



**Macedon
Ranges**
Shire Council

ATTACHMENTS

**Council Meeting
Under Separate Cover**

Wednesday 9 October 2024

Table of Contents

COR.1	Financial Statements for the year ended 30 June 2024	
	Attachment 1 Annual Financial Statements for period ended 30 June 2024.....	4

**Macedon Ranges Shire Council
Financial Statements**

For the Year Ended 30 June 2024

Table of Contents

Certification of the Financial Report
Victorian Auditor-General's Office Report

Financial Statements

Comprehensive Income Statement
Balance Sheet
Statement of Changes in Equity
Statement of Cash Flows
Statement of Capital Works

Overview

Notes to Financial Statements

- Note 1 Overview
- Note 2 Performance against budget
- 2.1. Income and expenditure
 - 2.2. Capital works
 - 2.3. Analysis of Council results against budget
- Note 3 Funding for the delivery of our services
- 3.1. Rates and charges
 - 3.2. Statutory fees and fines
 - 3.3. User fees
 - 3.4. Funding from other levels of government
 - 3.5. Contributions
 - 3.6. Net gain/(loss) on disposal of property, infrastructure, plant and equipment
 - 3.7. Other income
- Note 4 The cost of delivering services
- 4.1. Employee costs
 - 4.2. Materials and services
 - 4.3. Depreciation
 - 4.4. Other expenses
- Note 5 Investing in and financing our operations
- 5.1. Financial assets
 - 5.2. Non-financial assets
 - 5.3. Payables, trust funds and deposits and contract and other liabilities
 - 5.4. Interest bearing liabilities
 - 5.5. Provisions
 - 5.6. Financing arrangements
 - 5.7. Commitments
 - 5.8. Leases
- Note 6 Assets we manage
- 6.1. Property infrastructure plant and equipment
 - 6.2. Investments in associates
 - 6.3. Investment property
- Note 7 People and relationships
- 7.1. Council and key management remuneration
 - 7.2. Related party disclosure
- Note 8 Managing uncertainties
- 8.1. Contingent assets and liabilities
 - 8.2. Change in accounting standards
 - 8.3. Financial instruments
 - 8.4. Fair value measurement
 - 8.5. Events occurring after balance date
- Note 9 Other matters
- 9.1. Reserves
 - 9.2. Reconciliation of cash flows from operating activities to surplus/(deficit)
 - 9.3. Superannuation
 - 9.4. Correction of prior period error
- Note 10 Change in accounting policy

Certification of the Financial Statements

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, the Australian Accounting Standards and other mandatory professional reporting requirements.

Travis Harling
Principal Accounting Officer

XX October 2024
Gisborne

In our opinion, the accompanying financial statements present fairly the financial transactions of Macedon Ranges Shire Council for the year ended 30 June 2024 and the financial position of Council as at that date.

As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by Council and by the *Local Government (Planning and Reporting) Regulations 2020* to certify the financial statements in their final form.

Mark Ridgeway
Councillor

XX October 2024
Gisborne

Geoff Neil
Councillor

XX October 2024
Gisborne

Bernie O'Sullivan
Chief Executive Officer

XX October 2024
Gisborne

Independent Auditors Report

Report to be added once approval is given by the Victorian Auditor-General's Office (VAGO).

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Independent Auditors Report

Report to be added once approval is given by the Victorian Auditor-General's Office (VAGO).

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Comprehensive Income Statement for the year ended 30 June 2024

	Note	2024 \$'000	2023 Restated \$'000
Income			
Rates and charges	3.1	61,941	58,267
Statutory fees and fines	3.2	3,400	3,233
User fees	3.3	6,837	7,142
Grants - operating	3.4(a)	13,487	24,477
Grants - capital	3.4(b)	15,507	7,521
Contributions - monetary	3.5	2,344	3,460
Contributions - non monetary	3.5	17,274	14,345
Net (loss) / gain on disposal of property, infrastructure, plant & equipment	3.6	(3,272)	832
Decrease / (increase) in provision for landfill liability	5.5(b)	51	(379)
Fair value adjustments for investment property	6.3	52	303
Share of net profits of associates	6.2	29	15
Other income	3.7	13,418	15,335
Total income		131,068	134,551
Expenses			
Employee costs	4.1(a)	43,263	41,861
Materials and services	4.2	43,591	45,674
Depreciation	4.3	17,075	15,592
Amortisation - intangible assets		186	167
Depreciation - right of use assets		289	368
Allowance for impairment losses		5	2
Borrowing costs		251	132
Finance cost - leases		21	24
Fair value adjustments for assets held for sale		171	-
Loss on revaluation of other Infrastructure	6.1	-	625
Other expenses	4.4	3,072	3,088
Total expenses		107,924	107,533
Surplus for the year		23,144	27,018
Other comprehensive income			
<i>Items that will not be reclassified to surplus or deficit in future periods</i>			
Net asset revaluation gain	6.1	4,407	67,452
Total comprehensive result		27,551	94,470

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

Balance Sheet as at 30 June 2024

	Note	30 June 2024	30 June 2023	01 Jul 2022
		\$'000	Restated \$'000	Restated \$'000
Assets				
Current assets				
Cash and cash equivalents	5.1(a)	8,981	39,577	44,384
Other financial assets	5.1(b)	27,998	10,000	1,000
Trade and other receivables	5.1(c)	9,459	16,091	12,730
Accrued income		1,777	1,551	1,847
Prepayments		924	594	698
Non-current assets classified as held for sale		70	-	-
Total current assets		49,209	67,813	60,659
Non-current assets				
Other financial assets	5.1(b)	21	21	21
Intangible assets	5.2	253	416	546
Right-of-use assets	5.8	2,006	345	583
Property, infrastructure, plant and equipment	6.1	1,442,185	1,395,580	1,301,458
Investments in associates	6.2	1,477	1,447	1,432
Investment property	6.3	2,985	2,933	2,630
Total non-current assets		1,448,927	1,400,742	1,306,670
Total assets		1,498,136	1,468,555	1,367,329
Liabilities				
Current liabilities				
Trade and other payables	5.3(a)	7,176	9,413	8,108
Trust funds and deposits	5.3(b)	6,222	6,952	5,955
Contract and other liabilities	5.3(c)	7,916	16,668	14,908
Interest-bearing liabilities	5.4	1,385	391	208
Provisions	5.5	6,732	6,730	6,554
Lease liabilities	5.8	399	256	414
Total current liabilities		29,830	40,410	36,147
Non-current liabilities				
Interest-bearing liabilities	5.4	16,032	5,117	4,113
Provisions	5.5	5,131	4,934	3,308
Lease liabilities	5.8	1,628	131	268
Total non-current liabilities		22,791	10,182	7,689
Total liabilities		52,621	50,592	43,836
Net assets		1,445,515	1,417,963	1,323,493
Equity				
Accumulated surplus		747,117	722,049	699,932
Reserves	9.1	698,398	695,914	623,561
Total equity		1,445,515	1,417,963	1,323,493

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

Statement of Changes in Equity for the year ended 30 June 2024

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2024					
Balance at beginning of the financial year		1,417,963	722,049	675,194	20,720
Surplus for the year		23,144	23,144	-	-
Net asset revaluation gain	6.1	4,407	-	4,407	-
Transfers to other reserves	9.1	-	(5,307)	-	5,307
Transfers from other reserves	9.1	-	7,231	-	(7,231)
Balance at end of the financial year		1,445,514	747,117	679,601	18,796

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2023					
Balance at beginning of the financial year		1,318,336	694,775	607,742	15,819
Prior year adjustment	9.4	5,157	5,157	-	-
Balance at beginning of the financial year - restated		1,323,493	699,932	607,742	15,819
Restated surplus for the year		27,018	27,018	-	-
Net asset revaluation gain	6.1	67,452	-	67,452	-
Transfers to other reserves	9.1	-	(7,334)	-	7,334
Transfers from other reserves	9.1	-	2,433	-	(2,433)
Balance at end of the financial year		1,417,963	722,049	675,194	20,720

The above statement of changes in equity should be read with the accompanying notes.

Statement of Cash Flows for the year ended 30 June 2024

	Note	2024 Inflows/ (Outflows) \$'000	2023 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		61,117	57,365
Statutory fees and fines		3,401	3,233
User fees		6,947	7,372
Grants - operating		12,035	26,237
Grants - capital		15,198	6,816
Contributions - monetary		2,344	4,165
Interest received		1,637	1,439
Trust funds and deposits taken		2,404	2,549
Other receipts		12,194	13,048
Net GST refund		8,601	6,612
Employee costs		(43,227)	(40,922)
Materials and services		(54,125)	(52,266)
Trust funds and deposits repaid		(3,286)	(1,629)
Other payments		(3,403)	(3,786)
Net cash provided by operating activities	9.2	<u>21,837</u>	<u>30,233</u>
Cash flows from investing activities			
Payments for investments		(50,400)	(61,000)
Proceeds from sale of investments		31,998	52,000
Payments for property, infrastructure, plant and equipment		(45,767)	(30,805)
Proceeds from sale of property, infrastructure, plant and equipment		385	3,223
Net cash used in investing activities		<u>(63,784)</u>	<u>(36,582)</u>
Cash flows from financing activities			
Finance costs		(226)	(132)
Proceeds from borrowings		12,300	2,200
Repayment of borrowings		(391)	(208)
Interest paid - lease liability		(21)	(24)
Repayment of lease liabilities		(311)	(294)
Net cash provided by/(used in) financing activities		<u>11,351</u>	<u>1,542</u>
Net increase in cash and cash equivalents		(30,596)	(4,807)
Cash and cash equivalents at the beginning of the financial year		<u>39,577</u>	<u>44,384</u>
Cash and cash equivalents at the end of the financial year	5.1(a)	<u>8,981</u>	<u>39,577</u>
Financing arrangements	5.6		

The above statement of cash flows should be read with the accompanying notes.

Statement of Capital Works for the year ended 30 June 2024

	2024	2023
	\$'000	\$'000
Property		
Buildings and building improvements	3,594	3,179
Land and land improvements	1,060	-
Total property	<u>4,654</u>	<u>3,179</u>
Plant and equipment		
Plant, machinery and equipment	1,378	1,307
Computers and telecommunications	228	290
Total plant and equipment	<u>1,606</u>	<u>1,597</u>
Infrastructure		
Roads	13,087	9,274
Bridges	1,524	615
Footpaths and cycleways	2,015	2,286
Drainage	499	752
Recreational, leisure and community facilities	21,089	11,167
Parks, open space and streetscapes	609	1,348
Other infrastructure	829	752
Total infrastructure	<u>39,652</u>	<u>26,194</u>
Total capital works expenditure	<u>45,912</u>	<u>30,970</u>
Represented by:		
New asset expenditure	23,504	11,727
Asset renewal expenditure	21,920	17,832
Asset upgrade expenditure	488	1,411
Total capital works expenditure	<u>45,912</u>	<u>30,970</u>

The above statement of capital works should be read with the accompanying notes.

Notes to the Financial Statements for the year ended 30 June 2024

Note 1 Overview

Introduction

Macedon Ranges Shire Council (Council) was constituted in January 1995 following the amalgamation of the former Shires of Gisborne, Romsey, Newham and Woodend, and Kyneton. The Council's main office is located at 129 Mollison Street Kyneton, Victoria.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

The Council is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a not-for-profit entity under the Australian Accounting Standards.

Accounting policy information

1.1 Basis of accounting

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Specific accounting policies applied are disclosed in sections where the related balance or financial statement matter is disclosed.

The accrual basis of accounting has been used in the preparation of these financial statements, except for the cash flow information, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are based on the historical cost convention unless a different measurement basis is specifically disclosed in the notes to the financial statements.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The financial statements have been prepared on a going concern basis. The financial statements are in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest thousand dollars unless otherwise specified. Minor discrepancies in tables between totals and the sum of components are due to rounding.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3.4(c))
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- other areas requiring judgements

Note 1 Overview (cont.)

1.1 Basis of accounting (cont.)

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

Goods and Services Tax (GST)

Income and expenses are recognised net of the amount of associated GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

1.2 Impact of natural disaster events

During 2023/24, Council undertook recovery works for State Government and the significant nature of the works impacted Council's operations. Council has noted the following significant impacts on its financial operations:

- Revenue increase – other income, amounts paid to Council for the reimbursement of site and processing costs of recycled storm timber \$6,932,000
- Expense increase - material and services expenses incurred by Council for storm processing costs \$6,742,000
- Expense increase - material and services expenses incurred by Council for storm recovery \$883,000

Note 2 Analysis of our results

2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a budget variation materiality threshold of 10% and \$100,000. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its size or nature.

The budget figures detailed below are those adopted by Council on 27 September 2023 and were based on assumptions that were relevant at the time of adoption of a Revised Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

Note 2 Performance against budget (cont.)

2.1 Income and expenditure

	Budget 2024 \$'000	Actual 2024 \$'000	Variance \$'000	%	Ref
Income					
Rates and charges	62,286	61,941	(345)	-1%	
Statutory fees and fines	3,710	3,400	(310)	-8%	
User fees	7,678	6,837	(841)	-11%	1
Grants - operating	17,782	13,487	(4,295)	-24%	2
Grants - capital	7,118	15,507	8,389	118%	3
Contributions - monetary	2,605	2,344	(261)	-10%	4
Contributions - non monetary	7,920	17,274	9,354	118%	5
Fair value adjustments for investment property	-	52	52	-100%	
Increase / (decrease) in provision for landfill liability	-	51	51	100%	
Share of net profits of associates	300	29	(271)	-90%	
Net (loss) / gain on disposal of property, infrastructure, plant & equipment	-	(3,272)	(3,272)	-100%	6
Other income	2,756	13,418	10,662	387%	7
Total income	112,155	131,068	18,913	17%	
Expenses					
Employee costs	42,778	43,263	(485)	-1%	
Materials and services	31,587	43,591	(12,004)	-38%	8
Depreciation	16,639	17,075	(436)	-3%	
Amortisation - intangible assets	52	186	(134)	-258%	
Depreciation - right of use assets	372	289	83	22%	9
Allowance for impairment losses	9	5	4	44%	
Borrowing costs	558	251	307	55%	10
Finance cost - leases	39	21	18	46%	
Fair value adjustments for assets held for sale	-	171	(171)	100%	
Other expenses	3,075	3,072	3	0%	
Total expenses	95,109	107,924	(12,815)	-13%	
Surplus for the year	17,046	23,144	6,098	36%	

(i) Explanation of material variations

Ref	Item	Explanation
1	User Fees	Less disposal of general waste by shire residents at the Resource Recovery Centres (\$0.607m).
2	Grants - Operating	2023/24 Financial Assistance Grant was paid in 22/23 (\$8.9m) however additional Emergency Recovery grants were received (\$3.5m).
3	Grants - Capital	Unbudgeted grant revenue recognised per the completion of Macedon Sports Precinct (\$8.454m) and Macedon Shared Trials projects (\$0.93m).
4	Contributions - monetary	Developer contributions lower than expected due to delays in developments (\$0.576m).
5	Contributions - non-monetary	High level of development in Macedon Ranges has contributed to unbudgeted increase in developer contributed assets (\$17.274m).
6	Net (loss) / gain on disposal of property, infrastructure, plant & equipment	Sale of plant and vehicles, write-off of capital expenditure which was not able to be capitalised due to various reasons which include projects not proceeding and assets not owned by Council (\$3.272m).
7	Other income	Additional income from reimbursement of timber processing costs from storm events (\$6.93m), insurance claim (\$0.14m) and bond claims (\$0.51m).
8	Materials and services	Payment for the processing of storm timber (\$6.44m), offset in other income.
9	Depreciation - right of use assets	New lease for the Woodend Depot site (\$0.084m).
10	Borrowing costs	Loans were deferred from December 2023 to May 2024 (\$0.31m interest deferred).

Note 2 Performance against budget (cont.)

2.2 Capital works

	Budget 2024 \$'000	Actual 2024 \$'000	Variance \$'000	%	Ref
Property					
Buildings and building improvements	3,224	3,594	(370)	-11%	1
Land and land improvements	310	1,060	(750)	-242%	2
Total property	3,534	4,654	(1,120)	-32%	
Plant, machinery and equipment					
Plant, machinery and equipment	2,622	1,378	1,244	47%	3
Computers and telecommunications	300	228	72	24%	
Total plant and equipment	2,922	1,606	1,316	45%	
Infrastructure					
Roads	10,264	13,087	(2,823)	-28%	4
Bridges	1,440	1,524	(84)	-6%	
Footpaths and cycleways	1,247	2,015	(768)	-62%	5
Drainage	507	499	8	2%	
Recreational, leisure and community facilities	6,415	21,089	(14,674)	-229%	6
Parks, open space and streetscapes	371	609	(238)	-64%	7
Other infrastructure	1,600	829	772	48%	8
Total infrastructure	21,844	39,652	(17,808)	-82%	
Total capital works expenditure	28,300	45,912	(17,612)	-62%	
Represented by:					
New asset expenditure	7,254	23,504	(16,250)	-224%	
Asset renewal expenditure	19,735	21,920	(2,185)	-11%	
Asset upgrade expenditure	1,311	488	823	63%	
Total capital works expenditure	28,300	45,912	(17,612)	-62%	

(i) Explanation of material variations

Ref	Item	Explanation
1	Buildings and building improvements	Several unbudgeted projects carried forward from 2022/23 completed in 2023/24, Woodend Golf Club, Buffalo Stadium and Hanging Rock Café.
2	Land and land improvements	Project to purchase some additional land in South Gisborne was carried forward from 2022/23.
3	Plant, machinery and equipment	Several plant orders are in progress and will be completed in 2024/25.
4	Roads	Several projects from 2022/23 were completed in 2023/24 including Sheedy Road Gisborne and Hamilton Road New Gisborne.
5	Footpaths and cycleways	Construction of the Macedon Shared Trail continues, this was a project carried forward from 2022/23.
6	Recreational, leisure and community facilities	The Macedon Ranges Sports Precinct Stage 1 was completed in 2023/24, this project was carried forward from 2022/23.
7	Parks, open space and streetscapes	Gisborne Fields project completed in 2023/24, was carried forward from 2022/23.
8	Other infrastructure	The Glass Processing Facility and the Kyneton Biofilter projects have both been delayed due to reassessment of project requirements.

Note 2 Performance against budget (cont.)

2.3 Analysis of Council results by program

Council delivers its functions and activities through the following directorate areas. Each directorate is led by a director who reports through to the Chief Executive Officer (CEO), with the exception of the Chief Executive group which reports directly through to the CEO.

Council directorates

Assets & Operations

The responsibilities of the Assets and Operations directorate include the maintenance of Council roads, footpaths, bridges, drains, parks, buildings, kerbside bin collection, transfer stations, aquatics, recreation and engineering.

Chief Executive

The Chief Executive Office manages communications and engagement and the CEO's administrative support.

Community

The Community Directorate is responsible for arts and culture, customer service, community development, emergency management, child, youth and family services, and healthy aging programs.

Corporate

Corporate is responsible for financial services, information technology, property management, rates, governance and human resources.

Planning & Environment

The responsibilities of the Planning and Environment directorate include strategic planning, environment and conservation services, statutory planning, building services, local laws, environmental health, economic development, tourism and Hanging Rock.

Summary of income, expenses, assets and capital expenses by program

	Income \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income \$'000	Total assets \$'000
2024					
Assets & Operations	60,789	62,912	(2,123)	17,402	800,760
Chief Executive	-	1,648	(1,648)	-	-
Community	11,114	16,228	(5,114)	10,570	2,638
Corporate	53,346	13,704	39,642	477	694,738
Planning & Environment	5,819	13,432	(7,613)	545	-
	<u>131,068</u>	<u>107,924</u>	<u>23,144</u>	<u>28,994</u>	<u>1,498,136</u>
2023 restated					
Assets & Operations	56,744	64,950	(8,206)	11,829	769,431
Chief Executive	-	1,613	(1,613)	-	-
Community	9,206	17,320	(8,114)	7,977	2,638
Corporate	62,100	11,197	50,903	11,798	696,486
Planning & Environment	6,501	12,453	(5,952)	394	-
	<u>134,551</u>	<u>107,533</u>	<u>27,018</u>	<u>31,998</u>	<u>1,468,555</u>

Note 3 Funding for the delivery of our services

3.1 Rates and charges

Council uses capital improved value as the basis of valuation of all properties within the municipal district. The capital improved value of a property is its estimated market value at the date of valuation. The valuation base used to calculate general rates for 2023/24 was \$21,738 million (2022/23 \$19,302 million). The 2023/24 general rate in the capital improved value dollar was \$0.0017984 (2022/23, \$0.0019018).

	2024	2023
	\$'000	\$'000
General rates	38,771	36,481
Agricultural land rates	2,731	2,482
Commercial/industrial rates	2,395	2,127
Municipal charge	4,620	5,099
Waste management charge	11,854	10,576
Supplementary rates and rate adjustments	1,032	946
Other rates	60	58
Interest on rates	478	498
Total rates and charges	61,941	58,267

The date of the general revaluation of land for rating purposes within the municipal district was 1 January 2023, and the valuation was first applied in the rating year commencing 1 July 2023. Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

3.2 Statutory fees and fines

	2024	2023
	\$'000	\$'000
Animal control fees	884	777
Infringements	388	200
Permits	1,150	1,230
Roads and infrastructure fees	434	494
Town planning fees	242	266
Other statutory fees	302	266
Total statutory fees and fines	3,400	3,233

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

3.3 User fees

	2024	2023
	\$'000	\$'000
Aged and health services	-	230
Child care/children's programs	15	487
Cultural activities	248	318
Hanging Rock Reserve fees	577	625
Leisure centre and recreation	4,105	3,676
Saleyards & Truck wash	345	288
Waste management services	1,273	1,254
Other fees and charges	274	264
Total user fees	6,837	7,142
User fees recognised at a point in time	6,837	7,142

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

Note 3 Funding for the delivery of our services (cont.)

3.4 Funding from other levels of government

	2024	2023
	\$'000	\$'000
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	5,636	16,061
State funded grants	23,358	15,937
Total grants received	28,994	31,998
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Aged and disability services	759	1,694
Financial Assistance Grants	415	11,732
<i>Recurrent - State Government</i>		
Aged and disability services	105	-
Family and children	6,620	4,560
Maternal and child health	702	639
School crossing supervisors	160	140
Youth and culture	159	105
Other	106	157
Total recurrent operating grants	9,026	19,027
<i>Non-recurrent - Commonwealth Government</i>		
Emergency management	7	-
Youth and culture	32	-
<i>Non-recurrent - State Government</i>		
Emergency management	3,651	5,002
Family and children	180	46
Maternal and child health	251	-
Recreational, leisure and community facilities	42	100
Planning and Environment	-	196
Other	298	106
Total non-recurrent operating grants	4,461	5,450
Total operating grants	13,487	24,477
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to Recovery	1,441	1,441
Total recurrent capital grants	1,441	1,441
<i>Non-recurrent - Commonwealth Government</i>		
Buildings	-	84
Footpaths and cycleways	75	-
Recreational, leisure and community facilities	533	8
Roads and bridges	2,374	1,102
<i>Non-recurrent - State Government</i>		
Buildings	30	17
Family and children	42	179
Footpaths and cycleways	116	-
Recreational, leisure and community facilities	9,814	4,658
Roads and bridges	753	-
Other	329	32
Total non-recurrent capital grants	14,066	6,080
Total capital grants	15,507	7,521

Note 3 Funding for the delivery of our services (cont.)

3.4 Funding from other levels of government (cont.)

(c) Recognition of grant income

Before recognising funding from government grants as revenue the Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15 Revenue from Contracts with Customers. When both these conditions are satisfied, the Council:

- identifies each performance obligation relating to revenue under the contract/agreement.
- determines the transaction price.
- recognises a contract liability for its obligations under the agreement.
- recognises revenue as it satisfies its performance obligations, at the point in time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies AASB 1058 Income of Not-for-Profit Entities.

Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where preformation obligations are not sufficiently specific, grants are recognised on the earlier of the receipt or when an unconditional right to receipt has been established. Grants relating to capital projects are generally recognised progressively as the capital project is completed. The following table provides a summary of the accounting framework under which grants are recognised.

	2024	2023
	\$'000	\$'000
Income recognised under AASB 1058 Income of Not-for-Profit Entities		
- General purpose	415	11,732
- Specific purpose grants to acquire non-financial assets	14,755	7,521
- Other specific purpose grants	11,301	4,272
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
- Specific purpose grants	2,523	8,473
	<u>28,994</u>	<u>31,998</u>
(d) Unspent grants received on condition that they be spent in a specific manner		
Operational		
Balance at start of year	2,091	36
Received during the financial year and remained unspent at balance date	1,099	2,091
Received in prior years and spent during the financial year	(1,737)	(36)
Balance at year end	<u>1,453</u>	<u>2,091</u>
Capital		
Balance at start of year	14,485	14,701
Received during the financial year and remained unspent at balance date	747	1,431
Received in prior years and spent during the financial year	(8,810)	(1,647)
Balance at year end	<u>6,422</u>	<u>14,485</u>

The high balance at 30 June 2023 related to two projects for which Council has received grants and where the grants remained unspent at 30 June 2023. The two projects were Macedon Ranges Regional Sports Precinct and Macedon Ranges Shared Trail.

Unspent grants are determined and disclosed on a cash basis.

Note 3 Funding for the delivery of our services (cont.)

3.5 Contributions

	2024	Restated 2023
	\$'000	\$'000
Monetary	2,344	3,460
Non-monetary	17,274	14,345
Total contributions	19,618	17,805

Contributions of non monetary assets were received in relation to the following asset classes:

Buildings	142	-
Land	6,170	-
Land under roads	3,912	4,693
Infrastructure	7,050	9,652
Total non-monetary	17,274	14,345

Monetary and non monetary contributions are recognised as revenue at their fair value when Council obtains control over the contributed asset.

Non monetary contributions has been understated in prior years due to subdivisions not being recognised in a timely manner. This has resulted in a restating of Contributions - non monetary income, assets and retained earnings for the 2023 and 2022 financial years. This resulted in the Non - Monetary Contributions and assets in the 2021/22 year being increased by \$5.157 million and the 2022/23 year increasing by \$9.652 million. Please refer to Note 9.4 Correction of a prior period error for more details.

3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

	2024	2023
	\$'000	\$'000
Proceeds of sale	385	3,223
Written down value of assets disposed	(3,657)	(2,391)
Total net (loss) / gain on disposal of property, infrastructure, plant and equipment	(3,272)	832

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

3.7 Other income

	2024	2023
	\$'000	\$'000
Commission	125	92
Interest on investments	1,951	1,509
Insurance recoveries	1,849	437
Investment property rental	585	502
Merchandise and material sales	1,112	745
Emergency cost recovery	6,932	11,544
Other	864	506
Total other income	13,418	15,335

Interest is recognised as it is earned. Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

Emergency cost recovery income relates to amounts paid to Council for the sale of recycled storm timber.

Note 4 The cost of delivering services

4.1 Employee costs

	2024	2023
	\$'000	\$'000
(a) Employee costs		
Wages and salaries	32,619	33,239
Casual staff	5,356	4,158
Superannuation	4,194	3,749
WorkCover	759	346
Fringe benefits tax	335	369
Total employee costs	43,263	41,861
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	100	85
Employer contributions payable at reporting date	57	-
	157	85
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,775	1,497
Employer contributions - other funds	2,623	1,948
	4,398	3,445
Employer contributions payable at reporting date:	22	383

Contributions made exclude amounts accrued at balance date. Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and services

	2024	2023
	\$'000	\$'000
Administration	2,393	2,277
Building maintenance	1,306	1,237
Consultants	2,603	2,129
Contract payments - Emergencies	7,654	13,746
Contract payments - Parks Maintenance	1,877	1,999
Contract payments - Resource Recovery	10,699	9,787
Contract payments - Other	8,632	6,802
General maintenance	704	682
Information technology	1,781	1,242
Insurance	969	888
Materials and supplies	2,551	2,717
Utilities	2,422	2,168
Total materials and services	43,591	45,674

Expenses are recognised as they are incurred and reported in the financial year to which they relate. Emergencies relates to storm recovery works and the costs involved in processing storm timber.

4.3 Depreciation

	2024	2023
	\$'000	\$'000
Property	2,038	1,988
Plant and equipment	1,425	1,395
Infrastructure	13,612	12,209
Total depreciation	17,075	15,592

Refer to note 5.2(b) and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

Note 4 The cost of delivering services (cont.)**4.4 Other expenses**

	2024	2023
	\$'000	\$'000
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	94	59
Auditors' remuneration - Internal audit	72	67
Contributions and donations	2,076	2,036
Councillors' allowances	373	359
Operating lease rentals	282	284
Other expenses	175	283
Total other expenses	3,072	3,088

Note 5 Investing in and financing our operations

5.1 Financial assets

	2024	2023
	\$'000	\$'000
(a) Cash and cash equivalents		
<i>Current</i>		
Cash on hand	31	24
Cash at bank	8,938	3,361
Money market call accounts	12	8,192
Term deposits	-	28,000
Total cash and cash equivalents	<u>8,981</u>	<u>39,577</u>
(b) Other financial assets		
<i>Current</i>		
Term deposits	27,998	10,000
Total current other financial assets	<u>27,998</u>	<u>10,000</u>
<i>Non current</i>		
Shares in Lancefield Community Bank - at fair value	12	12
Shares in Gisborne Community Bank - at fair value	9	9
Total non-current other financial assets	<u>21</u>	<u>21</u>
Total other financial assets	<u>28,019</u>	<u>10,021</u>
Total cash and cash equivalents and other financial assets	<u>37,000</u>	<u>49,598</u>

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

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.

	2024	2023
	\$'000	\$'000
(c) Trade and other receivables		
<i>Current</i>		
<i>Statutory receivables</i>		
Rates debtors	7,009	6,033
Net GST receivable	696	1,365
<i>Non statutory receivables</i>		
Other debtors	1,778	8,723
Allowance for expected credit loss - other debtors	(24)	(30)
Total current trade and other receivables	<u>9,459</u>	<u>16,091</u>

Short term receivables are carried at invoice amount. An allowance for expected credit losses is recognised based on past experience and other objective evidence of expected losses.

	2024	2023
	\$'000	\$'000
(d) Ageing of receivables		
The ageing of the Council's trade and other receivables that are not impaired was:		
Current (not yet due)	1,601	8,486
Past due by up to 30 days	52	117
Past due between 31 and 180 days	80	37
Past due by more than 180 days	45	83
Total trade and other receivables	<u>1,778</u>	<u>8,723</u>

Note 5 Our financial position (cont.)

5.2 Non-financial assets

	2024	2023
	\$'000	\$'000
Intangible assets - software		
<i>Non current</i>		
Opening carrying amount	3,230	3,193
Additions	23	37
Closing carrying amount	<u>3,253</u>	<u>3,230</u>
Opening accumulated amortisation	(2,814)	(2,647)
Amortisation expense	(186)	(167)
Closing accumulated amortisation	<u>(3,000)</u>	<u>(2,814)</u>
Net intangible assets	<u>253</u>	<u>416</u>

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

5.3 Payables, trust funds and deposits and contract and other liabilities

	2024	2023
	\$'000	\$'000
(a) Trade and other payables		
<i>Current</i>		
<i>Non-statutory payables</i>		
Trade payables	2,183	5,806
Accrued expenses	4,588	2,949
Other payables	405	658
Total current trade and other payables	<u>7,176</u>	<u>9,413</u>
(b) Trust funds and deposits		
<i>Current</i>		
Fire services levy	1,053	901
Trust funds and deposits	5,169	6,051
Total current trust funds and deposits	<u>6,222</u>	<u>6,952</u>

Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

Purpose and nature of items

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Trust Funds and Deposits - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

Note 5 Our financial position (cont.)

5.3 Payables, trust funds and deposits and contract and other liabilities (cont.)

	2024	2023
	\$'000	\$'000
(c) Contract and Other Liabilities		
Contract liabilities		
Current		
Grants received in advance - operating	1,453	2,091
Other	41	92
Total contract liabilities	<u>1,494</u>	<u>2,183</u>
Other liabilities		
Current		
Deferred capital grants	6,422	14,485
Total other liabilities	<u>6,422</u>	<u>14,485</u>
Total contract and other liabilities	<u>7,916</u>	<u>16,668</u>

Contract Liabilities

Contract liabilities reflect consideration received in advance from customers in respect of Macedon Ranges Shire Council. Contract liabilities are derecognised and recorded as revenue when the performance obligations of the grant agreements are met.

Other Liabilities

Grant consideration was received from Government Departments to support the construction of capital projects. Grant consideration is recognised as income following specific guidance under AASB 1058 as the asset is constructed. Income is recognised to the extent of costs incurred-to-date because the costs of construction most closely reflect the stage of completion of the assets. As such, Council has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations.

5.4 Interest-bearing liabilities

	2024	2023
	\$'000	\$'000
Current		
Treasury Corporation of Victoria borrowings - secured	1,162	175
Other borrowings - secured	223	216
Total current interest-bearing liabilities	<u>1,385</u>	<u>391</u>
Non-current		
Treasury Corporation of Victoria borrowings - secured	14,324	2,025
Other borrowings - secured	1,708	3,092
Total non-current interest-bearing loans	<u>16,032</u>	<u>5,117</u>
Total interest-bearing liabilities	<u>17,417</u>	<u>5,508</u>

The borrowings are secured by a charge over the rates of Council.

a) The maturity profile for Council's borrowings is:

Not later than one year	1,385	391
Later than one year and not later than five years	16,032	3,887
Later than five years	-	1,230
	<u>17,417</u>	<u>5,508</u>

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities based on contractual repayment terms at every balance date.

Note 5 Our financial position (cont.)

5.5 Provisions

	2024	2023
	\$'000	\$'000
Current		
Employee	6,240	6,217
Landfill	492	513
Total Current	<u>6,732</u>	<u>6,730</u>
Non current		
Employee	2,066	1,839
Landfill	3,065	3,095
Total Non-current	<u>5,131</u>	<u>4,934</u>
Total Provisions	<u>11,863</u>	<u>11,664</u>

	Employee	Landfill	Total
	\$ '000	restoration \$ '000	\$ '000
2024			
Balance at beginning of the financial year	8,056	3,608	11,664
Additional provisions	4,173	(138)	4,035
Amounts used	(3,877)	(319)	(4,196)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(46)	406	360
Balance at the end of the financial year	<u>8,306</u>	<u>3,557</u>	<u>11,863</u>
2023			
Balance at beginning of the financial year	7,438	3,229	10,667
Additional provisions	3,763	303	4,066
Amounts used	(3,187)	-	(3,187)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	42	76	118
Balance at the end of the financial year	<u>8,056</u>	<u>3,608</u>	<u>11,664</u>

(a) Employee provisions

Current provisions expected to be wholly settled within 12 months

Annual leave	2,850	2,769
Long service leave	2,147	2,112
	<u>4,997</u>	<u>4,881</u>

Current provisions expected to be wholly settled after 12 months

Annual leave	-	93
Long service leave	1,243	1,243
	<u>1,243</u>	<u>1,336</u>
Total current employee provisions	<u>6,240</u>	<u>6,217</u>

Non-current

Long service leave	2,066	1,839
Total non-current employee provisions	<u>2,066</u>	<u>1,839</u>

Aggregate carrying amount of employee provisions:

Current	6,240	6,217
Non-current	2,066	1,839
Total aggregate carrying amount of employee provisions	<u>8,306</u>	<u>8,056</u>

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

Note 5 Our financial position (cont.)

5.5 Provisions (cont.)

Annual leave

A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:

- nominal value if the Council expects to wholly settle the liability within 12 months.
- present value if the Council does not expect to wholly settle within 12 months.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed as a current liability as the Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability and measured at present value.

	2024	2023
Key assumptions:		
- discount rate	4.35%	4.06%
- index rate	4.45%	4.35%
	2024	2023
	\$'000	\$'000

(b) Landfill restoration

Current	492	513
Non-current	3,065	3,095
Total landfill restoration	3,557	3,608

Council is obligated to restore three landfill sites in Bullengarook, Kyneton and Lancefield to a particular standard. All three landfill sites are closed and are not receiving any further infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on the current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

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

	2024	2023
Key assumptions:		
- discount rate	4.35%	4.06%
- index rate	2.5% - 3.5%	2.5% - 3.5%

5.6 Financing arrangements

	2024	2023
	\$'000	\$'000
The Council has the following funding arrangements in place as at 30 June 2024:		
Credit card facilities	100	100
Treasury Corporation of Victoria facilities	14,324	2,200
Other facilities	3,092	4,450
Total facilities	17,516	6,750
Used facilities	(17,436)	(5,541)
Unused facilities	80	1,209

Note 5 Our financial position (cont.)

5.7 Commitments

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

(a) Commitments for expenditure

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2024					
Operating					
Animal pound services	325	333	341	-	999
Cleaning contracts	1,418	1,219	160	-	2,797
Housing management	3	3	3	41	50
Landfill services	546	225	-	-	771
Software	561	628	22	-	1,211
Waste Collection	8,508	2,292	626	-	11,426
Total	11,361	4,700	1,152	41	17,254
Capital					
Buildings	245	-	-	-	245
Footpaths	7,897	318	-	-	8,215
Open space & streetscapes	189	-	-	-	189
Recreational, leisure and community	314	180	-	-	494
Roads	3,124	2,375	4,642	-	10,141
Total	11,769	2,873	4,642	-	19,284
2023					
Operating					
Animal pound services	200	-	-	-	200
Cleaning contracts	903	795	547	-	2,245
Consultancies	7	-	-	-	7
Housing management	36	2	8	39	85
Landfill services	391	175	-	-	566
Security Services	85	-	-	-	85
Waste Collection	8,423	8,508	2,732	220	19,883
Total	10,045	9,480	3,287	259	23,071
Capital					
Bridges	142	-	-	-	142
Buildings	929	-	-	-	929
Footpaths	8,299	-	-	-	8,299
Open space & streetscapes	20	-	-	-	20
Recreational, leisure and community	20,449	-	-	-	20,449
Roads	2,899	140	333	-	3,372
Total	32,738	140	333	-	33,211

Note 5 Our financial position (cont.)

5.7 Commitments (cont.)

	2024 \$'000	2023 \$'000
(b) Operating lease receivables		
Council has entered into commercial property leases on its investment property. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.		
Future undiscounted minimum rentals receivable under non-cancellable operating leases are as follows:		
Not later than one year	97	93
Later than one year and not later than five years	245	309
Later than five years	24	50
Total operating lease receivables	<u>366</u>	<u>452</u>

5.8 Leases

At inception of a contract, Council assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Under AASB 16 Leases, Council as a not-for-profit entity has elected not to measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

Note 5 Our financial position (cont.)

5.8 Leases (cont.)

Right-of-use Assets	Property \$'000	Equipment \$'000	Total \$'000
Balance at 1 July 2023	281	64	345
Additions	1,950	-	1,950
Amortisation charge	(253)	(36)	(289)
Balance at 30 June 2024	1,978	28	2,006
Lease Liabilities		2024	2023
		\$'000	\$'000
<i>Maturity analysis - contractual undiscounted cash flows</i>			
Less than one year		399	224
One to five years		1,628	260
Total undiscounted lease liabilities as at 30 June:		2,027	484
<i>Lease liabilities included in the Balance Sheet at 30 June:</i>			
Current		399	256
Non-current		1,628	131
Total lease liabilities		2,027	387

Short-term and low value leases

Council does not have any short-term or low value leases to disclose.

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Note	Carrying amount restated 30 June 2023	Additions	Contributions	Revaluation	Depreciation	Disposal / Write offs	Transfer to assets held for sale	Transfers to assets	Carrying amount 30 June 2024
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	6.1(a)	727,181	-	9,903	-	(2,038)	(43)	(201)	3,498	738,300
Plant and equipment	6.1(b)	10,181	-	-	-	(1,425)	(394)		1,606	9,968
Infrastructure	6.1(c)	623,388	-	7,371	4,407	(13,612)	(520)	(40)	13,781	634,775
Work in progress		34,832	45,912	-	-	-	(2,702)		(18,900)	59,142
Total property, infrastructure, plant and equipment		1,395,582	45,912	17,274	4,407	(17,075)	(3,659)	(241)	(15)	1,442,185

Summary of Work In Progress (WIP)

	Note	Opening WIP	Additions	Transfers to assets	Disposal / Write offs	Closing WIP
		\$'000	\$'000	\$'000	\$'000	\$'000
Property	6.1(a)	5,372	4,654	(3,498)	(751)	5,777
Plant and equipment	6.1(b)	-	1,606	(1,606)	-	-
Infrastructure	6.1(c)	29,460	39,652	(13,796)	(1,951)	53,365
Total Work In Progress		34,832	45,912	(18,900)	(2,702)	59,142

Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant and equipment (cont.)

(a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Land improvements \$'000	Total land and land improvements \$'000	Buildings - specialised \$'000	Buildings - non specialised \$'000	Total buildings \$'000	Work In Progress \$'000	Total property \$'000
At fair value 1 July 2023	487,191	135,006	754	622,951	50,397	50,109	100,506	5,372	728,829
Prior year error correction	5,362	349	-	5,711	-	-	-	-	5,711
At fair value 1 July 2023 - Restated	492,553	135,355	754	628,662	50,397	50,109	100,506	5,372	734,540
Accumulated depreciation at 1 July 2023	-	-	-	-	(995)	(992)	(1,987)	-	(1,987)
	492,553	135,355	754	628,662	49,402	49,117	98,519	5,372	732,553
<i>Movements in fair value</i>									
Additions	-	-	-	-	-	-	-	4,654	4,654
Contributions	9,281	480	-	9,761	142	-	142	-	9,903
Disposal / Write offs	-	-	-	-	(43)	-	(43)	(751)	(794)
Transfer to held for sale	(201)	-	-	(201)	-	-	-	-	(201)
Transfers	-	-	-	-	2,257	1,241	3,498	(3,498)	-
	9,080	480	-	9,560	2,356	1,241	3,597	405	13,562
<i>Movements in accumulated depreciation</i>									
Depreciation and amortisation	-	-	-	-	(1,027)	(1,011)	(2,038)	-	(2,038)
	-	-	-	-	(1,027)	(1,011)	(2,038)	-	(2,038)
At fair value 30 June 2024	501,633	135,835	754	638,222	52,753	51,350	104,103	5,777	748,102
Accumulated depreciation at 30 June 2024	-	-	-	-	(2,022)	(2,003)	(4,025)	-	(4,025)
Carrying amount	501,633	135,835	754	638,222	50,731	49,347	100,078	5,777	744,077

Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant and equipment (cont.)

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Cultural assets	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At cost 1 July 2023	13,525	1,446	2,933	2,638	-	20,542
Accumulated depreciation at 1 July 2023	(6,543)	(1,117)	(2,701)	-	-	(10,361)
	6,982	329	232	2,638	-	10,181
Movements in fair value						
Additions	-	-	-	-	1,606	1,606
Disposal / Write offs	(969)	-	-	-	-	(969)
Transfers	1,378	-	228	-	(1,606)	-
	409	-	228	-	-	637
Movements in accumulated depreciation						
Depreciation and amortisation	(1,202)	(83)	(140)	-	-	(1,425)
Accumulated depreciation of disposals	575	-	-	-	-	575
	(627)	(83)	(140)	-	-	(850)
At cost value 30 June 2024	13,934	1,446	3,161	2,638	-	21,179
Accumulated depreciation at 30 June 2024	(7,170)	(1,200)	(2,841)	-	-	(11,211)
Carrying amount	6,764	246	320	2,638	-	9,968

Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant and equipment (cont.)

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Parks open spaces and streetscapes	Other infrastructure	Work In Progress	Total infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2023	609,059	58,840	47,963	91,713	47,745	4,426	7,992	29,460	897,198
Prior year error correction	4,706	-	1,730	2,624	-	39	-	-	9,099
At fair value 1 July 2023 - Restated	613,765	58,840	49,693	94,337	47,745	4,465	7,992	29,460	906,297
Accumulated depreciation at 1 July 2023	(173,618)	(21,728)	(14,110)	(22,170)	(17,791)	(1,779)	(2,253)	-	(253,449)
	440,147	37,112	35,583	72,167	29,954	2,686	5,739	29,460	652,848
<i>Movements in fair value</i>									
Additions	-	-	-	-	-	-	-	39,652	39,652
Contributions	3,635	6	1,486	1,700	93	451	-	-	7,371
Revaluation increments/ decrements	-	-	(702)	-	(1,785)	141	-	-	(2,346)
Disposal / Write offs	(235)	(255)	(86)	(110)	(275)	(114)	-	(1,951)	(3,026)
Transfer to held for sale	(93)	-	-	-	-	-	-	-	(93)
Transfers	8,301	1,215	896	542	2,144	176	507	(13,796)	(15)
	11,608	966	1,594	2,132	177	654	507	23,905	41,543
<i>Movements in accumulated depreciation</i>									
Depreciation and amortisation	(8,496)	(491)	(1,170)	(948)	(1,758)	(334)	(415)	-	(13,612)
Accumulated depreciation of disposals	106	160	54	23	145	67	-	-	555
Revaluation increments/ decrements	-	-	4,392	-	2,232	129	-	-	6,753
Transfer to held for sale	53	-	-	-	(29)	29	-	-	53
	(8,337)	(331)	3,276	(925)	590	(109)	(415)	-	(6,251)
At fair value 30 June 2024	625,373	59,806	51,287	96,469	47,922	5,119	8,499	53,365	947,840
Accumulated depreciation at 30 June 2024	(181,955)	(22,059)	(10,834)	(23,095)	(17,201)	(1,888)	(2,668)	-	(259,700)
Carrying amount	443,418	37,747	40,453	73,374	30,721	3,231	5,831	53,365	688,140

Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant and equipment (cont.)

(d) Property, infrastructure, plant and equipment accounting policies

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. Refer also to Note 8.4 for further disclosure regarding fair value measurement.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$'000
Land and land improvements		
land	-	10
land improvements	-	10
Buildings		
heritage buildings	50 years	10
buildings	50 years	10
building improvements	50 years	10
leasehold improvements	50 years	10
Plant and equipment		
plant, machinery and equipment	3 - 26 years	2.5
fixtures, fittings and furniture	5 - 20 years	2.5
computers and telecommunications	3 - 5 years	2.5
Infrastructure		
road pavement - spray seal	18 years	10
road pavement - asphalt	35 years	10
road pavement - sealed pavement	60 - 90 years	10
road pavement - sealed sub-pavement	-	10
road pavements - unsealed roads	20 - 25 years	10
road formation and earthworks	-	10
	50 - 150 years	10
road kerb, channel		
	70 - 200 years	10
bridges and major culverts		
	30 - 100 years	10
footbridges		
footpaths and cycleways	15 - 60 years	10
drainage	100 years	10
recreational, leisure and community facilities	10 - 50 years	10
parks, open space and streetscapes	10 - 15 years	10
other infrastructure	10 - 50 years	10
Intangible assets		
intangible assets	3 - 5 years	10

Land under roads

Council recognises land under roads it controls at fair value.

Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant and equipment (cont.)

(d) Property, infrastructure, plant and equipment accounting policies (cont.)

Depreciation and amortisation

Buildings, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually. Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component. Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life. Straight line depreciation is charged based on the residual useful life as determined each year. Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

Repairs and maintenance

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Valuation of land and buildings

Valuation of land and buildings were undertaken by qualified valuer, Hayley Drummond AAPI (Member # 62596), Municipal Valuer. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement. See note 8.4 for description of fair value measurement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2024 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation	Type of Valuation
Land - non-specialised	-	135,835	-	Jun-23	Full
Land - specialised	-	-	501,633	Jun-23	Full
Land Improvements	-	-	754	Jun-23	Full
Buildings - non-specialised	-	49,347	-	Jun-22	Full
Buildings - specialised	-	-	50,731	Jun-22	Full
Total	-	185,182	553,118		

Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant and equipment (cont.)

(d) Property, infrastructure, plant and equipment accounting policies (cont.)

Valuation of infrastructure

Valuation of infrastructure assets has been determined utilising our internal resources and expertise, overseen by Eng Lim, Manager Engineering & Asset Services, Bachelor of Engineering (Civil). The date and type of the current valuation is detailed in the following table. The valuation is at fair value (see Note 8.4 for fair value measurement) based on replacement cost less accumulated depreciation as at the date of valuation. Details of Council's infrastructure and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation	Type of Valuation
Roads	-	-	443,418	Jun-22	Full
Bridges	-	-	37,747	Jun-23	Index
Footpaths and cycleways	-	-	40,453	Jun-23	Full *
Drainage	-	-	73,374	Jun-23	Index
Recreational, leisure and community facilities	-	-	30,721	Jun-23	Index *
Parks, open space and streetscapes	-	-	3,231	Jun-23	Index *
Other infrastructure	-	-	5,831	Jun-23	Full
Total	-	-	634,775		

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values of up to 85%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1.33 (Land under Roads Rural-Low) and \$1,000 (central Kyneton prime business land) per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$550 to \$3,500 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings at 50 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure asses are determined on the basis of the current condition of the asset and vary from 1 year to 200 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

* Full condition assessment undertaken in 2023/24.

Reconciliation of specialised land

	2024 \$'000	2023 \$'000
Land under roads	444,183	435,082
Other	57,450	52,863
Total specialised land	501,633	487,945

Note 6 Assets we manage (cont.)

6.2 Investments in associates

Council has one investment in an associate which is the North Central Goldfields Regional Library Corporation. The equity holders in the North Central Goldfields Regional Library Corporation and their relevant holdings are:

	2024	2023
Macedon Ranges Shire Council	23.66%	23.54%
Greater Bendigo City Council	60.95%	60.97%
Loddon Shire Council	4.70%	4.76%
Mount Alexander Shire Council	10.69%	10.73%
	2024	2023
	\$'000	\$'000
Fair value of Council's investment in North Central Regional Goldfields Library Corporation	1,477	1,447
Council's share of accumulated surplus(deficit) at start of year	602	592
Reported surplus(deficit) for year	22	6
Transfers (to) from reserves	-	-
Adjustment arising from change to equity share	(6)	4
Council's share of accumulated surplus(deficit) at end of year	618	602
Council's share of reserves		
Council's share of reserves at start of year	265	264
Adjustment arising from change to equity share	16	1
Transfers (to) from reserves	-	-
Council's share of reserves at end of year	281	265
Movement in carrying value of specific investment		
Carrying value of investment at start of year	1,447	1,432
Share of surplus(deficit) for year	22	6
Adjustment arising from change to equity share	8	9
Carrying value of investment at end of year	1,477	1,447
Council's share of expenditure commitments		
Operating commitments	56	57
Council's share of expenditure commitments	56	57

(Council's share of equity as per the un-audited 30 June 2024 financial statements of the Library Service)

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

6.3 Investment property

	2024	2023
	\$'000	\$'000
Balance at 1 July	2,933	2,630
Fair value adjustments	52	303
Balance at 30 June	2,985	2,933

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise.

Valuation of investment property

Valuation of investment property has been determined by a qualified Valuer, Hayley Drummond AAPI (Member # 62596), Municipal Valuer, who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property at 30 June 2024.

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Macedon Ranges Shire Council is the parent entity.

Subsidiaries and Associates

Macedon Ranges Shire Council does not have any subsidiaries. Interests in associates are detailed in Note 6.2.

(b) Key Management Personnel

Key management personnel are those people with the authority and responsibility for planning, directing and controlling the activities of Council. The Councillors, Chief Executive Officer, Directors and Manager Communications and Advocacy are deemed Key Management Personnel.

Councillors

Councillor Annette Death (*Mayor*)
 Councillor Jennifer Anderson (*Deputy Mayor 01/07/2023 - 21/11/2023*)
 Councillor Janet Pearce (*Deputy Mayor 22/11/2023 - 30/06/2024*)
 Councillor Rob Guthrie
 Councillor Dominic Bonanno
 Councillor Geoff Neil
 Councillor Mark Ridgeway
 Councillor Bill West
 Councillor Anne Moore (*01/07/2023 - 04/10/2023*)
 Councillor Christine Walker (*15/11/2023 - 30/06/2024*)

Chief Executive Officer and other Key Management Personnel

Chief Executive Officer - Bernie O'Sullivan
 Director Assets & Operations - Shane Walden
 Director Community - Maria Weiss
 Director Corporate - Adele Drago-Stevens
 Director Planning & Environment - Rebecca Stockfeld
 Manager Communications & Engagement - Lauren Wall (*01/07/2023 - 07/03/2024*)
 Acting Manager Communications & Engagement - Bodey Dittlof (*08/03/2024 - 26/05/2024*)
 Manager Communications & Advocacy - Travis Fitzgibbon (*27/05/2024 - 30/06/2024*)

	2024	2023
	No.	No.
Total Number of Councillors	10	9
Total Number of Chief Executive Officer and other Key Management Personnel	8	6
Total Number of Key Management Personnel	18	15

Note 7 People and relationships (cont.)

7.1 Council and key management remuneration (cont.)

(c) Remuneration of Key Management Personnel

Remuneration comprises employee benefits including all forms of consideration paid, payable or provided by Council, or on behalf of the Council, in exchange for services rendered. Remuneration of Key Management Personnel and Other senior staff is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Other long-term employee benefits include long service leave, other long service benefits or deferred compensation.

Post-employment benefits include pensions, and other retirement benefits paid or payable on a discrete basis where employment has ceased.

Termination benefits include termination of employment payments, such as severance packages.

	2024	2023
	\$'000	\$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,723	1,678
Long-term benefits	18	26
Post-Termination benefits	132	123
Total	<u>1,873</u>	<u>1,827</u>

	2024	2023
	No.	No.
The numbers of key management personnel whose total remuneration from Council fall within the following bands:		
\$0 - \$9,999	1	-
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	2	1
\$30,000 - \$39,999	6	6
\$40,000 - \$49,999	1	-
\$70,000 - \$79,999	-	2
\$100,000 - \$109,999	2	-
\$160,000 - \$169,999	-	1
\$230,000 - \$239,999	-	2
\$240,000 - \$249,999	1	1
\$250,000 - \$259,999	2	1
\$260,000 - \$269,999	1	-
\$320,000 - \$329,999	1	1
Total	<u>18</u>	<u>15</u>

(d) Remuneration of other senior staff

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds \$170,000 (2022/23 \$160,000) and who report directly to a member of the Key Management Personnel.

	2024	2023
	\$'000	\$'000
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	834	1,720
Other long-term employee benefits	6	36
Post-Termination benefits	82	161
Total	<u>922</u>	<u>1,917</u>

Note 7 People and relationships (cont.)

7.1 Council and key management remuneration (cont.)

(d) Remuneration of other senior staff (cont.)	2024	2023
The number of other senior staff are shown below in their relevant	No.	No.
\$160,000 - \$169,999	-	5
\$170,000 - \$179,999	1	3
\$180,000 - \$189,999	4	2
\$200,000 - \$209,999	0	1
	<u>5</u>	<u>11</u>
	2024	2023
	\$'000	\$'000
Total remuneration for the reporting year for other senior staff included above, amounted	<u>922</u>	<u>1,917</u>

7.2 Related party disclosure

(a) Transactions with related parties

During the year Council provided buildings rent free to North Central Goldfields Regional Library Corporation for Gisborne Library, Kyneton Library, Romsey Hub and Woodend Community Centre and Library. This also occurred in 2022/23.

(b) Outstanding balances with related parties

There were no balances outstanding at the end of the reporting period in relation to transactions with related parties (2022/23, \$0).

(c) Loans to/from related parties

There were no loans in existence at balance date that have been made, guaranteed or secured by the Council to a related party (2022/23, \$0).

(d) Commitments to/from related parties

There were no commitments in existence at balance date that have been made, guaranteed or secured by the Council to a related party (2022/23, \$0).

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

(a) Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the council.

Macedon Ranges Shire Council was impacted by three significant weather events in October 2022, December 2023, January 2024 and February 2024. These events lead to clean up and community recovery support activities costing Council in excess of \$2.8m. Council has lodged claims with the Victorian State Government for assessment in line with the Disaster Recovery Funding Arrangements 2018. At 30 June 2024 ten claims across the three events totalling \$789,335.54 are awaiting or undergoing formal assessment. The amount repayable to Council will not be known until later in the 2024/25 financial year.

(b) Contingent liabilities

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in section 9.3. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Liability Mutual Insurance

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period. Council assesses the impact of these new standards.

In December 2022 the Australian Accounting Standards Board (AASB) issued AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities to modify AASB 13 Fair Value Measurement. AASB 2022-10 amends AASB 13 Fair Value Measurement for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. The AASB 13 modifications:

- are applicable only to not-for-profit public sector entities;
- are limited to fair value measurements of non-financial assets not held primarily for their ability to generate net cash inflows;
- are to be applied prospectively for annual periods beginning on or after 1 January 2024;
- would not necessarily change practice for some not-for-profit public sector entities; and
- do not indicate that entities changing practice in how they measure relevant assets made an error in applying the existing requirements of AASB 13.

Council will assess any impact of the modifications to AASB 13 ahead of the 2024/25 reporting period.

In December 2022 the Australian Accounting Standards Board (AASB) issued AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants. AASB 2022-6 amends AASB 101 Presentation of Financial Statements to improve the information an entity provides in its financial statements about long-term liabilities with covenants where the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. The amendments in AASB 2022-6 are effective for annual periods beginning on or after 1 January 2024. Council will assess any impact of the modifications to AASB 101 ahead of the 2024/25 reporting period.

Note 8 Managing uncertainties (cont.)

8.3 Financial instruments

Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank and TCV borrowings. Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

a) Market risk

Market risk is the risk that the fair value or future cash flows of Council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

b) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has some exposure to cash flow interest rate risk through its cash and term deposits that are at floating rates. Investment of surplus funds is made with approved financial institutions under the Local Government Act 2020. Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period. Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

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

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any allowance for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

Note 8 Managing uncertainties (cont.)

8.3 Financial instruments (cont.)

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of Council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset below value or may be unable to settle or recover a financial asset. To help reduce these risks Council:

- has an investment policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments; and
- monitors budget to actual performance on a regular basis.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet, and is deemed insignificant based on prior periods' data and current assessment of risk. There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period. With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 0.25% and -0.5% in market interest rates (AUD) from year-end rates of 4.35%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

8.4 Fair value measurement

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy. Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Note 8 Managing uncertainties (cont.)

8.4 Fair value measurement (cont.)

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 5 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

Asset class	Revaluation frequency
Land	3 years
Buildings	3 years
Roads	3 years
Bridges	5 years
Footpaths and cycleways	3 years
Drainage	3 years
Recreational, leisure and community facilities	3 years
Parks, open space and streetscapes	3 years
Other infrastructure	5 years

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decreases are recognised as an expense except where prior increases are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increases. Within the same class of assets, revaluation increases and decreases within the year are offset.

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

8.5 Events occurring after balance date

Council is not aware of any events occurring after balance date.

Note 9 Other matters

9.1 Reserves

(a) Asset revaluation reserves

	Balance at beginning of reporting period \$'000	Increase / (decrease) \$'000	Balance at end of reporting period \$'000
2024			
<i>Property</i>			
Land	171,505	-	171,505
Land under roads	117,785	-	117,785
Buildings	21,384	-	21,384
	<u>310,674</u>	<u>-</u>	<u>310,674</u>
<i>Infrastructure</i>			
Roads	273,103	-	273,103
Kerb and channel	4,736	-	4,736
Bridges	17,635	-	17,635
Drainage	38,632	-	38,632
Footpaths	6,674	3,690	10,364
Parks, Open Space & Streetscapes	475	270	745
Recreational, leisure and community facilities	20,625	447	21,072
	<u>361,880</u>	<u>4,407</u>	<u>366,287</u>
<i>Other assets</i>			
Cultural assets	2,491	-	2,491
Equity in North Central Goldfields Library	149	-	149
	<u>2,640</u>	<u>-</u>	<u>2,640</u>
Total asset revaluation reserves	<u>675,194</u>	<u>4,407</u>	<u>679,601</u>
2023			
<i>Property</i>			
Land	145,258	26,247	171,505
Land under roads	94,061	23,724	117,785
Buildings	21,384	-	21,384
	<u>260,703</u>	<u>49,971</u>	<u>310,674</u>
<i>Infrastructure</i>			
Roads	273,103	-	273,103
Kerb and channel	4,736	-	4,736
Bridges	13,990	3,645	17,635
Drainage	32,991	5,641	38,632
Footpaths	2,470	4,204	6,674
Parks, Open Space & Streetscapes	197	278	475
Recreational, leisure and community facilities	16,912	3,713	20,625
	<u>344,399</u>	<u>17,481</u>	<u>361,880</u>
<i>Other Assets</i>			
Cultural assets	2,491	-	2,491
Equity in North Central Goldfields Library	149	-	149
	<u>2,640</u>	<u>-</u>	<u>2,640</u>
Total asset revaluation reserves	<u>607,742</u>	<u>67,452</u>	<u>675,194</u>

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

Note 9 Other matters (cont.)

9.1 Reserves (cont.)

(b) Other reserves

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
2024				
Asset conversion	744	-	-	744
Car parking*	136	-	-	136
Commercial development	3,182	-	(1,157)	2,025
Community facilities*	591	-	-	591
Debt repayment	1,291	400	-	1,691
Drainage*	970	4	(412)	562
Footpaths*	148	-	-	148
Gisborne development plan*	2,250	259	(1,300)	1,209
Gravel pit operations	2,425	733	(564)	2,594
Hanging Rock	154	-	(154)	-
Open space proceeds	2,925	73	-	2,998
Plant replacement	745	1,224	(454)	1,515
Public open space*	4,433	2,096	(3,115)	3,414
Road contributions*	531	412	-	943
Romsey development plan*	66	99	-	165
Senior citizens accommodation maintenance*	129	7	(75)	61
Total other reserves	20,720	5,307	(7,231)	18,796
2023				
Asset conversion	744	-	-	744
Car parking*	136	-	-	136
Commercial development	3,182	-	-	3,182
Community facilities*	591	-	-	591
Debt repayment	891	400	-	1,291
Drainage*	734	236	-	970
Footpaths*	142	6	-	148
Gisborne development plan*	1,545	705	-	2,250
Gravel pit operations	1,528	897	-	2,425
Hanging Rock	212	-	(58)	154
Open Space Proceeds	-	2,925	-	2,925
Plant replacement	1,142	346	(743)	745
Public open space*	4,189	1,791	(1,547)	4,433
Road contributions*	531	-	-	531
Romsey development plan*	53	13	-	66
Senior citizens accommodation maintenance*	199	15	(85)	129
Total other reserves	15,819	7,334	(2,433)	20,720

* Non-discretionary reserves subject to statutory requirements and/or other agreements - \$7.229m (\$9.254m 2022/23)

Note 9 Other matters (cont.)

9.1 Reserves (cont.)

(b) Other reserves (cont)

Asset conversion - net proceeds from the sale of land for capitals works projects.

Car parking - developer contributions for car parking projects.

Commercial development – net proceeds from the sale of industrial/commercial land for the purchase and development of land to be used for industrial/commercial purposes.

Community facilities - developer contributions for community infrastructure facilities.

Debt repayment - budget allocation to accumulate the required amount of funds to repay the borrowed money when it is due to be repaid.

Drainage - developer contributions for drainage works.

Footpaths - developer contributions for footpath works.

Gisborne development plan - developer contributions for capital works projects in Gisborne.

Gravel pit operations - surplus from gravel pit operations for capital works projects.

Hanging rock - surplus from Hanging Rock operations for capital works projects and operational projects.

Open space proceeds - proceeds of sale of land. Allocation of funds to be decided by Council.

Plant replacement – surplus from plant operations for capital replacements.

Public open space - developer contributions for open space projects.

Roads contributions - developer contributions for roads works.

Romsey development plan - developer contributions for capital works projects in Romsey.

Senior citizens accommodation maintenance – resident contributions for maintenance of units.

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

	2024 \$'000	Restated 2023 \$'000
Surplus for the year	23,144	27,018
Non-cash adjustments:		
Depreciation/amortisation	17,550	16,127
Loss / (Gain) on disposal of property, infrastructure, plant and equipment	3,272	(832)
Revaluation decrement on other infrastructure	-	625
Fair value adjustments for investment property	(52)	(303)
Fair value adjustments for assets held for sale	171	-
Contributions - non-monetary assets	(17,274)	(14,345)
Share of net profits/losses of associates	(29)	(15)
Borrowing costs	273	156
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	6,632	(3,361)
(Increase)/decrease in prepayments	(330)	104
Increase/(decrease) in trade payables	(2,237)	1,305
Increase/(decrease) in unearned income	(8,752)	1,760
Increase/(decrease) in trust funds and deposits	(730)	997
Increase/(decrease) in provisions	199	997
Net cash provided by/(used in) operating activities	21,837	30,233

Note 9 Other matters (cont.)

9.3 Superannuation

Macedon Ranges Shire makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2024, this was 11.0% as required under Superannuation Guarantee (SG) legislation (2023: 10.5%)).

Defined Benefit

Macedon Ranges Shire does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Macedon Ranges Shire in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

Macedon Ranges Shire makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. A triennial actuarial investigation for the Defined Benefit category as at 30 June 2023 was conducted and completed by 31 December 2023. The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2023 was 104.1%. Macedon Ranges Shire was notified of the 30 June 2023 VBI during August 2023. The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment returns	5.7% pa
Salary information	3.5% pa
Price inflation (CPI)	2.8% pa.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2023 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

(a) Regular contributions

On the basis of the results of the 2023 triennial actuarial investigation conducted by the Fund Actuary, Macedon Ranges Shire makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2024, this rate was 11.0% of members' salaries (10.5% in 2022/23). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2023 triennial valuation.

In addition, Macedon Ranges Shire reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Note 9 Other matters (cont.)

9.3 Superannuation (cont.)

(b) Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 98% from 26 July 2024 (previously 97%).

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Mcedon Ranges Shire) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2023 triennial actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Macdeon Ranges Shire is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. A full investigation was conducted as at 30 June 2023.

The Fund's actuarial investigation identified the following for the Defined Benefit category of which Council is a contributing employer:

	2023	2022
	(Interim)	(Interim)
	\$m	\$m
- A VBI Surplus	84.7	44.6
- A total service liability surplus	123.6	105.8
- A discounted accrued benefits surplus	141.9	111.9

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2023.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2023.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2023.

Note 9 Other matters (cont.)

9.3 Superannuation (cont.)

The 2024 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2024 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2024.

The VBI of the Defined Benefit category was 105.4% as at 30 June 2024. The financial assumptions used to calculate the 30 June 2024 VBI were:

Net investment returns 5.6% pa
 Salary information 3.5% pa
 Price inflation (CPI) 2.7% pa

Macedon Ranges Shire was notified of the 30 June 2024 VBI during August 2024.

Because the VBI was above 100%, the Defined Benefit category was in a satisfactory financial position at 30 June 2024 and it is expected that the actuarial investigation will recommend that no change will be necessary to the Defined Benefit category's funding arrangements from prior years.

The 2020 interim actuarial investigation

The last triennial actuarial investigation conducted prior to 30 June 2023 was at 30 June 2020. This actuarial investigation was completed by 31 December 2020. The financial assumptions for the purposes of that investigation was:

	<u>2020</u>	<u>2023</u>
	Triennial investigation	Triennial investigation
Net investment return	5.6% pa	5.7% pa
Salary inflation	2.5% pa for the first two years and 2.75% pa thereafter	3.5% pa
Price inflation	2.0% pa	2.8% pa

Superannuation contributions

Contributions by Macedon Ranges Shire (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2024 are detailed below:

Scheme	Rate	2024	2023
		\$'000	\$'000
Vision Super - Defined benefits	11.0% (2023: 10.5%)	100	85
Vision Super - Accumulation	11.0% (2023: 10.5%)	1,775	1,497

There were \$57,959 contributions outstanding to the above schemes as at 30 June 2024 (2023 \$382,614).

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$100,000.

Note 9 Other matters (cont.)

9.4 Correction of a prior period error

Council has identified a prior period error. The error is explained below and adjustments have been made for the error and each of the affected financial statements for the 2023 financial year have been restated, as shown in the tables below.

9.4.1 Recognition of Contributions - Non Monetary Assets

During the 2023-24 financial year, Council did not recognise non-monetary assets in line with when the assets gained compliance and handed to Council. The delay in doing this resulted in non-monetary assets being recognised in the incorrect financial year. This error had the effect of understating, contributions non-monetary income for the years ended 30 June 2023 by \$9,652,000 and 30 June 2022 by \$5,157,000. The error also had the effect of understating property, infrastructure, plant and equipment and accumulated surplus as at 30 June 2023 by \$9,652,000 and 30 June 2022 by \$5,157,000.

Impact of correction of an error on the comprehensive income statement

	For the period ended 30 June 2023 (restated) \$'000	Correction of non- monetary asset recognition \$'000	For the period ended 30 June 2023 as previously presented \$'000
Income			
Contributions - non monetary	14,345	9,652	4,693
Total income	134,930	9,652	125,278
Surplus for the year	27,018	9,652	17,366
Total comprehensive result	94,470	9,652	84,818

Impact of correction of an error on the balance sheet

	As at 30 June 2023 (restated) \$'000	Correction of non- monetary asset recognition \$'000	As at 30 June 2023 (as previously reported) \$'000
Non-current assets			
Property, infrastructure, plant and equipment	1,395,580	14,809	1,380,771
Total non-current assets	1,400,742	14,809	1,385,933
Total assets	1,468,555	14,809	1,453,746
Net assets	1,417,963	14,809	1,403,154
Equity			
Accumulated surplus	722,049	14,809	707,240
Total equity	1,417,963	14,809	1,403,154

Note 9 Other matters (cont.)

9.4.1 Recognition of Contributions - Non Monetary Assets (cont.)

	For the period ended 30 June 2022 (restated) \$'000	Correction of non- monetary asset recognition \$'000	For the period ended 30 June 2022 as previously presented \$'000
Income			
Contributions - non monetary	20,302	5,157	15,145
Total income	134,462	5,157	129,305
Surplus for the year	26,826	5,157	21,669
Total comprehensive result	143,889	5,157	138,732
Impact of correction of an error on the balance sheet			
	As at 30 June 2022 (restated) \$'000	Correction of non- monetary asset recognition \$'000	As at 30 June 2022 (as previously reported) \$'000
Non-current assets			
Property, infrastructure, plant and equipment	1,301,458	5,157	1,296,301
Total non-current assets	3,106,670	5,157	3,101,513
Total assets	1,367,329	5,157	1,362,172
Net assets	1,323,493	5,157	1,318,336
Equity			
Accumulated surplus	699,932	5,157	694,775
Total equity	1,323,493	5,157	1,318,336

The above correction does not impact the Statement of cash flow or the Statement of capital works.

Note 10 Change in Accounting Policy

There have been no changes to accounting policies in the 203/24 year.