenants in a loan agreement which are tested after the reporting period then these should be disclosed

- **AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback**

Unlikely to have significant impact for Councils, however if Councils undertake a sale and leaseback which satisfies the sale requirements under AASB 15 (i.e. genuine sale) then this amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains.

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

A1-1 Basis of preparation (continued)

There is not expected to be significant impact on the Councils' reported financial position, however Councils should review their fair value methodology to ensure that it is in accordance with the guidance included in AASB 2022-10 using the information and resources in Appendix E of the Code.

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	
	2025 \$ '000	2024 \$ '000	2025 \$ '000	2024 \$ '000	2025 \$ '000	2024 \$ '000	2025 \$ '000	2024 \$ '000	2025 \$ '000	2024 \$ '000
Functions or activities										
Community	8,811	12,281	37,155	22,171	(28,344)	(9,890)	2,790	5,348	4,986	5,288
Choice	281	(1,487)	3,245	4,841	(2,964)	(6,328)	–	(4,083)	–	–
Character	9,431	12,612	15,447	21,240	(6,016)	(8,628)	4,761	9,971	208,782	209,391
Connection	151,757	201,717	141,803	114,060	9,954	87,657	57,506	114,686	2,394,405	2,562,866
Capability	72,739	61,590	1,179	4,298	71,560	57,292	5,423	7,165	14,355	13,452
Total functions and activities	243,019	286,713	198,829	166,610	44,190	120,103	70,480	133,087	2,622,528	2,790,997

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

- We are a friendly and caring community
- We feel safe in the places we visit in our built and natural environment
- We respect the indigenous relationships with the land we live on
- Our community and our identity are made vibrant by the expression of arts and culture around us

Choice

- We have a diverse, resilient and smart economy fostering businesses that create jobs and wealth for all in our community

Character

- We enjoy the natural beauty and opportunity of our natural environment, and act to protect it through our management of waste and energy

Connection

- We are well connected to accessible services and facilities that provide our needs for living, work and leisure

Capability

- We are served by a Council that listens to us and responds in our best interest in all their actions, and provides the leadership we need to achieve our common aspirations

B2 Sources of income

B2-1 Rates and annual charges

	2025 \$ '000	2024 \$ '000
Ordinary rates		
Residential	48,264	39,966
Farmland	3,782	3,202
Business	9,730	8,106
Mining	34	29
Less: Pensioner rebates	(609)	(578)
Rates levied to ratepayers	61,201	50,725
Pensioner rate subsidies received	286	272
Total ordinary rates	61,487	50,997
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	7,978	7,513
Water supply	9,566	8,725
Sewerage services	23,093	21,251
Stormwater management services charge	538	526
Waste management services (not domestic)	7,235	6,808
Recycled water supply	1,115	941
Less: Pensioner rebates	(436)	(429)
Annual charges levied	49,089	45,335
Pensioner annual charges subsidies received	239	227
Total annual charges	49,328	45,562
Total rates and annual charges	110,815	96,559

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

	2025 \$ '000	2024 \$ '000
User charges		
Water supply services	15,781	19,186
Sewerage services	1,576	1,879
Waste management services (not domestic)	37	76
Total user charges	17,394	21,141
Fees		
Private works - s67	789	665
Transport for NSW works (state roads not controlled by Council)	12,722	7,930
Building services - other	154	231
Planning and building - regulatory	1,646	2,178
Inspection fees	1,140	1,412
s10.7 certificates (EP&A Act)	212	209
s603 certificates	304	275
Registration fees	16	79
Cemeteries	600	875
Sports and aquatic centres	1,140	1,137
Community centres	2,678	2,627
Childcare	40	46
Saleyards	220	202
Regional waste	840	705
Other	655	496
Total fees	23,156	19,067
Total user charges and fees	40,550	40,208
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	3,676	3,527
User charges and fees recognised at a point in time	36,874	36,681
Total user charges and fees	40,550	40,208

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

	2025 \$ '000	2024 \$ '000
Parking fines	624	491
Other fines	252	420
Recycling income	286	209
Insurance claims recoveries	25	515
Commissions and agency fees	11	10
Diesel rebate	96	156
Legal fees recovery	382	129
Risk management rebate	143	128
Other	184	396
Total other revenue	2,003	2,454
Timing of revenue recognition for other revenue		
Other revenue recognised at a point in time	2,003	2,454
Total other revenue	2,003	2,454

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 2025 \$ '000	Operating 2024 \$ '000	Capital 2025 \$ '000	Capital 2024 \$ '000
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant ¹				
– Relating to current year	1,211	371	–	–
– Prepayment received in advance for subsequent year	4,128	6,671	–	–
Amount recognised as income during current year	5,339	7,042	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Water supplies	148	82	–	198
Sewerage services	–	–	111	1,239
Community care	2,134	1,781	1	35
Economic development	–	40	–	38
Environmental programs	210	129	–	156
Recreation and culture	226	242	1,275	3,579
Storm/flood/fire damage	3,546	2,558	–	–
Transport for NSW contributions (regional roads, block grant)	4,264	2,167	–	–
Roads to recovery	2,137	1,045	–	–
Other roads and bridges	2,319	2,348	27,879	7,909
Local Infrastructure Renewal Scheme	2	1,230	–	–
NSW Rural Fire Services	467	457	646	452
Other	956	294	1	–
Total special purpose grants and non-developer contributions (tied)	16,409	12,373	29,913	13,606
Total grants and non-developer contributions	21,748	19,415	29,913	13,606
Comprising:				
– Commonwealth funding	7,214	9,613	3,504	5,457
– State funding	12,552	7,826	26,409	8,149
– Other funding	1,982	1,976	–	–
	21,748	19,415	29,913	13,606

(1) \$4.128m of the 2025/26 Financial Assistance Grant from the Commonwealth Government was received by QPRC in June 2025 and hence it is reported as 2024/25 income although it relates to the 2025/26 financial year.

Developer contributions

	Operating 2025 \$ '000	Operating 2024 \$ '000	Capital 2025 \$ '000	Capital 2024 \$ '000
Notes				
Developer contributions:				
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):				
Cash contributions				
Cash contributions	255	341	5,210	15,730
Total developer contributions – cash	255	341	5,210	15,730
Non-cash contributions				
Non-cash contributions	–	–	13,354	83,995
Total developer contributions non-cash	–	–	13,354	83,995
Total developer contributions	255	341	18,564	99,725

B2-4 Grants and contributions (continued)

	Operating 2025 \$ '000	Operating 2024 \$ '000	Capital 2025 \$ '000	Capital 2024 \$ '000
Notes				
Total contributions	255	341	18,564	99,725
Total grants and contributions	22,003	19,756	48,477	113,331
Timing of revenue recognition				
Grants and contributions recognised over time (1)	829	341	25,706	13,397
Grants and contributions recognised at a point in time (2)	21,174	19,415	22,771	99,934
Total grants and contributions	22,003	19,756	48,477	113,331

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 2025 \$ '000	Operating 2024 \$ '000	Capital 2025 \$ '000	Capital 2024 \$ '000
Unspent funds at 1 July	6,751	5,620	23,986	17,487
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	3,203	1,059	527	176
Add: Funds received and not recognised as revenue in the current year	171	530	15,736	16,330
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(4,788)	(292)	(2,704)	(774)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(563)	(133)	(20,426)	(14,954)
Less: Funds not yet received for expenses incurred in the current year	3,793	(33)	(3,281)	5,721
Unspent funds at 30 June	8,567	6,751	13,838	23,986

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.

Capital grants

B2-4 Grants and contributions (continued)

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

	2025 \$ '000	2024 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	957	750
– Cash and investments	1,037	1,523
Interest on financial assets measured at fair value through the profit and loss		
– Cash and investments	11,998	8,591
Total interest and investment income	13,992	10,864

B2-6 Other income

	2025	2024
	\$ '000	\$ '000
Fair value increment on investments through profit and loss	3,349	2,550
Lease income (excluding variable lease payments not dependent on an index or rate)	530	–
Room/Facility Hire	723	458
Leaseback fees - council vehicles	577	532
Total other income	5,179	3,540

B3 Costs of providing services**B3-1 Employee benefits and on-costs**

	2025	2024
	\$ '000	\$ '000
Salaries and wages	40,671	35,815
Employee leave entitlements	4,382	4,231
Superannuation	4,847	4,231
Workers' compensation insurance	2,305	1,729
FBT	86	61
Payroll tax	277	146
Less: capitalised costs	(1,952)	(1,563)
Total employee costs expensed	50,616	44,650

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

		2025	2024
	Notes	\$ '000	\$ '000
Consultancy costs		4,675	1,715
Raw materials and consumables		12,376	10,975
Contractor costs		31,395	30,042
IT expenses		3,278	2,950
Insurance		2,631	2,686
Street lighting		815	829
Electricity		2,489	2,459
Subscriptions and publications		631	582
Telephone		606	598
Repairs and maintenance		1,763	1,624
Postage, printing and stationery		543	601
Audit Fees	F2-1	195	111
Councillor and Mayoral fees and associated expenses	F1-2	391	396
Election expenses		533	–
Bank charges		244	309
Travel expenses		53	59
Training costs (other than salaries and wages)		704	551
Asset valuation fees		233	220
Child care – parent payments		1,225	1,262
Waterwise subsidy		67	41
Legal expenses		751	765
Water charges		14,519	12,922
Other		147	127
Total materials and services		80,264	71,824

B3-3 Borrowing costs

	2025 \$ '000	2024 \$ '000
Interest on loans and advances	6,718	7,045
Interest on leases	1	2
Less: capitalised costs	–	(2,184)
Amortisation of discounts and premiums:		
– Remediation (tip) - Note C3-5	120	136
Total borrowing costs expensed	6,839	4,999

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	2025 \$ '000	2024 \$ '000
Depreciation and amortisation			
Plant and equipment	C1-8	2,161	2,457
Office equipment	C1-8	243	274
Furniture and fittings	C1-8	161	41
– Buildings	C1-8	9,016	2,979
– Other structures	C1-8	815	443
– Roads	C1-8	15,591	14,791
– Bridges	C1-8	1,449	1,326
– Footpaths	C1-8	721	626
– Other road assets	C1-8	1,887	1,000
– Stormwater drainage	C1-8	2,948	2,566
– Water supply network	C1-8	4,711	4,439
– Sewerage network	C1-8	7,727	7,130
– Swimming pools	C1-8	308	175
– Other open space/recreational assets	C1-8	3,501	1,207
Other assets:			
– Library books	C1-8	88	114
Right of use assets	C2-1	69	45
Intangible assets	C1-10	463	463
Investment Properties	C1-9	247	–
Total depreciation and amortisation costs		52,106	40,076
Total depreciation, amortisation and impairment for non-financial assets		52,106	40,076

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.

Impairment of non-financial assets

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

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

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by

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

which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

B3-5 Other expenses

	Notes	2025 \$ '000	2024 \$ '000
Impairment of receivables	C1-4	18	86
Other assurance services		228	188
Donations, contributions and assistance to other organisations (s356)		186	291
Emergency services levy (includes FRNSW, SES, and RFS levies)		1,778	1,857
Remediation (tip) provision		824	786
Total other expenses		3,034	3,208

B4 Gains or losses

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

	Notes	2025 \$ '000	2024 \$ '000
Gain (or loss) on disposal of infrastructure, property, plant and equipment	C1-8		
Proceeds from disposal		58	4,151
Less: carrying amount of assets sold		(6,808)	(6,004)
Gain (or loss) on disposal		(6,750)	(1,853)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal		26,000	11,518
Less: carrying value of investments		(26,000)	(11,518)
Gain (or loss) on disposal		—	—
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		71,510	101,500
Less: carrying amount of term deposits sold/redeemed/matured		(71,510)	(101,500)
Gain (or loss) on disposal		—	—
Gain (or loss) on disposal of non-current assets held for sale	C1-7		
Proceeds from disposal		8,204	—
Less: carrying amount of 'held for sale' assets sold/written off		(7,424)	—
Gain (or loss) on disposal		780	—
Net gain (or loss) from disposal of assets		(5,970)	(1,853)

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 26 June 2024 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	2025 Budget	2025 Actual	2025 ----- Variance -----	
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Revenues

Other revenues	1,193	2,003	810	68%	F
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Parking fines were lower than budget, offset by higher legal fees recovery in an enforcement matter, recycling income, and other environmental compliance fines.

Capital grants and contributions	44,882	48,477	3,595	8%	F
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Capital grants are in line with budget for the year. Capital contributions are lower than budgeted for the year, the timing of development and handover to Council is dependent on external factors and difficult to predict.

Interest and investment income	7,630	13,992	6,362	83%	F
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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.

Other income	1,803	5,179	3,376	187%	F
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This is due to the recognition of a Fair Value increment in investments, which is not budgeted for.

Expenses

Depreciation, amortisation and impairment of non-financial assets	44,601	52,106	(7,505)	(17)%	U
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The revaluation at the end of 2023-24 of building, waste, swimming pools and open space assets was completed after the budget had been adopted for the 2024-25 financial year. This impacted the depreciation expense, and was reforecast as part of the quarterly budget review during the year.

Other expenses	2,019	3,034	(1,015)	(50)%	U
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This is due to the change in the landfill remediation provision.

Net losses from disposal of assets	–	5,970	(5,970)	∞	U
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As part of the asset renewal program, it was identified a number of transport assets were required to be written off as they were replaced. There was also the sale of the Rutledge St buildings. Council did not budget for asset write offs in 2024-25.

Statement of cash flows

Cash flows from investing activities	(101,602)	(55,945)	45,657	(45)%	F
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The favourable variance is due to the timing of major capital works projects. This includes the delay of Jerrabombera Reservoir #2, the Queanbeyan Sewage Treatment Plant upgrade, Briars Sharrow bridge upgrade, the Women's Rugby Changeroom project at Freebody Oval to later years has led to favourable cash outflows in 2024-25.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2025 \$ '000	2024 \$ '000
Cash at bank and on hand	24,548	20,470
Deposits at call	18,573	14,361
Total cash and cash equivalents	43,121	34,831

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	43,121	34,831
Balance as per the Statement of Cash Flows	43,121	34,831

C1-2 Financial investments

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Financial assets at fair value through the profit and loss				
Managed funds	34,483	–	31,134	–
Non-convertible debentures or floating rate notes	15,632	131,300	20,986	115,840
Debt securities at amortised cost				
Term deposits	68,010	10,000	64,510	5,000
Total	118,125	141,300	116,630	120,840

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.

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

	2025 \$ '000	2024 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	302,546	272,301
Less: Externally restricted cash, cash equivalents and investments	(266,223)	(250,590)
Cash, cash equivalents and investments not subject to external restrictions	36,323	21,711

External restrictions

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

Water fund	43,717	46,888
Sewer fund	99,039	81,687
Developer contributions:		
– General fund	50,812	45,503
– Water fund	15,209	13,456
– Sewer fund	13,742	13,970
Specific purpose unexpended grants:		
– General fund	22,405	28,400
Specific purpose unexpended loans:		
– General fund	1,219	1,319
Domestic waste management	10,549	10,849
Stormwater management	1,553	1,165
Other	816	782
Department of Education Compensation	7,162	6,571
External restrictions	266,223	250,590
Total external restrictions	266,223	250,590

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

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

	2025	2024
	\$ '000	\$ '000

(b) Internal allocations**Internal allocations**

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

Infrastructure replacement	6,026	3,243
Employees leave entitlement	2,320	820
Business waste management	7,815	7,170
WH&S	414	272
Heritage grant program	244	244
Deposits, retentions and bonds	3,496	196
Plant and vehicle replacement	4,174	2,975
Property reserve	609	609
Elections	–	402
Revolving energy	171	121
Financial assistance grant	4,128	2,658
Total internal allocations	29,397	18,710

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.

	2025	2024
	\$ '000	\$ '000

(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	6,926	3,001
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C1-4 Receivables

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Rates and annual charges	9,460	127	7,903	135
Interest and extra charges	1,470	23	1,248	20
User charges and fees	12,008	–	18,499	–
Private works	6,454	–	3,953	–
– Sale of land	–	–	1,081	–
Government grants and subsidies	2,935	–	1,375	–
Deferred debtors	11	53	11	64
Net GST receivable	2,383	–	1,481	–
Accrued Interest on Investments	3,302	–	2,387	–
Total	38,023	203	37,938	219
Less: provision for impairment:				
– Rates and annual charges	–	(135)	–	(135)
– Interest and extra charges	–	(20)	–	(20)
– User charges and fees	(198)	–	(180)	–
Total	(198)	(155)	(180)	(155)
NET RECEIVABLES	37,825	48	37,758	64

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

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
At cost:				
Stores and materials	185	–	204	–
Total inventories	185	–	204	–

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

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Work relating to infrastructure grants	8,079	–	7,721	–
Total contract assets	8,079	–	7,721	–

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

	2025	2024
	\$ '000	\$ '000
Land	750	3,749
Buildings	–	3,803
Other structures	705	705
	<u>1,455</u>	<u>8,257</u>

The 2024/25 value reflects assets held that relate to the development of previously sold assets on Rutledge Street, Queanbeyan. These assets are expected to be sold in 2025-26.

C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2024			Asset movements during the reporting period							At 30 June 2025		
	Gross carrying amount	Accumulated depreciation & impairment	Net carrying amount	Renewals	New assets	Carrying value of disposals	Depreciation	WIP transfers	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
Plant, 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 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 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

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

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period								At 30 June 2024		
	Gross carrying amount	Accumulated depreciation & impairment	Net carrying amount	Renewals	New assets	Carrying value of disposals	Depreciation ₁	WIP transfers Restated	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	148,271	–	148,271	6,518	5,708	–	–	(123,607)	–	–	–	36,890	–	36,890
Plant and equipment	–	–	–	–	–	–	(2,457)	–	–	–	–	–	–	–
Office equipment	–	–	–	–	–	–	(274)	–	–	–	–	–	–	–
Furniture and fittings	–	–	–	–	–	–	(41)	–	–	–	–	–	–	–
Plant, equipment, furniture and fittings	29,691	(19,969)	9,722	5,246	–	(371)	(2,772)	–	–	–	–	33,247	(21,423)	11,824
Land	207,678	–	207,678	4	7,589	–	–	32	–	(1,243)	19,065	233,124	–	233,124
Land:														
Land improvements	1,363	–	1,363	–	–	–	–	–	–	–	–	1,363	–	1,363
Infrastructure:														
– Buildings	–	–	–	–	–	–	(2,979)	–	–	–	–	–	–	–
– Buildings and other structures	166,544	(58,403)	108,141	3,219	8,293	(2,194)	(3,416)	81,878	–	(4,508)	31,488	295,336	(72,436)	222,900
– Other structures	–	–	–	–	–	–	(443)	–	–	–	–	–	–	–
– Roads	–	–	–	–	–	–	(14,791)	–	–	–	–	–	–	–
– Bridges	–	–	–	–	–	–	(1,326)	–	–	–	–	–	–	–
– Footpaths	–	–	–	–	–	–	(626)	–	–	–	–	–	–	–
– Roads, bridges and footpaths	657,141	(159,158)	497,983	3,790	31,221	(1,754)	(16,045)	12,521	–	–	24,737	736,988	(184,534)	552,454
– Other road assets (including bulk earthworks)	714,245	(34,768)	679,477	1,178	4,588	(22)	(2,697)	6,363	–	–	37,446	765,752	(38,419)	727,333
– Stormwater drainage	253,575	(88,096)	165,479	13	20,398	–	(5,132)	2,383	–	–	8,742	289,978	(95,529)	194,449
– Water supply network	291,446	(120,833)	170,613	251	2,462	–	(8,878)	311	–	–	8,421	309,244	(131,625)	177,619
– Sewerage network	338,279	(132,459)	205,820	246	13,821	(6)	(14,259)	1,468	–	–	10,067	370,873	(146,586)	224,287
– Swimming pools	–	–	–	–	–	–	(175)	–	–	–	–	–	–	–
– Open space / recreational assets	49,152	(13,790)	35,362	170	9,930	(4)	(1,390)	18,651	–	–	8,341	96,873	(25,813)	71,060
– Other open space/recreational assets	–	–	–	–	–	–	(1,207)	–	–	–	–	–	–	–
Other assets	827	(515)	312	–	–	–	(114)	–	–	–	–	827	(629)	198
– Library books	–	–	–	–	–	–	(114)	–	–	–	–	–	–	–
Tip assets	8,827	(8,827)	–	–	–	–	–	–	–	–	–	8,827	(8,827)	–
Totals	2,867,039	(636,818)	2,230,221	20,635	104,010	(4,351)	(79,136)	–	–	(5,751)	148,307	3,179,322	(725,821)	2,453,501

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 as follows:

	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.

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.

C1-9 Investment properties

Owned investment property

	2025 \$ '000	2024 \$ '000
At fair value		
Transfers from/(to) owner-occupied property (Note C1-8)	24,915	—
Other movements	(247)	—
Closing balance at 30 June	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

	2025 \$ '000	2024 \$ '000
Software		
Opening values at 1 July		
Gross book value	4,642	4,642
Accumulated amortisation	(2,620)	(2,157)
Net book value – opening balance	2,022	2,485
Movements for the year		
Amortisation charges	(463)	(463)
Closing values at 30 June		
Gross book value	4,642	4,642
Accumulated amortisation	(3,083)	(2,620)
Total software – net book value	1,559	2,022

Bio-banking credit

Opening values at 1 July		
Gross book value	3,059	3,059
Net book value - opening balance	3,059	3,059

continued on next page ...

C1-10 Intangible assets (continued)

	2025 \$ '000	2024 \$ '000
Closing values at 30 June		
Gross book value	3,059	3,059
Total Bio-banking credit – net book value	3,059	3,059
Total intangible assets – net book value	4,618	5,081

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. 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

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Prepayments	3,764	–	5,889	–
Total other assets	3,764	–	5,889	–

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
2025		
Opening balance at 1 July	220	220
Additions	–	–
Depreciation charge	(69)	(69)
Balance at 30 June	152	152
2024		
Opening balance at 1 July	71	71
Additions	194	194
Depreciation charge	(45)	(45)
Balance at 30 June	220	220

(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
2025					
Cash flows	60	90	–	150	150
2024					
Cash flows	67	150	–	217	217

(c) Income Statement

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

	2025 \$ '000	2024 \$ '000
Interest on lease liabilities	1	2
Depreciation of right of use assets	69	45
Expenses relating to leases of low-value assets	43	128
	113	175

C2-1 Council as lessee (continued)

(d) Statement of Cash Flows

	2025 \$ '000	2024 \$ '000
Total cash outflow for leases	(107)	(193)
	(107)	(193)

(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).

	2025 \$ '000	2024 \$ '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)	1,060	—
Total income relating to operating leases for investment property assets	1,060	—

(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)	770	990
--	-----	-----

C2-2 Council as a lessor (continued)

Total income relating to operating leases for Council assets	770	990
	2025	2024
	\$ '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	1,236	237
1–2 years	1,088	196
2–3 years	997	169
3–4 years	929	59
4–5 years	706	16
> 5 years	637	202
Total undiscounted lease payments to be received	5,593	879

C3 Liabilities of Council

C3-1 Payables

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Goods and services	15,111	–	14,529	–
Accrued wages and salaries	1,290	–	1,227	–
Accrued Interest	598	–	652	–
Deposits and retentions	4,335	–	3,310	–
Prepaid rates	3,515	–	3,345	–
Total payables	24,849	–	23,063	–

	2025 \$ '000	2024 \$ '000
Current payables not expected to be settled within the next 12 months	703	705

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	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Funds to construct Council controlled assets	(i)	14,706	–	29,217	–
Upfront fees - Sports, aquatic, and community centres	(ii)	267	–	87	–
Upfront fees - Development Applications	(ii)	865	–	571	–
Upfront fees - Ticket sales	(ii)	341	–	151	–
Total contract liabilities		16,179	–	30,026	–

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

C3-2 Contract Liabilities (continued)

	2025 \$ '000	2024 \$ '000
Funds to construct Council controlled assets	17,214	11,542
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	3,774	3,546
	20,988	15,088

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

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Loans – unsecured	10,883	127,270	10,667	138,106
Total borrowings	10,883	127,270	10,667	138,106

(a) Changes in liabilities arising from financing activities

	2024 Opening Balance \$ '000	Cash flows \$ '000	Non-cash movements Acquisition \$ '000	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

	2023 Opening Balance \$ '000	Cash flows \$ '000	Non-cash movements Acquisition \$ '000	Other \$ '000	2024 \$ '000
Loans – unsecured	152,913	(4,140)	–	–	148,773
Lease liability (Note C2-1)	73	144	–	–	217
Total liabilities from financing activities	152,986	(3,996)	–	–	148,990

C3-3 Borrowings (continued)

(b) Financing arrangements

	2025 \$ '000	2024 \$ '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	111	116
	111	116
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	2,000	2,000
– Corporate credit cards	99	94
	2,099	2,094

(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

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Annual leave	3,027	–	2,895	–
Long service leave	6,146	929	6,391	973
Total employee benefit provisions	9,173	929	9,286	973

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

	2025 \$ '000	2024 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	5,297	5,363
Current provisions not expected to be settled within the next twelve months	5,297	5,363

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

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

C3-5 Provisions

	2025 Current \$ '000	2025 Non-Current \$ '000	2024 Current \$ '000	2024 Non-Current \$ '000
Asset remediation	15	5,626	14	4,692
Total provisions	15	5,626	14	4,692

Movements in provisions

	Asset remediation \$ '000	Total \$ '000
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
2024		
At beginning of year	3,800	3,800
Amounts used (payments)	(16)	(16)
Remeasurement effects	786	786
Unwinding of discount	136	136
Total	4,706	4,706

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.

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 2025 \$ '000	Water 2025 \$ '000	Sewer 2025 \$ '000
Income from continuing operations			
Rates and annual charges	77,238	9,489	24,088
User charges and fees	21,940	16,704	1,906
Other revenues	1,993	10	–
Grants and contributions provided for operating purposes	21,855	148	–
Grants and contributions provided for capital purposes	46,389	1,470	618
Interest and investment income	3,886	3,603	6,503
Other income	5,179	–	–
Total income from continuing operations	178,480	31,424	33,115
Expenses from continuing operations			
Employee benefits and on-costs	45,422	2,166	3,028
Materials and services	48,220	21,955	10,089
Borrowing costs	6,231	232	376
Other expenses	3,034	–	–
Net loss from the disposal of assets	5,970	–	–
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	108,877	24,353	13,493
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	69,603	7,071	19,622
Depreciation, amortisation and impairment of non-financial assets	39,665	4,714	7,727
Operating result from continuing operations	29,938	2,357	11,895
Net operating result for the year attributable to Council	29,938	2,357	11,895
Net operating result for the year before grants and contributions provided for capital purposes	(16,451)	887	11,277

D1-2 Statement of Financial Position by fund

	General 2025 \$ '000	Water 2025 \$ '000	Sewer 2025 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	29,252	4,591	9,278
Investments	40,503	26,721	50,901
Receivables	27,575	7,381	2,869
Inventories	185	—	—
Contract assets and contract cost assets	8,079	—	—
Other	3,764	—	—
Non-current assets classified as held for sale	1,455	—	—
Total current assets	110,813	38,693	63,048
Non-current assets			
Investments	61,084	27,614	52,602
Receivables	48	—	—
Infrastructure, property, plant and equipment	1,805,420	188,917	244,851
Investment property	24,668	—	—
Intangible assets	4,618	—	—
Right of use assets	152	—	—
Total non-current assets	1,895,990	216,531	297,453
Total assets	2,006,803	255,224	360,501
LIABILITIES			
Current liabilities			
Payables	24,072	701	76
Contract liabilities	16,179	—	—
Lease liabilities	60	—	—
Borrowings	10,135	266	482
Employee benefit provisions	7,912	396	865
Provisions	15	—	—
Total current liabilities	58,373	1,363	1,423
Non-current liabilities			
Lease liabilities	90	—	—
Borrowings	118,196	3,580	5,494
Employee benefit provisions	929	—	—
Provisions	5,626	—	—
Total non-current liabilities	124,841	3,580	5,494
Total liabilities	183,214	4,943	6,917
Net assets	1,823,589	250,281	353,584
EQUITY			
Accumulated surplus	1,503,788	179,338	313,492
IPPE revaluation reserve	319,801	70,943	40,092
Total equity	1,823,589	250,281	353,584

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

	2025 \$ '000	2024 \$ '000
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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	3,029	2,725
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Impact of a 10% movement in price of investments

– Equity / Income Statement	3,448	3,113
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(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.

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 \$ '000	overdue rates and annual charges < 5 years \$ '000	≥ 5 years \$ '000	Total \$ '000
2025				
Gross carrying amount	1,489	7,502	596	9,587
2024				
Gross carrying amount	1,231	6,153	654	8,038

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 \$ '000	< 30 days overdue \$ '000	30 - 60 days overdue \$ '000	61 - 90 days overdue \$ '000	> 90 days overdue \$ '000	Total \$ '000
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
2024						
Gross carrying amount	30,671	659	404	2,396	3,710	37,840
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	4.85%	0.48%
ECL provision	—	—	—	—	180	180

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 cashflows.

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

	Weighted average interest rate %	Due within 1 year \$ '000	Due between 1 & 5 years \$ '000	Due after 5 years \$ '000	Total contractu al cash outflows \$ '000	Carrying values \$ '000
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
2024						
Payables	0.00%	19,720	–	–	19,720	23,063
Borrowings	4.71%	17,508	78,805	110,736	207,049	148,773
Lease liabilities	1.39%	67	150	–	217	217
Total financial liabilities		37,295	78,955	110,736	226,986	172,053

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	
		2025	2024	2025	2024	2025	2024
Notes		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Recurring fair value measurements							
Financial investments	C1-2						
At fair value through profit or loss		181,323	167,974	–	–	181,323	167,974
Investment property	C1-9						
Investment Property - Nellie Hamilton Centre		–	–	24,668	–	24,668	–
Total investment property		–	–	24,668	–	24,668	–
Infrastructure, property, plant and equipment							
	C1-8						
Plant, Equipment, furniture and fittings		–	–	12,257	11,824	12,257	11,824
Land		72,721	72,650	158,963	160,474	231,684	233,124
Land improvements		–	–	1,395	1,363	1,395	1,363
Buildings and other structures		–	–	190,129	222,901	190,129	222,901
Roads, bridges and footpaths		–	–	583,974	552,454	583,974	552,454
Other road assets (including bulk earthworks)		–	–	490,803	727,334	490,803	727,334
Stormwater drainage		–	–	201,547	194,449	201,547	194,449
Water supply network		–	–	179,038	177,619	179,038	177,619
Sewerage network		–	–	223,027	224,287	223,027	224,287
Open space/recreation assets		–	–	65,339	71,060	65,339	71,060
Other assets		–	–	110	198	110	198
Total infrastructure, property, plant and equipment		72,721	72,650	2,106,582	2,343,963	2,179,303	2,416,613
Non-recurring fair value measurements							
Non-current assets classified as held for sale							
	C1-7						
Land		750	3,749	–	–	750	3,749
Buildings		–	3,804	–	–	–	3,804
Other Structures		705	705	–	–	705	705

E2-1 Fair value measurement (continued)

Total non-recurring fair value measurements	1,455	8,258	–	–	1,455	8,258
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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 2025, Council undertook an independent valuation (using unobservable input) through Talis Consultants to assess the fair value of:

- Roads
- Footpaths
- Carparks
- Kerb & gutter
- Bridges
- Culverts
- Other road assets

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 assessed at 30 June each year.

The most recent public cost indices 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

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
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.

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

	2025 \$ '000	2024 \$ '000
Balance at 1 July	2,343,962	2,027,967
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	(213,761)	129,278
Other movements		
Purchases	59,823	112,783
Sales	(6,703)	(4,351)
Transfers from/(to) level 2 FV hierarchy	–	–
Transfers from/(to) another asset class	–	123,607
Depreciation and impairment	(51,327)	(39,570)
Other asset transfers	(25,412)	(5,752)
Balance at 30 June	2,106,582	2,343,962

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 2025 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 past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. Given the funding position of the fund at 30 June 2024, it was recommended to cease these past service contributions effective 30 June 2025.

The adequacy of contributions is assessed at each actuarial investigation, which will be conducted annually, the next of which is due effective 30 June 2025.

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.

The amount of employer defined benefit contributions to the Active Super defined benefit section of the Local Government Superannuation Scheme and Vision Super, recognised as an expense for the year ending 30 June 2025 totalled \$257,751.04. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2024.

Based on the July 2025 invoice issued to Council and, its outstanding past service liability contribution as at 30 June 2025, Council's anticipated employer defined benefit contributions for the 2025/26 year is \$23,243.67.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2025 is:

E3-1 Contingencies (continued)

Defined Benefit reserves only *	\$millions	Asset Coverage
Assets	2,197.6	
Past Service Liabilities	2,092.0	105.0%
Vested Benefits	2,130.4	103.2%

* 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.

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. 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 2025.

(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.

E3-1 Contingencies (continued)

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

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

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

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

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:

	2025 \$ '000	2024 \$ '000
Compensation:		
Short-term benefits	1,680	1,616
Post-employment benefits	206	170
Other Long Term Benefits	230	62
Total	2,116	1,848

F1-2 Councillor and Mayoral fees and associated expenses

	2025 \$ '000	2024 \$ '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	65	71
Councillors' fees	283	287
Councillors' (including Mayor) expenses	43	38
Total	391	396

F2 Other relationships

F2-1 Audit fees

	2025 \$ '000	2024 \$ '000
Auditors of the Council - NSW Auditor-General:		
Audit and review of financial statements	195	111
Remuneration for audit and other assurance services	195	111
Total fees paid or payable to the Auditor-General	195	111

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Net Operating Result to cash provided from Operating Activities

	2025 \$ '000	2024 \$ '000
Operating result	44,190	120,102
Add/(less) non-cash items:		
(Gain)/loss on disposal of assets	5,970	1,853
Depreciation and amortisation	52,106	40,076
Non-cash capital grants and contributions	(13,354)	(83,996)
Fair value decrements on investments through P&L	(3,349)	(2,550)
Unwinding of discount rates on reinstatement provisions	120	136
Changes in assets and liabilities:		
Movements in operating assets and liabilities		
(Increase)/decrease in receivables	(1,161)	2,857
(Increase)/decrease in other assets	2,125	(4,120)
(Increase)/decrease in inventories	19	121
(Increase) / decrease of contract asset	(358)	(5,687)
Increase/(decrease) in trade payables	582	478
Increase / (decrease) in contract liabilities	(13,847)	8,488
Increase/(decrease) in employee benefit provision	(157)	98
Increase / (decrease) in provision for impairment of receivables	18	66
Increase / (decrease) in accrued interest payable	(54)	(11)
Increase / (decrease) in other accrued expenses payable	63	225
Increase / (decrease) in other provisions	815	770
Increase/(decrease) in other liabilities and accruals	1,195	(82)
Net cash flows from operating activities	74,923	78,824

(b) Non-cash investing and financing activities

Developer contributions 'in kind'	13,354	83,995
	13,354	83,995

G2-1 Commitments

Capital commitments (exclusive of GST)

	2025 \$ '000	2024 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Sewerage & water infrastructure	9,100	9,152
Buildings	1,546	1,495
Road infrastructure	7,346	4,920
Other	2,456	3,618
Cemetery	123	337
Recreation	1,094	1,376
Total commitments	21,665	20,898

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 2024 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2025 Purpose \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Roads	17,140	2,065	—	—	876	—	—	20,081	—
Parking	3	—	—	—	—	—	—	3	—
Open space	47	59	—	—	3	—	—	109	—
Community facilities	8,189	644	—	—	387	(248)	—	8,972	—
Other	13,326	330	—	—	669	(18)	—	14,307	—
Bushfire	237	7	—	—	12	—	—	256	—
Waste management	329	—	—	—	16	—	—	345	—
Rural addressing	21	—	—	—	1	—	—	22	—
Recreation facilities	2,789	119	—	—	134	(180)	—	2,862	—
Pathway	644	21	—	—	32	—	—	697	—
Purpose	—	—	—	—	—	—	—	—	—
Street upgrade	1,720	57	—	—	86	—	—	1,863	—
S7.11 contributions – under a plan	44,445	3,302	—	—	2,216	(446)	—	49,517	—
Total S7.11 and S7.12 revenue under plans	44,445	3,302	—	—	2,216	(446)	—	49,517	—
S7.11 not under plans	218	187	—	—	13	(4)	—	414	—
S7.4 planning agreements	839	—	—	13,354	42	—	—	881	—
S64 contributions	27,427	1,975	—	—	1,332	(1,783)	—	28,951	—
Total contributions	72,929	5,464	—	13,354	3,603	(2,233)	—	79,763	—

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 2024 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2025 Purpose \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					

S7.11 contributions – under a plan

CONTRIBUTION PLAN (former Palerang)

Roads	7,624	753	—	—	387	—	—	8,764	—
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G4-2 Developer contributions by plan (continued)

	Opening balance at 1 July 2024 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2025 Purpose \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Community facilities	1,640	30	—	—	70	(226)	—	1,514	—
Bushfire	237	7	—	—	12	—	—	256	—
Waste management	329	—	—	—	16	—	—	345	—
Rural addressing	21	—	—	—	1	—	—	22	—
Recreation facilities	2,789	119	—	—	134	(180)	—	2,862	—
Pathway	644	21	—	—	32	—	—	697	—
Street upgrade	1,720	57	—	—	86	—	—	1,863	—
Purpose	—	—	—	—	—	—	—	—	—
Total	15,004	987	—	—	738	(406)	—	16,323	—
CONTRIBUTION PLAN (former QCC)									
Roads	9,516	1,312	—	—	489	—	—	11,317	—
Parking	3	—	—	—	—	—	—	3	—
Open space	47	59	—	—	3	—	—	109	—
Community facilities	6,549	614	—	—	317	(22)	—	7,458	—
Other (Googong Development, Extractive Industries - C.S.R)	13,326	330	—	—	669	(18)	—	14,307	—
Purpose	—	—	—	—	—	—	—	—	—
Total	29,441	2,315	—	—	1,478	(40)	—	33,194	—

G4-3 Contributions not under plans

(former Palerang)

Roads	3	168	—	—	2	(4)	—	169	—
Parking	215	19	—	—	11	—	—	245	—
Total	218	187	—	—	13	(4)	—	414	—

G4-4 S7.4 planning agreements

Roads	839	—	—	5,274	42	—	—	881	—
Community Facilities	—	—	—	1,127	—	—	—	—	—
Stormwater	—	—	—	4,810	—	—	—	—	—
Water	—	—	—	1,286	—	—	—	—	—
Sewer	—	—	—	857	—	—	—	—	—
Total	839	—	—	13,354	42	—	—	881	—

	Opening balance at 1 July 2024 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2025 Purpose \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
G4-5 S64 contributions									
Section 64 Water	13,456	1,618	–	–	661	(527)	–	15,208	–
Section 64 Sewer	13,971	357	–	–	671	(1,256)	–	13,743	–
Total	27,427	1,975	–	–	1,332	(1,783)	–	28,951	–

H Additional Council 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

Opening hours:

8:30am - 4:30pm - Weekdays

Telephone: 02 6285 6000

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



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

Contact: Furqan Yousuf
Phone no: 02 9275 7470
Our ref: R008-1981756498-7982

17 November 2025

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2025
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 2025 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.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2025 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 2024-25
- 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

	2025	2024	Variance
	\$m	\$m	%
Rates and annual charges revenue	110.8	96.6	14.7
Grants and contributions provided for operating purposes revenue	22.0	19.8	11.1
Grants and contributions provided for capital purposes revenue	48.5	113.3	57.2
Operating result from continuing operations	44.2	120.1	63.2
Net Operating result for the year before grants and contributions provided for capital purposes	(4.3)	6.8	163

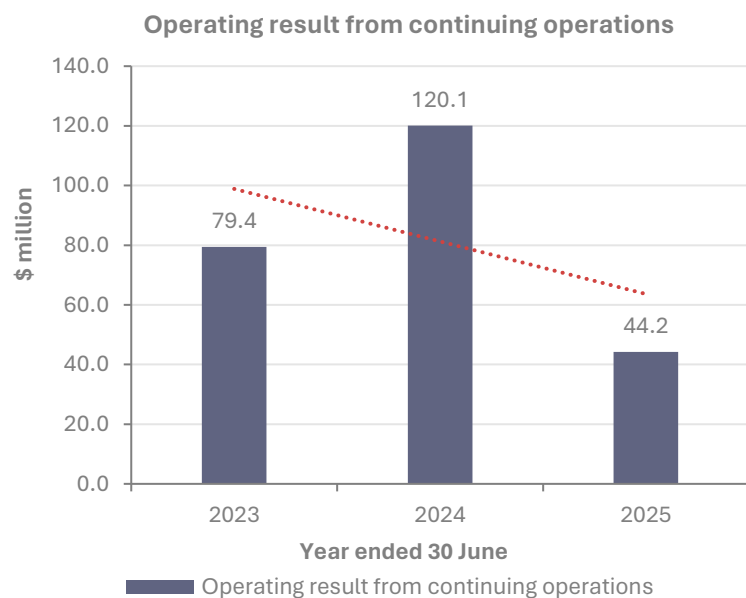
Operating result from continuing operations

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 \$75.9 million lower than the 2023–24 result.

In 2024-25:

- Grants and contributions provided for capital purposes (\$48.5 million) declined by \$64.8 million (57 per cent), primarily due to a reduction in non-cash contributions (gifted assets) associated with development within the local government area.
- Depreciation, amortisation and impairment of non-financial assets expense (\$52.1 million) increased by \$12 million (30.2 per cent) due to non-cash contributions (gifted assets) received during the prior year



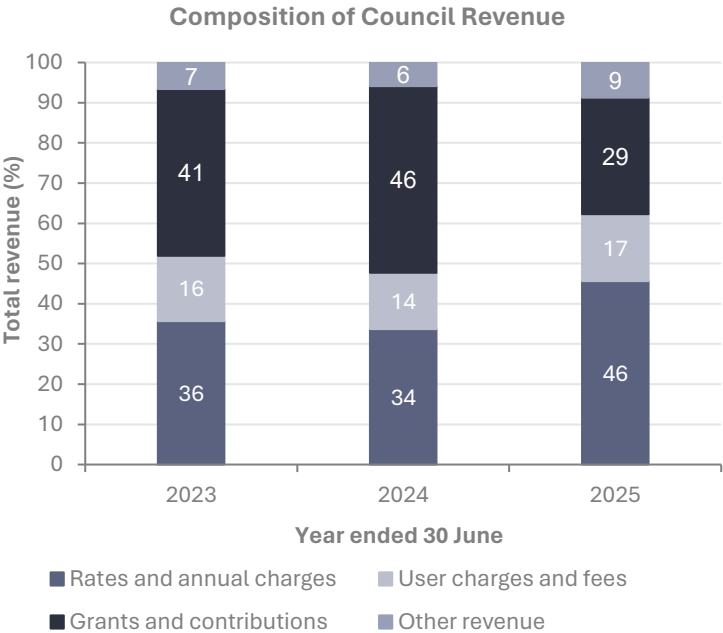
- Materials and services expenditure increased by \$8.4 million (11.7 per cent), mainly from higher maintenance, contractor, and utility costs.

The net operating result for the year before grants and contributions provided for capital purposes was a deficit of \$4.3 million. Refer to ‘Grants and contributions revenue’ below for details.

Income

Council revenue

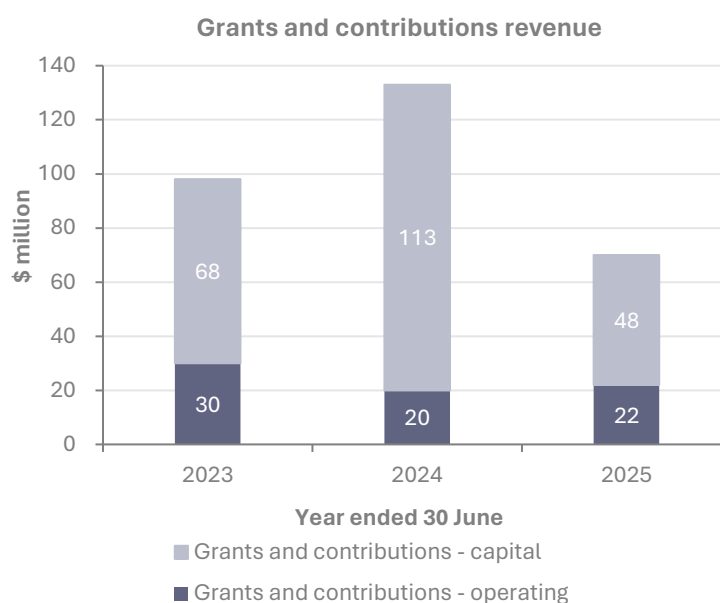
This graph shows the composition of Council’s revenue recognised for the current and prior two financial years. Council revenue (\$243 million) decreased by \$43.7 million (15.2 per cent) in 2024–25 mainly due to a reduction in non-cash contributions (gifted assets) associated with development within the local government area by \$70.6 million.



Grants and contributions revenue

This graph shows the amount of grants and contributions revenue recognised for the current and prior two financial years.

Grants and contributions revenue (\$70 million) decreased by \$62.6 million (47 per cent) in 2024–25 due to a decrease in capital grants and contributions by \$64.8 million (57.2 per cent), due to reduction in non-cash contributions (gifted assets) associated with development within the local government area.



CASH FLOWS

Statement of cash flows

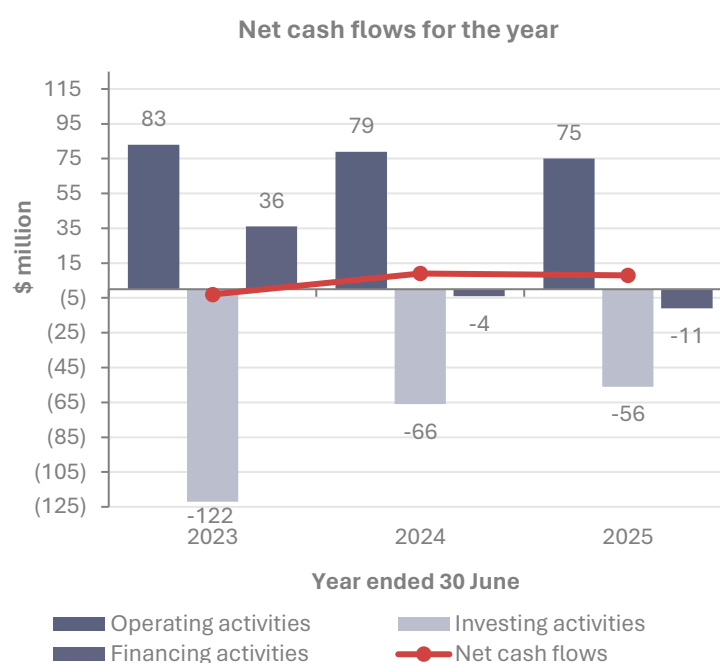
The Statement of Cash Flows details the Council's inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating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

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

The net cash inflows for the year were \$8.3 million (\$9.0 million net cash inflows in 2023-24).

In 2024-25 the net cashflows:

- from operating activities decreased by \$3.9 million, mainly due to lower grants and contributions received (decrease of \$18.9 million) partially offset by increases in rates, user charges, and interest received
- used in investing activities decreased by \$9.6 million, mainly due to lower redemption of term deposits as the need for capital expenditure on infrastructure and property acquisitions decreased and completion of prior-year projects
- used in financing activities increased by \$6.5 million, mainly due to the absence of new borrowings during the year.



FINANCIAL POSITION

Cash, cash equivalents and investments

This section of the Report provides details of the amount of cash, cash equivalents and investments recorded by the Council at 30 June 2025.

Externally restricted funds are the cash, cash equivalents and investments that can only be used for specific purposes due to legal or contractual restrictions.

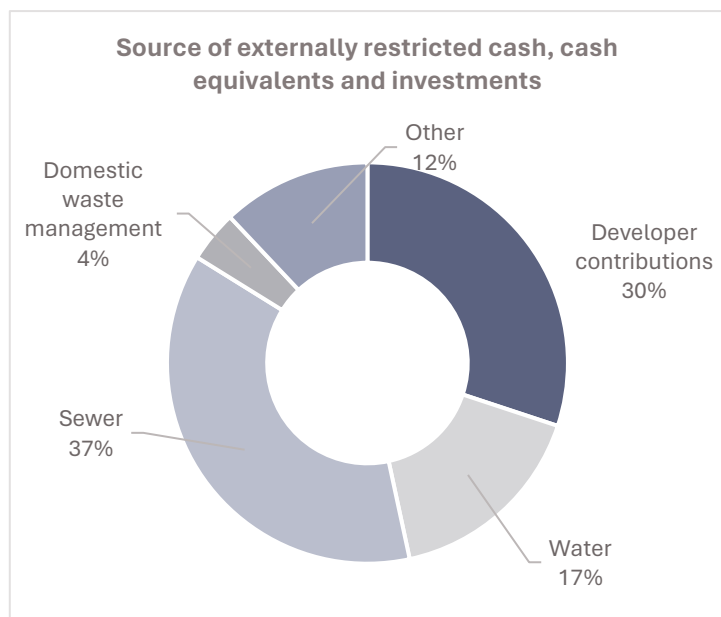
Cash, cash equivalents, and investments without external restrictions can be allocated internally by the elected Council's resolution or policy. These allocations are matters of Council policy and can be changed or removed by a Council resolution.

Cash, cash equivalents and investments	2025	2024	Percentage of total cash and investments 2025	Commentary
	\$m	\$m	%	
Total cash, cash equivalents and investments	302.6	272.3		Externally restricted balances are those which are only available for specific use due to a restriction placed by legislation or third-party contract. A breakdown of the sources of externally restricted balances is included in the graph below.
Restricted and allocated cash, cash equivalents and investments:				Internal allocations are determined by council policies or decisions, which are subject to change. Internally allocated funds increased due to higher reserves for infrastructure renewal, employee entitlements, and deposits.
• External restrictions	266.2	250.6	87.9	
• Internal allocations	29.4	18.7	9.7	

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

In 2024-25 the Council's main sources of externally restricted cash, cash equivalents and investments include:

- developer contributions of \$79.8 million, which increased by \$6.9 million (9.5 per cent) from the prior year
- sewer fund of \$99.0 million, which increased by \$17.4 million (21.3 per cent) from prior year
- domestic waste management reserves and other externally restricted cash, cash equivalents remained broadly consistent with the prior year balances.

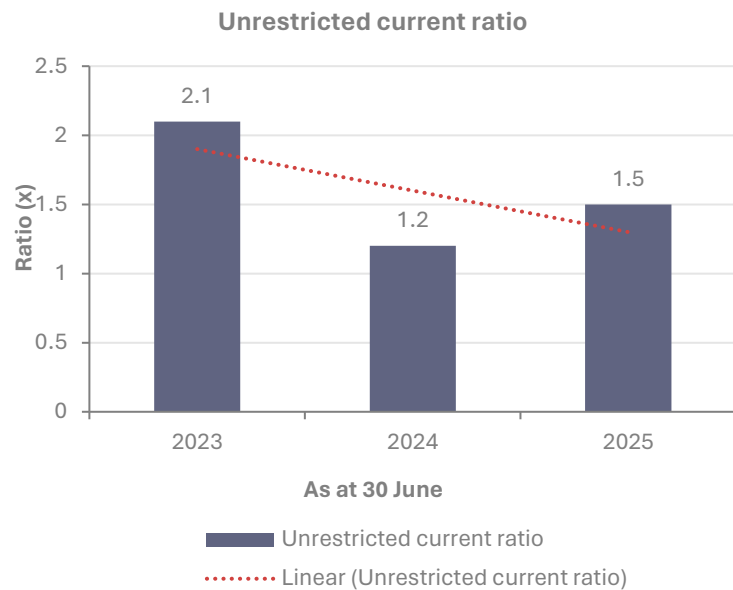


Council liquidity

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. The ratio measures the ratio of unrestricted current assets to current liabilities less specific purpose liabilities.

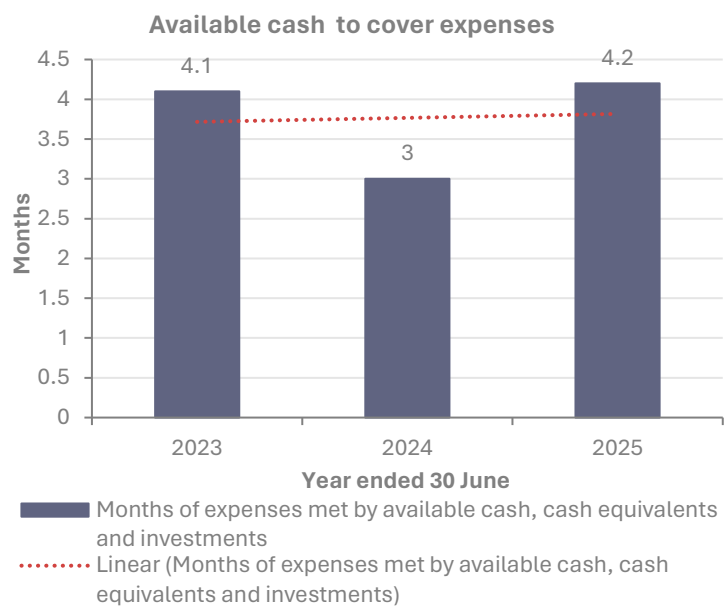
Council's ratio has improved from the previous year but deteriorated from 2023.



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).

Further details on cash, cash equivalents and investments including the sources of external restrictions are included in the section above.

Council's ratio has improved from the previous year.

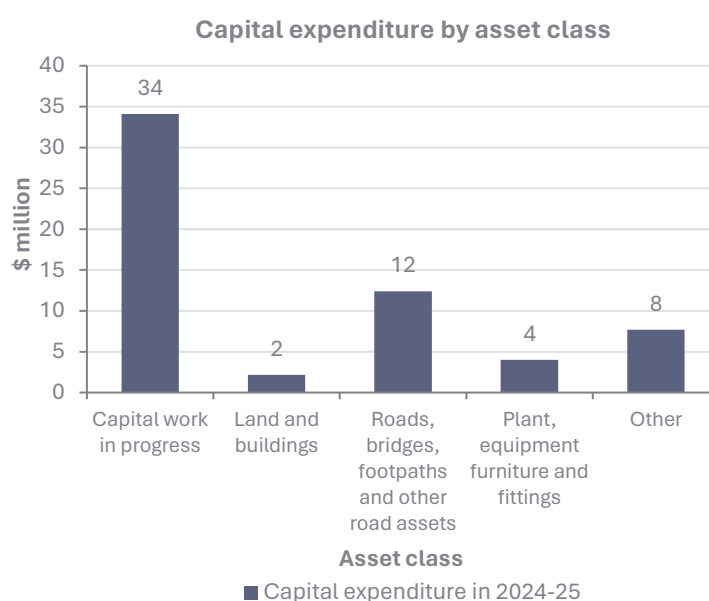


Infrastructure, property, plant and equipment

This graph shows how much the Council spent on renewing and purchasing assets in 2024-25.

In 2024-25, Council recorded a total of \$59.8 million in renewals and new assets.

Council renewed \$38 million of infrastructure, property, plant and equipment during the 2024-25 financial year. This was mainly spent on capital work in progress and roads. A further \$22 million was spent on new assets including capital work in progress, roads, and stormwater drainage.



Debt

The table below provides an overview of the Council's loans and committed borrowing facilities. Committed borrowing facilities are an element of liquidity management and include bank overdrafts, and credit cards.

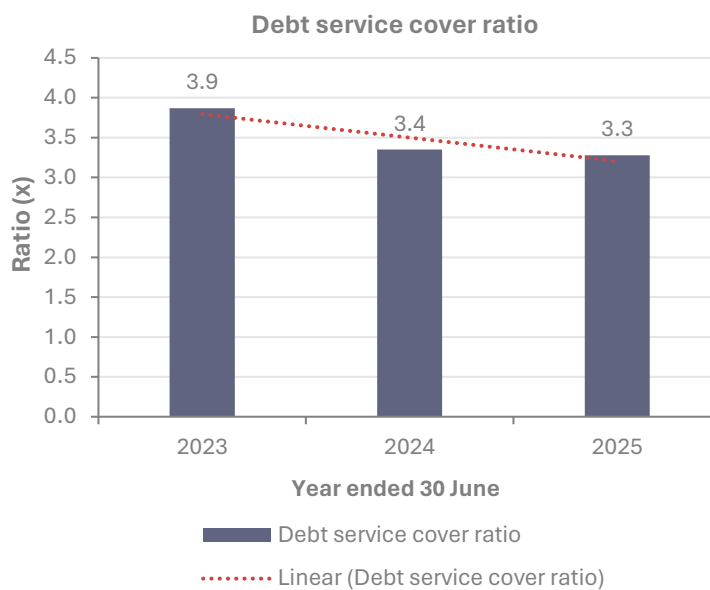
Debt	2025	2024	Commentary
	\$'000	\$'000	
Loans	138,153	148,773	Reduction is mainly due to servicing the loan
Approved overdraft facility	2,000	2,000	
Amount drawn down	-	-	
Credit Card facility	210	210	
Amount drawn down	111	116	

Debt service cover

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

The debt service cover ratio measures the operating cash to service debt including interest, principal and lease payments.

The ratio has deteriorated in 2024-25.



Furqan Yousuf
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Ms Rebecca Ryan, General Manager
Ms Rhonda Wheatley, Chair of the Audit, Risk and Improvement Committee



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 2025, the Statement of Financial Position as at 30 June 2025, 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 2025, 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 2025 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Furqan', with a stylized flourish at the end.

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

17 November 2025
SYDNEY

Queanbeyan-Palerang Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2025



Queanbeyan-Palerang Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2025

Contents	Page
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Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
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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 2025

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 10 September 2025.



Kenrick Winchester

Mayor

12 November 2025



Esma Livermore

Deputy Mayor

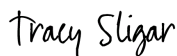
12 November 2025



Rebecca Ryan

General Manager

12 November 2025



Tracy Sligar

Responsible Accounting Officer

12 November 2025

Queanbeyan-Palerang Regional Council

Income Statement of water supply business activity

for the year ended 30 June 2025

	2025 \$ '000	2024 \$ '000
Income from continuing operations		
Access charges	9,489	8,649
User charges	16,648	19,774
Fees	56	–
Grants and contributions provided for operating purposes	148	82
Interest and investment income	3,603	2,855
Other income	10	5
Total income from continuing operations	29,954	31,365
Expenses from continuing operations		
Employee benefits and on-costs	2,166	1,514
Materials and services	7,426	8,166
Borrowing costs	232	241
Depreciation, amortisation and impairment	4,714	4,439
Water purchase charges	14,529	12,873
Total expenses from continuing operations	29,067	27,233
Surplus (deficit) from continuing operations before capital amounts	887	4,132
Grants and contributions provided for capital purposes	1,470	14,810
Surplus (deficit) from continuing operations after capital amounts	2,357	18,942
Surplus (deficit) from all operations before tax	2,357	18,942
Less: corporate taxation equivalent 25% [based on result before capital]	(222)	(1,033)
Surplus (deficit) after tax	2,135	17,909
opening accumulated surplus	176,981	158,039
Adjustments for amounts unpaid:		
– Corporate taxation equivalent	222	1,033
Closing accumulated surplus	179,338	176,981
Return on capital %	0.6%	2.4%
Subsidy from Council	6,740	3,530
Calculation of dividend payable:		
Surplus (deficit) after tax	2,135	17,909
Less: capital grants and contributions (excluding developer contributions)	(1,470)	(14,810)
Surplus for dividend calculation purposes	665	3,099
Potential dividend calculated from surplus	333	1,550

Queanbeyan-Palerang Regional Council

Income Statement of sewerage business activity

for the year ended 30 June 2025

	2025 \$ '000	2024 \$ '000
Income from continuing operations		
Access charges	24,088	22,067
User charges	1,576	1,879
Liquid trade waste charges	44	50
Fees	286	267
Interest and investment income	6,503	6,051
Total income from continuing operations	32,497	30,314
Expenses from continuing operations		
Employee benefits and on-costs	3,028	2,542
Materials and services	10,089	9,365
Borrowing costs	376	399
Depreciation, amortisation, impairment and revaluation decrement	7,727	7,130
Net loss from the disposal of assets	–	6
Total expenses from continuing operations	21,220	19,442
Surplus (deficit) from continuing operations before capital amounts	11,277	10,872
Grants and contributions provided for capital purposes	618	8,515
Surplus (deficit) from continuing operations after capital amounts	11,895	19,387
Surplus (deficit) from all operations before tax	11,895	19,387
Less: corporate taxation equivalent 25% [based on result before capital]	(2,819)	(2,718)
Surplus (deficit) after tax	9,076	16,669
Opening accumulated surplus	301,597	282,210
Adjustments for amounts unpaid:		
– Corporate taxation equivalent	2,819	2,718
Closing accumulated surplus	313,492	301,597
Return on capital %	4.8%	4.6%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	9,076	16,669
Less: capital grants and contributions (excluding developer contributions)	(618)	(8,515)
Surplus for dividend calculation purposes	8,458	8,154
Potential dividend calculated from surplus	4,229	4,077

Queanbeyan-Palerang Regional Council

Statement of Financial Position of water supply business activity

as at 30 June 2025

	2025 \$ '000	2024 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	4,591	4,559
Investments	26,721	29,017
Receivables	7,381	4,491
Total current assets	38,693	38,067
Non-current assets		
Investments	27,614	26,768
Infrastructure, property, plant and equipment	188,917	183,796
Total non-current assets	216,531	210,564
Total assets	255,224	248,631
LIABILITIES		
Current liabilities		
Payables	701	606
Borrowings	266	278
Employee benefit provisions	396	319
Total current liabilities	1,363	1,203
Non-current liabilities		
Borrowings	3,580	3,833
Total non-current liabilities	3,580	3,833
Total liabilities	4,943	5,036
Net assets	250,281	243,595
EQUITY		
Accumulated surplus	179,338	176,981
IPPE Revaluation reserves	70,943	66,614
Total equity	250,281	243,595

Queanbeyan-Palerang Regional Council

Statement of Financial Position of sewerage business activity

as at 30 June 2025

	2025 \$ '000	2024 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	9,278	7,191
Investments	50,901	46,016
Receivables	2,869	2,183
Total current assets	63,048	55,390
Non-current assets		
Investments	52,602	42,450
Infrastructure, property, plant and equipment	244,851	245,331
Total non-current assets	297,453	287,781
Total assets	360,501	343,171
LIABILITIES		
Current liabilities		
Payables	76	51
Borrowings	482	473
Employee benefit provisions	865	412
Total current liabilities	1,423	936
Non-current liabilities		
Borrowings	5,494	5,941
Total non-current liabilities	5,494	5,941
Total liabilities	6,917	6,877
Net assets	353,584	336,294
EQUITY		
Accumulated surplus	313,492	301,597
IPPE Revaluation reserves	40,092	34,697
Total equity	353,584	336,294

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):

Note – Material accounting policy information (continued)

Notional rate applied (%)

Corporate income tax rate – **25%** (2023/24 - 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 occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

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:

Operating result before capital income + interest expense

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 2025, the Statement of Financial Position of each Declared Business Activity as at 30 June 2025 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 2025, 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 2024–25 (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 2025 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.

A handwritten signature in black ink, appearing to read 'Furqan' followed by a stylized flourish.

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

17 November 2025
SYDNEY

Queanbeyan-Palerang Regional Council

SPECIAL SCHEDULES
for the year ended 30 June 2025



Queanbeyan-Palerang Regional Council

Special Schedules

for the year ended 30 June 2025

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Queanbeyan-Palerang Regional Council

Permissible income for general rates

	Notes	Calculation 2024/25 \$ '000	Calculation 2025/26 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	51,125	61,787
Plus or minus adjustments ²	b	1,382	300
Notional general income	c = a + b	52,507	62,087
Permissible income calculation			
Percentage increase	d	18.00%	18.00%
Plus percentage increase amount ³	$f = d \times (c + e)$	9,451	11,176
Sub-total	$g = (c + e + f)$	61,958	73,263
Plus last year's carry forward total	h	397	569
Sub-total	$j = (h + i)$	397	569
Total permissible income	$k = g + j$	62,355	73,832
Less notional general income yield	l	61,787	73,248
Catch-up or (excess) result	$m = k - l$	569	584
Carry forward to next year ⁶	$p = m + n + o$	569	584

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 2026.

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 2024–25 (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 2025 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 2025.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

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

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

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

A handwritten signature in black ink, appearing to read 'Furqan', with a stylized flourish at the end.

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

17 November 2025
SYDNEY

Queanbeyan-Palerang Regional Council

Report on infrastructure assets as at 30 June 2025

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2024/25 Required maintenance ^a	2024/25 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	3,286	14,718	4,119	1,258	190,129	272,453	22.9%	44.2%	27.2%	5.1%	0.6%
	Sub-total	3,286	14,718	4,119	1,258	190,129	272,453	22.9%	44.2%	27.2%	5.1%	0.6%
Roads	Roads	1,059	4,050	3,588	10,405	407,617	528,676	76.9%	13.1%	9.3%	0.6%	0.1%
	Bridges	1,294	7,394	671	1,542	111,303	153,157	45.9%	18.2%	31.1%	4.8%	0.0%
	Footpaths	186	1,048	666	899	65,054	86,366	57.2%	25.0%	16.5%	1.2%	0.1%
	Other road assets (includes bulk earthworks)	114	541	2,816	–	490,803	538,735	92.8%	3.5%	3.6%	0.1%	0.0%
	Sub-total	2,653	13,033	7,741	12,846	1,074,777	1,306,934	78.5%	10.5%	10.0%	0.9%	0.0%
Water supply network	Water supply network	2,394	12,750	4,740	2,902	179,038	318,783	21.0%	35.8%	39.2%	3.9%	0.1%
	Sub-total	2,394	12,750	4,740	2,902	179,038	318,783	21.0%	35.8%	39.2%	3.9%	0.1%
Sewerage network	Sewerage network	8,916	18,820	5,155	5,237	223,027	381,198	26.7%	37.2%	31.1%	1.2%	3.8%
	Sub-total	8,916	18,820	5,155	5,237	223,027	381,198	26.7%	37.2%	31.1%	1.2%	3.8%
Stormwater drainage	Stormwater drainage	10,280	17,878	2,245	230	201,547	302,740	61.4%	23.6%	9.1%	0.0%	5.9%
	Sub-total	10,280	17,878	2,245	230	201,547	302,740	61.4%	23.6%	9.1%	0.0%	5.9%
Open space / recreational assets	Swimming pools	227	1,297	310	4	4,146	8,716	26.2%	0.2%	58.7%	14.9%	0.0%
	Park Structures	379	1,943	2,500	2,883	61,193	84,006	53.5%	20.6%	23.6%	2.2%	0.1%
	Sub-total	606	3,240	2,810	2,887	65,339	92,722	50.9%	18.7%	26.9%	3.4%	0.1%
Total – all assets		28,135	80,439	26,810	25,360	1,933,857	2,674,830	55.7%	22.5%	18.7%	1.7%	1.4%

(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 2025

Infrastructure asset performance indicators (consolidated) *

	Amounts 2025 \$ '000	Indicator 2025	2024	Indicators 2023	2022	Benchmark
Buildings and infrastructure renewals ratio						
Asset renewals ¹	34,033					
Depreciation, amortisation and impairment	48,674	69.92%	42.81%	99.45%	123.69%	> 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	28,135					
Net carrying amount of infrastructure assets	1,993,742	1.41%	1.25%	1.17%	0.84%	< 2.00%
Asset maintenance ratio						
Actual asset maintenance	25,360					
Required asset maintenance	26,810	94.59%	92.15%	118.24%	123.74%	> 100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	80,439	3.01%	2.79%	2.69%	2.33%	
Gross replacement cost	2,674,830					

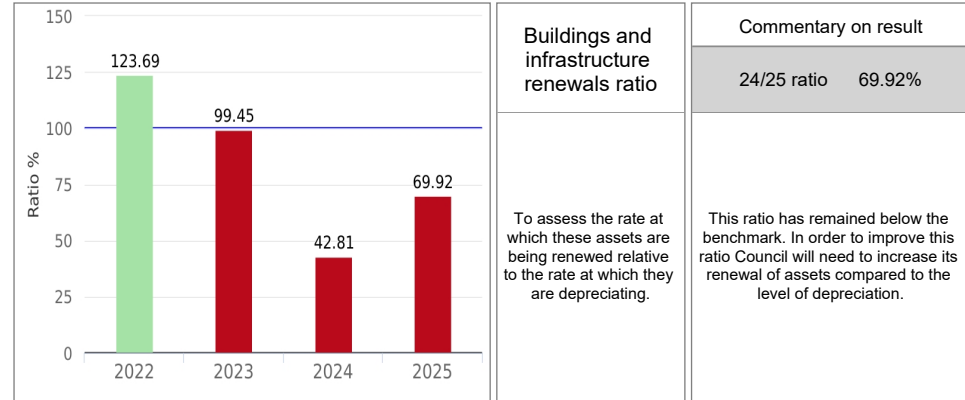
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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 2025

Buildings and infrastructure renewals ratio



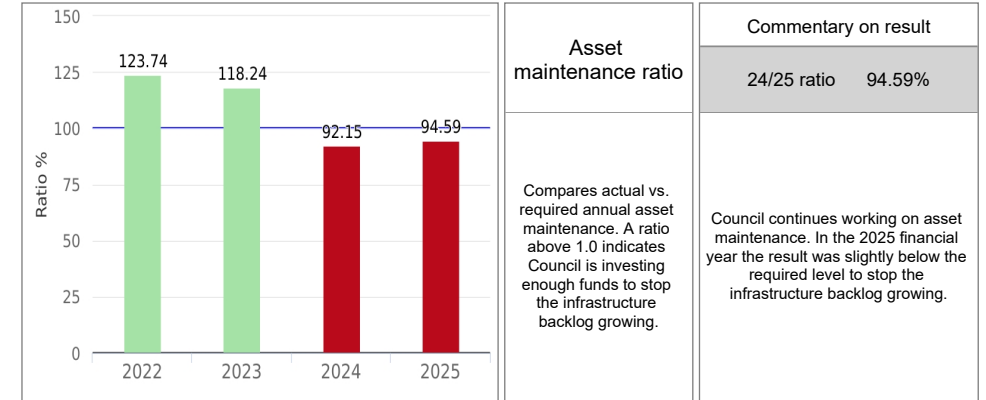
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



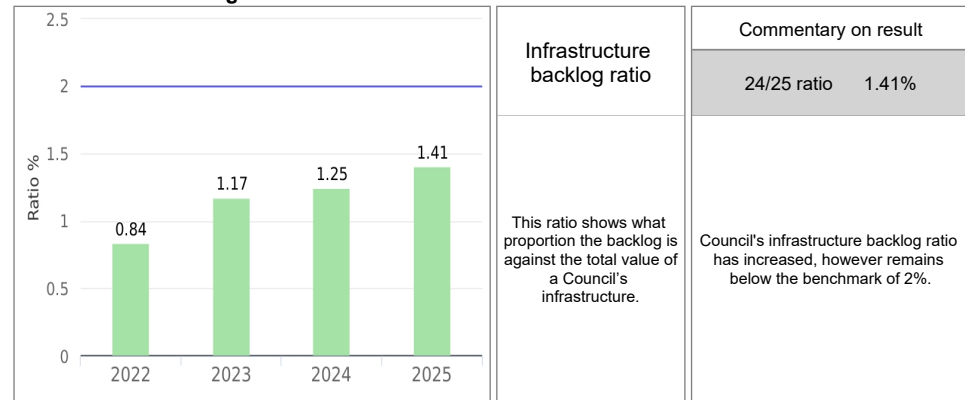
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



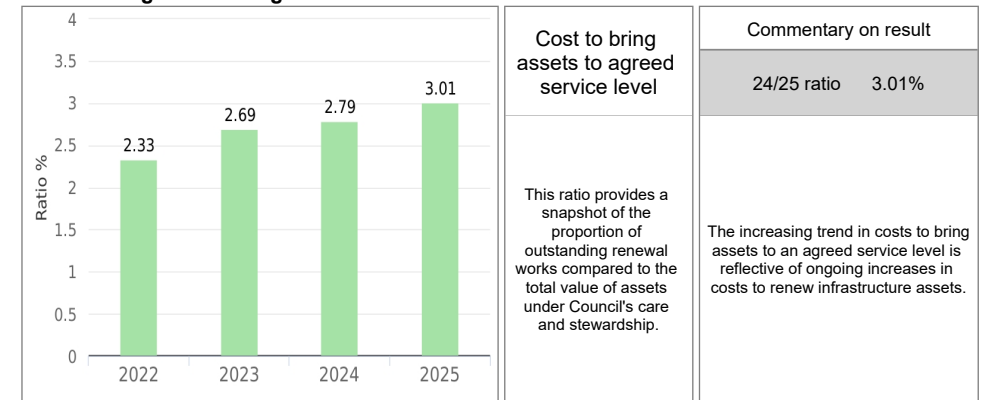
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Queanbeyan-Palerang Regional Council

Report on infrastructure assets as at 30 June 2025

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2025	2024	2025	2024	2025	2024	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	81.53%	60.55%	82.34%	5.65%	7.91%	3.45%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	1.06%	1.40%	1.34%	1.31%	4.00%	3.87%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	101.81%	88.90%	61.22%	86.36%	101.59%	107.89%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	2.47%	2.26%	4.00%	4.00%	4.94%	4.94%	
Gross replacement cost							

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