

Dubbo Regional Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2025



Dubbo Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2025



Dubbo Regional Council

General Purpose Financial Statements

for the year ended 30 June 2025

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Dubbo Regional Council

General Purpose Financial Statements

for the year ended 30 June 2025

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 28 October 2025.



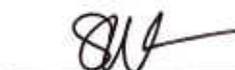
Josh Black
Mayor
28 October 2025



Phillip Toynton
Deputy Mayor
28 October 2025



Murray Wood
Chief Executive Officer
28 October 2025



Stephanie Williamson
Responsible Accounting Officer
28 October 2025

Dubbo Regional Council

Income Statement

for the year ended 30 June 2025

<i>Original unaudited budget</i>				<i>Actual</i>	<i>Actual</i>
2025	\$ '000		Notes	2025	2024
		Income from continuing operations			
78,511		Rates and annual charges	B2-1	80,278	74,641
46,195		User charges and fees	B2-2	55,081	54,418
2,998		Other revenues	B2-3	5,223	3,505
20,325		Grants and contributions provided for operating purposes	B2-4	20,061	32,079
19,555		Grants and contributions provided for capital purposes	B2-4	59,726	33,122
8,836		Interest and investment income	B2-5	14,365	12,971
–		Other income	B2-6	193	160
176,420		Total income from continuing operations		234,927	210,896
		Expenses from continuing operations			
53,659		Employee benefits and on-costs	B3-1	49,204	49,340
54,604		Materials and services	B3-2	59,076	63,102
2,134		Borrowing costs	B3-3	871	3,037
2,931		Other expenses	B3-5	2,880	2,824
(2,694)		Net loss from the disposal of assets	B4-1	5,035	4,489
110,634		Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		117,066	122,792
65,786		Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		117,861	88,104
66,010		Depreciation, amortisation and impairment of non-financial assets	B3-4	57,859	58,525
(224)		Operating result from continuing operations		60,002	29,579
(224)		Net operating result for the year attributable to Council		60,002	29,579
(19,779)		Net operating result for the year before grants and contributions provided for capital purposes		276	(3,543)

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

Dubbo Regional Council

Statement of Comprehensive Income

for the year ended 30 June 2025

\$ '000	Notes	2025	2024
Net operating result for the year – from Income Statement		60,002	29,579
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	79,466	120,778
Other comprehensive income – joint ventures and associates	D2-1	–	1
Total items which will not be reclassified subsequent to operating result		79,466	120,779
Amounts which will be reclassified subsequent to operating result when specific conditions are met			
Other movements		–	(1)
Total items which will be reclassified subsequent to operating result when specific conditions are met		–	(1)
Total other comprehensive income for the year		79,466	120,778
Total comprehensive income for the year attributable to Council		139,468	150,357

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

Dubbo Regional Council

Statement of Financial Position

as at 30 June 2025

\$ '000	Notes	2025	2024
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	45,579	53,196
Investments	C1-2	123,627	149,038
Receivables	C1-4	24,851	22,259
Inventories	C1-5	4,601	6,129
Contract assets	C1-6	4,484	5,463
Other	C1-11a	971	841
Total current assets		204,113	236,926
Non-current assets			
Investments	C1-2	143,608	88,475
Receivables	C1-4	76	14
Inventories	C1-5	2,564	2,219
Infrastructure, property, plant and equipment (IPPE)	C1-8	2,834,403	2,728,017
Investments accounted for using the equity method	D2-1	2,302	2,109
Other	C1-11	495	495
Total non-current assets		2,983,448	2,821,329
Total assets		3,187,561	3,058,255
LIABILITIES			
Current liabilities			
Payables	C3-1	17,045	14,672
Contract liabilities	C3-2	3,983	8,863
Borrowings	C3-3	3,065	5,463
Employee benefit provisions	C3-4	11,237	11,514
Total current liabilities		35,330	40,512
Non-current liabilities			
Payables	C3-1	13	13
Borrowings	C3-3	25,108	28,173
Employee benefit provisions	C3-4	966	836
Provisions	C3-5	9,693	11,738
Total non-current liabilities		35,780	40,760
Total liabilities		71,110	81,272
Net assets		3,116,451	2,976,983
EQUITY			
Accumulated surplus	C4-1	2,467,708	2,407,706
IPPE revaluation surplus	C4-1	648,743	569,277
Total equity		3,116,451	2,976,983

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

Dubbo Regional Council

Statement of Changes in Equity

for the year ended 30 June 2025

\$ '000	Notes	2025			2024		
		Accumulated surplus	IPPE revaluation surplus	Total equity	Accumulated surplus	IPPE revaluation surplus	Total equity
Opening balance at 1 July		2,407,706	569,277	2,976,983	2,378,127	448,499	2,826,626
Opening balance		2,407,706	569,277	2,976,983	2,378,127	448,499	2,826,626
Net operating result for the year		60,002	–	60,002	29,579	–	29,579
Net operating result for the year		60,002	–	60,002	29,579	–	29,579
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	79,466	79,466	–	120,778	120,778
Other comprehensive income		–	79,466	79,466	–	120,778	120,778
Total comprehensive income		60,002	79,466	139,468	29,579	120,778	150,357
Closing balance at 30 June		2,467,708	648,743	3,116,451	2,407,706	569,277	2,976,983

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

Dubbo Regional Council

Statement of Cash Flows

for the year ended 30 June 2025

<i>Original unaudited budget</i>			<i>Actual</i>	<i>Actual</i>
2025	\$ '000	Notes	2025	2024
Cash flows from operating activities				
<i>Receipts:</i>				
77,575	Rates and annual charges		80,295	74,291
44,728	User charges and fees		53,724	59,142
9,100	Interest received		14,049	11,462
34,594	Grants and contributions		49,478	60,167
–	Bonds, deposits and retentions received		–	256
4,820	Other		4,372	12,279
<i>Payments:</i>				
(50,477)	Payments to employees		(49,619)	(49,213)
(40,483)	Payments for materials and services		(55,849)	(72,831)
(2,335)	Borrowing costs		(1,087)	(2,437)
–	Bonds, deposits and retentions refunded		(56)	–
(19,767)	Other		(4,907)	(7,540)
57,755	Net cash flows from operating activities	G1-1	90,400	85,576
Cash flows from investing activities				
<i>Receipts:</i>				
27,831	Sale of investments		156,500	10,500
–	Redemption of term deposits		–	111,750
8,496	Sale of real estate assets		4,000	4,297
–	Proceeds from sale of IPPE		2,618	2,581
–	Deferred debtors receipts		–	39
<i>Payments:</i>				
–	Purchase of investments		(125,500)	–
–	Acquisition of term deposits		(61,000)	(151,000)
(85,149)	Payments for IPPE		(68,675)	(64,291)
(2,704)	Purchase of real estate assets		(432)	(678)
–	Deferred debtors and advances made		(65)	–
(51,526)	Net cash flows from investing activities		(92,554)	(86,802)
Cash flows from financing activities				
<i>Payments:</i>				
(6,230)	Repayment of borrowings		(5,463)	(6,230)
(6,230)	Net cash flows from financing activities		(5,463)	(6,230)
(1)	Net change in cash and cash equivalents		(7,617)	(7,456)
3,000	Cash and cash equivalents at beginning of year	C1-1b,C1-1	53,196	60,652
2,999	Cash and cash equivalents at end of year	C1-1	45,579	53,196
257,172	plus: Investments on hand at end of year	C1-2	267,235	237,513
260,171	Total cash, cash equivalents and investments		312,814	290,709

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

Dubbo Regional Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 28 October 2025. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policy information related to these financial statements are set out below. Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

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

New accounting standards and interpretations issued but not yet effective

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

AASB 18 was issued on 14 June 2024 and will replace AASB 101 Presentation of Financial Statements. When AASB 18 is first adopted for the financial year ending 30 June 2029, its impact will be limited to changes to the presentation and disclosure of items in the financial statements. The Council will undertake a further detailed assessment of the impact of AASB 18 before its adoption.

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective for the first time at 30 June 2025.

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

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

The first time adoption of this amendment did not materially impact the council's reported financial position.

Historical cost convention

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

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

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

Significant judgements in applying the Council's accounting policies

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

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- general purpose operations
- water service
- sewerage service

The Trust Fund

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

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

Volunteer services

Council operate volunteer programs whereby volunteers provide services in performing activities including bush generation, weed control and plantings; ushering patrons during performances at the Dubbo Regional Theatre Convention Centre; and greeting and providing information to visitors of the Western Plains Cultural Centre and Dubbo Visitor Information Centre. Under AASB 1058 Income of Not-for-Profit Entities, Council is required to recognise the volunteer services at fair value when the following criteria are met:

- Volunteer services can be reliably measured;
- The services would be purchased if they were not donated; and
- The value would be material.

Council has assessed the volunteer services for materiality. In relation to Council's overall operations, the value of the volunteer services are not material. Further, there are limitations on the ability for Council to reliably measure the services, and not all volunteer services would be purchased if they were not donated

B Financial Performance

B1 Functions or activities

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

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

\$ '000	<i>Income</i>		<i>Expenses</i>		<i>Operating result</i>		<i>Grants and contributions</i>		<i>Carrying amount of assets</i>	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Functions or activities										
Governance	–	–	444	650	(444)	(650)	–	–	–	–
Administration	412	1,357	538	(7,294)	(126)	8,651	10	–	233,117	197,697
Public order and safety	4,857	4,542	5,153	5,618	(296)	(1,076)	4,209	3,784	32,584	23,253
Health	–	–	–	132	–	(132)	–	–	–	–
Environment	18,786	19,643	14,033	17,658	4,753	1,985	109	1,054	17,619	198,447
Community services and education	3,527	3,357	5,953	5,239	(2,426)	(1,882)	2,573	2,484	16,415	2,105
Housing and community amenities	5,489	3,328	4,249	3,405	1,240	(77)	1,718	211	26,665	20,914
Water supplies	35,453	34,558	26,642	27,559	8,811	6,999	4,977	5,878	436,562	467,323
Sewerage services	28,311	26,778	15,749	15,395	12,562	11,383	2,649	2,958	372,214	397,365
Recreation and culture	8,994	5,340	29,592	37,073	(20,598)	(31,733)	4,526	2,185	262,064	202,176
Mining, manufacturing and construction	–	–	–	1,548	–	(1,548)	–	–	–	444
Transport and communication	57,600	44,868	62,965	63,057	(5,365)	(18,189)	45,729	32,751	1,735,768	1,460,328
Economic affairs	11,572	7,831	10,708	11,277	864	(3,446)	3,456	1,020	52,251	86,094
Share of gains/(losses) in associates and joint ventures (using the equity method)	193	160	–	–	193	160	–	–	2,302	2,109
General purpose income	59,733	59,134	(1,101)	–	60,834	59,134	9,831	12,876	–	–
Total functions and activities	234,927	210,896	174,925	181,317	60,002	29,579	79,787	65,201	3,187,561	3,058,255

B1-2 Components of functions or activities

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

Governance

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

Administration

Includes corporate support and other support services, engineering works, and any Council policy compliance.

Public order and safety

Includes Council's fire and emergency services levy, fire protection, emergency services, enforcement of regulations and animal control.

Health

Includes immunisation, food control, health centres etc.

Environment

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

Community services and education

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

Housing and community amenities

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

Water supplies

Provide safe reliable and cost effective water supply that caters for the sustainable growth.

Sewerage services

Provision of an environmentally responsible sewerage service that maintains the health of the community cost effectively, and caters for the sustainable growth.

Recreation and culture

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

Mining, manufacturing and construction

Includes building control, quarries and pits, mineral resources, and abattoirs.

Transport and communication

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

Economic affairs

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2025	2024
Ordinary rates		
Residential	26,153	24,644
Farmland	6,979	6,668
Mining	1	1
Business	10,225	9,626
Less: pensioner rebates (mandatory)	(270)	(501)
Less: pensioner rebates (Council policy)	(221)	–
Rates levied to ratepayers	42,867	40,438
Pensioner rate subsidies received	270	274
Total ordinary rates	43,137	40,712
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	10,774	9,182
Water supply services	8,225	7,757
Sewerage services	15,730	14,840
Drainage	1,876	1,765
Waste management services (non-domestic)	1,024	847
Less: pensioner rebates (mandatory)	(362)	(625)
Less: pensioner rebates (Council policy)	(489)	(189)
Annual charges levied	36,778	33,577
Pensioner annual charges subsidies received:		
– Water	123	121
– Sewerage	117	117
– Domestic waste management	123	114
Total annual charges	37,141	33,929
Total rates and annual charges	80,278	74,641

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

Material accounting policy information

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2025	2024
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	1	18,126	17,276
Sewerage services	1	5,789	5,577
Waste management services (non-domestic)	1	6,787	6,683
Total specific user charges		30,702	29,536
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Regulatory/ statutory fees	2	3,335	2,825
Total fees and charges – statutory/regulatory		3,335	2,825
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aerodrome	2	5,715	5,765
Cemeteries	2	479	517
Leaseback fees – Council vehicles	2	370	321
Transport for NSW works (state roads not controlled by Council)	2	1,436	4,246
Tourism	2	170	202
Water service connections	2	61	50
Wellington Caves entry fees	2	759	971
Western Plains Cultural Centre	2	207	232
Dubbo Aquatic Leisure Centre	2	–	11
Family Day Care	2	290	290
Fodder sales 'greengrove' effluent reuse property	2	155	158
Old Dubbo Gaol	2	749	707
Private works	2	559	452
Public halls	2	1,551	2,114
Rainbow Cottage Childcare Centre	2	577	493
Dubbo Regional Livestock Markets	2	6,335	4,179
Dubbo Showground	2	243	189
Sewer plan drafting fees	2	150	132
Other	2	991	782
Sporting facilities	2	247	246
Total fees and charges – other		21,044	22,057
Total other user charges and fees		24,379	24,882
Total user charges and fees		55,081	54,418
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		30,702	29,536
User charges and fees recognised at a point in time (2)		24,379	24,882
Total user charges and fees		55,081	54,418

Material accounting policy information

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

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

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

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

B2-3 Other revenues

\$ '000	<i>Timing</i>	2025	2024
Rental income – other council properties	1	1,613	1,337
Fines	2	534	502
Commissions and agency fees	2	12	10
Insurance claims recoveries	2	812	272
Other	2	1,675	1,052
StateCover WHS Incentive	2	130	130
Caves Kiosk / caravan park sales	2	447	202
Total other revenue		5,223	3,505

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	1,613	1,337
Other revenue recognised at a point in time (2)	3,610	2,168
Total other revenue	5,223	3,505

Material accounting policy information for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2025	Operating 2024	Capital 2025	Capital 2024
General purpose grants and non-developer contributions (untied)					
Financial Assistance Grant					
Relating to Current Year	2	2,212	596	–	–
Prepayment received in advance for subsequent year	2	7,543	12,198	–	–
Amount recognised as income during current year		9,755	12,794	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	2	–	–	1,988	2,865
Bushfire and emergency services	2	438	587	115	111
Heritage and cultural	2	131	124	–	–
Employment and training programs	2	5	10	–	–
Library	2	223	221	–	–
Noxious weeds	2	108	107	–	–
Storm/flood damage		(9)	3,361	–	–
Local Infrastructure Renewal Scheme interest subsidy	2	–	–	4	55
Tourism	2	–	–	471	238
Street lighting	2	215	211	–	–
Community services	2	193	225	–	–
Family Day Care	2	1,118	1,101	–	–
Rainbow Cottage Childcare Centre	2	1,184	1,086	–	–
Sporting facilities	2	(122)	1	295	382
Stormwater	2	46	–	–	–
Other specific grants	2	4,400	524	6,019	1,032
Transport (roads to recovery)	2	–	2,146	–	–
Transport (other roads and bridges funding)	1	–	7,113	16,452	9,979
Previously contributions:					
Transport for NSW contributions (regional roads, block grant)	2	2,062	2,101	–	–
Other contributions	2	314	367	163	1,880
Sporting facilities	2	–	–	(11)	54
Total special purpose grants and non-developer contributions – cash		10,306	19,285	25,496	16,596
Non-cash contributions					
NSW Rural Fire Services appliances	2	–	–	3,775	1,439
Dubbo City Holiday Park electrical infrastructure	2	–	–	–	402
Contributed artworks		–	–	–	158
Total other contributions – non-cash		–	–	3,775	1,999
Total special purpose grants and non-developer contributions (tied)		10,306	19,285	29,271	18,595
Total grants and non-developer contributions		20,061	32,079	29,271	18,595
Comprising:					
– Commonwealth funding		12,422	15,281	8,730	7,448
– State funding		7,269	16,512	20,379	9,130
– Other funding		370	286	162	2,017
		20,061	32,079	29,271	18,595

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
	G4					
Cash contributions						
S 64 – water supply contributions		2	–	–	1,495	1,258
S 64 – sewerage service contributions		2	–	–	1,478	1,387
S 7.11 – open space		2	–	–	794	509
S 7.11 – drainage		2	–	–	47	48
S 7.11 – roadworks		2	–	–	2,951	1,900
Voluntary planning agreements		2	–	–	1,043	205
Total developer contributions – cash			–	–	7,808	5,307
Non-cash contributions						
Infrastructure - Drainage		2	–	–	6,401	1,007
Infrastructure - Footpaths		2	–	–	234	374
Infrastructure - Roads and bridges		2	–	–	13,000	4,442
Infrastructure - Land under roads		2	–	–	350	127
Water supply services		2	–	–	1,492	1,734
Sewerage services		2	–	–	1,170	1,536
Total developer contributions non-cash			–	–	22,647	9,220
Total developer contributions			–	–	30,455	14,527
Total grants and contributions			20,061	32,079	59,726	33,122
Timing of revenue recognition						
Grants and contributions recognised over time (1)			–	7,113	16,452	9,979
Grants and contributions recognised at a point in time (2)			20,061	24,966	43,274	23,143
Total grants and contributions			20,061	32,079	59,726	33,122

Unspent grants and contributions

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

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Unspent grants and contributions				
Unspent funds at 1 July	8,195	1,699	11,974	21,933
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,565	8,533	7,808	3,989
Add: Funds received and not recognised as revenue in the current year	–	–	–	–
Less: grants recognised as income in a previous reporting period now spent	(1,004)	(849)	(1,999)	(4,858)
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	(1,188)	(4,876)	(9,090)
Unspent funds at 30 June	8,756	8,195	12,907	11,974

B2-4 Grants and contributions (continued)

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2025	2024
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	441	367
– Cash and investments	14,101	12,845
– Other	91	54
Amortisation of premiums and discounts		
– Interest free (and interest reduced) loans provided	10	7
– Financial assets at amortised cost	(278)	(302)
Total interest and investment income (losses)	14,365	12,971

B2-6 Other income

\$ '000	Notes	2025	2024
Net share of interests in joint ventures and associates using the equity method			
Joint ventures		193	160
Total net share of interests in joint ventures and associates using the equity method	D2-1	193	160
Total other income		193	160

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2025	2024
Salaries and wages	42,985	42,557
Travel expenses	196	202
Employee leave entitlements (ELE)	4,959	4,641
Superannuation	5,548	4,984
Workers' compensation insurance	1,697	2,350
Fringe benefit tax (FBT)	110	69
Payroll tax	259	259
Training costs (other than salaries and wages)	855	532
Other	354	257
Total employee costs	56,963	55,851
Less: capitalised costs	(7,759)	(6,511)
Total employee costs expensed	49,204	49,340
Number of 'full-time equivalent' employees (FTE) at year end	492	491

Material accounting policy information

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

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

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

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

B3-2 Materials and services

\$ '000	Notes	2025	2024
Raw materials and consumables		33,790	36,372
Contractor costs		15,319	18,982
Audit Fees	F2-1	170	163
Councillor and Mayoral fees and associated expenses	F1-2	444	432
Advertising		358	395
Election expenses		371	7
Electricity and heating		5,046	4,766
Insurance		3,113	2,666
Postage		182	137
Printing and stationery		241	303
Street lighting		815	925
Telephone and communications		218	243
Valuation fees		227	217
Other expenses		1,211	1,049
Vehicle registration		358	245
Water resource charge		943	969
Contributions to emergency services		1,770	1,836
Credit card merchant fees		9	20
Family day care – fee relief		1,118	1,075
Property rental		147	62
Subscription shires association		62	59
Legal expenses:			
– Legal expenses: planning and development		10	40
– Legal expenses: other		421	588
Total materials and services		66,343	71,551
Less: capitalised costs		(7,267)	(8,449)
Total materials and services		59,076	63,102

B3-3 Borrowing costs

\$ '000	Notes	2025	2024
(i) Interest bearing liability costs			
Interest on loans		1,794	2,398
Total interest bearing liability costs		1,794	2,398
Total interest bearing liability costs expensed		1,794	2,398
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Interest free (or favourable) loans and advances made by Council		13	–
– Remediation liabilities	C3-5	(936)	639
Total other borrowing costs		(923)	639
Total borrowing costs expensed		871	3,037

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

\$ '000	Notes	2025	2024
Depreciation and amortisation			
Plant and equipment		4,958	4,732
Office equipment		540	485
Furniture and fittings		253	156
Land improvements (depreciable)		240	232
Infrastructure:			
	C1-8		
– Buildings – non-specialised		1,271	1,633
– Buildings – specialised		4,556	6,041
– Other structures		6,344	7,664
– Roads		22,908	20,811
– Airport runways		1,027	1,018
– Stormwater drainage		2,508	2,384
– Water supply network		6,694	6,697
– Sewerage network		5,864	6,125
– Swimming pools		131	138
Other assets:			
– Other		8	9
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-8,C3-5	1,772	1,367
– Quarry assets	C1-8,C3-5	17	12
Total gross depreciation and amortisation costs		59,091	59,504
Less: capitalised costs		(1,232)	(979)
Total depreciation and amortisation costs		57,859	58,525
Total depreciation, amortisation and impairment for non-financial assets		57,859	58,525

Material accounting policy information

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2025	2024
Impairment of receivables			
Other		223	191
Total impairment of receivables	C1-4	223	191
Other			
Donations, contributions and assistance to other organisations (Section 356)		2,657	2,633
Total other		2,657	2,633
Total other expenses		2,880	2,824

B4 Gains or losses

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

\$ '000	Notes	2025	2024
Gain (or loss) on disposal of property (excl. investment property)	C1-8		
Proceeds from disposal – property		39	302
Less: carrying amount of property assets sold/written off		<u>(97)</u>	<u>(194)</u>
Gain (or loss) on disposal		<u>(58)</u>	<u>108</u>
Gain (or loss) on disposal of plant and equipment	C1-8		
Proceeds from disposal – plant and equipment		2,579	2,279
Less: carrying amount of plant and equipment assets sold/written off		<u>(2,153)</u>	<u>(2,647)</u>
Gain (or loss) on disposal		<u>426</u>	<u>(368)</u>
Gain (or loss) on disposal of infrastructure	C1-8		
Less: carrying amount of infrastructure assets sold/written off		<u>(8,068)</u>	<u>(6,351)</u>
Gain (or loss) on disposal		<u>(8,068)</u>	<u>(6,351)</u>
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		4,000	4,297
Less: carrying amount of real estate assets sold/written off		<u>(1,335)</u>	<u>(2,175)</u>
Gain (or loss) on disposal		<u>2,665</u>	<u>2,122</u>
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal		156,500	124,250
Less: carrying value of investments		<u>(156,500)</u>	<u>(124,250)</u>
Gain (or loss) on disposal		<u>–</u>	<u>–</u>
Net gain (or loss) from disposal of assets		<u>(5,035)</u>	<u>(4,489)</u>

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 27 June 2024 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2025 Budget	2025 Actual	2025 ----- Variance -----		
Revenues					
Rates and annual charges	78,511	80,278	1,767	2%	F
User charges and fees	46,195	55,081	8,886	19%	F
Significant increases were seen across multiple areas including an increase in water consumption above forecast amount largely due to changes in environmental forecasts and an increase in yard dues at Dubbo Regional Livestock Markets due to higher than anticipated throughput. Other increases include additional income received from trade waste and non-residential quarterly charges and tipping charges. These were offset by a reduction in sales from Council's venues including the Regional Theatre and Convention Centre.					
Other revenues	2,998	5,223	2,225	74%	F
The favourable increase in Other Revenues was largely due to numerous low value increases across various areas of the organisation including rental and venue hire adjustments. Other items of note include additional income for successful insurance claims that were not budgeted and an increase in enforcement income.					
Operating grants and contributions	20,325	20,061	(264)	(1)%	U
Capital grants and contributions	19,555	59,726	40,171	205%	F
The favourable increase was largely due to the receipt of a significant value of Developer Contributed Assets during the year, along with various additional grants received, predominantly for infrastructure.					
Interest and investment revenue	8,836	14,365	5,529	63%	F
The favourable increase in Interest and investment revenue was the result of higher opening cash balances and lower capital expenditure than anticipated in the budget, combined with stronger interest rates offered in the financial year compared to original economic forecasts.					
Other income	-	193	193	∞	F
Expenses					
Employee benefits and on-costs	53,659	49,204	4,455	8%	F
Materials and services	54,604	59,076	(4,472)	(8)%	U
Borrowing costs	2,134	871	1,263	59%	F
The favourable movement reflects the decrease in Council's asset remediation provision for tips and quarries. The provision represents the present value estimate of future costs of remediation. Remediation work has been completed on some sites, and as such, reduces the need to provide for such costs.					
Depreciation, amortisation and impairment of non-financial assets	66,010	57,859	8,151	12%	F
The revaluation of transport infrastructure assets and the indexation of other infrastructure and significant asset classes in prior years had a larger than expected impact on 2024/2025 depreciation calculations than budgeted.					

B5-1 Material budget variations (continued)

\$ '000	2025 <i>Budget</i>	2025 <i>Actual</i>	2025 <i>Variance</i>		
Other expenses	2,931	2,880	51	2%	F

Statement of cash flows

Cash flows from operating activities	57,755	90,400	32,645	57%	F
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The favourable budget variations in key User charges and fees, Capital grants and contributions, and Interest and investment revenue items detailed above generated cash flows from operating activities in excess of budget.

Cash flows from investing activities	(51,526)	(92,554)	(41,028)	80%	U
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The performance against budget primarily reflects the additional investments as a result of higher than expected cash balances, along with a reduction in the expected income and associated development costs for Keswick Estate Stage 5 Release 2 which is anticipated to be sold in the 2026 financial year.

Cash flows from financing activities	(6,230)	(5,463)	767	(12)%	F
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The favourable movement reflects a decrease in Council's expected borrowing costs for the year, compared to Council's long term financial plan.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2025	2024
Cash assets		
Cash on hand and at bank	1,420	13
Cash equivalent assets		
– Deposits at call	44,159	53,183
Total cash and cash equivalents	45,579	53,196

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	45,579	53,196
Balance as per the Statement of Cash Flows	45,579	53,196

C1-2 Financial investments

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Debt securities at amortised cost				
Term deposits	97,500	133,500	113,000	57,000
NCD's, FRN's (with maturities > 3 months)	26,127	10,108	36,038	31,475
Total	123,627	143,608	149,038	88,475
Total financial investments	123,627	143,608	149,038	88,475
Total cash assets, cash equivalents and investments	169,206	143,608	202,234	88,475

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

C1-2 Financial investments (continued)

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

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

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

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

\$ '000	2025	2024
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	312,814	290,709
Less: Externally restricted cash, cash equivalents and investments	<u>(216,495)</u>	<u>(192,191)</u>
Cash, cash equivalents and investments not subject to external restrictions	96,319	98,518

External restrictions

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

Developer contributions – general	23,235	18,315
Specific purpose unexpended grants	21,663	20,169
Water fund ¹	68,754	62,439
Sewer fund	91,492	82,490
Stormwater management	6,466	5,499
Domestic waste management	4,885	3,279
Total external restrictions	216,495	192,191

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

(1) Prior year has been restated for comparative purposes

\$ '000	2025	2024
(b) Internal allocations		
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Employees leave entitlement	3,957	3,528
Other waste management services	29,768	25,026
Road network – state roads	1,684	1,439
Fleet management services	5,944	7,734
Future Asset Renewal ¹	54,966	60,791
Total internal allocations	96,319	98,518

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

(1) Prior year has been restated for comparative purposes

C1-4 Receivables

\$ '000	2025		2024	
	Current	Non-current	Current	Non-current
Rates and annual charges	3,885	–	3,848	–
Interest and extra charges	527	–	431	–
User charges and fees	10,441	–	8,868	–
Accrued revenues				
– Interest on investments	4,852	–	4,364	–
Deferred debtors	35	76	35	14
Government grants and subsidies	3,542	–	3,552	–
Net GST receivable	1,289	–	1,575	–
Due from other levels of government	23	–	30	–
Other debtors	1,373	–	452	–
Total	25,967	76	23,155	14
Less: provision for impairment				
User charges and fees	(1,116)	–	(896)	–
Total provision for impairment – receivables	(1,116)	–	(896)	–
Total net receivables	24,851	76	22,259	14

\$ '000	2025	2024
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 9)	896	707
+ new provisions recognised during the year	222	511
– amounts already provided for and written off this year	(2)	(2)
– amounts provided for but recovered during the year	–	(316)
– previous impairment losses reversed	–	(4)
Balance at the end of the year	1,116	896

Material accounting policy information

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

Impairment

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

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

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

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

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

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

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

C1-5 Inventories

\$ '000	2025	2025	2024	2024
	Current	Non-current	Current	Non-current
(i) Inventories at cost				
Stores and materials	1,267	–	1,548	–
Trading stock	163	–	162	–
Real estate for resale	3,171	2,564	4,419	2,219
Total inventories at cost	4,601	2,564	6,129	2,219
Total inventories	4,601	2,564	6,129	2,219

(i) Other disclosures

\$ '000	2025	2025	2024	2024
	Current	Non-current	Current	Non-current
(a) Details for real estate development				
Residential	3,171	2,021	4,419	1,873
Industrial/commercial	–	543	–	346
Total real estate for resale	3,171	2,564	4,419	2,219

Material accounting policy information

Raw materials and stores, work in progress and finished goods

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

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

C1-6 Contract assets

\$ '000	Notes	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Contract assets	a	4,484	-	5,463	-
Total contract assets		4,484	-	5,463	-

a. Contract assets

Work relating to infrastructure grants	4,484	-	5,463	-
Total contract assets	4,484	-	5,463	-

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

Council did not classify any non-current assets or disposal groups as 'held for sale'.

C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2024			Asset movements during the reporting period						At 30 June 2025		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions	Carrying value of disposals	Depreciation expense	Adjustments and transfers at cost	Revaluation increments/(de- crements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	88,425	–	88,425	17,967	35,816	(892)	–	(56,791)	(3,054)	81,471	–	81,471
Plant and equipment	73,110	(34,486)	38,624	51	10,857	(2,153)	(4,958)	580	–	77,591	(34,591)	43,000
Office equipment	4,764	(2,711)	2,053	13	7	–	(540)	344	–	5,126	(3,249)	1,877
Furniture and fittings	4,750	(3,563)	1,187	10	148	(1)	(253)	1,093	–	5,996	(3,811)	2,185
Land:												
– Operational land	73,084	–	73,084	30	970	(2)	–	1,209	5,456	80,748	–	80,748
– Community land	42,819	–	42,819	–	–	–	–	29	(11,314)	31,534	–	31,534
– Land under roads (post 30/6/08)	2,114	–	2,114	–	350	–	–	15	8	2,487	–	2,487
Land improvements – non-depreciable	2,871	–	2,871	–	–	–	–	370	–	3,241	–	3,241
Land improvements – depreciable	11,244	(5,881)	5,363	179	48	–	(240)	1,281	–	12,752	(6,121)	6,631
Infrastructure:												
– Airport runways	76,946	(13,783)	63,163	–	–	–	(1,027)	563	(11,583)	76,351	(25,235)	51,116
– Buildings – non-specialised	62,333	(32,000)	30,333	128	–	–	(1,271)	134	1,302	65,374	(34,748)	30,626
– Buildings – specialised	240,549	(96,737)	143,812	198	440	(52)	(4,556)	6,055	6,068	257,436	(105,472)	151,964
– Other structures	209,794	(97,420)	112,374	324	651	(103)	(6,344)	6,740	4,950	226,689	(108,097)	118,592
– Roads	1,473,288	(503,666)	969,622	11,758	3,334	(5,822)	(22,908)	22,882	22,423	1,532,137	(530,847)	1,001,290
– Bulk earthworks (non-depreciable)	363,076	–	363,076	2,086	726	(588)	–	4,357	9,645	379,303	–	379,303
– Stormwater drainage	217,268	(59,547)	157,721	–	6,401	–	(2,508)	(218)	33,404	273,110	(78,308)	194,802
– Water supply network	515,258	(164,172)	351,086	394	1,727	(630)	(6,694)	2,573	12,011	535,204	(174,738)	360,466
– Sewerage network	444,980	(178,737)	266,243	373	1,306	(158)	(5,864)	8,784	10,150	461,483	(180,648)	280,835
– Swimming pools	8,396	(2,907)	5,489	748	–	–	(131)	–	–	9,143	(3,038)	6,105
Other assets:												
– Heritage collections	234	(2)	232	–	–	–	–	–	–	234	(3)	231
– Other	3,709	(39)	3,670	–	479	–	(8)	–	–	4,187	(46)	4,141
Restoration assets:												
– Quarry assets	1,270	(560)	710	–	–	–	(17)	(167)	–	1,103	(577)	526
– Tip assets	7,521	(3,575)	3,946	–	–	–	(1,772)	(942)	–	6,579	(5,347)	1,232
Total infrastructure, property, plant and equipment	3,927,803	(1,199,786)	2,728,017	34,259	63,260	(10,401)	(59,091)	(1,109)	79,466	4,129,279	(1,294,876)	2,834,403

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

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

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period							At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers at cost	Revaluation increments/(decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	79,626	–	79,626	16,912	24,796	(4,249)	–	(45,518)	16,858	–	88,425	–	88,425
Plant and equipment	68,387	(32,553)	35,834	11	9,445	(2,362)	(4,732)	–	(1,005)	1,433	73,110	(34,486)	38,624
Office equipment	5,049	(2,568)	2,481	–	330	(33)	(485)	–	(240)	–	4,764	(2,711)	2,053
Furniture and fittings	4,794	(3,457)	1,337	28	92	(14)	(156)	–	(100)	–	4,750	(3,563)	1,187
Land:													
– Operational land	55,474	–	55,474	–	9,205	(194)	–	1,889	3,414	3,296	73,084	–	73,084
– Community land	40,582	–	40,582	–	–	–	–	–	–	2,237	42,819	–	42,819
– Land under roads (post 30/6/08)	1,856	–	1,856	–	127	–	–	–	131	–	2,114	–	2,114
Land improvements – non-depreciable	2,871	–	2,871	–	–	–	–	–	–	–	2,871	–	2,871
Land improvements – depreciable	10,989	(5,649)	5,340	–	255	–	(232)	–	–	–	11,244	(5,881)	5,363
Infrastructure:													
– Airport runways	74,623	(12,345)	62,278	–	582	–	(1,018)	2,021	(2,607)	1,908	76,946	(13,783)	63,163
– Buildings – non-specialised	60,605	(31,853)	28,752	56	–	–	(1,633)	–	286	2,872	62,333	(32,000)	30,333
– Buildings – specialised	251,808	(100,663)	151,145	161	1,377	–	(6,027)	6,843	(14,440)	4,753	240,549	(96,737)	143,812
– Other structures	196,585	(83,931)	112,654	107	1,233	(201)	(7,678)	719	(1,637)	7,177	209,794	(97,420)	112,374
– Roads	1,383,228	(460,071)	923,157	603	5,167	(704)	(20,811)	20,175	2,835	39,200	1,473,288	(503,666)	969,622
– Bulk earthworks (non-depreciable)	341,519	–	341,519	–	354	(325)	–	3,303	53	18,172	363,076	–	363,076
– Stormwater drainage	198,973	(53,295)	145,678	–	1,007	–	(2,384)	3,459	–	9,961	217,268	(59,547)	157,721
– Water supply network	488,915	(149,760)	339,155	111	1,954	(932)	(6,697)	590	–	16,905	515,258	(164,172)	351,086
– Sewerage network	416,265	(165,464)	250,801	742	1,642	(143)	(6,125)	6,519	–	12,807	444,980	(178,737)	266,243
– Swimming pools	8,451	(2,821)	5,630	33	–	(36)	(138)	–	–	–	8,396	(2,907)	5,489
Other assets:													
– Heritage collections	50	(2)	48	–	–	–	–	–	184	–	234	(2)	232
– Other	3,700	(53)	3,647	–	158	–	(9)	–	(183)	57	3,709	(39)	3,670
Restoration assets:													
– Quarry assets	1,187	(547)	640	–	–	–	(12)	–	82	–	1,270	(560)	710
– Tip assets	7,270	(2,208)	5,062	–	–	–	(1,367)	–	251	–	7,521	(3,575)	3,946
Total infrastructure, property, plant and equipment	3,702,807	(1,107,240)	2,595,567	18,764	57,724	(9,193)	(59,504)	–	3,882	120,778	3,927,803	(1,199,786)	2,728,017

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

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

Material accounting policy information

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

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

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

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

Useful lives of IPPE

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 15	Playground equipment	5 to 15
Office furniture	10 to 25	Benches, seats etc.	10 to 20
Computer equipment	1 to 8		
Vehicles	3 to 6	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 25	Buildings: other	20 to 100
		Stormwater assets	
Water and sewer assets		Drains	80 to 120
Dams and reservoirs	30 to 100	Culverts	80
Bores	30	Flood control structures	60 to 150
Reticulation pipes: PVC	70		
Reticulation pipes: other	25 to 120		
Pumps and telemetry	15 to 120		
		Other infrastructure assets	
Transportation assets		Bulk earthworks	Infinite
Airport runways	12 to 120	Swimming pools	40 to 80
Sealed roads: surface	15 to 30	Other open space/recreational assets	15 to 80
Sealed roads: structure	40 to 240	Land improvements - depreciable	50 to 100
Unsealed roads	10 to 24	Other structures	10 to 120
Bridge: concrete	110		
Bridge: other	80 to 100		
Road pavements	60 to 90		
Kerb, gutter and footpaths	40 to 120		

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

Revaluation model

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

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

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

Land under roads

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

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

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

Crown reserves

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

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

Rural Fire Service assets

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

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

C1-9 Investment properties

Council has not classified any land or buildings as 'investment properties'

C1-10 Intangible assets

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

C1-11 Other

Other assets

\$ '000	2025	2025	2024	2024
	Current	Non-current	Current	Non-current
Prepayments	971	–	841	–
Shares in unlisted companies – StateCover	–	495	–	495
Total other assets	971	495	841	495

C2 Leasing activities

C2-1 Council as a lessee

Council does not have any Leases.

C2-2 Council as a lessor

Council does not have any Leases.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Prepaid rates	4,235	–	4,181	–
Goods and services – operating expenditure	8,156	11	5,211	9
Accrued expenses:				
– Borrowings	–	–	302	–
– Salaries and wages	2,467	–	2,735	–
Security bonds, deposits and retentions	2,187	–	2,243	–
Other	–	2	–	4
Total payables	17,045	13	14,672	13

Payables

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

C3-2 Contract Liabilities

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Grants and contributions received in advance:				
Unexpended capital grants to construct Council controlled assets (i)	3,609	–	8,485	–
Total grants received in advance	3,609	–	8,485	–
User fees and charges received in advance:				
Payments Received in Advance	374	–	378	–
Total user fees and charges received in advance	374	–	378	–
Total contract liabilities	3,983	–	8,863	–

Notes

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

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

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

C3-3 Borrowings

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Loans – secured	3,065	25,108	5,463	28,173
Total borrowings	3,065	25,108	5,463	28,173

C3-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	2024		Non-cash movements				2025
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	33,636	(5,463)	–	–	–	–	28,173
Total liabilities from financing activities	33,636	(5,463)	–	–	–	–	28,173

	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	39,866	(6,230)	–	–	–	–	33,636
Total liabilities from financing activities	39,866	(6,230)	–	–	–	–	33,636

(b) Financing arrangements

\$ '000	2025	2024
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Total facilities

Total financing facilities available to Council at the reporting date are:

Credit cards/purchase cards	600	600
Bank Guarantee	200	200
Total financing arrangements	800	800

Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards	133	136
– Bank Guarantee	10	40
Total drawn financing arrangements	143	176

Undrawn facilities

Undrawn financing facilities available to Council at the reporting date are:

– Credit cards/purchase cards	467	464
– Bank Guarantee	190	160
Total undrawn financing arrangements	657	624

Breaches and defaults

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

Security over loans

Security is a statutory charge over the income of the Council under Regulation 23 of the Local Government (Financial Management) Regulations 1999.

C3-4 Employee benefit provisions

\$ '000	2025		2024	
	Current	Non-current	Current	Non-current
Annual leave	4,435	–	4,241	–
Sick leave	356	–	432	–
Long service leave	6,279	966	6,698	836
Other leave	167	–	143	–
Total employee benefit provisions	11,237	966	11,514	836

Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2025	2024
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employee benefits	4,330	4,422
	4,330	4,422

Material accounting policy information

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2025		2024	
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	9,693	–	11,738
Sub-total – asset remediation/restoration	–	9,693	–	11,738
Total provisions	–	9,693	–	11,738

C3-5 Provisions (continued)

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2025		
At beginning of year	11,738	11,738
Changes to provision:		
– Revised costs	(1,109)	(1,109)
Unwinding of discount	73	73
Amounts used (payments)	(1,009)	(1,009)
Remeasurement effects	–	–
Total other provisions at end of year	9,693	9,693
2024		
At beginning of year	10,752	10,752
Unwinding of discount	652	652
Remeasurement effects	334	334
Total other provisions at end of year	11,738	11,738

Nature and purpose of provisions

Asset remediation

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

Material accounting policy information

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

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

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

Asset remediation – tips and quarries

Council recognises an obligation for the remediation of the Whylandra Landfill but cannot determine a reasonable estimate to the costs due to the useful life ranging from 50-100 years. Council declares a contingent liability for the Whylandra Landfill which currently undergoes remediation on an on-going basis when required.

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation Surplus

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2025	Water 2025	Sewer 2025
Income from continuing operations			
Rates and annual charges	55,807	8,933	15,538
User charges and fees	30,200	18,682	6,199
Interest and investment income	7,791	2,768	3,806
Other revenues	5,012	92	119
Grants and contributions provided for operating purposes	20,061	–	–
Grants and contributions provided for capital purposes	52,100	4,977	2,649
Other income	193	–	–
Total income from continuing operations	171,164	35,452	28,311
Expenses from continuing operations			
Employee benefits and on-costs	37,343	7,014	4,847
Materials and services	43,748	10,956	4,372
Borrowing costs	(384)	989	266
Other expenses	2,853	24	3
Net losses from the disposal of assets	4,289	613	133
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	87,849	19,596	9,621
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	83,315	15,856	18,690
Depreciation, amortisation and impairment of non-financial assets	44,686	7,045	6,128
Operating result from continuing operations	38,629	8,811	12,562
Net operating result for the year	38,629	8,811	12,562
Net operating result attributable to each council fund	38,629	8,811	12,562
Net operating result for the year before grants and contributions provided for capital purposes	(13,471)	3,834	9,913

D1-2 Statement of Financial Position by fund

\$ '000	General 2025	Water 2025	Sewer 2025
ASSETS			
Current assets			
Cash and cash equivalents	27,441	8,754	9,384
Investments	72,127	30,000	21,500
Receivables	14,875	6,143	3,833
Inventories	4,508	93	–
Contract assets and contract cost assets	4,484	–	–
Other	955	7	9
Total current assets	124,390	44,997	34,726
Non-current assets			
Investments	53,000	30,000	60,608
Receivables	76	–	–
Inventories	2,564	–	–
Infrastructure, property, plant and equipment	2,116,279	406,518	311,606
Investments accounted for using the equity method	2,302	–	–
Other	451	44	–
Total non-current assets	2,174,672	436,562	372,214
Total assets	2,299,062	481,559	406,940
LIABILITIES			
Current liabilities			
Payables	15,124	964	957
Contract liabilities	3,983	–	–
Borrowings	1,615	1,107	343
Employee benefit provision	10,133	1,104	–
Total current liabilities	30,855	3,175	1,300
Non-current liabilities			
Payables	13	–	–
Borrowings	4,610	15,890	4,608
Employee benefit provision	851	115	–
Provisions	9,693	–	–
Total non-current liabilities	15,167	16,005	4,608
Total liabilities	46,022	19,180	5,908
Net assets	2,253,040	462,379	401,032
EQUITY			
Accumulated surplus	1,876,194	285,283	306,231
IPPE revaluation surplus	376,846	177,096	94,801
Council equity interest	2,253,040	462,379	401,032
Total equity	2,253,040	462,379	401,032

D2 Interests in other entities

\$ '000	<i>Council's share of net assets</i>	
	2025	2024
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	2,302	2,109
Total net share of interests in joint ventures and associates using the equity method – assets	2,302	2,109
Total Council's share of net assets	2,302	2,109

D2-1 Interests in joint arrangements

Net carrying amounts – Council's share

\$ '000	<i>Place of business</i>	<i>Nature of relationship</i>	<i>Interest in ownership</i>			
			2025	2024	2025	2024
Macquarie Regional Library	Branches in Dubbo, Narromine and Warrumbungle Council area	Joint Venture	71.0%	71.0%	2,302	2,109
Total carrying amounts – material joint ventures					2,302	2,109

Material joint ventures

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

Details

<i>Principal activity</i>		<i>Measurement method</i>
Macquarie Regional Library	Public library services	Equity

Relevant interests and fair values

	<i>Interest in outputs</i>		<i>Proportion of voting power</i>	
	2025	2024	2025	2024
Macquarie Regional Library	68.9%	67.5%	33.3%	33.3%

Summarised financial information for joint ventures

\$ '000	<i>Macquarie Regional Library</i>	
	2025	2024
Statement of financial position		
Current assets		
Cash and cash equivalents	3,087	2,630
Other current assets	59	49
Non-current assets	1,081	1,150

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D2-1 Interests in joint arrangements (continued)

\$ '000	<i>Macquarie Regional Library</i>	
	2025	2024
Current liabilities		
Current financial liabilities (excluding trade and other payables and provisions)	951	831
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	25	26
Net assets	3,251	2,972
Statement of comprehensive income		
Income	3,542	3,611
Interest income	142	122
Depreciation and amortisation	(355)	(377)
Other expenses	(3,050)	(3,119)
Profit/(loss) from continuing operations	279	237
Profit/(loss) for the period	279	237
Total comprehensive income	279	237
Share of income – Council (%)	68.9%	67.5%
Profit/(loss) – Council (\$)	193	159
Total comprehensive income – Council (\$)	193	160
Reconciliation of the carrying amount		
Opening net assets (1 July)	2,973	2,736
Profit/(loss) for the period	279	237
Closing net assets	3,252	2,973
Council's share of net assets (%)	71.0%	71.0%
Council's share of net assets (\$)	2,302	2,109

Material accounting policy information

Council has determined that it has only joint ventures

Joint ventures

Interests in joint ventures are accounted for using the equity method where the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise Council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

If Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, Council discontinues recognising its share of further losses.

Council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

The risks associated with the financial instruments held are:

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

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

(a) Market risk – interest rate and price risk

\$ '000	2025	2024
The impact on the result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	3,018	2,802

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

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

Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	overdue	< 5 years	≥ 5 years	
2025				
Gross carrying amount	2,930	955	–	3,885
2024				
Gross carrying amount	3,446	402	–	3,848

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2025						
Gross carrying amount	21,692	3,310	200	11	1,429	26,642
Expected loss rate (%) ¹	0.00%	0.00%	0.00%	5.00%	78.00%	4.19%
ECL provision	–	–	–	1	1,115	1,116
2024						
Gross carrying amount	22,440	463	159	208	1,514	24,784
Expected loss rate (%) ¹	0.00%	0.00%	0.00%	2.00%	59.00%	3.62%
ECL provision	–	–	–	3	893	896

(1) Prior year has been restated for comparative purposes

(c) Liquidity risk

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	Due within 1 year	Due between 1 and 5 years		Total contractual cash flows	Actual carrying values
				Due after 5 years	–		
2025							
Payables	0.00%	2,187	14,871	–	–	17,058	17,058

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

<i>\$ '000</i>	<i>Weighted average interest rate</i>	<i>Subject to no maturity</i>	<i>Due within 1 year</i>	<i>Due between 1 and 5 years</i>	<i>Due after 5 years</i>	<i>Total contractu al cash flows</i>	<i>Actual carrying values</i>
Borrowings	5.81%	–	4,873	16,254	17,081	38,208	28,173
Total financial liabilities		2,187	19,744	16,254	17,081	55,266	45,231
2024							
Payables	0.00%	2,243	12,442	–	–	14,685	14,685
Borrowings	6.52%	–	7,559	17,759	20,450	45,768	33,636
Total financial liabilities		2,243	20,001	17,759	20,450	60,453	48,321

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

Fair Value Hierarchy

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

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

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

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs for the asset or liability).

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2025	2024
		2025	2024	2025	2024		
Recurring fair value measurements							
Infrastructure, property, plant and equipment							
	C1-8						
Plant and equipment		–	–	43,000	38,624	43,000	38,624
Office equipment		–	–	1,878	2,053	1,878	2,053
Furniture and fittings		–	–	2,185	1,187	2,185	1,187
Operational land		80,748	73,084	–	–	80,748	73,084
Community land		–	–	31,534	42,819	31,534	42,819
Land under roads (post 30/06/2008)		–	–	2,487	2,114	2,487	2,114
Land improvements – non-depreciable		–	–	3,241	2,871	3,241	2,871
Land improvement – depreciable		–	–	6,631	5,363	6,631	5,363
Airport runways/taxiways		–	–	51,116	63,163	51,116	63,163
Buildings – non-specialised		–	–	30,626	30,333	30,626	30,333
Buildings – specialised		–	–	151,964	143,812	151,964	143,812
Other structures		–	–	118,592	112,374	118,592	112,374
Roads		–	–	1,001,290	969,622	1,001,290	969,622
Bulk earthworks		–	–	379,303	363,076	379,303	363,076
Stormwater drainage		–	–	194,802	157,721	194,802	157,721
Water supply network		–	–	360,466	351,086	360,466	351,086
Sewerage network		–	–	280,835	266,243	280,835	266,243
Swimming pools		–	–	6,105	5,489	6,105	5,489
Heritage collections		–	–	231	232	231	232
Other assets		–	–	4,141	3,670	4,141	3,670
Tip restoration assets		–	–	1,232	3,946	1,232	3,946
Quarry restoration assets		–	–	526	710	526	710
Total infrastructure, property, plant and equipment (Excluding WIP)		80,748	73,084	2,672,185	2,566,508	2,752,933	2,639,592

During the year, there were no transfers between level 2 and level 3 fair value hierarchies for recurring fair value measurements.

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant and equipment, Office equipment, Furniture and fittings

The Cost Approach is used for these asset classes, based on depreciated original cost representing fair value. The assets are primarily for operational purposes and are not of a nature where valuation increments are likely. Gross value is adjusted by depreciation representing the wear and tear of the assets based on the estimated useful life of the asset. The valuation process is conducted by Council staff. There has been no change to the valuation process during the reporting period.

Operational land

This asset class comprises all of Council's land classified as Operational land under the NSW Local Government Act 1993. Operational land was comprehensively valued by independent and professionally qualified valuers from Marsh Valuation Services as at 30 June 2024 using Level 2 inputs. Land valuations take into consideration the characteristics of the land, such as size, zoning, topography, configuration etc. There is an active liquid market for most of Council's Operational Land, however, the subjectivity of pricing has resulted in this land to be classified as predominantly Level 2 (observable) inputs.

Buildings - specialised and non-specialised and other structures

Comprehensive valuations of all building assets were undertaken by external, qualified valuers from Marsh Valuation Services as at 30 June 2024. The valuations are based on a range of inputs. These include sales data, market and current rental income data, design and construction costs, average cost of construction, and condition scores for each component as well as the dates of acquisition and decommissioning.

The unobservable inputs (such the relationship between condition and the assessed level of remaining service potential of the depreciable amount required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs.

Community land

Community land was valued using urban and rural average municipal site values. These were determined by analysing the total rateable value of urban and rural lands, and then dividing the total valuations by the total area to determine an average rate per hectare or square metre. This was then applied to the areas of community land. This work was carried out by Council's rating staff. This method has no market observable inputs as the rating value is the valuation provided by the Valuer General for rating purposes, and may or may not align with the market value of the land. However, it is not a market valuation of the land. The level 3 unobservable inputs are the valuations provided by the Valuer General on which the value of the land is determined.

Land under roads

Council has elected to only recognise land under roads that have been acquired after 30 June 2008. There are two methods by which this land is valued, neither of which represent the market value of the land as there is no market for land that is currently used for road or road reserve purposes. Land which is transferred to Council from private subdividers is valued using the municipal site value as outlined in valuation of community land above then discounted accordingly. Land under roads relating to Council's own subdivisions is valued at the cost of that land at acquisition, on an area basis. The level 3 unobservable inputs are the average municipal site value of subdividers land vested in Council, and the cost of the land acquired by Council for subdivision on an area basis.

Land improvements depreciable and non-depreciable

Land improvements - non-depreciable are valued at current replacement cost. This is a level 3 unobservable input as the valuation method does not reflect a market rate as there is no active market for sale of land improvements - non-depreciable.

Airport runways/taxiways

Airport runways/taxiways are valued at current replacement cost. This is a level 3 unobservable input as the valuation method does not reflect a market rate as there is no active market for sale of airport runways/taxiways.

Infrastructure roads, bridges and footpaths

E2-1 Fair value measurement (continued)

Valuation of roads was undertaken by Council staff, based on the current written down value of the road assets within Council's network. As this is based on the current costs of construction at time of valuation, and not market value, this valuation is a level 3 unobservable input valuation.

Bulk earthworks (non-depreciable)

Valuation of non-depreciable bulk earthworks has two different valuations depending on whether the earthworks relate to roads or stormwater retarding basins. All earthworks relating to roads were valued in conjunction with the valuation of the roads by Council staff, on a current replacement cost basis. All stormwater retarding basin earthworks were valued on a current replacement cost basis by Council staff as an internal valuation. The basis of determining the value for internal valuations was a combination of the cost of similar works carried out by Council, recent similar contract works, and reference rates for construction of similar earthworks. Both the internal and external valuations are level 3 unobservable inputs valuations due to the fact that market valuation was not a factor in determining the value of the assets.

Stormwater, water and sewer infrastructure assets

Water and Sewer asset networks were valued by Council staff using recent Council cost of constructing similar assets, recent contractor costs to construct Council assets, and then cross validating the costs to construction cost indexes provided by the NSW Office of Water. The written down value was then assessed by estimating the total and remaining useful lives of the asset to determine the written down current replacement cost of each asset.

Stormwater asset networks are valued at current replacement cost. This is a level 3 unobservable input as the valuation method does not reflect a market rate as there is no active market for sale of stormwater infrastructure.

Heritage collection assets

These items comprise historical artefacts that have been obtained generally by purchase through antique dealers or through private sale. As there is not an active liquid market in the types of items acquired, they are valued at historical cost, and therefore have been assessed as being Level 3 unobservable input valuations.

Library books

The library books are reported at fair value in the notes, however, due to the nature of these items they are valued at historical cost. There are no major variances between the fair value and carrying amount of these assets. The cost of these assets were based on invoices at the time of capitalisation.

Tip and quarry restoration assets

It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill and quarry assets. Closure of the landfill and quarry sites will involve a wide range of activities, including final capping of the landfill waste and site revegetation, monitoring of landfill gas, revision of the surface water management system and leachate management infrastructure to suit post closure operation.

Valuations are based on actual timing of costs and future environmental management requirements.

There were no changes in valuation techniques from prior years.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

	<i>Valuation technique/s</i>	<i>Unobservable inputs</i>
Infrastructure, property, plant and equipment		
Community Land	Market approach. NSW Valuer-General land valuation	Land value, land area
Land under Roads	Market approach. NSW Valuer-General land valuation	Land value, land area
Land improvements non-depreciable	Cost approach	Asset condition, remaining lives, residual value
Land improvements depreciable	Cost approach	Asset condition, remaining lives, residual value
Buildings non specialised	Cost approach	Gross replacement cost
Building specialised	Cost approach	Gross replacement cost
Other structures	Cost approach	Asset condition, remaining lives, residual value
Roads	Cost approach	Asset condition, remaining lives, residual value
Airports, runways, taxiways	Cost approach	Asset condition, remaining lives, residual value
Bulk earthworks	Cost approach	Asset condition, remaining lives, residual value
Stormwater drainage	Cost approach	Asset condition, remaining lives, residual value
Water supply network	Cost approach	Asset condition, remaining lives, residual value
Sewerage network	Cost approach	Asset condition, remaining lives, residual value
Swimming pools	Cost approach	Asset condition, remaining lives, residual value
Other open space recreational	Cost approach	Asset condition, remaining lives, residual value
Heritage collections	Cost approach	Gross replacement cost
Library books	Cost approach	Gross replacement cost
Other assets	Cost approach	Gross replacement cost
Tip restoration assets	Cost estimate of future liability	
Quarry restoration assets	Cost estimate of future liability	

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit plans

Council is party to an Industry Defined Benefit Plan under Active Super – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB 119 *Employee Benefits* for the following reasons:

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 9.5% from 1 July 2025 of salaries to these members' accumulation accounts in line with current level of SG contributions, which are paid in addition to members' defined benefits.

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

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

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2025 was \$473,605.69. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2024.

Based on the July 2025 invoice issued to you and your outstanding Past Service Liability contribution as at 30 June 2025, the anticipated employer defined benefit contributions for the 2025/26 year is \$53,823.22. This includes your regular contributions credit of \$4,893.02.

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

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

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

The share of this deficit that is broadly attributed to the Council is estimated to be 1.37% as at 30 June 2025.

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

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

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

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by me as the Fund's Actuary, the final end of year review will be completed by December 2025.

(ii) CivicRisk Mutual Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

Council provides bank guarantees to the value of \$40,000 in relation to the development and registration of land for the purposes of property development.

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

(iii) Landfill remediation

Council declares a contingent liability for the Whylandra Landfill which currently undergoes remediation on an on-going basis when required.

ASSETS NOT RECOGNISED

(ii) Infringement notices/fines

Fines and penalty income, as a result of Council issuing infringement notices, is followed up and collected by Revenue NSW.

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2025	2024
Compensation:		
Short-term benefits	1,746	1,817
Post-employment benefits	204	175
Other long-term benefits	135	53
Total	2,085	2,045

The compensation amounts above relate to non-Councillor Key Management Personnel. Annual expenses related to Mayoral and Councillor fees are shown at Note F1-2 below.

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2025	2024
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	51	64
Councillors' fees	275	261
Councillors' (including Mayor) expenses	118	107
Total	444	432

F2 Other relationships

F2-1 Audit fees

\$ '000	2025	2024
Audit and other assurance services: Auditors of Dubbo Regional Council - NSW Auditor-General:		
Audit of financial statements	170	163
Total fees paid or payable to the Auditor-General	170	163

G Other matters

G1-1 Statement of Cash Flows information

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

\$ '000	2025	2024
Net operating result from Income Statement	60,002	29,579
Add / (less) non-cash items:		
Depreciation and amortisation	57,859	58,525
(Gain) / loss on disposal of assets	5,035	4,489
Non-cash capital grants and contributions	(26,422)	(11,219)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Interest-free advances made by Council (deferred debtors)	13	–
Amortisation of premiums, discounts and prior period fair valuations		
– Financial assets at amortised cost / held to maturity	278	302
– Interest on all fair value adjusted interest free advances made by Council	(10)	(7)
Unwinding of discount rates on reinstatement provisions	73	318
Share of net (profits)/losses of associates/joint ventures using the equity method	(193)	(160)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(2,812)	7,073
Increase / (decrease) in provision for impairment of receivables	220	189
(Increase) / decrease of inventories	280	(321)
(Increase) / decrease of other current assets	(130)	92
(Increase) / decrease of contract asset	979	(620)
Increase / (decrease) in payables	2,947	1,754
Increase / (decrease) in accrued interest payable	(302)	(52)
Increase / (decrease) in other accrued expenses payable	(268)	437
Increase / (decrease) in other liabilities	(4)	(4,652)
Increase / (decrease) in contract liabilities	(4,880)	(483)
Increase / (decrease) in employee benefit provision	(147)	(2)
Increase / (decrease) in other provisions	(2,118)	334
Net cash flows from operating activities	90,400	85,576

(b) Non-cash investing and financing activities

\$ '000	Notes	2025	2024
Infrastructure contributions	B2-4	26,422	10,659
Total non-cash investing and financing activities		26,422	10,659

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2025	2024
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	883	6,134
Road infrastructure	8,094	4,443
Other structures	514	1,433
Water infrastructure	245	1,445
Sewer infrastructure	9,558	1,876
	-	-
Total commitments	19,294	15,331

Details of capital commitments

As at 30 June 2025, significant capital projects included in the capital expenditure commitments are:

- Construction of New River Street West Collector Road
- Saxa Road Reconstruction Project
- Troy Gully Sewage Pump Station
- Advanced Waste Water Treatment Plant Project Dubbo

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2024	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	1,673	48	–	–	93	(62)	–	1,752	–
Roads	12,412	2,329	–	–	96	(409)	–	14,428	–
Parking	106	622	–	–	14	–	–	742	–
Open space	3,714	794	–	–	217	1	–	4,726	–
Voluntary planning agreements	211	1,043	–	–	–	–	–	1,254	–
S7.11 contributions – under a plan	18,116	4,836	–	–	420	(470)	–	22,902	–
S7.12 levies – under a plan	199	134	–	–	–	–	–	333	–
Total S7.11 and S7.12 revenue under plans	18,315	4,970	–	–	420	(470)	–	23,235	–
S64 contributions	–	2,972	–	–	91	(3,063)	–	–	–
Total contributions	18,315	7,942	–	–	511	(3,533)	–	23,235	–

Under the *Environmental Planning and Assessment Act 1979*, local infrastructure contributions, also known as developer contributions, are charged by councils when new development occurs. They help fund infrastructure like parks, community facilities, local roads, footpaths, stormwater drainage and traffic management. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2024	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
S7.11 contributions – under a plan										
CONTRIBUTION PLAN (former Dubbo)										
Drainage	1,673	48	–	–	93	(62)	–	1,752	–	
Roads	12,412	2,329	–	–	96	(409)	–	14,428	–	
Parking	106	622	–	–	14	–	–	742	–	
Open space	3,714	794	–	–	217	1	–	4,726	–	
Voluntary planning agreements	211	1,043	–	–	–	–	–	1,254	–	
Total	18,116	4,836	–	–	420	(470)	–	22,902	–	

S7.12 Levies – under a plan

CONTRIBUTION PLAN NUMBER 2012 (former Wellington)										
Public order and safety	26	22	–	–	–	–	–	48	–	
Community services and education	26	22	–	–	–	–	–	48	–	
Household and community amenities	26	22	–	–	–	–	–	48	–	
Recreation and culture	39	22	–	–	–	–	–	61	–	
Transport and communication	33	23	–	–	–	–	–	56	–	
Economic affairs	49	23	–	–	–	–	–	72	–	
Total	199	134	–	–	–	–	–	333	–	

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:

Church Street
Dubbo NSW 2830

Contact details

Mailing Address:

PO Box 81
Dubbo NSW 2830

Telephone: 02 6801 4000

Facsimile: 02 6801 4259

Opening hours:

9:00am - 5:00pm
Monday to Friday

Internet: www.dubbo.nsw.gov.au

Email: council@dubbo.nsw.gov.au

Officers

Chief Executive Officer

Murray Wood

Responsible Accounting Officer

Stephanie Williamson

Auditors

Audit Office of New South Wales
GPO Box 12
Sydney NSW 2001

Elected members

Mayor

Josh Black

Councillors

Lukas Butler
Shibli Chowdhury
Jennifer Cowley
Mathew Dickerson
Richard Ivey
Kate Richardson
Adam Ryan
Phillip Toynton
Pamella Wells
Matt Wright

Other information

ABN: 53 539 070 928



Cr Joshua Black
Mayor
Dubbo Regional Council
PO Box 81
DUBBO NSW 2830

Contact: David Daniels
Phone no: 02 9275 7103
Our ref: R008-1981756498-5970

31 October 2025

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2025
Dubbo Regional Council**

I have audited the general purpose financial statements (GPFS) of the Dubbo Regional Council (the Council) for the year ended 30 June 2025 as required by section 415 of the *Local Government Act 1993* (the Act).

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

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

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2025 is issued in accordance with section 417 of the Act. The Report:

- must address the specific matters outlined in the Local Government Code of Accounting Practice and Financial Reporting 2024-25
- may include statements, comments and recommendations that I consider to be appropriate based on the conduct of the audit of the GPFS.

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

INCOME STATEMENT

Financial performance

	2025	2024	Variance
	\$m	\$m	%
Rates and annual charges revenue	80.3	74.6	↑ 7.6
Grants and contributions provided for operating purposes revenue	20.1	32.1	↓ 37.4
Grants and contributions provided for capital purposes revenue	59.7	33.1	↑ 80.4
Operating result from continuing operations	60.0	29.6	↑ >100
Net Operating result for the year before grants and contributions provided for capital purposes	0.3	(3.5)	↑ >100

Operating result from continuing operations

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

Council's operating result from continuing operations for the year of \$60.0 million was \$30.4 million higher than the 2023–24 result. This was due to:

- income increased by \$24.0 million. Refer to 'Council revenue' below for details.
- expenditure decreased by \$5.7 million, mainly due to \$4.0 million decreases in materials and services, and \$2.2 million decreases in borrowing costs.

The net operating result for the year before grants and contributions provided for capital purposes was \$0.3 million. Refer to 'Grants and contributions revenue' below for details.



Income

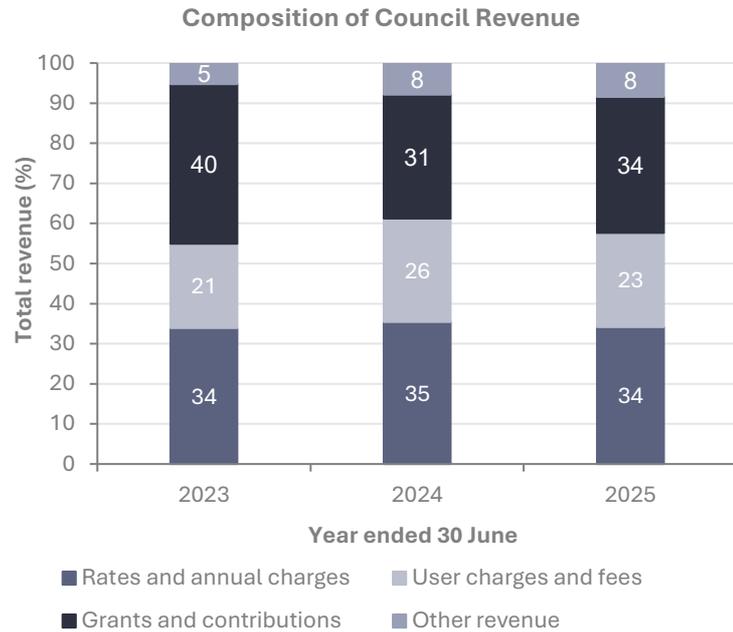
Council revenue

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

Council revenue (\$234.9 million) increased by \$24.0 million (11.4 per cent) in 2024–25 due to:

- rates and annual charges revenue (\$80.3 million) which increased by \$5.6 million (7.6 per cent) This was mainly due to the rate peg increase of 5.0 per cent.
- user charges and fees revenue (\$55.1 million) which increased by \$0.7 million (1.2 per cent)
- grants and contributions revenue (\$79.8 million) which increased by \$14.6 million.

Refer to 'Grants and contributions revenue' below for details.

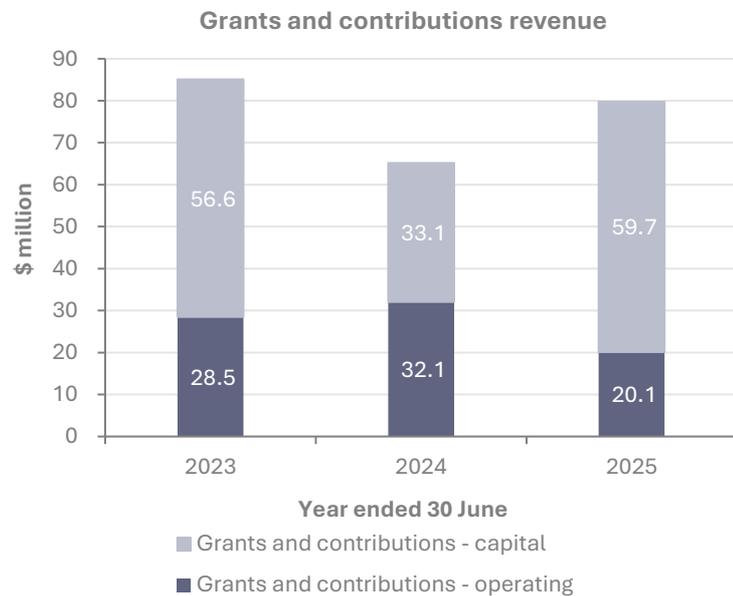


Grants and contributions revenue

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

Grants and contributions revenue (79.8 million) increased overall by \$14.6 million (22.4 per cent) in 2024–25 mainly due to increases in non-cash developer contributions of \$13.4 million.

Operating grants and contributions (\$20.1 million) decreased by \$12.0 million partly due to the amount of financial assistance grants received in advance for the subsequent year, decreasing to 50 per cent (85 per cent in 2023-24).



CASH FLOWS

Statement of cash flows

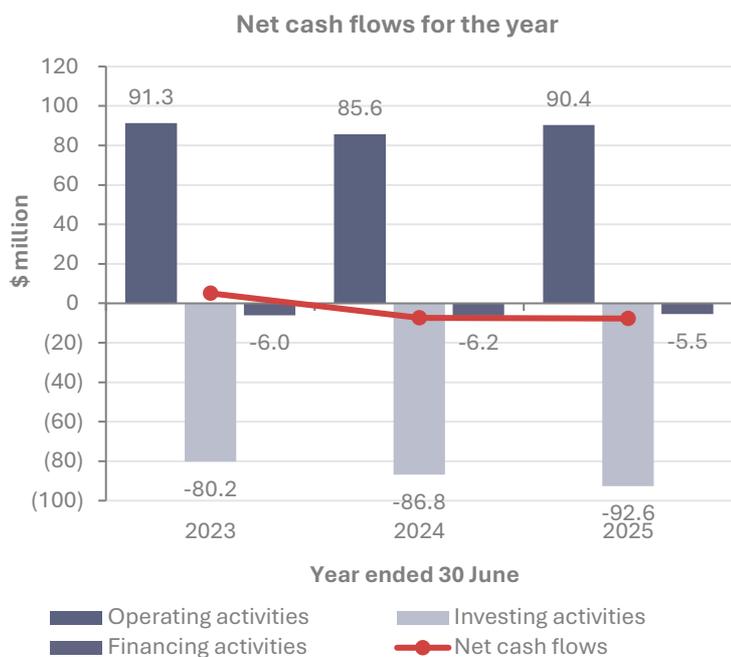
The Statement of Cash Flows details the Council's inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating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

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

The net cash flows for the year were negative \$7.6 million (negative \$7.5 million in 2023-24).

In 2024-25 the net cashflows:

- from operating activities increased by \$4.8 million
- used in investing activities increased by \$5.8 million partly due to increased payments for infrastructure, property plant and equipment.
- used in financing activities decreased by \$0.8 million



FINANCIAL POSITION

Cash, cash equivalents and investments

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

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

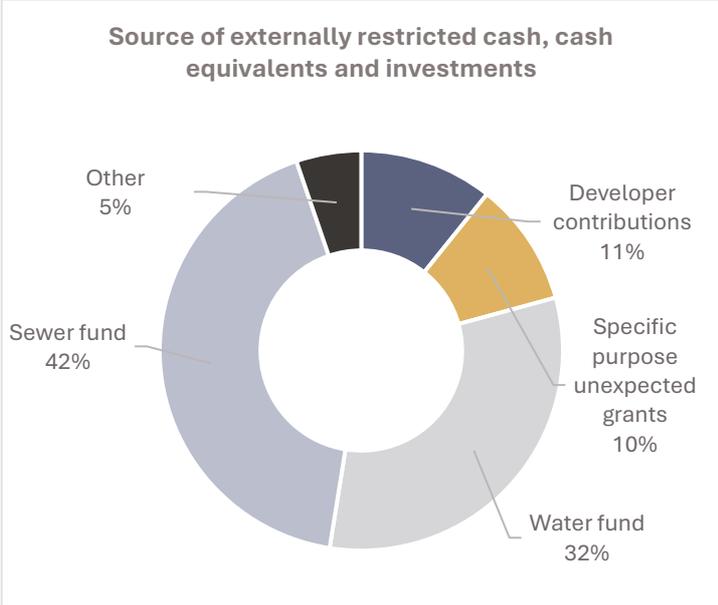
Cash, cash equivalents, and investments without external restrictions can be allocated internally by the elected Council's resolution or policy. These allocations are matters of Council policy and can be changed or removed by a Council resolution.

Cash, cash equivalents and investments	2025	2024	Percentage of total cash and investments 2025	Commentary
	\$m	\$m		
Total cash, cash equivalents and investments	312.8	290.7		Externally restricted balances are those which are only available for specific use due to a restriction placed by legislation or third-party contract. A breakdown of the sources of externally restricted balances is included in the graph below. Internal allocations are determined by council policies or decisions, which are subject to change.
Restricted and allocated cash, cash equivalents and investments:				
<ul style="list-style-type: none"> External restrictions Internal allocations 	216.5	192.1	69.2	
	96.3	98.5	30.8	

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

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

- developer contributions of \$23.2 million which increased by \$4.9 million
- specific purpose unexpended grants of \$21.7 million which increased by \$1.5 million
- water funds of \$68.8 million which increased by \$6.3 million
- sewer fund of \$91.5 million which increased by \$9.0 million.

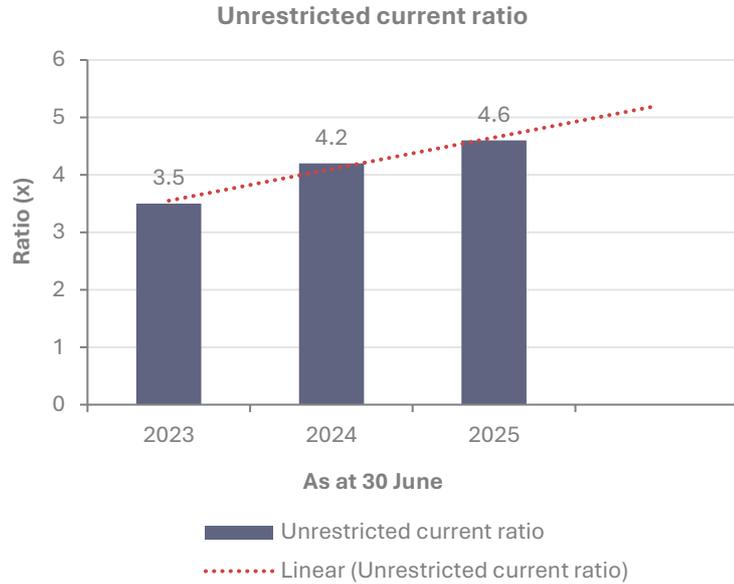


Council liquidity

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

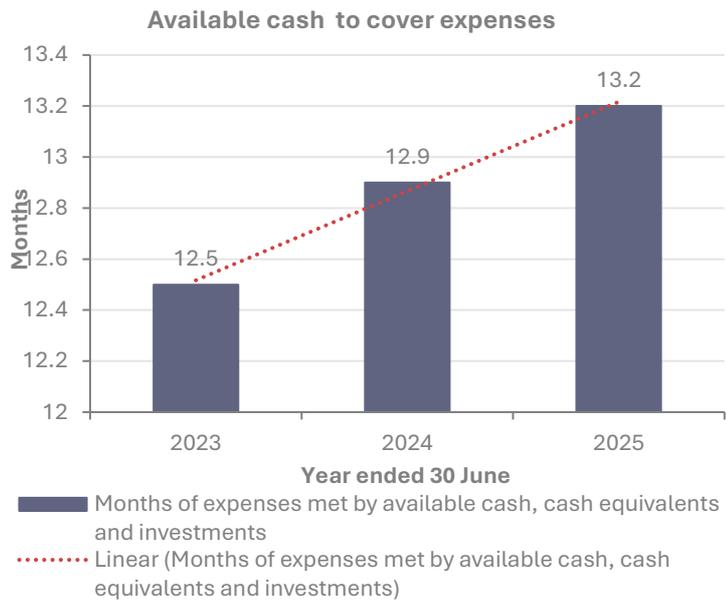
The unrestricted current ratio is specific to local government and represents council's ability to meet its short-term obligations as they fall due. It measures the ratio of unrestricted current assets to current liabilities less specific purpose liabilities.

In 2023-24, the average unrestricted current ratio was an average of 3.1 times for regional councils. The Council's unrestricted current ratio of 4.6 times is above the average for regional councils.



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

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



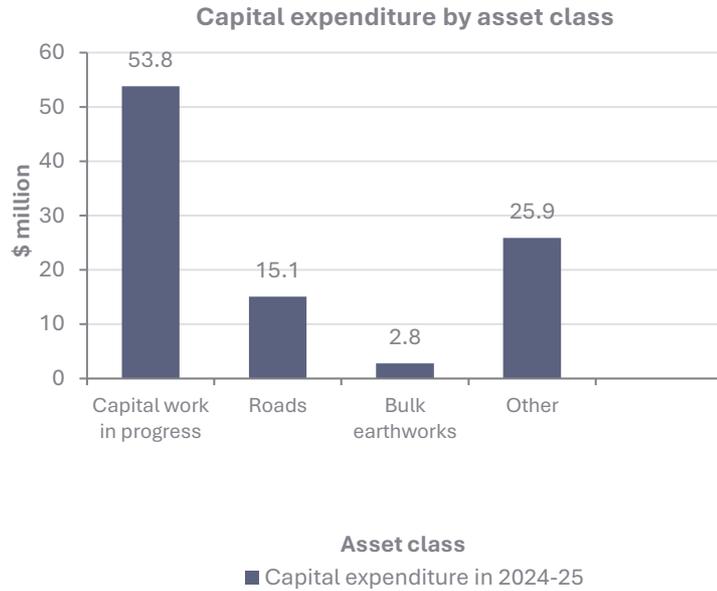
Infrastructure, property, plant and equipment

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

The level of renewals in the current financial year compared to the prior year has increased from \$18.8 million to \$34.3 million

Council renewed \$34.3 million of infrastructure, property, plant and equipment during the 2024-25 financial year.

Council renewed \$34.3 million of infrastructure, property, plant and equipment during the 2024-25 financial year. This was mainly spent on roads and capital work in progress. A further \$63.3 million was spent on new assets, mainly plant and equipment, and capital work in progress.



David Daniels
Director, Financial Audit

Delegate of the Auditor-General



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Dubbo Regional Council

To the Councillors of Dubbo Regional Council

Opinion

I have audited the accompanying financial statements of Dubbo Regional Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of the Division
 - are, in all material respects, consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2025, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

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



David Daniels
Delegate of the Auditor-General for New South Wales

31 October 2025
SYDNEY

Dubbo Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2025



Dubbo Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2025

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Dubbo Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2025

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

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- Sections 3 and 4 of the NSW Department of Climate Change, Energy, the Environment and Water's (DCCEEW) Regulatory and assurance framework for local water utilities, July 2022.

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

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

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

Signed in accordance with a resolution of Council made on 28 October 2025.



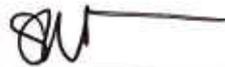
Josh Black
Mayor
28 October 2025



Phillip Toynton
Deputy Mayor
28 October 2025



Murray Wood
Chief Executive Officer
28 October 2025



Stephanie Williamson
Responsible Accounting Officer
28 October 2025

Dubbo Regional Council

Income Statement of water supply business activity

for the year ended 30 June 2025

\$ '000	2025	2024
Income from continuing operations		
Access charges	8,933	8,415
User charges	18,682	17,718
Interest and investment income	2,768	2,536
Other income	92	14
Total income from continuing operations	30,475	28,683
Expenses from continuing operations		
Employee benefits and on-costs	7,014	6,731
Borrowing costs	989	1,230
Materials and services	10,956	11,623
Depreciation, amortisation and impairment	7,045	7,089
Net loss from the disposal of assets	613	883
Calculated taxation equivalents	196	189
Other expenses	24	3
Total expenses from continuing operations	26,837	27,748
Surplus (deficit) from continuing operations before capital amounts	3,638	935
Grants and contributions provided for capital purposes	4,977	5,878
Surplus (deficit) from continuing operations after capital amounts	8,615	6,813
Surplus (deficit) from all operations before tax	8,615	6,813
Less: corporate taxation equivalent (25%) [based on result before capital]	(910)	(234)
Surplus (deficit) after tax	7,705	6,579
Plus accumulated surplus ¹	276,472	269,470
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	196	189
– Corporate taxation equivalent	910	234
Closing accumulated surplus	285,283	276,472
Return on capital %	1.1%	0.5%
Subsidy from Council	12,284	14,764
Calculation of dividend payable:		
Surplus (deficit) after tax	7,706	6,579
Less: capital grants and contributions (excluding developer contributions)	(4,977)	(5,878)
Surplus for dividend calculation purposes	2,729	701
Dividend calculated from surplus	1,364	351

(1) Prior year amounts have been corrected and restated

Dubbo Regional Council

Income Statement of sewerage business activity

for the year ended 30 June 2025

\$ '000	2025	2024
Income from continuing operations		
Access charges	15,538	14,609
User charges	5,816	5,603
Liquid trade waste charges	19	23
Fees	364	358
Interest and investment income	3,806	3,103
Other income	119	122
Gain on Sale of Assets	–	–
Total income from continuing operations	25,662	23,818
Expenses from continuing operations		
Employee benefits and on-costs	4,847	4,400
Borrowing costs	266	427
Materials and services	4,372	4,090
Depreciation, amortisation and impairment	6,128	6,343
Net loss from the disposal of assets	133	132
Calculated taxation equivalents	281	191
Other expenses	3	–
Total expenses from continuing operations	16,030	15,583
Surplus (deficit) from continuing operations before capital amounts	9,632	8,235
Grants and contributions provided for capital purposes	2,649	2,958
Surplus (deficit) from continuing operations after capital amounts	12,281	11,193
Surplus (deficit) from all operations before tax	12,281	11,193
Less: corporate taxation equivalent (25%) [based on result before capital]	(2,408)	(2,059)
Surplus (deficit) after tax	9,873	9,134
Plus accumulated surplus	293,669	282,285
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	281	191
– Corporate taxation equivalent	2,408	2,059
Closing accumulated surplus	306,231	293,669
Return on capital %	3.2%	2.9%
Subsidy from Council	3,065	4,217
Calculation of dividend payable:		
Surplus (deficit) after tax	9,873	9,134
Less: capital grants and contributions (excluding developer contributions)	(2,649)	(2,958)
Surplus for dividend calculation purposes	7,224	6,176
Dividend calculated from surplus	3,612	3,088

Dubbo Regional Council

Income Statement of Dubbo Regional Airport

for the year ended 30 June 2025

\$ '000	2025 Category 1	2024 Category 1
Income from continuing operations		
User charges	5,729	5,774
Grants and contributions provided for operating purposes	–	332
Other income	531	449
Total income from continuing operations	6,260	6,555
Expenses from continuing operations		
Employee benefits and on-costs	1,049	944
Borrowing costs	–	8
Materials and services	3,445	4,131
Depreciation, amortisation and impairment	2,491	2,613
Calculated taxation equivalents	216	206
Total expenses from continuing operations	7,201	7,902
Surplus (deficit) from continuing operations before capital amounts	(941)	(1,347)
Grants and contributions provided for capital purposes	731	815
Surplus (deficit) from continuing operations after capital amounts	(210)	(532)
Surplus (deficit) from all operations before tax	(210)	(532)
Surplus (deficit) after tax	(210)	(532)
Plus accumulated surplus	81,661	81,987
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	216	206
Closing accumulated surplus	81,667	81,661
Return on capital %	(0.9)%	(1.1)%
Subsidy from Council	5,486	6,534
Calculation of dividend payable:		
Surplus (deficit) after tax	(210)	(532)
Less: capital grants and contributions (excluding developer contributions)	(731)	(815)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Dubbo Regional Council

Income Statement of Dubbo Regional Livestock Markets

for the year ended 30 June 2025

\$ '000	2025 Category 1	2024 Category 1
Income from continuing operations		
User charges	6,336	4,189
Other income	45	29
Total income from continuing operations	6,381	4,218
Expenses from continuing operations		
Employee benefits and on-costs	850	782
Materials and services	2,353	2,489
Depreciation, amortisation and impairment	1,560	1,790
Net loss from the disposal of assets	8	54
Calculated taxation equivalents	72	73
Total expenses from continuing operations	4,843	5,188
Surplus (deficit) from continuing operations before capital amounts	1,538	(970)
Grants and contributions provided for capital purposes	121	591
Surplus (deficit) from continuing operations after capital amounts	1,659	(379)
Surplus (deficit) from all operations before tax	1,659	(379)
Less: corporate taxation equivalent (25%) [based on result before capital]	(385)	–
Surplus (deficit) after tax	1,274	(379)
Plus accumulated surplus ¹	21,836	22,142
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	72	73
– Corporate taxation equivalent	385	–
Closing accumulated surplus	23,567	21,836
Return on capital %	4.7%	(3.0)%
Subsidy from Council	–	2,373
Calculation of dividend payable:		
Surplus (deficit) after tax	1,275	(379)
Less: capital grants and contributions (excluding developer contributions)	(121)	(591)
Surplus for dividend calculation purposes	1,154	–
Potential dividend calculated from surplus	577	–

(1) Prior year amounts have been corrected and restated

Dubbo Regional Council

Income Statement of Property Development

for the year ended 30 June 2025

\$ '000	2025 Category 1	2024 Category 1
Income from continuing operations		
Net gain from the disposal of assets	2,665	2,123
Other income	–	38
Total income from continuing operations	2,665	2,161
Expenses from continuing operations		
Employee benefits and on-costs	444	650
Materials and services	303	325
Depreciation, amortisation and impairment	75	37
Net loss from the disposal of assets	1	–
Calculated taxation equivalents	260	259
Other expenses	1	17
Total expenses from continuing operations	1,084	1,288
Surplus (deficit) from continuing operations before capital amounts	1,581	873
Surplus (deficit) from continuing operations after capital amounts	1,581	873
Surplus (deficit) from all operations before tax	1,581	873
Less: corporate taxation equivalent (25%) [based on result before capital]	(395)	(218)
Surplus (deficit) after tax	1,186	655
Plus accumulated surplus ¹	22,247	21,115
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	260	259
– Corporate taxation equivalent	395	218
Closing accumulated surplus	24,088	22,247
Return on capital %	34.5%	20.2%
Calculation of dividend payable:		
Surplus (deficit) after tax	1,186	655
Surplus for dividend calculation purposes	1,186	655
Potential dividend calculated from surplus	593	328

(1) Prior year amounts have been corrected and restated

Dubbo Regional Council

Income Statement of Rainbow Cottage Childcare Centre

for the year ended 30 June 2025

\$ '000	2025 Category 2	2024 Category 2
Income from continuing operations		
User charges	578	493
Grants and contributions provided for operating purposes	1,184	1,087
Total income from continuing operations	1,762	1,580
Expenses from continuing operations		
Employee benefits and on-costs	1,377	1,279
Materials and services	370	412
Depreciation, amortisation and impairment	48	75
Net loss from disposal of assets	10	–
Calculated taxation equivalents	10	11
Total expenses from continuing operations	1,815	1,777
Surplus (deficit) from continuing operations before capital amounts	(53)	(197)
Surplus (deficit) from continuing operations after capital amounts	(53)	(197)
Surplus (deficit) from all operations before tax	(53)	(197)
Surplus (deficit) after tax	(53)	(197)
Plus accumulated surplus	(1,019)	(833)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	10	11
Closing accumulated surplus	(1,062)	(1,019)
Return on capital %	(2.5)%	(9.5)%
Subsidy from Council	142	286
Calculation of dividend payable:		
Surplus (deficit) after tax	(106)	(197)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Dubbo Regional Council

Statement of Financial Position of water supply business activity

as at 30 June 2025

\$ '000	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents ¹	8,754	15,439
Investments	30,000	31,000
Receivables	6,143	6,418
Inventories	93	131
Other	7	10
Total current assets	44,997	52,998
Non-current assets		
Investments	30,000	16,000
Infrastructure, property, plant and equipment	406,518	393,690
Other	44	44
Total non-current assets	436,562	409,734
Total assets	481,559	462,732
LIABILITIES		
Current liabilities		
Contract liabilities	–	1
Payables	964	640
Borrowings	1,107	1,494
Employee benefit provisions	1,104	1,126
Total current liabilities	3,175	3,261
Non-current liabilities		
Borrowings	15,890	16,997
Employee benefit provisions	115	73
Total non-current liabilities	16,005	17,070
Total liabilities	19,180	20,331
Net assets	462,379	442,401
EQUITY		
Accumulated surplus ¹	285,283	276,472
IPPE revaluation surplus	177,096	165,929
Total equity	462,379	442,401

(1) Prior year amounts have been corrected and restated

Dubbo Regional Council

Statement of Financial Position of sewerage business activity

as at 30 June 2025

\$ '000	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	9,384	5,288
Investments	21,500	45,500
Receivables	3,833	3,287
Other	9	10
Total current assets	34,726	54,085
Non-current assets		
Investments	60,608	31,702
Infrastructure, property, plant and equipment	311,606	299,500
Total non-current assets	372,214	331,202
Total assets	406,940	385,287
LIABILITIES		
Current liabilities		
Contract liabilities	-	1
Payables	957	301
Borrowings	343	1,410
Total current liabilities	1,300	1,712
Non-current liabilities		
Borrowings	4,608	4,951
Total non-current liabilities	4,608	4,951
Total liabilities	5,908	6,663
Net assets	401,032	378,624
EQUITY		
Accumulated surplus	306,231	293,669
IPPE revaluation surplus	94,801	84,955
Total equity	401,032	378,624

Dubbo Regional Council

Statement of Financial Position of Dubbo Regional Airport

as at 30 June 2025

\$ '000	2025 Category 1	2024 Category 1
ASSETS		
Current assets		
Investments	–	749
Receivables	224	401
Total current assets	224	1,150
Non-current assets		
Infrastructure, property, plant and equipment	109,251	120,825
Total non-current assets	109,251	120,825
Total assets	109,475	121,975
LIABILITIES		
Current liabilities		
Payables	56	192
Borrowings	2,419	5,488
Employee benefit provisions	248	271
Total current liabilities	2,723	5,951
Non-current liabilities		
Employee benefit provisions	12	2
Total non-current liabilities	12	2
Total liabilities	2,735	5,953
Net assets	106,740	116,022
EQUITY		
Accumulated surplus	81,667	81,661
Revaluation reserves	25,073	34,361
Total equity	106,740	116,022

Dubbo Regional Council

Statement of Financial Position of Dubbo Regional Livestock Markets

as at 30 June 2025

\$ '000	2025 Category 1	2024 Category 1
ASSETS		
Current assets		
Investments ¹	8,966	6,264
Receivables	578	388
Total current assets	9,544	6,652
Non-current assets		
Infrastructure, property, plant and equipment	32,917	32,628
Total non-current assets	32,917	32,628
Total assets	42,461	39,280
LIABILITIES		
Current liabilities		
Payables	162	81
Employee benefit provisions	113	60
Total current liabilities	275	141
Non-current liabilities		
Employee benefit provisions	6	1
Total non-current liabilities	6	1
Total liabilities	281	142
Net assets	42,180	39,138
EQUITY		
Accumulated surplus ¹	23,567	21,836
Revaluation reserves	18,613	17,302
Total equity	42,180	39,138

(1) Prior year amounts have been corrected and restated

Dubbo Regional Council

Statement of Financial Position of Property Development

as at 30 June 2025

\$ '000	2025 Category 1	2024 Category 1
ASSETS		
Current assets		
Investments ¹	14,154	11,589
Receivables	–	16
Inventories	3,171	4,419
Total current assets	17,325	16,024
Non-current assets		
Inventories	2,564	2,219
Infrastructure, property, plant and equipment	4,576	4,312
Total non-current assets	7,140	6,531
Total assets	24,465	22,555
LIABILITIES		
Current liabilities		
Payables	20	38
Total current liabilities	20	38
Total liabilities	20	38
Net assets	24,445	22,517
EQUITY		
Accumulated surplus ¹	24,088	22,247
Revaluation reserves	357	270
Total equity	24,445	22,517

(1) Prior year amounts have been corrected and restated

Dubbo Regional Council

Statement of Financial Position of Rainbow Cottage Childcare Centre

as at 30 June 2025

\$ '000	2025 Category 2	2024 Category 2
ASSETS		
Current assets		
Receivables	11	20
Total current assets	11	20
Non-current assets		
Infrastructure, property, plant and equipment	2,130	2,075
Total non-current assets	2,130	2,075
Total assets	2,141	2,095
LIABILITIES		
Current liabilities		
Payables	63	72
Employee benefit provisions	237	251
Total current liabilities	300	323
Non-current liabilities		
Employee benefit provisions	28	22
Borrowings	987	970
Total non-current liabilities	1,015	992
Total liabilities	1,315	1,315
Net assets	826	780
EQUITY		
Accumulated surplus	(1,062)	(1,019)
Revaluation reserves	1,888	1,799
Total equity	826	780

Note – Material accounting policy information

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

(where gross operating revenue is over \$2 million)

a. Water Supply Services

Comprising the whole of the water supply operations and net assets servicing the city of Dubbo, the town of Wellington and the villages of Wongarbron, Ballimore, Brocklehurst, Geurie, Mumbil and North Yeoval.

b. Sewerage Services

Comprising the whole of the sewerage reticulation and treatment operations and net assets system servicing the city of Dubbo, the town of Wellington and the villages of Wongarbron, Brocklehurst, Geurie and Mumbil.

c. Dubbo Regional Airport

Comprising the whole of the airport operations and net assets located on Coreena Road.

d. Dubbo Regional Livestock Markets

Comprising the whole of the livestock markets operations and net assets located on Bootherba Road.

e. Property Development

Council's property development function competes with other private land developers in Dubbo in the development of both industrial and residential land for purchase. The surplus on disposal of land is disclosed in the Income Statement of the Business Activities as operating revenue. In the General Purpose Financial Statements this is disclosed as gain/(loss) on disposal of assets.

Category 2

(where gross operating revenue is less than \$2 million)

a. Rainbow Cottage Childcare Centre

Note – Material accounting policy information (continued)

Rainbow Cottage Childcare Centre is located on Mitchell Street, Dubbo and provides day care for children aged between 0 and 5 years. Several other childcare facilities operate within Dubbo and Rainbow Cottage is in direct competition with these centres.

Taxation equivalent charges

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

Notional rate applied (%)

Corporate income tax rate – **25%** (23/24 25%)

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

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

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

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

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

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25% (23/24 25%).

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

Note – Material accounting policy information (continued)

(ii) Return on investments (rate of return)

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

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

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with DCCEEW's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2025 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Dubbo Regional Council

To the Councillors of Dubbo Regional Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Dubbo Regional Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2025, the Statement of Financial Position of each Declared Business Activity as at 30 June 2025 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage
- Dubbo Regional Airport
- Dubbo Regional Livestock Markets
- Property Development
- Rainbow Cottage Childcare Centre.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2025, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2024–25 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2025 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

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



David Daniels
Delegate of the Auditor-General for New South Wales

31 October 2025
SYDNEY

Dubbo Regional Council

SPECIAL SCHEDULES
for the year ended 30 June 2025



Dubbo Regional Council

Special Schedules

for the year ended 30 June 2025

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Dubbo Regional Council

Permissible income for general rates

\$ '000	Notes	Calculation 2024/25	Calculation 2025/26
Notional general income calculation ¹			
Last year notional general income yield	a	43,309	45,935
Plus or minus adjustments ²	b	415	355
Notional general income	c = a + b	43,724	46,290
Permissible income calculation			
Percentage increase	d	5.00%	4.20%
Plus percentage increase amount ³	f = d x (c + e)	2,186	1,944
Sub-total	g = (c + e + f)	45,910	48,234
Plus (or minus) last year's carry forward total	h	88	63
Sub-total	j = (h + i)	88	63
Total permissible income	k = g + j	45,998	48,297
Less notional general income yield	l	45,935	48,291
Catch-up or (excess) result	m = k - l	63	6
Carry forward to next year ⁴	p = m + n + o	63	6

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Dubbo Regional Council

To the Councillors of Dubbo Regional Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Dubbo Regional Council (the Council) for the year ending 30 June 2026.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2024–25 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2025 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2025.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



David Daniels
Delegate of the Auditor-General for New South Wales

31 October 2025
SYDNEY

Dubbo Regional Council

Report on infrastructure assets as at 30 June 2025

Asset Class	Asset Category	Estimated cost		2024/25 Required maintenance \$ '000	2024/25 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring to the agreed level of service set by Council \$ '000					1	2	3	4	5
Buildings	Non-specialised and Specialised buildings	12,771	12,771	1,371	987	182,590	322,810	18.2%	32.7%	30.8%	14.2%	4.1%
	Sub-total	12,771	12,771	1,371	987	182,590	322,810	18.2%	32.7%	30.8%	14.2%	4.1%
Other structures	Other structures	13,012	13,012	750	211	118,592	226,689	40.2%	44.9%	9.2%	5.0%	0.7%
	Sub-total	13,012	13,012	750	211	118,592	226,689	40.2%	44.9%	9.2%	5.0%	0.7%
Roads	Roads including Bulk earthworks, Sealed roads, Unsealed roads, Bridges and Footpaths	59,688	59,688	5,434	3,682	1,380,593	1,911,440	65.3%	24.5%	9.0%	1.2%	0.0%
	Sub-total	59,688	59,688	5,434	3,682	1,380,593	1,911,440	65.3%	24.5%	9.0%	1.2%	0.0%
Water supply network	Water supply network	44,294	44,294	2,011	2,684	360,466	535,204	68.9%	10.6%	12.3%	4.6%	3.6%
	Sub-total	44,294	44,294	2,011	2,684	360,466	535,204	68.9%	10.6%	12.3%	4.6%	3.6%
Sewerage network	Sewerage network	46,148	46,148	1,268	725	280,835	461,483	40.7%	30.8%	18.5%	6.2%	3.8%
	Sub-total	46,148	46,148	1,268	725	280,835	461,483	40.7%	30.8%	18.5%	6.2%	3.8%
Stormwater drainage	Stormwater drainage	20,449	20,449	275	223	194,802	273,110	47.1%	27.2%	18.3%	6.0%	1.4%
	Sub-total	20,449	20,449	275	223	194,802	273,110	47.1%	27.2%	18.3%	6.0%	1.4%
Open space / recreational assets	Swimming pools	1,724	1,724	151	129	6,105	9,143	42.3%	0.9%	54.2%	2.6%	0.0%
	Sub-total	1,724	1,724	151	129	6,105	9,143	42.3%	0.9%	54.2%	2.6%	0.0%
Total – all assets		198,086	198,086	11,260	8,641	2,523,983	3,739,879	55.8%	25.4%	13.3%	4.0%	1.5%

Infrastructure asset condition assessment 'key'

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

Dubbo Regional Council

Report on infrastructure assets as at 30 June 2025

Infrastructure asset performance indicators (consolidated) *

\$ '000	<i>Amounts</i> 2025	<i>Indicator</i> 2025	<i>Indicators</i> 2024 2023		<i>Benchmark</i>
Buildings and infrastructure renewals ratio					
Asset renewals ¹	21,183	42.13%	36.44%	30.27%	> 100.00%
Depreciation, amortisation and impairment	50,276				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	198,086	7.60%	6.33%	6.30%	< 2.00%
Net carrying amount of infrastructure assets	2,605,454				
Asset maintenance ratio					
Actual asset maintenance	8,641	76.74%	78.66%	100.00%	> 100.00%
Required asset maintenance	11,260				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	198,086	5.30%	4.46%	4.48%	
Gross replacement cost	3,739,879				

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

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

Dubbo Regional Council

Report on infrastructure assets as at 30 June 2025

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2025	2024	2025	2024	2025	2024	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	46.61%	46.32%	28.71%	1.66%	28.65%	12.11%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	5.48%	4.22%	12.29%	10.93%	16.43%	15.08%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	65.56%	79.84%	133.47%	118.25%	57.18%	39.69%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	3.92%	3.07%	8.28%	7.45%	10.00%	9.02%	

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