Clarence City Council

Financial Statements

for the year

1 July 2025 to 30 June 2026

Clarence City Council

Financial Statements for the Year Ended 30 June 2026

The accompanying financial statements of Clarence City Council are in agreement with relevant accounts and records, and have been prepared in compliance with:

- Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board; and
- the *Local Government Act 1993* .

I believe that, in all material respects, the financial statements present a view which is consistent with my understanding of Clarence City Council's:

- financial position as at 30 June 2026,
- financial performance for the year ended 30 June 2026; and
- cash flows for the year then ended.

At the date of signing this certification, I am not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



IAN NELSON
CHIEF EXECUTIVE OFFICER
27 OCTOBER 2026

Statement of Comprehensive Income
For the Year Ended 30 June 2026

	Notes	Budget 2026 $'000	2026 $'000	Restated* 2025 $'000
Income from continuing operations				
Recurrent income				
Rates and charges	2.1	*77,018*	76,757	71,701
Statutory fees and fines	2.2	*2,733*	2,931	2,385
User fees	2.3	*4,744*	5,858	4,897
Grants	2.4	*3,922*	5,410	2,784
Contributions of cash	2.5	*495*	537	389
Interest	2.6	*3,261*	4,518	5,122
Other income	2.7	*7,983*	8,596	7,056
Investment revenue	2.9	*2,212*	3,236	3,014
Total recurrent income		***102,368***	**107,843**	**97,348**
Capital income				
Grants	2.4	*1,833*	3,955	3,823
Contribution and recognition of assets	2.5	-	6,730	15,277
Gain/(loss) on retirement or disposal of assets	2.8	-	(1,587)	(1,944)
Share of net result of associates accounted for using the equity method	5.1	-	1,838	3,688
Total capital income		***1,833***	**10,936**	**20,844**
Total income from continuing operations		***104,201***	**118,779**	**118,192**
Expenses from continuing operations				
Employee benefits	3.1	*37,199*	35,167	31,679
Materials and services	3.2	*19,158*	20,417	19,118
Impairment of receivables	3.3	*627*	1,132	1,905
Depreciation and amortisation	3.4	*20,207*	23,204	22,091
Finance costs	3.5	*415*	618	244
Other expenses	3.6	*23,711*	21,030	17,899
Total expenses from continuing operations		***101,317***	**101,568**	**92,936**
Net result for the year		***2,884***	**17,211**	**25,256**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Net asset revaluation increment/(decrement)	9.1	-	43,136	36,602
Fair value revaluation investment in Water Corporation	5.2, 9.1	-	5,938	3,514
Total other comprehensive income		-	**49,074**	**40,116**
Total comprehensive result		***2,884***	**66,285**	**65,372**

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

** Refer to note 9.12*

Statement of Financial Position
As at 30 June 2026

	Notes	2026 $'000	Restated* 2025 $'000
Assets			
Current assets			
Cash and cash equivalents	4.1	9,519	9,035
Trade and other receivables	4.2	4,567	4,206
Investments	4.3	83,000	72,500
Inventories	4.4	162	145
Other assets	6.3	1,828	2,072
Total current assets		**99,076**	**87,958**
Non-current assets			
Trade and other receivables	4.2	400	774
Investment in associates	5.1	22,033	20,195
Investment in water corporation	5.2	189,517	183,579
Property, infrastructure, plant and equipment	6.1	1,330,473	1,284,419
Right of use assets	6.2	5,638	3,595
Total non-current assets		**1,548,061**	**1,492,562**
Total assets		**1,647,137**	**1,580,520**
Liabilities			
Current liabilities			
Trade and other payables	7.1	5,280	5,378
Trust funds and deposits	7.2	2,551	2,824
Provisions	7.3	4,159	3,940
Lease liabilities	7.4	1,354	1,064
Contract liabilities	7.5	969	2,019
Interest bearing loans and borrowings	8.1	634	617
Total current liabilities		**14,947**	**15,842**
Non-current liabilities			
Provisions	7.3	1,115	1,108
Lease liabilities	7.4	4,507	2,652
Interest bearing loans and borrowings	8.1	8,758	9,393
Total non-current liabilities		**14,380**	**13,153**
Total liabilities		**29,327**	**28,995**
Net assets		**1,617,810**	**1,551,525**
Equity			
Accumulated surpluses		702,773	689,246
Reserves	9.1	915,037	862,279
Total equity		**1,617,810**	**1,551,525**

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

** Refer to note 9.12*

Statement of Cash Flows
For the Year Ended 30 June 2026

	Notes	Inflows (Outflows) 2026 $'000	Inflows (Outflows) 2025 $'000
Cash flows from operating activities			
Rates		83,660	71,074
Statutory fees and fines		2,931	2,385
User fees (inclusive of GST)		6,122	5,161
Grants (inclusive of GST)		7,288	2,459
Contributions of capital	2.5	537	389
Government subsidies		5,227	5,066
Interest received		4,657	5,022
Net GST refund (payment)		4,844	4,844
Other (inclusive of GST)		5,728	3,798
Wages and salaries		(34,721)	(31,444)
Finance costs		(618)	(244)
Other (inclusive of GST)		(55,626)	(40,970)
Net cash provided (used) by operating activities	9.2	**30,029**	**27,540**
Cash flows from investing activities			
Payments for property, infrastructure, plant & equipment		(19,490)	(42,532)
Proceeds from sale of property, infrastructure, plant & equipment		20	19
Redemption of/(payment for) investments		(10,500)	10,838
Capital grants		2,077	4,148
Net cash provided (used) by investing activities		**(27,893)**	**(27,527)**
Cash flows from financing activities			
Receipt/(repayments) of interest bearing loans and borrowings		(618)	946
Repayment of lease liabilities (principal repayments)		(1,408)	(1,232)
Loans repaid to Council		374	509
Net cash provided (used) by financing activities	9.3	**(1,652)**	**223**
Net increase (decrease) in cash and cash equivalents		**484**	**236**
Cash and cash equivalents at beginning of reporting period		9,035	8,799
Cash and cash equivalents at end of reporting period	4.1	**9,519**	**9,035**
Restrictions on cash	4.1		
Financing arrangements	9.4		

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

Clarence City Council
Statement of Changes in Equity
2025-2026 Financial Report

	Notes	Accumulated Surplus 2026 $'000	Asset Revaluation Reserve 2026 $'000	Fair Value Reserve 2026 $'000	Other Reserve 2026 $'000	Total Equity 2026 $'000
Balance at beginning of the financial year		**689,246**	**823,767**	**(16,988)**	**55,500**	**1,551,525**
Net result for the year		17,211	-	-	-	17,211
Other comprehensive income						
Net asset revaluation increment/(decrement)	9.1	-	43,136	-	-	43,136
Fair value adjustment on equity investments	5.2, 9.1	-	-	5,938	-	5,938
Total comprehensive income		706,457	866,903	(11,050)	55,500	1,617,810
Transfer between reserves		(3,684)	-	-	3,684	-
Balance at end of the financial year		**702,773**	**866,903**	**(11,050)**	**59,184**	**1,617,810**

	Notes	Accumulated Surplus Restated* 2025 $'000	Asset Revaluation Reserve 2025 $'000	Fair Value Reserve 2025 $'000	Other Reserve 2025 $'000	Total Equity Restated* 2025 $'000
Balance at beginning of the financial year		**676,731**	**787,165**	**(20,502)**	**53,540**	**1,496,934**
Net result for the year		25,256	-	-	-	25,256
Correction of prior period error		(10,781)	-	-	-	(10,781)
Other comprehensive income						
Net asset revaluation increment/(decrement)	9.1	-	36,602	-	-	36,602
Fair value adjustment on equity investments	5.2, 9.1	-	-	3,514	-	3,514
Total comprehensive income		691,206	823,767	(16,988)	53,540	1,551,525
Transfers between reserves		(1,960)	-	-	1,960	-
Balance at end of the financial year		**689,246**	**823,767**	**(16,988)**	**55,500**	**1,551,525**

Balances may vary due to rounding
The above statement should be read in conjunction with accompanying notes.

** Refer to note 9.12*

1 Overview

1.1 Reporting entity

(a) The Clarence City Council was established as a Local Government under the *Local Government Act 1993* . Council's main office is located at Bligh St, Rosny Park.

(b) The purpose of the Council is to:
- provide for health, safety and welfare of the community;
- to represent and promote the interests of the community;
- provide for the peace, order and good government in the municipality.

1.2 Basis of accounting

These financial statements are a general purpose financial report that consists of a Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Local Government Act 1993* (as amended). Council has determined that it does not have profit generation as a prime objective. Consequently, where appropriate, Council has elected to apply options and exemptions within accounting standards that are applicable to not-for-profit entities.

This financial report has been prepared on the accrual and going concern basis.

All amounts are presented in Australian dollars and unless stated, have been rounded to the nearest thousand dollars.

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 4.3, 4.4, 5.1, 5.2, 6.1, 6.2, 7.3, 7.4, 8.1 and 10.3(d).

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

1.3 Use of judgements and estimates

Judgements and assumptions

In the application of Australian Accounting Standards, Council is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Council has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Judgements made by Council that have significant effects on the financial report are disclosed in the relevant notes as follows:

Contribution and recognition of assets

Assumptions used in determining the timing of Council's contribution and recognition of assets are discussed in note 2.5.

Investment in associates

Assumptions used in determining Council's valuation of its investment in associates are discussed in note 5.1.

Right of use assets

Assumptions and judgements are used in determining the fair value of Council's right of use assets including assumptions about useful lives and depreciation rates. These assumptions are discussed in note 6.2.

1.3 Use of judgements and estimates (continued)

Lease liabilities
Assumptions are used in determining Council's lease liabilities. These assumptions are discussed in note 7.4.

Employee entitlements

Assumptions are utilised in the determination of Council's employee entitlement provisions. These assumptions are discussed in note 7.3.

Defined benefit superannuation fund obligations
Actuarial assumptions are utilised in the determination of Council's defined benefit superannuation fund obligations. These assumptions are discussed in note 9.5.

Fair value of property, infrastructure, plant & equipment
Assumptions and judgements are utilised in determining the fair value of Council's property, infrastructure, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in note 6.1.

Investment in water corporation
Assumptions utilised in the determination of Council's valuation of its investment in TasWater are discussed in note 5.2.

1.4 Material budget variations

Council's original budget was adopted by the Council on 10 June 2025. 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, and by decisions made by Council. Material variations of more than 10% are explained below:

Income from continuing operations

1 **User fees**
The increase of $1.114M on budget (23%) was due to additional fees received through Rosny Childrens Services more than those expected.

2 **Grants (recurrent income)**
The increase of $1.488M on budget (38%) was due to an increased prepayment of Financial Assistance Grant funding at year end, which is discussed within note 2.4.

3 **Interest**
The increase of $1.257M on budget (39%) was a result of higher than budgeted interest rates on investments, along with a higher than expected average investment balance throughout the year.

4 **Investment revenue**
The increase of $1.024M on budget (46%) was due to the receipt of a special dividend from TasWater in respect of a prior year. This special dividend is not considered as part of the budget process. An unbudgeted dividend was also received from Copping Refuse Disposal Site Joint Authority (CRDSJA).

5 **Grants (capital income)**
The increase of $2.122M on budget (116%) was due to recognising as income grant funds received but remaining unspent from prior financial years, which is discussed within note 7.5.

6 **Contribution and recognition of assets**
This category of revenue is not considered as part of the budget process due to being non-cash related transactions that do not support the funding of budgeted activities, and has significant variability year upon year.

7 **Gain/(Loss) on retirement or disposal of assets**
This category of revenue is not considered as part of the budget process due to being non-cash related transactions that do not support the funding of budgeted activities, and has significant variability year upon year.

8 **Share of net result of associates accounted for using the equity method**
This category of revenue is not considered as part of the budget process due to being non-cash related transactions that do not support the funding of budgeted activities, and has significant variability year upon year.

1.4 Material budget variations (continued)

Expenses from continuing operations

1 **Impairment of receivables**
The increase of $505K on annual budget (81%) was due to providing for Expected Credit Losses that had been funded within budgets over an extended period of time.

2 **Depreciation and amortisaion**
The increase of $2.997M on annual budget (15%) was influenced by an increase in buildings assets through revaluation, capitalisation of a significant value of infrastructure assets, and the accounting treatment of right of use assets.

3 **Finance costs**
The increase of $203K on annual budget (49%) was largely influenced by the accounting treatment of right of use assets that saw a significant increase in deemed interest expense.

4 **Other expenses**
The decrease of $2.681M on budget (11%) was largely influenced by the accounting treatment of right of use assets that saw a significant reduction in operating lease expense, along with the budgeting of interest payment on reserves, which is not a financial transaction.

Other comprehensive income

1 **Net asset revaluation increment/(decrement)**
This category of revenue is not considered as part of the budget process due to being non-cash related transactions that do not support the funding of budgeted activities, and has significant variability year upon year.

2 **Fair value revaluation investment in Water Corporation**
This category of revenue is not considered as part of the budget process due to being non-cash related transactions that do not support the funding of budgeted activities, and has significant variability year upon year.

1.5 Functions/activities of the Council

(a) Revenue, expenditure and assets attributable to each function as categorised in (c) below:

	Grants	Other	Total Revenue	Total Expenditure	Surplus/ (Deficit)	Assets
	$'000	$'000	$'000	$'000	$'000	$'000
Governance and administration						
2025 - 2026	-	4,782	4,782	12,800	(8,018)	-
2024 - 2025	-	6,391	6,391	11,720	(5,329)	-
Roads, streets and bridges						
2025 - 2026	1,767	307	2,074	7,393	(5,319)	327,721
2024 - 2025	2,032	300	2,332	5,620	(3,288)	330,320
Drainage						
2025 - 2026	771	3,889	4,660	1,744	2,916	256,035
2024 - 2025	182	3,533	3,715	1,400	2,315	255,639
Waste management						
2025 - 2026	79	7,603	7,682	8,409	(727)	1,602
2024 - 2025	47	7,184	7,231	7,977	(746)	1,610
Environmental health						
2025 - 2026	-	166	166	1,073	(907)	-
2024 - 2025	-	160	160	1,153	(993)	-
Planning services						
2025 - 2026	-	2,897	2,897	4,645	(1,748)	-
2024 - 2025	-	2,460	2,460	4,048	(1,588)	-
Community amenities						
2025 - 2026	2,153	2,321	4,474	4,372	102	-
2024 - 2025	1,412	1,163	2,575	4,075	(1,500)	-
Community services						
2025 - 2026	614	9,558	10,172	17,034	(6,862)	-
2024 - 2025	851	8,200	9,051	15,170	(6,119)	-
Recreation facilities						
2025 - 2026	3,609	1,317	4,926	7,891	(2,965)	34,674
2024 - 2025	1,596	1,743	3,339	7,667	(4,328)	33,905
Economic development						
2025 - 2026	-	16	16	2,541	(2,525)	-
2024 - 2025	88	11	99	2,094	(1,995)	-
Other - not attributable						
2025 - 2026	372	76,558	76,930	33,666	43,264	1,027,105
2024 - 2025	399	80,440	80,839	31,390	49,449	959,046
Total						
2025 - 2026	9,365	109,414	118,779	101,568	17,211	1,647,137
2024 - 2025	6,607	111,585	118,192	92,314	25,878	1,580,520

(b) Reconciliation of Assets above with the Statement of Financial Position at 30 June:

		Restated*
	2026	2025
	$'000	$'000
Current assets	99,076	87,958
Non-current assets	1,548,061	1,492,562
Total assets	1,647,137	1,580,520

** Refer to note 9.12*

1.5 Functions/activities of the Council (continued)

(c) Governance and administration
Operation and maintenance of council chambers, administration offices, and councillors.

Roads, streets and bridges
Construction, maintenance and cleaning of roads, streets, footpaths, bridges, parking facilities and street lighting.

Drainage
Operation and maintenance of open or deep drainage systems in urban areas, including the lining of piping of creeks but excludes drainage associated with road works, flood mitigation and agriculture.

Waste management
Collection, handling, processing and disposal of all waste materials.

Environmental health
Environmental Health includes disease control, food surveillance, public-use building standards, health education and promotion, water quality, workplace safety and cemeteries, along with strategies and programs for the protection of the environment and regulations of activities affecting the environment.

Planning services
Administration of the town planning scheme, subdivisions and urban and rural renewal programs.

Community amenities
Operation and maintenance of housing for aged persons and persons of limited means, Civic Centre, Council halls (excluding indoor sports complexes).

Community services
Administration and operation of dog registration, operation of pounds, control of straying stock, and noxious weeds. Operation of the Child Care Centre, operation and support of the performing arts, museum and the presentation of festivals. Community Development which provides for the implementation of a process by which strategies and plans can be developed so that the Council can fulfil their general responsibility for enhancing the quality of life of the whole community.

Recreation facilities
Operation and maintenance of sporting facilities (includes swimming pools, active and passive recreation and recreation centres).

Economic development
Responsible for council communications, engagement, publications, key strategic council projects and customer service.

Other - not attributable
Rates and charges and work not attributed elsewhere.

	2026 $'000	2025 $'000

2 Revenue

2.1 Rates and charges

Council uses capital value as the basis of valuation of all properties within the municipality. Capital value is the total value of the property, including the land, buildings and other improvements.

Net rate revenue received	69,317	64,447
Fire levy	7,440	7,254
Total rates and charges	**76,757**	**71,701**

The date of the last general revaluation of land for rating purposes within the municipality was 1 July 2018. This valuation was first applied in the rating year commencing 1 July 2019.

Accounting policy
Council recognises revenue from rates and annual charges for the amount it is expected to be entitled to at the beginning of the rating period to which they relate, or when the charge has been applied. Rates and charges in advance are recognised as a financial liability until the beginning of the rating period to which they relate.

2.2 Statutory fees and fines

Infringements and costs	961	684
Town planning fees	1,394	1,219
Certificates issued	576	482
Total statutory fees and fines	**2,931**	**2,385**

Accounting policy
Council recognises revenue from statutory fees and fines when or as the performance obligation is completed and the customer receives the benefit of the good/services being provided.

2.3 User fees

Animal services fees	498	524
Building services fees	1,053	1,036
Child care / childrens program fees	2,601	2,069
Health services fees	143	135
Hire of facilities	269	284
Other fees and charges	887	430
Recreational facility fees	386	410
Special committee income	5	1
Valuation fees	16	8
Total user fees	**5,858**	**4,897**
User fees by timing of revenue recognition		
User fees recognised over time	-	-
User fees recognised at a point in time	5,858	4,897
Total user fees	**5,858**	**4,897**

Accounting policy
Council recognises revenue from user fees and charges when or as the performance obligation is completed and the customer receives the benefit of the good/services being provided.

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

	2026 $'000	2025 $'000
2.4 Grants		
Grants were received in respect of the following:		
Summary of grants		
Federally funded grants	6,538	4,469
State funded grants	2,827	635
Other grants	-	81
Total grants	**9,365**	**5,185**
Recurrent grants		
Commonwealth Government Financial Assistance Grants - General Purpose	2,233	1,090
Commonwealth Government Financial Assistance Grants - Roads	3,129	1,545
WAF Mediterranean Daisy Trails Project	-	41
Better Fishing Grant	-	20
Arts Tasmania	-	72
Community Services	-	14
Help to Heath	-	2
Jazz Festival	41	-
Inclusion Support	7	-
Total recurrent grants	**5,410**	**2,784**
Capital grants		
Commonwealth Government - Local Roads and Community Infrastructure	615	735
Commonwealth Government - Roads to Recovery	-	650
Meehan Range MBT	-	39
Better Active Transport	51	33
Safer Rural Roads - Back Tea Tree Road)	-	45
Clarendon Vale Oval Changerooms	255	156
Disaster Ready Fund	2	34
Cricket Nets	39	75
Vulnerable Road User Program	-	18
Levelling The Playing Field	510	490
Sandford Hall	54	-
Black Spot - Brinktop Road	-	260
Active Living	281	133
Passive Asset Projects	-	390
Facilities Projects	351	100
Active Asset Projects	354	326
Environment & Natural Asset Projects	50	115
Clarendon Vale Oval Lights	26	24
Seniors Exercise Equipment	-	200
EV Charging Station	3	-
Fuel Break Upgrade	33	-
Open Spaces	61	-
Thriving Suburbs	1,270	-
Total capital grants	**3,955**	**3,823**
Timing of revenue recognition		
Grants recognised over time	2,585	1,184
Grants recognised at a point in time	6,780	5,423
Total grants	**9,365**	**6,607**

	2026 $'000	2025 $'000

2.4 Grants (continued)

Unspent grants and contributions

Grants and contributions which were obtained on the condition that they be spent for specified purposes or in a future period, but which are not yet spent in accordance with those conditions, are as follows:

Capital grants		
Balance of unspent funds at 1 July	2,019	1,866
Add: Funds received and not recognised as revenue in the current year	128	1,181
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,179)	(1,028)
Balance of unspent funds at 30 June	**968**	**2,019**

Accounting policy

Council recognises untied grant revenue and those without performance obligations when received. In cases where there is an enforceable agreement which contains sufficiently specific performance obligations, revenue is recognised as or when control of each performance obligation is satisfied. (i.e. when it transfers control of a product or provides a service.) A contract liability is recognised for unspent funds received in advance and then recognised as income as obligations are fulfilled.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control. Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have a continuous transfer of control over the life of the contract. 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.

If the transaction is a transfer of a financial asset to enable Council to acquire or construct a recognisable non-financial asset to be controlled by Council (i.e. an in-substance acquisition of a non-financial asset), a contract liability is recognised for the excess of the fair value of the transfer over any related amounts recognised and revenue as the unspent funds are expended at the point in time at which required performance obligations are 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 as there is no profit margin. For the acquisition of assets, revenue is recognised when the asset is acquired and controlled by the Council.

In both years the Commonwealth has made early payment of instalments of untied Financial Assistance Grants for the following year. The early receipt of instalments resulted in Commonwealth Government Financial Assistance Grants being above that originally budgeted in 2025/26 by $3.348 million (2024/25: $2.012 million). This has impacted the Statement of Comprehensive Income resulting in the Net result for the year being higher by the same amount.

	2026 $'000	2025 $'000

2.5 Contributions

(a) Cash

Roads	10	9
Drainage	64	40
Parks, open space and streetscapes	463	330
Parking	-	10
Total	**537**	**389**

(b) Non-monetary assets

Land under roads	670	1,705
Roads	2,446	6,256
Land	95	603
Buildings	-	265
Drainage	3,215	6,399
Parks, open space and streetscapes	304	28
Other	-	21
Total	**6,730**	**15,277**
Total contributions	**7,267**	**15,666**

Accounting policy
Council recognises contributions without performance obligations when received. In cases where the contribution is for a specific purpose to acquire or construct a recognisable non-financial asset, a liability is recognised for funds received in advance and income is recognised as the obligations are fulfilled.

2.6 Interest

Interest on financial assets	4,344	4,948
Interest on rates	174	174
	4,518	**5,122**

Accounting policy
Interest is recognised progressively as it is earned.

2.7 Other income

Government subsidies	5,227	5,066
Insurance claims	(1)	-
Lease income	862	801
Rent income	1,460	64
Sponsorship	1	-
Volunteer services	165	357
Other	882	768
Total other income	**8,596**	**7,056**

	2026 $'000	2025 $'000

2.7 Other income (continued)

Accounting policy

Government subsidies
Government subsidy revenue is recognised as revenue upon receipt of funds from government bodies.

Insurance claims
Insurance claim revenue is recognised as revenue when a claim is assessed as successful.

Lease income
Operating lease revenue from the use of Council's assets is recorded on an accruals basis in accordance with leasing arrangements.

Rent income
Rents are recognised as revenue when the payment is due. Rental payments received in advance are recognised as a payable until they are due.

Sponsorship income
Sponsorship income is recognised as revenue in the period earned. Sponsorship received in advance is recognised as a liability until earned.

Volunteer services
Council recognises the inflow of resources in the form of volunteer services where the fair value of those services can be reliably measured and Council would have purchased those services if they had not been donated.

2.8 Gain/(loss) on retirement or disposal of assets

Net proceeds on disposal of non-current assets	20	19
Carrying amount of non-current assets disposed	(1,607)	(1,963)
Total	**(1,587)**	**(1,944)**

Accounting policy
Gain or loss on disposal of an asset is determined when control of the asset has irrevocably passed to the buyer.

2.9 Investment revenue

Dividend revenue received - TasWater	2,876	2,654
Dividend revenue received - CRDSJA	360	360
Total	**3,236**	**3,014**

Accounting policy
Dividend revenue is recognised when Council's right to receive payment is established and it can be reliably measured.

	2026 $'000	2025 $'000

3 Expenses

3.1 Employee benefits

Salary and wages	30,495	27,318
Superannuation	3,923	3,438
Payroll tax	1,513	1,361
Fringe benefits tax	141	141
Other employee costs	2,039	2,196
	38,111	34,454
Less amounts capitalised	(2,944)	(2,775)
Total employee benefits	**35,167**	**31,679**

Accounting policy
Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

3.2 Materials and services

Contract payments	9,053	8,298
Materials	1,486	1,502
Building maintenance	8	7
Utilities	2,750	2,669
Consultants	7,120	6,642
Total materials and services	**20,417**	**19,118**

Accounting policy
Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

3.3 Impairment of receivables

Rates debtors	1,132	1,905
Total impairment of receivables	**1,132**	**1,905**

Accounting policy - impairment expense
Expenses are recognised when Council has determined there to be an increase in the credit risk of a financial asset since initial recognition. Council's policy and events giving rise to impairment losses are disclosed in note 4.2.

	2026 $'000	2025 $'000 Restated*
3.4 Depreciation and amortisation		
Property		
Buildings		
Buildings	1,080	1,258
Plant, equipment and furniture		
Plant and equipment	447	690
Furniture and fittings	28	27
Infrastructure		
Roads and bridges	13,486	13,254
Drainage	4,153	3,409
Waste management	8	8
Parks and recreation	2,493	2,213
Right-of-use-assets		
Right of use assets	1,509	1,232
Total depreciation and amortisation	**23,204**	**22,091**

Accounting policy - depreciation and amortisation
Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

Buildings, infrastructure, plant and equipment and other assets having limited useful lives are systematically depreciated over their useful lives to Council in a manner which reflects consumption of the service potential embodied in those assets. Right-of-use assets are amortised over the lease term. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation and amortisation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and remaining values and a separate depreciation rate is determined for each component. Land, land under roads, artwork and road earthwork assets are not depreciated on the basis that they are assessed as not having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

Major depreciation and amortisation periods used are listed below and are consistent with the prior year unless otherwise stated.

	Years
Property	
Buildings	
Buildings	10-250
Plant, equipment & furniture	
Plant and equipment	5-50
Furniture and fittings	10-100
Infrastructure	
Roads and bridges	
Road seal	15-50
Road base	30-150
Road pavement	30-50
Bridges	80
Footpaths	15-100
Drainage infrastructure	30-100
Waste management	15-30
Parks & recreation	10-100
Right-of-use-assets	
Right-of-use-assets	3-10

** Refer to note 9.12*

	2026 $'000	2025 $'000

3.5 Finance costs

Bank overdraft charges	2	2
Interest - borrowings	228	12
Interest - lease liabilities	388	230
	618	**244**

Accounting policy - finance costs
Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

Finance costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised. Borrowing costs capitalised during 2025/26 totalled $231,163 (2024/25: $237,350).

Finance costs are expensed as incurred using the effective interest method. Borrowing costs include interest on bank overdrafts, borrowings, leases and unwinding of discounts.

3.6 Other expenses

External auditor remuneration (Tasmanian Audit Office)	91	81
Other auditor services	21	21
Net rate remissions	491	426
Councillor allowances	571	517
Councillor related expenses	91	261
Lease payments	721	809
Low-value leases	384	242
Family Day Care fee relief	2,578	2,057
Insurance	862	1,028
Software costs	1,697	1,512
Donations	46	38
Grants and benefits	209	188
State fire commission levy	7,396	7,165
Volunteer services	165	357
External plant hire	369	330
Special committee expenses	3	1
Other	5,335	2,866
	21,030	**17,899**

Accounting policy - other expenses
Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be reliably measured.

		2026 $'000	2025 $'000

4 Current assets

4.1 Cash and cash equivalents

Cash on hand		3	6
Cash at bank		9,516	9,028
At call account		-	1
Total cash and cash equivalents		**9,519**	**9,035**

Council's cash and cash equivalents are subject to a number of internal and external restrictions and internal commitments that limit amounts available for discretionary or future use. These include:

Restricted funds			
i) Trust funds and deposits	(note 7.2)	2,551	2,824
ii) Unspent grant funds with conditions	(note 2.4)	968	2,019
		3,519	**4,843**
Internal committed funds			
iii) Employee provisions	(note 7.3)	5,121	4,887
iv) Special purpose contributions	(note 9.1)	10,700	9,677
v) Discretionary reserves	(note 9.1)	48,484	45,823
Committed funds		**67,824**	**65,230**
Total uncommitted cash and cash equivalents		**(58,305)**	**(56,195)**
Total investments	(note 4.3)	83,000	72,500
Total uncommitted funds		**24,695**	**16,305**

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

Restricted and internally committed funds include:
i) Refundable building, contract and other refundable amounts held in trust by Council for completion of specific purposes.
ii) Grant funding received in advance until specific performance obligations required under funding arrangements are completed.
iii) Monies set aside to meet employee provision obligations.
iv) Monies set aside by council to spend on public open space, car parking, and community services.
v) Monies set aside by council to spend primarily on infrastructure renewal.

4.2 Trade and other receivables

Current		
Rates debtors	2,167	10,120
Provision for expected credit loss - rates debtors	-	(7,786)
Compliance debtors	579	610
Net GST receivable	426	543
Other debtors	1,008	352
Loan to C Cell Pty Ltd	374	354
Loan to Olympia Football Club	13	13
Total	**4,567**	**4,206**
Non-Current		
Loan to C Cell Pty Ltd	195	569
Loan to Olympia Football Club	205	205
Total	**400**	**774**
Total trade and other receivables	**4,967**	**4,980**

	2026 $'000	2025 $'000

4.2 Trade and other receivables (continued)

Reconciliation of movement in expected credit loss		
Carrying amount at 1 July	7,786	5,881
Amounts written off during the year	(8,918)	-
Amounts recovered during the year	-	-
Increase / (decrease) in provision recognised in profit or loss	1,132	1,905
Carrying amount at 30 June	**-**	**7,786**

For ageing analysis of the financial assets, refer to note 9.10(b)

Accounting policy
Trade receivables that do not contain a significant financing component are measured at amortised cost, which represents their transaction value. Impairment is recognised on an expected credit loss (ECL) basis. When determining whether the credit risk has increased significantly since initial recognition, and when estimating the 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, an informed credit assessment and forward-looking information.

Council takes the view that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rate debtors, Council uses the presumptions that assets more than 30 days past due have a significant increase in credit risk and those more than 90 days will likely be in default. Council writes off receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Council has determined to provide for an ECL in respect of rates receivable. This ECL has been determined with reference to provisions assumed within current and previous years' budgets, along with the reversal of interest on outstanding amounts.

4.3 Investments

Current		
Term deposits - more than 3 months	83,000	72,500
Total	**83,000**	**72,500**

Accounting policy
Investments are valued at face value. For the purposes of the Statement of Cash Flows, investments include deposits placed with financial institutions with original maturities of greater than three months.

4.4 Inventories

Inventories held for distribution	162	145
Total	**162**	**145**

Accounting policy
Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Other inventories are measured at the lower of cost and net realisable value. Where inventories are acquired at no cost, or for nominal consideration, the cost shall be the current replacement cost as at the date of acquisition.

	2026 $'000	2025 $'000

5.1 Investment in associates

Investments in associates accounted for by the equity method are:		
Copping Refuse Disposal Site Joint Authority	17,546	16,901
C Cell Pty Ltd	4,487	3,294
Total investment in associates	**22,033**	**20,195**

Copping Refuse Disposal Site Joint Authority

The Copping Refuse Disposal Site Joint Authority (Trading as Southern Waste Solutions) was established under Section 30 of the Local Government Act 1993 by the Clarence City Council, Sorell Council, and Tasman Council. Kingborough Council joined the authority in 2009.

The CRDSJA is located in Australia. Its principal activity is to operate both the Lutana Waste transfer Station and Copping Landfill sites.

Council's share of accumulated surplus(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	12,544	10,073
Reported surplus(deficit) for year	967	2,471
Prior period adjustment	(1,134)	-
Council's share of accumulated surplus/(deficit) at end of year	**13,511**	**12,544**
Movement in carrying value of specific investment		
Carrying value of investment at start of year	16,901	13,782
Share of surplus/(deficit) for year	967	2,471
Prior period adjustment	(1,134)	-
Distributions received	812	648
Carrying value of investment at end of year	**17,546**	**16,901**

C Cell Pty Ltd

C Cell Pty Ltd (the Trustee) is a proprietary limited company owned by a local government entity and incorporated in Australia on 5 February 2016. Its sole purpose is to act as trustee (the Trustee) of the C Cell Unit Trust (the Trust).

The Trust is located in Australia; its principal activity is to operate a hazardous landfill cell.

Council's share of accumulated surplus(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	-	-
Reported surplus(deficit) for year	1,193	569
Distributions for the year	(1,193)	(569)
Council's share of accumulated surplus/(deficit) at end of year	-	-
Movement in carrying value of specific investment		
Carrying value of investment at start of year	3,293	2,724
Share of surplus/(deficit) for year	1,193	569
Carrying value of investment at end of year	**4,486**	**3,293**

Accounting policy

Council's investment in associates is accounted for by the equity method because Council has the ability to influence rather than control the operations of these entities. The investment is initially recorded at the cost of acquisition, and subsequently adjusted for post-acquisition changes in Council's share of the net assets of the entities. Council's share of the financial result of the entities is recognised in the Statement of Comprehensive Income.

	2026 $'000	2025 $'000

5.2 Investment in water corporation

Opening Balance	183,579	180,065
Fair Value adjustments on equity investment assets	5,938	3,514
Total investment in water corporation	**189,517**	**183,579**

Accounting policy - investment assets
As Council's investment in TasWater is held for long-term strategic purposes, Council has elected under *AASB 9: Financial Instruments* to irrevocably classify this equity investment as designated at fair value through other comprehensive income. Subsequent changes in fair value on designated investments in equity instruments are recognised in other comprehensive income (for fair value reserve, refer note 9.1) and not reclassified through the profit or loss when derecognised. Dividends associated with the equity investments are recognised in profit and loss when the right of payment has been established and it can be reliably measured.

Fair value was determined using Council's ownership interest against the water corporation's net asset value at balance date. At 30 June 2026, Council holds a 9.52% (2024/25: 9.52%) ownership interest in TasWater which is based on Schedule 2 of the Corporation's Constitution which reflects the Council's voting rights.

	2026 $'000	Restated* 2025 $'000
6 Non-current assets		
6.1 Property, infrastructure, plant and equipment		
Summary		
at cost as at 30 June	36,706	36,499
Less accumulated depreciation	(5,808)	(5,285)
	30,898	**31,214**
at fair value as at 30 June	1,986,401	1,872,205
Less accumulated depreciation	(686,826)	(619,000)
	1,299,575	**1,253,205**
Total	**1,330,473**	**1,284,419**
Property		
Land		
at fair value as at 30 June	159,645	159,550
	159,645	**159,550**
Land under roads		
at fair value as at 30 June	416,644	415,973
	416,644	**415,973**
Total land	**576,289**	**575,523**
Buildings		
at fair value as at 30 June	173,111	76,533
Less accumulated depreciation	(69,857)	(21,248)
	103,254	**55,285**
Total property	**679,543**	**630,808**
Plant and equipment		
Plant and equipment		
at cost	9,116	7,481
Less accumulated depreciation	(5,583)	(5,087)
	3,533	**2,394**
Furniture and fittings		
at cost	418	419
Less accumulated depreciation	(225)	(198)
	193	**221**
Total plant and equipment	**3,726**	**2,615**
Infrastructure		
Roads and bridges		
at fair value as at 30 June	766,811	759,040
Less accumulated depreciation	(439,090)	(428,720)
	327,721	**330,320**

** Refer to note 9.12*

	2026 $'000	Restated* 2025 $'000
6.1 Property, infrastructure, plant and equipment (continued)		
Drainage		
at fair value as at 30 June	406,986	402,518
Less accumulated depreciation	(150,951)	(146,879)
	256,035	**255,639**
Parks and recreation		
at fair value as at 30 June	61,309	56,696
Less accumulated depreciation	(26,635)	(21,868)
	34,674	**34,828**
Waste management		
at fair value as at 30 June	1,895	1,895
Less accumulated depreciation	(293)	(285)
	1,602	**1,610**
Total infrastructure	**620,032**	**622,397**
Work in progress		
Buildings at cost	2,711	3,945
Plant and equipment at cost	125	123
Furniture and fittings at cost	13	13
Roads and bridges at cost	16,344	15,928
Drainage at cost	1,847	1,318
Parks and recreation at cost	5,863	6,687
Waste management at cost	84	56
Unallocated works at cost	185	529
Total work in progress	**27,172**	**28,599**
Total property, infrastructure, plant and equipment	**1,330,473**	**1,284,419**

** Refer to note 9.12*

6.1 Property, infrastructure, plant and equipment (continued)

Reconciliation of property, infrastructure, plant and equipment

2026	Balance at beginning of financial year	Acquisition of assets	Revaluation increments / (decrements) (note 9.1)	Depreciation and amortisation (note 3.5)	Written down value of disposals	Items Exepensed	Transfers	Balance at end of financial year
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Property								
Land	159,550	95	-	-	-	-	-	**159,645**
Land under roads	415,973	671	-	-	-	-	-	**416,644**
Total land	**575,523**	**766**	**-**	**-**	**-**	**-**	**-**	**576,289**
Buildings	55,285	-	45,985	(1,080)	(473)	-	3,537	**103,254**
Total buildings	**55,285**	**-**	**45,985**	**(1,080)**	**(473)**	**-**	**3,537**	**103,254**
Total property	**630,808**	**766**	**45,985**	**(1,080)**	**(473)**	**-**	**3,537**	**679,543**
Plant and equipment								
Plant and equipment	2,394	-	-	(447)	(3)	-	1,589	**3,533**
Furniture and fittings	221	-	-	(28)	-	-	-	**193**
Total plant and equipment	**2,615**	**-**	**-**	**(475)**	**(3)**	**-**	**1,589**	**3,726**
Infrastructure								
Roads and bridges	330,320	2,448	-	(13,486)	(298)	-	8,737	**327,721**
Drainage	255,639	3,214	-	(4,153)	(55)	-	1,390	**256,035**
Parks and recreation	34,828	305	(2,849)	(2,493)	(778)	-	5,661	**34,674**
Waste management	1,610	-	-	(8)	-	-	-	**1,602**
Total infrastructure	**622,397**	**5,967**	**(2,849)**	**(20,140)**	**(1,131)**	**-**	**15,788**	**620,032**
Work in progress								
Buildings	3,945	3,592	-	-	-	(18)	(4,808)	**2,711**
Land	-	-	-	-	-	-	-	**-**
Plant and equipment	123	607	-	-	-	-	(605)	**125**
Furniture and fittings	13	-	-	-	-	-	-	**13**
Roads and bridges	15,928	8,641	-	-	-	(441)	(7,784)	**16,344**
Drainage	1,318	2,199	-	-	-	(23)	(1,647)	**1,847**
Parks and recreation	6,687	4,990	-	-	-	(148)	(5,666)	**5,863**
Waste management	56	28	-	-	-	-	-	**84**
Unallocated works	529	60	-	-	-	-	(404)	**185**
Total work in progress	**28,599**	**20,117**	**-**	**-**	**-**	**(630)**	**(20,914)**	**27,172**
Total property, infrastructure, plant and equipment	**1,284,419**	**26,850**	**43,136**	**(21,695)**	**(1,607)**	**(630)**	**-**	**1,330,473**

6.1 Property, infrastructure, plant and equipment (continued)

Reconciliation of property, infrastructure, plant and equipment

Restated* 2025	Balance at beginning of financial year	Acquisition of assets	Revaluation increments / (decrements) (note 9.1)	Depreciation and amortisation (note 3.4)	Written down value of disposals	Adjustments	Transfers	Balance at end of financial year
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Property								
Land	156,047	602	-	-	(420)	-	3,321	159,550
Land under roads	414,269	1,704	-	-	-	-	-	415,973
Total land	**570,316**	**2,306**	**-**	**-**	**(420)**	**-**	**3,321**	**575,523**
Buildings	43,067	265	-	(1,258)	(292)	(11,744)	25,247	55,285
Total buildings	**43,067**	**265**	**-**	**(1,258)**	**(292)**	**(11,744)**	**25,247**	**55,285**
Total property	**613,383**	**2,571**	**-**	**(1,258)**	**(712)**	**(11,744)**	**28,568**	**630,808**
Plant and equipment								
Plant and equipment	2,377	-	-	(690)	(24)	-	731	2,394
Furniture and fittings	248	-	-	(27)	-	-	-	221
Total plant and equipment	**2,625**	**-**	**-**	**(717)**	**(24)**	**-**	**731**	**2,615**
Infrastructure								
Roads and bridges	331,367	6,256	326	(13,254)	(347)	-	5,972	330,320
Drainage	212,381	6,400	36,076	(3,409)	(780)	-	4,971	255,639
Parks and recreation	32,358	29	-	(2,213)	(100)	972	3,782	34,828
Waste management	1,414	-	200	(8)	-	-	4	1,610
Total infrastructure	**577,520**	**12,685**	**36,602**	**(18,884)**	**(1,227)**	**972**	**14,729**	**622,397**
Work in progress								
Buildings	6,152	23,068	-	-	-	(28)	(25,247)	3,945
Land	-	3,293	-	-	-	28	(3,321)	-
Plant and equipment	525	347	-	-	-	(18)	(731)	123
Furniture and fittings	13	-	-	-	-	-	-	13
Roads and bridges	12,510	9,390	-	-	-	-	(5,972)	15,928
Drainage	3,133	3,156	-	-	-	-	(4,971)	1,318
Parks and recreation	7,272	3,197	-	-	-	-	(3,782)	6,687
Waste management	-	42	-	-	-	18	(4)	56
Unallocated works	485	44	-	-	-	-	-	529
Total work in progress	**30,090**	**42,537**	**-**	**-**	**-**	**-**	**(44,028)**	**28,599**
Total property, infrastructure, plant and equipment	**1,223,618**	**57,793**	**36,602**	**(20,859)**	**(1,963)**	**(10,772)**	**-**	**1,284,419**

** Refer to note 9.12*

6.1 Property, infrastructure, plant and equipment (continued)

Accounting policy

Recognition and measurement of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

Property, plant and equipment and infrastructure received in the form of contributions, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.
In accordance with Council's policy, a threshold of $20k is applied to the recognition and measurement of assets.

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment and furniture and fittings, are measured at their fair value in accordance with *AASB 116 Property, Plant & Equipment* and *AASB 13 Fair Value Measurement*. At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset class materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis to ensure valuations represent fair value. Valuations are performed either by experienced Council officers or independent experts. Between such valuations, Council considers, and when necessary, applies indexing to assets to ensure the carrying values continue to represent fair values.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset.

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

Impairment of assets

Impairment losses are recognised in the statement of comprehensive income under other expenses.
Reversals of impairment losses are recognised in the statement of comprehensive income under other revenue.

Land under roads

Council recognised the value of land under roads it controls at fair value.

6.2 Right of use assets

	Motor vehicles	Plant and equipment	Total
2026	***$'000***	***$'000***	**$'000**
Opening balance at 1 July 2025	**1131**	**2,464**	**3,595**
Additions	621	2,903	3,524
Modification of existing leases	5	23	28
Depreciation expense	(611)	(898)	(1,509)
Balance at 30 June 2026	**1146**	**4,492**	**5,638**
2025			
Opening balance at 1 July 2024	**788**	**1,290**	**2,078**
Additions	818	1,712	2,530
Modification of existing leases	57	162	219
Depreciation expense	(532)	(700)	(1,232)
Balance at 30 June 2025	**1131**	**2,464**	**3,595**

Accounting policy

Leases - Council as lessee

In contracts where Council is a lessee, Council recognises a right-of-use asset and a lease liability at the commencement date of the lease, unless the short-term or low-value exemption is applied. Refer to note 7.4 for details on accounting policy of lease liability.

A right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

All right-of-use assets are measured as described in the accounting policy for property, infrastructure, plant and equipment in note 6.1. Also, Council applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the aforesaid note.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

6.3 Other assets

	2026	2025
	$'000	**$'000**
Prepayments	722	827
Accrued interest	1,106	1,245
Total other assets	**1,828**	**2,072**

7 Current liabilities

7.1 Trade and other payables

	2026	2025
	$'000	$'000
Trade payables	576	142
Rates and charges in advance	1,599	1,592
Accrued expenses	1,973	2,732
Accrued payroll	1,132	912
Total trade and other payables	**5,280**	**5,378**

Accounting policy
Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received. General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

Rates and charges in advance represents amounts received by Council prior to the commencement of the rating or charging period. Revenue is recognised by Council at the beginning of the rating or charge period to which the advance payment relates.

For ageing analysis of trade and other payables, refer to note 9.9.

7.2 Trust funds and deposits

Refundable building deposits	2,460	2,787
Refundable civic facilities deposits	19	14
Other refundable deposits	72	23
Total trust funds and deposits	**2,551**	**2,824**

Accounting policy
Trust funds and deposits
Amounts received as deposits by Council are recognised as a liability until they are returned or forfeited.

7.3 Provisions

	Annual leave	Long service leave	Total
2026	**$'000**	**$'000**	**$'000**
Balance at beginning of the financial year	2,253	2,795	5,048
Additional provisions	2,288	298	2,586
Amounts used	(1,927)	(586)	(2,513)
Payroll tax attributable to long service leave	-	153	153
Balance at the end of the financial year	**2,614**	**2,660**	**5,274**
Current	2,614	1,545	4,159
Non-current	-	1,115	1,115
Total	**2,614**	**2,660**	**5,274**
2025	**$'000**	**$'000**	**$'000**
Balance at beginning of the financial year	2,243	2,742	4,985
Additional provisions	2,005	439	2,444
Amounts used	(1,995)	(547)	(2,542)
Payroll tax attributable to long service leave	-	161	161
Balance at the end of the financial year	**2,253**	**2,795**	**5,048**
Current	2,253	1,687	3,940
Non-current	-	1,108	1,108
Total	**2,253**	**2,795**	**5,048**

7.3 Provisions (continued)

Accounting policy
Employee benefits
i) Short term obligations
Liabilities for wages and salaries, including non-monetary benefits and annual 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 is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

ii) Other long term employee benefit obligations
The liability for long service leave and annual leave which 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.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

iii) Sick leave
No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

iv) Defined benefit plans
Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund), a sub-fund of CareSuper. The Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 34 of AASB 119 Employee Benefits, Council does not use defined benefit accounting for these contributions. Further information is provided in Note 9.5 Superannnuation.

v) Defined contribution plans
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.

	2026 $'000	2025 $'000

7.4 Lease liabilities

Lease Liabilities	5,861	3,716
	5,861	**3,716**
Current	1,354	1,064
Non-Current	4,507	2,652

Lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

	Minimum lease payments due						
As at 30 June 2026	**Within 1 Year**	**1 - 2 Years**	**2 - 3 Years**	**3 - 4 Years**	**4 - 5 Years**	**After 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Lease Payments	1,751	1,507	1,254	1,025	726	783	7,046
Finance Charges	(397)	(301)	(215)	(143)	(83)	(46)	(1,185)
Net Present Value	1,354	1,206	1,039	882	643	737	5,861
As at 30 June 2025							
Lease Payments	1,307	972	734	556	422	409	4,400
Finance Charges	(243)	(174)	(120)	(78)	(45)	(24)	(684)
Net Present Value	1,064	798	614	478	377	385	3,716

Accounting policy

Leases - Council as lessee

The lease liability is measured at the present value of outstanding payments that are not paid at balance date, discounted by using the rate implicit in the lease. Where this cannot be readily determined then Council's incremental borrowing rate for a similar term with similar security is used.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Short-term leases and leases of low-value assets

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases i.e. leases with a lease term of 12 months or less and leases of low-value assets i.e., when the value of the leased asset when new is $10,000 or less. Council recognises the lease payments associated with these leases as expense on a straight-line basis over the lease term.

7.5 Contract liabilities

Current		
Grants received in advance	969	2,019
	969	**2,019**

Accounting policy

Grant funds received in advance includes the construction of upgraded sporting facilities. The funds received are under an enforceable contract which requires 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. 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		
Grants received in advance	1,179	1,028
	1,179	**1,028**

	2026 $'000	2025 $'000

8 Non-current liabilities

8.1 Interest-bearing loans and borrowings

Current		
Borrowings - secured	634	617
	634	**617**
Non-current		
Borrowings - secured	8,758	9,393
	8,758	**9,393**
Total	**9,392**	**10,010**

Borrowings

Borrowings are secured through a Deed of Charge between Council and the Tasmanian Public Finance Corporation ("Tascorp") as the lender of all interest-bearing loans.

The maturity profile for Council's borrowings is:		
Not later than one year	634	617
Later than one year and not later than five years	759	4,635
Later than five years	7,999	4,758
Total	**9,392**	**10,010**

Accounting policy

Interest bearing liabilities

The borrowing capacity of Council is limited by the *Local Government Act 1993* . Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition these liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the liability using the effective interest method.

Interest is expensed as it accrues, except where specific borrowings are obtained for the purpose of specific asset acquisition, in which case such interest is capitalised. During the period $231,163 of interest was capitalised (2024/25: $237,350). There have been no defaults or breaches of the loan agreement during the period. Borrowings are secured by way of mortgages over the general rates of the Council.

9 Other financial information

9.1 Reserves

	Balance at beginning of reporting year $'000	Increment $'000	(Decrement) $'000	Balance at end of reporting year $'000
(a) Asset revaluation reserve				
2026 Property				
Land	114,886	-	-	114,886
Land under roads	300,348	-	-	300,348
Buildings	21,425	45,985	-	67,410
	436,659	**45,985**	**-**	**482,644**
Infrastructure				
Roads and bridges	208,513	-	-	208,513
Drainage	166,403	-	-	166,403
Parks and recreation	11,154	-	(2,849)	8,305
Waste management	1,038	-	-	1,038
	387,108	**-**	**(2,849)**	**384,259**
Total asset revaluation reserve	**823,767**	**45,985**	**(2,849)**	**866,903**
2025 Property				
Land	114,886	-	-	114,886
Land under roads	300,348	-	-	300,348
Buildings	21,425	-	-	21,425
Total asset revaluation reserve	**436,659**	**-**	**-**	**436,659**
Infrastructure				
Roads and bridges	208,187	326	-	208,513
Drainage	130,327	36,076	-	166,403
Parks and recreation	11,154	-	-	11,154
Waste management	838	200	-	1,038
	350,506	**36,602**	**-**	**387,108**
Total asset revaluation reserve	**787,165**	**36,602**	**-**	**823,767**

The asset revaluation reserve was established to capture the movements in asset valuations upon the periodic revaluation of Council's assets.

(b) Fair value reserve				
2026 Equity investment assets				
Investment in water corporation	(16,988)	5,938	-	(11,050)
Total fair value reserve	**(16,988)**	**5,938**	**-**	**(11,050)**
2025 Equity investment assets				
Investment in water corporation	(20,502)	3,514	-	(16,988)
Total fair value reserve	**(20,502)**	**3,514**	**-**	**(16,988)**

Council has to designate its investment in Taswater as an equity investment at fair value through other comprehensive income. Subsequent changes in fair value are reflected in the reserve and will not be reclassified through the profit or loss when derecognised.

9.1 Reserves continued

		Balance at beginning of reporting year $'000	Transfers In $'000	Transfers Out $'000	Balance at end of reporting year $'000
(c) Other reserves					
2026	Infrastructure renewal reserve	39,384	794	-	40,178
	Self funded programmes reserve	-	2,629	-	2,629
	Commonwealth funded programmes reserve	1,719	-	(1,719)	-
	General reserve	5,156	657	-	5,813
	Rosny Park child care reserve	461	-	(461)	-
	Car parking reserve	2,748	131	-	2,879
	Public art reserve	-	-	-	-
	Public open space reserve	3,844	439	-	4,283
	Headworks reserve	905	4	-	909
	Loan funding renewal reserve	-	-	-	-
	Capital contingency reserve	1,283	1,210	-	2,493
	Total other reserves	**55,500**	**5,864**	**(2,180)**	**59,184**
2025	Infrastructure renewal reserve	35,224	4,160	-	39,384
	Commonwealth funded programmes reserve	1,095	624	-	1,719
	General reserve	4,894	262	-	5,156
	Rosny Park child care reserve	290	171	-	461
	Car parking reserve	2,637	111	-	2,748
	Public art reserve	44	-	(44)	-
	Public open space reserve	3,321	523	-	3,844
	Headworks reserve	865	40	-	905
	Loan funding renewal reserve	2,526	-	(2,526)	-
	Capital contingency reserve	2,644	-	(1,361)	1,283
	Total other reserves	**53,540**	**5,891**	**(3,931)**	**55,500**

Infrastructure renewal reserve represents unused amounts collected to fund future renewal of existing infrastructure assets.
Self funded programmes reserve represents cumulative operating results of Clarence Children's Service and our Community Volunteers, which are used to support the ongoing operations of such services.
Commonwealth funded programmes reserve represents unused funds subject to grant programmes operated by the Commonwealth Government. Such funds are subject to grant agreements and are applied as such.
General reserve represents amounts appropriated for general future uses, typically planned projects, expected events and contingencies.
Rosny Park child care reserve represents the cumulative operating result of the Rosny Park Child Care Centre. Meets ongoing operations of the centre.
Car parking reserve represents funds contributed in lieu of providing car parking as part of commercial developments. Provides for provision of alternative car parking facilities in the areas collected.
Public art reserve represents funds contributed by developers in lieu of providing public art as part of commercial developments. Provides an alternative means for the creation of public art in the areas / precincts in which it was collected.
Public open space reserve represents funds contributed in lieu of providing public open space as part of subdivision developments. Provides for purchase of alternative public open space assets.
Headworks reserve represents funds contributed by property developers to provide for future augmentation of Council infrastructure to meet additional capacity demands arising from property development.
Loan funding renewal reserve represents unused amounts collected to fund the future repayment of loan funding for development of infrastructure assets.
Capital contingency reserve represents unused amounts collected to fund the future development of infrastructure assets.

	2026 $'000	2025 $'000
Total reserves	**915,037**	**862,279**

	2026 $'000	2025 $'000

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

Result from continuing operations	17,211	25,256
Depreciation	23,204	21,469
Contribution of assets	(6,730)	(15,277)
(Profit)/loss on disposal of property, infrastructure, plant and equipment	1,587	1,944
Share of net results of associates	(1,838)	(3,689)
Government grants - capital	(2,077)	(4,148)
Change in operating assets and liabilities		
Decrease/(increase) in rates receivable	167	1,125
Decrease/(increase) in other debtors and prepayments	(324)	(317)
Decrease/(increase) in inventory	(17)	1
Increase/(decrease) in creditors and accruals	(1,380)	491
Increase/(decrease) in provision for employee entitlements	226	63
Net cash provided by/(used in) operating activities	**30,029**	**26,918**

9.3 Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

	Interest-bearing loans and borrowings $'000	Lease liabilities $'000
Balance as at 1 July 2025	10,010	3,716
Acquisitions / New leases	-	3,525
Modification of existing leases	-	28
Changes from financing cash flows:		
Cash receipts/(repayments)	(618)	(1,408)
Balance as at 30 June 2026	**9,392**	**5,861**
Balance as at 1 July 2024	9,064	2,204
Acquisitions / New leases	-	2,426
Modification of existing leases	-	318
Changes from financing cash flows:		
Cash repayments	946	(1,232)
Balance as at 30 June 2025	**10,010**	**3,716**

	2026 $'000	2025 $'000

9.4 Financing arrangements

Bank overdraft	1,000	1,000
Corporate credit cards	40	40
Used facilities	-	-
Unused facilities	**1,040**	**1,040**

9.5 Superannuation

Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund (the Fund), a sub-fund of CareSuper. The Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 34 of AASB 119 Employee Benefits, Council does not use defined benefit accounting for these contributions.

For the year ended 30 June 2026 Council contributed 0% (2024/25: 0%) of employees' gross income to the Fund. Assets accumulate in the Fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

Deloitte Consulting Pty Ltd undertook the last actuarial review of the Fund at 30 June 2023. The review disclosed that at that time the net market value of assets available for funding member benefits was $48,442,000, the value of vested benefits was $39,789,000, the surplus over vested benefits was $8,653,000, the value of total accrued benefits was $39,479,000, and the number of members was 77. These amounts relate to all members of the Fund at the date of valuation and no asset or liability is recorded in the CareSuper's financial statements for Council employees.

The financial assumptions used to calculate the Accrued Benefits for the Fund were:
- Net Investment Return 4.50% pa
- Salary Inflation 3.50% pa
- Price Inflation n/a

The actuarial review concluded that:
- The value of assets of the Fund was adequate to meet the liabilities of the Fund in respect of vested benefits as at 30 June 2023.
- The value of assets of the Fund was adequate to meet the value of the liabilities of the Fund in respect of accrued benefits as at 30 June 2023.
- Based on the assumptions used, and assuming the Employer contributes at the levels described below, the value of the assets is expected to continue to be adequate to meet the value of the liabilities of the Fund in respect of vested benefits at all times during the period up to 30 June 2028.

Given the strong financial position of the Fund, the Actuary recommended that the Council continue their contribution holiday and contribute 0% of salaries towards the defined benefit arrangements in the Fund from 1 July 2024 until 1 July 2027. This contribution rate is subject to normal review processes which include reviewing the contribution rate if needed to respond to extreme movements in financial markets. In addition, employers pay contributions towards defined benefit members' accumulation accounts where required by agreements.

The Actuary will continue to undertake a brief review of the financial position of the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. The next full triennial actuarial review of the Fund will have an effective date of 30 June 2026 and is expected to be completed late in 2026.

Council also contributes to other accumulation superannuation schemes on behalf of a number of employees; however, the Council has no ongoing responsibility to make good any deficiencies that may occur in those schemes.

During the year Council made the required superannuation contributions for all eligible employees to an appropriate complying superannuation fund as required by the Superannuation Guarantee (Administration) Act 1992.

9.5 Superannuation (continued)

As required in terms of paragraph 148 of AASB 119 *Employee Benefits* , Council discloses the following details:

The 2023 actuarial review used the "aggregate" funding method. This is a standard actuarial funding method. The results from this method were tested by projecting future fund assets and liabilities for a range of future assumed investment returns. The funding method used is consistent with the method used at the previous actuarial review in 2020.

Under the aggregate funding method of financing the benefits, the stability of the Councils' contributions over time depends on how closely the Fund's actual experience matches the expected experience. If the actual experience differs from that expected, the Councils' contribution rate may need to be adjusted accordingly to ensure the Fund remains on course towards financing members' benefits.

'In terms of Rule 15.2 of the CareSuper Trust Deed (Trust Deed), there is a risk that employers within the Fund may incur an additional liability when an Employer ceases to participate in the Fund at a time when the assets of the Fund are less than members' vested benefits. Each member of the Fund who is an employee of the Employer who is ceasing to Participate is required to be provided with a benefit at least equal to their vested benefit. However, there is no provision in the Trust Deed requiring an employer to make contributions other than its regular contributions up to the date of cessation of contributions.

The application of Fund assets on CareSuper being wound-up is set out in Rule 20.2. This Rule provides that expenses and taxation liabilities should have first call on the available assets. Additional assets will initially be applied for the benefit of the then remaining members and/or their Dependants in such manner as the Trustee considers equitable and appropriate in accordance with the Applicable Requirements (broadly, superannuation and taxation legislative requirements and other requirements as determined by the regulators).

The Trust Deed does not contemplate the Fund withdrawing from CareSuper.

The Fund is a defined benefit Fund.

The Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. Thus, the Fund is not able to prepare standard AASB119 defined benefit reporting.

During the reporting period the amount of contributions paid to defined benefits schemes was $108,192 (2024/25: $91,259), and the amount paid to accumulation schemes was $3.80 million (2024/25: $3.35 million).

During the next reporting period the expected amount of contributions to be paid to defined benefits schemes is $110,000, and to accumulation schemes is $4.30 million.

As reported on the first page of this note, Assets exceeded accrued benefits as at the date of the last actuarial review, 30 June 2023. Favourable investment returns, since that date, has seen further improvement in the financial position of the Fund. The financial position of the Fund will be fully investigated at the actuarial review as at 30 June 2026.

An analysis of the assets and vested benefits of sub-funds participating in the Scheme, prepared by Deloitte Consulting Pty Ltd as at 30 June 2025, showed that the Fund had assets of $38.81 million and members' Vested Benefits were $28.97 million. These amounts represented 0.07% and 0.05% respectively of the corresponding total amounts for CareSuper.

As at 30 June 2025 the Fund had 55 members and the total employer contributions and member contributions for the year ending 30 June 2025 were $547,842 and $184,457 respectively.

9.6 Commitments

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

2026	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Capital expenditure commitments	**$'000**	**$'000**	**$'000**	**$'000**
Plant and equipment	7	-	-	7
Buildings	1,074	-	-	1,074
Roads	685	-	-	685
Drainage	339	-	-	339
Waste	7	-	-	7
Parks and recreation	998	-	-	998
Total capital expenditure commitments	**3,110**	**-**	**-**	**3,110**
Contractual commitments				
Contractual commitments at end of financial year but not recognised in the financial report are as follows:				
Plant, equipment and software	1,234	2,250	-	3,484
Waste collection	2,973	9,371	-	12,344
Waste processing	3,272	13,927	7,314	24,513
Total contractual commitments	**7,479**	**25,548**	**7,314**	**40,341**

2025	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Capital expenditure commitments	**$'000**	**$'000**	**$'000**	**$'000**
Plant and equipment	-	-	-	-
Buildings	2,658	-	-	2,658
Roads	2,919	-	-	2,919
Drainage	675	-	-	675
Parks and recreation	1,516	-	-	1,516
Total capital expenditure commitments	**7,768**	**-**	**-**	**7,768**
Contractual commitments				
Contractual commitments at end of financial year but not				
Plant, equipment and software	1,409	1,457	-	2,866
Waste collection	2,664	11,340	-	14,004
Waste processing	3,427	14,587	7,852	25,866
Total contractual commitments	**7,500**	**27,384**	**7,852**	**42,736**

9.7 Operating leases as lessor

Council is a lessor and enters into agreements with a number of lessees. These include commercial and non-commercial agreements.

Where leases are non-commercial agreements, these are generally with not for profit, such as sporting organisations. In these cases subsidised or peppercorn rents are charged because Council recognises part of its role is community service and community support. In these situations, Council records lease revenue on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at depreciated replacement cost.

Where leases are commercial agreements, but properties leased are part of properties predominantly used by Council for its own purposes, Council records lease revenue on an accruals basis and records the associated properties as part of land and buildings within property, plant and equipment. Buildings are recognised at depreciated replacement cost.

9.7 Operating leases as lessor (continued)

The future (undiscounted) lease payments to be received on an annual basis for all operating leases are as follows:

	2026 $'000	2025 $'000
Maturity analysis of operating lease payments to be received		
Year 1	748	670
Year 2	718	673
Year 3	540	672
Year 4	489	515
Year 5	445	475
Later than 5 years	8,006	9,023
Total	**10,946**	**12,028**
The following table presents the amounts reported in profit or loss:		
Lease income on operating leases	862	801
Therein lease income relating to variable lease payments that do not depend on an index or rate	429	382

9.8 Contingent liabilities and contingent assets

Contingent liabilities

Council is presently involved in several legal matters, which are being conducted through Council's solicitors. As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.

Council is not aware of any incident or action that may cause a future liability to be created. All existing claims against Council are covered by policies of insurance, and the maximum limits of the liability as set out in those policies, is believed to be adequate to meet all contingencies of those claims without further financial liability on Council.

Contingent assets

a) De-recognised Assets

Council has entered into long term leases over two of its properties.

Council is the owner of the Bellerive Oval. It entered into a 45 year lease over this property on 9 October 2001.

Council is also part owner of the Copping landfill. The owners of the landfill entered into a 50 year lease over this property which commenced on 21 March 2001.

The length and terms of these leases means that control over the assets has effectively passed to the lessees. Consequently the assets are treated as contingent and have not been included in Council's Balance Sheet.

	$'000
Carrying amounts and depreciation expense in respect of these assets were:	
Bellerive Oval - written down value at derecognition (1 July 2012)	24,062
Copping Landfill - written down value at derecognition (1 July 2012)	2,691
	26,753
Depreciation was charged in 2011/12 on these assets as follows:	
Bellerive Oval	850
Copping Landfill	70
	920

Various Council properties contain improvements over which Council does not hold effective control. These are generally minor in nature and include pavilions, change facilities, and improvements for sporting, social, and other community purposes.

Accounting policy

Contingent liabilities and assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent liabilities and contingent assets are presented inclusive of GST receivable or payable respectively.

Contingent assets (de-recognised assets)

Other than the relevant value of the land associated with derecognised assets, Council does not included these assets in its balance sheet. This treatment is in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets.*

9.9 Financial instruments

Managing financial risk

Council has exposure to the following risks from its use of financial instruments:

(a) Interest rate risk
(b) Credit risk
(c) Liquidity risk; and
(d) Market risk.

The Chief Executive Officer has overall responsibility for the establishment and oversight of Council's risk management framework. Risk management policies are established to identify and analyse risks faced by Council, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(a) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities used. Non-derivative interest bearing assets are predominantly short term liquid assets. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Council's loan borrowings are sourced from The Tasmanian Public Finance Corporation (TASCORP) or major Australian banks by a tender process. Finance leases are sourced from major Australian financial institutions. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

- ensuring access to diverse sources of funding;
- reducing risks of refinancing by managing in accordance with target maturity profiles; and
- setting prudential limits on interest repayments as a percentage of rate revenue.

We manage the interest rate exposure on our debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Treasury and Finance each year.

Investment of surplus funds is made with approved financial institutions under the Local Government Act 1993. Council manage interest rate risk by adopting an investment policy (Clarence City Council Investment Policy 2023) that ensures:

- conformity with State and Federal regulations and standards,
- capital protection,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

The exposure to interest rate risk and the effective interest rates of financial assets and non-lease financial liabilities, both recognised and unrecognised, at balance date are as follows. For lease liabilities refer to note 7.4

2026		**Fixed interest maturing in:**					
	Weighted average interest rate	**Floating interest rate**	**1 year or less**	**Over 1 to 5 years**	**More than 5 years**	**Non-interest bearing**	**Total**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets							
Cash and cash equivalents	4.25%	9,516	-	-	-	3	9,519
Investments	4.93%	-	83,000	-	-	-	83,000
Trade and other receivables	5.41%	-	2,554	195	205	1,495	4,449
Investment in water corporation	0.00%	-	-	-	-	189,517	189,517
Total financial assets		9,516	85,554	195	205	191,015	286,485
Financial liabilities							
Trade and other payables	0.00%	-	-	-	-	5,060	5,060
Trust funds and deposits	0.00%	-	-	-	-	2,551	2,551
Interest-bearing loans and borrowings	4.83%	-	634	8,758	-	-	9,392
Total financial liabilities		-	634	8,758	-	7,611	17,003
Net financial assets (liabilities)		9,516	84,920	(8,563)	205	183,404	269,482

9.9 Financial instruments (continued)

2025		Fixed interest maturing in:					
	Weighted average interest rate	Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Cash and cash equivalents	3.75%	9,029	-	-	-	6	9,035
Investments	4.75%	-	72,500	-	-	-	72,500
Trade and other receivables	6.07%	-	2,701	569	205	1,505	4,980
Investment in water corporation	0.00%	-	-	-	-	183,579	183,579
Total financial assets		9,029	75,201	569	205	185,090	270,094
Financial liabilities							
Trade and other payables	0.00%	-	-	-	-	5,378	5,378
Trust funds and deposits	0.00%	-	-	-	-	2,824	2,824
Interest-bearing loans and borrowings	4.70%	-	617	9,393	-	-	10,010
Total financial liabilities		-	617	9,393	-	8,202	18,212
Net financial assets (liabilities)		9,029	74,584	(8,824)	205	176,888	251,882

(b) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in our Statement of Financial Position. To help manage this risk:

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

Credit risk arises from Council's financial assets, which comprise cash and cash equivalents, and trade and other receivables. Council's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable policy note. Council generally trades with recognised, creditworthy third parties, and as such collateral is generally not requested, nor is it Council's policy to securitise its trade and other receivables.

It is Council's policy that some customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating, financial position, past experience and industry reputation.

In addition, receivable balances are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Statement of Financial Position.

Council may also be subject to credit risk for transactions which are not included in the Statement of Financial Position, such as when Council provides a guarantee for another party. Details of our contingent liabilities are disclosed in note 9.9.

Credit quality of contractual financial assets that are neither past due nor impaired

	Financial Institutions (A credit rating)	Government agencies (AA credit rating)	Other (min BBB credit rating)	Not Rated	Total
2026	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	9,516	-	-	3	9,519
Trade and other receivables	-	-	-	4,449	4,449
Investments and other financial assets	59,000	-	24,000	-	83,000
Total contractual financial assets	**68,516**	**-**	**24,000**	**4,452**	**96,968**
2025					
Cash and cash equivalents	9,028	1	-	6	9,035
Trade and other receivables	-	-	-	4,980	4,980
Investments and other financial assets	50,500	-	22,000	-	72,500
Total contractual financial assets	**59,528**	**1**	**22,000**	**4,986**	**86,515**

9.9 Financial instruments (continued)

Ageing of trade and other receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's Trade and Other Receivables was:

	2026 $'000	2025 $'000
Current (not yet due)	-	544
Past due by up to 30 days	1,540	951
Past due between 31 and 180 days	2,315	2,475
Past due between 181 and 365 days	194	184
Past due by more than 1 year	400	773
Total Trade & Other Receivables	**4,449**	**4,927**

Council has determined to not provide for any ECL in respect of receivables. The historical experience of receivables has not provided for any past material losses as a result of default. Council's forward looking view is that this experience is unlikely to materially change and therefore no provision for impairment has been raised in respect to balance date receivables.

(c) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:
- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial asset at all.

To help reduce these risks we:
- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to both the percentage of loans and percentage of loan principal repayments to rate revenue.

The Council's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The table below lists the contractual maturities for non-lease Financial Liabilities. For lease liabilities refer to note 7.4.

These amounts represent the discounted cash flow payments (ie principal only).

2026	6 mths or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	>5 years $'000	Contracted Cash Flow $'000	Carrying Amount $'000
Trade and other payables	4,261	800	-	-	-	5,060	5,060
Trust funds and deposits	-	2,551	-	-	-	2,551	2,551
Interest-bearing loans and borrowings	315	319	241	1,090	7,428	9,393	9,393
Total financial liabilities	**4,576**	**3,670**	**241**	**1,090**	**7,428**	**17,004**	**17,004**

2025	6 mths or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	>5 years $'000	Contracted Cash Flow $'000	Carrying Amount $'000
Trade and other payables	4,582	796	-	-	-	5,378	5,378
Trust funds and deposits	-	2,824	-	-	-	2,824	2,824
Interest-bearing loans and borrowings	269	272	554	490	4,424	6,009	6,009
Total financial liabilities	**4,851**	**3,892**	**554**	**490**	**4,424**	**14,211**	**14,211**

(d) Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Refer to the previous Interest Rate risk discussion for details on market risk exposures.

Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates.

9.9 Financial instruments (continued)

The table below discloses the impact on net operating result and equity for each category of financial instruments held by Council at year-end, if the above movements were to occur.

		Interest rate risk			
		-1%		1%	
		-100 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2026	$'000	$'000	$'000	$'000	$'000
Financial Assets					
Cash and equivalents	9,519	(95)	(95)	95	95
Investments	83,000	(830)	(830)	830	830
Financial Liabilities					
Interest bearing liabilities	9,392	(94)	(94)	94	94

		Interest rate risk			
		-1%		1%	
		-100 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
2025	$'000	$'000	$'000	$'000	$'000
Financial Assets					
Cash and equivalents	9,035	(90)	(90)	90	90
Investments	72,500	(725)	(725)	725	725
Financial Liabilities					
Interest bearing liabilities	10,010	(100)	(100)	100	100

Fair Value

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

Financial Instruments	Total carrying amount as per the Statement of Financial Position		Aggregate net fair value	
	2026	2025	2026	2025
	$'000	$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	9,519	9,035	9,519	9,035
Investments	83,000	72,500	83,000	72,500
Trade and other receivables	4,449	4,980	4,449	4,980
Investment in water corporation	189,517	183,579	189,517	183,579
Total financial assets	286,485	270,094	286,485	270,094
Financial liabilities				
Trade and other payables	5,060	5,378	5,060	5,378
Trust funds and deposits	2,551	2,824	2,551	2,824
Interest-bearing loans and borrowings	9,392	10,010	9,957	8,739
Total financial liabilities	17,003	18,212	17,568	16,941

9.10 Fair Value Measurements

Council measures and recognises the following assets at fair value on a recurring basis:
Investment in water corporation
Property, infrastructure plant and equipment
- Land
- Land under roads
- Buildings
- Roads and bridges
- Drainage
- Parks and recreation
- Waste management

Council does not measure any liabilities at fair value on a recurring basis.

(a) 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 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Council. The table presents the Council's assets and liabilities measured and recognised at fair value at 30 June 2026.
The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. These assets are valued using a combination of observable and unobservable inputs.

As at 30 June 2026

Recurring fair value measurements	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Investment in water corporation	5.2	-	-	189,517	189,517
Land	6.1	-	159,645	-	159,645
Land under roads	6.1	-	416,644	-	416,644
Buildings	6.1	-	-	103,254	103,254
Roads and bridges	6.1	-	-	327,721	327,721
Drainage	6.1	-	-	256,035	256,035
Parks and recreation	6.1	-	-	34,674	34,674
Waste management	6.1	-	-	1,602	1,602
		-	576,289	912,803	1,489,092

As at 30 June 2025

Recurring fair value measurements	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Investment in water corporation	5.2	-	-	183,579	183,579
Land	6.1	-	159,550	-	159,550
Land under roads	6.1	-	415,973	-	415,973
Buildings	6.1	-	55,285	-	55,285
Roads and bridges	6.1	-	-	330,320	330,320
Drainage	6.1	-	-	255,639	255,639
Parks and recreation	6.1	-	-	34,828	34,828
Waste management	6.1	-	-	1,610	1,610
		-	630,808	805,976	1,436,784

Transfers between levels of the hierarchy

Council's policy is to recognise transfers in and out of the fair value hierarchy levels as at the end of the reporting period.
During the year, the fair value measurements of Buildings were transferred from Level 2 to Level 3 of the fair value hierarchy. The transfer occurred following the 31 March 2026 revaluation undertaken by Knowledge Asset Management Services, which incorporated significant unobservable inputs, including asset condition assessments, remaining useful lives and obsolescence factors. As these inputs are significant to the valuation, the assets are classified as Level 3 in accordance with AASB 13.

9.10 Fair Value Measurements (continued)

(b) Valuation techniques and significant inputs used to derive fair values

Investment in water corporation
Refer to Note 5.2 for details of valuation techniques used to derive fair values.

Land
The fair value of land was determined by the Valuer-General through a full revaluation of the municipality, with a deemed valuation date of 1 July 2018, to which indexation of up to 80% has been applied consistent with the Valuer-Generals adjustment factors for the period 1 July 2018 to 30 June 2024. The next full valuation is planned for 30 June 2027.

Land under roads
The fair value of land under roads has been determined based on unit valuations provided by the Valuer-General for various land classes across the City, with an effective date of 30 June 2024.

Buildings
Building assets have been valued at current replacement cost written down to reflect the portion of the economic life that has expired. Current replacement cost has been established as at 31 March 2026 through revaluation by Knowledge Asset Management Services, external asset management specialists.

Roads and bridges
Roads and bridges includes earthworks, substructures, seals, kerbs, crossings, underpasses and overpasses relating to roads, footpaths and bridges. Road and bridge assets have been valued at current replacement cost written down to reflect the portion of the economic life that has expired. Current replacement cost has been established as at 31 March 2024 through revaluation by GR Webb Consulting Pty Ltd, external asset management specialists.

Significant unobservable inputs include estimated useful life and inputs required to construct roads and associated infrastructure such as labour, plant hire, gravel, hotmix, cement etc. The estimated fair value would increase (decrease) if the labour/hire rates and/or prices per unit were higher (lower).

Drainage
Drainage infrastructure assets have been valued at current replacement cost written down to reflect the portion of the economic life that has expired. Current replacement cost has been established as at 31 March 2025 through revaluation by GR Webb Consulting Pty Ltd, external asset management specialists.

Significant unobservable inputs include estimated useful life and inputs required to construct stormwater assets and associated infrastructure such as labour, plant hire, pipe length/dimension/material etc. The estimated fair value would increase (decrease) if the estimated useful life, labour/plant hire rates and/or prices per unit were higher (lower).

Parks and recreation
Parks and recreation equipment assets have been valued at current replacement cost written down to reflect the portion of the economic life that has expired. Current replacement cost has been established as at 31 March 2026 through revaluation by Knowledge Asset Management Services, external asset management specialists. Asset fair value would increase (decrease) if prices increased (decreased). The next full valuation is planned for 30 June 2027.

Waste management
Waste management assets primarily comprise land associated with a landfill site which is leased to a Joint Authority of which Council is a member. The fair value of land was determined by the Valuer-General through a full revaluation of the municipality, with a deemed valuation date of 1 July 2024. Other assets recorded at fair value, primarily comprising litter bins, are valued at current replacement cost based upon market pricing information provided by Council's officers as at 28 February 2022. Estimated fair value of these assets would increase (decrease) if market prices increased (decreased). The next full valuation is planned for 30 June 2027.

9.10 Fair Value Measurements (continued)

(c) Unobservable inputs and sensitivities

Asset / liability category*	Carrying amount (at fair value)	Key unobservable inputs *	Expected range of inputs	Description of how changes in inputs will affect the fair value
Investment in Water Corporation		Refer to note 5.2 for a description of the valuation basis.		

*There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(d) Changes in recurring level 3 fair value measurements

The changes in level 3 property plant and equipment assets with recurring fair value measurements are detailed in note 6.1 (Property, infrastructure, plant and equipment). Investment in water corporation, which is classified as level 3 has been separately disclosed in note 5.2.

Refer to 9.11(a) above regarding transfers between levels of hierarchy during the year.

(e) Valuation processes

Council's current policy for the valuation of property, infrastructure, plant and equipment, and investment in water corporation (recurring fair value measurements) is set out in notes 6.1 and 5.2 respectively.
Non-recurring fair value measurements are made at the point of reclassification by a registered valuer, as set out in note 6.1.

(f) Assets and liabilities not measured at fair value but for which fair value is disclosed

Council has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in other notes. Council borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of borrowings disclosed in note 8.1 is provided by Tascorp (level 2).

9.11 Events occurring after balance date

No events subsequent to balance date have been identified which would materially alter these statements.

9.12 Prior Period Error

Building depreciation

In preparation of the financial statements for the year ended 30 June 2026, Council established that a number of buildings were being depreciated from a commissioning date that was subsequent to when they first became available for use. As a result, the written down value of buildings recorded within the Statement of Financial Position was overstated by $12.7M due to the accumulated depreciation being understated as a result of the incorrect date being utilised.

Recognised assets

As part of the revaluation of Buildings and Parks & Recreation assets for the year ended 30 June 2026, a number of assets were identified in the valuation reports that had not previously been recognised by Council. Subsequent investigation determined these assets were not newly acquired during the current financial year and had been available for use in prior reporting periods. The resulting impact in the prior year was an understatement of the written down value of property, infrastructure, plant and equipment of $1.3M.

In accordance with AASB108 Accounting Policies, Changes in Accounting Estimates and Errors, Council has corrected the prior period errors retrospectively. Comparative information for the year ended 30 June 2025 has been restated to reflect the correction.

Impact of Prior Period Errors

	As at 30 June 2025		
	Published financial statements	**Correction of error**	**Restated actuals**
Statement of Comprehensive Income	**$'000**	**$'000**	**$'000**
Depreciation and Amortisation	21,469	622	22,091
Total expenses from continuing operations	**92,314**	**622**	**92,936**
Net result for the year	**25,878**	**(622)**	**25,256**
Total comprehensive result	**65,994**	**(622)**	**65,372**
Statement of Financial Position			
Property, infrastructure, plant and equipment	1,295,813	(11,394)	1,284,419
Total non-current assets	**1,503,956**	**(11,394)**	**1,492,562**
Total assets	**1,591,914**	**(11,394)**	**1,580,520**
Net assets	**1,562,919**	**(11,394)**	**1,551,525**
Accumulated surpluses	700,640	(11,394)	689,246
Total equity	**1,562,919**	**(11,394)**	**1,551,525**

	As at 1 July 2024		
	Published financial statements	**Correction of error**	**Restated actuals**
Statement of Financial Position	**$'000**	**$'000**	**$'000**
Property, infrastructure, plant and equipment	1,223,618	(10,772)	1,212,846
Total non-current assets	**1,423,550**	**(10,772)**	**1,412,778**
Total assets	**1,522,944**	**(10,772)**	**1,512,172**
Net assets	**1,496,934**	**(10,772)**	**1,486,162**
Accumulated surpluses	676,731	(10,772)	665,959
Total equity	**1,562,919**	**(10,772)**	**1,552,147**

10 Other matters

10.1 Related party transactions

i) Councillor Remuneration

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

Councillors	Cr Brendan Blomeley
	Cr Allison Ritchie
	Cr Heather Chong
	Cr Jade Darko
	Cr Emma Goyne
	Cr Daniel Hulme
	Cr Bree Hunter
	Cr Richard James
	Cr Wendy Kennedy
	Cr Tony Mulder
	Cr James Walker
	Cr Beth Warren
Chief Executive Officer	Ian Nelson

2026	Short term employee benefits				
Position	**Allowances**	**Vehicles[1]**	**Total Compensation**	**Reimbursement of expenses[2]**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Mayor	130	25	155	8	163
Deputy Mayor	63	-	63	14	77
Councillors	371	-	371	14	385
Total	**564**	**25**	**589**	**36**	**625**

2025	Short term employee benefits				
Position	**Allowances**	**Vehicles[1]**	**Total Compensation**	**Reimbursement of expenses[2]**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Mayor	122	25	147	10	157
Deputy Mayor	47	-	47	15	62
Councillors	348	-	348	20	368
Total	**517**	**25**	**542**	**45**	**587**

1 Includes total cost of providing and maintaining vehicles provided for private use, including registration, insurance, fuel & other consumables, maintenance costs and parking. Amount shown is net of costs reimbursed.

2 Expenses relate to the reimbursement of costs such as internet, telephone, conference and meeting attendance costs.

ii) Key Management Personnel Remuneration

2026		Short term employee benefits			Post employment benefits			
Remuneration Band	**Number of Employees**	**Salary[1]**	**Vehicles[2]**	**Other Allowances and Benefits[3]**	**Super-annuation[4]**	**Termination Benefits[5]**	**Non Monetary Benefits[6]**	**Total**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
$20,001 - $40,000*	2	47	2	-	6	-	3	58
$220,001 - $240,000	6	1130	93	3	147	-	22	1395
$240,001 - $260,000	2	389	31	7	51	-	12	490
$280,001 - $300,000	1	230	15	-	30	-	10	285
$400,001 - $420,000	1	348	13	-	32	-	25	418
Total		**2,144**	**154**	**10**	**266**	**-**	**72**	**2,646**

10.1 Related party transactions (continued)

2025 Remuneration Band	Number of Employees	Short term employee benefits: Salary[1]	Vehicles[2]	Other Allowances and Benefits[3]	Post employment benefits: Super-annuation[4]	Termination Benefits[5]	Non Monetary Benefits[6]	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
$1 - $20,000*	1	13	1	-	2	-	0	16
$20,001 - $40,000*	2	38	4	-	5	-	1	48
$200,001 - $220,000	4	705	62	-	88	-	20	875
$220,001 - $240,000	4	741	62	10	94	-	42	949
$260,001 - $280,000	1	219	15	-	27	-	(12)	249
$380,001 - $400,000	1	334	16	-	30	-	(17)	363
Total		**2,050**	**160**	**10**	**246**	**-**	**34**	**2,500**

* Employees within this remuneration band were acting in a key management role for a period of greater than 4 weeks.
** Within these remuneration bands are employees who assumed a key management role during the financial year.

1 Salary includes all forms of consideration paid and payable for services rendered and compensated absences.
2 The value of vehicles provided reflects that amount specified in individual employment agreements.
3 Other allowances and benefits includes the payment of higher duties allowances and cashed out annual leave.
4 Superannuation means the contribution to the superannuation fund of the individual.
5 Termination benefits include all forms of benefit paid or accrued as a consequence of termination.
6 Non-monetary benefits represents movements in accruals for annual and long service leave, and is not included in the determination of remuneration band.

iii) Remuneration Principles

Councillors

Councillors are paid allowances and compensation for certain expenses consistent with the Local Government Act 1993.

Executives

Remuneration of key management personnel is based on an assessment of current market remuneration for similar positions.
The employment terms and conditions of senior executives are contained in individual employment contracts and prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions. In addition to their salaries, Council also provides non-cash benefits and contributes to post-employment superannuation plans on their behalf.

Short term incentive payments

Council does not make short term incentive payments.

Acting Arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to their position during their period of absence.
Individuals are considered members of key management personnel when acting arrangements are for more than a period of 4 weeks.

iv) Transactions with Related Parties

In accordance with s84(2)(b) of the Local Government Act 1993, no interests have been notified to the Chief Executive Officer in respect of any body or organisation with which the Council has major financial dealings.

10.2 Special committees and other activities

Under Section 24 of the Local Government Act 1993 a Council may appoint Special Committees. The Council had 1 such Committee in operation as at 30 June 2026.

The operations of the Special Committees are consolidated in to Council's financial statements and are summarised as follows:

	Income	Expenditure	Net Result	Net Assets
2026	**$'000**	**$'000**	**$'000**	**$'000**
Geilston Bay Community Centre	5	3	2	4
	5	**3**	**2**	**4**
2025				
Geilston Bay Community Centre	1	1	-	2
	1	**1**	**-**	**2**

10.3 Other material accounting policies and pending accounting standards

(a) Taxation

Council is exempt from all forms of taxation except Fringe Benefits Tax, Payroll Tax and the Goods and Services Tax.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(b) Impairment of non-financial assets

At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Other Comprehensive Income, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset. For non-cash generating assets of Council such as roads, drains, public buildings and the like, value in use is represented by the deprival value of the asset approximated by its written down replacement cost.

(c) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being Council's operational cycle, or if Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

(d) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

(e) Adoption of new and amended accounting standards

In the current year, Council has reviewed and assessed all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board, and determined that none would have a material effect on Council's operations or financial reporting.

(f) Pending Accounting Standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2026 reporting period. Council assesses the impact of these new standards. As at 30 June 2026 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2026 that are expected to impact Council.

In September 2024 the Australian Accounting Standards Board (AASB) issued two Australian Sustainability Reporting Standards (ASRS). This followed Commonwealth legislation establishing Australia's sustainability reporting framework. Relevant entities will be required to undertake mandatory reporting of climate-related disclosures in future financial years. Public sector application issues remain under consideration and Council will continue to monitor developments and potential implications for future financial years.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to Council's activities, or have no material impact.

10.4 Significant Business Activities

The operating capital and competitive neutrality costs of the Council's significant business

	Clarence Children's Services		Clarence Aquatic Centre	
	2026	2025	2026	2025
	$'000	$'000	$'000	$'000
Revenue				
User Charges	7,482	6,765	-	-
Grants	60	78	-	-
Rental Income	-	-	127	114
Other Income	93	82	-	-
Total Revenue	**7,635**	**6,925**	**127**	**114**
Expenditure				
Direct				
Employee Costs	3,714	3,365	-	-
Materials and contracts	2,664	2,147	462	431
Utilities	12	10	167	139
Other Expenses	349	372	-	-
Indirect				
Engineering & Administration	106	103	-	-
Total Expenses	**6,845**	**5,997**	**629**	**570**
Notional cost of free services received				
Capital Costs				
Depreciation and amortisation	51	36	141	143
Opportunity cost of capital	151	134	153	135
Total Capital Costs	**202**	**170**	**294**	**278**
Competitive neutrality adjustments				
Rates and land tax	22	22	17	17
Calculated Surplus/(Deficit)	**739**	**892**	**(643)**	**(599)**
Competitive neutrality adjustments	**566**	**736**	**(813)**	**(751)**

Accounting policy - Significant business activities

Council is required to report the operating, capital and competitive neutrality costs in respect of each significant business activity undertaken by the Council. Council's disclosure is reconciled above. Council has determined, based upon the requirements of the National Competition Policy, that Clarence Children's Services and Clarence Aquatic Centre as defined above are considered significant business activities. Clarence Children's Services is the consolidation of Rosny Early Learning, Family Day Care, Outside of School Hours Care, and Vacation Care. Competitive neutrality costs include notional costs i.e. income tax equivalent, rates and loan guarantees. In preparing the information disclosed in relation to significant business activities, the following assumptions have been applied:

- The opportunity cost is based on applying the effective (weighted) average interest rate of cash assets per note 9.10
- Materials, contracts and employee costs are based on actual expenditure on each activity
- Tax calculation has not been included as it is considered to be immaterial

10.5 Financial Management Indicators

	Benchmark	2026 $'000	2025 $'000	2024 $'000	2023 $'000
(a) Underlying surplus or deficit					
Net result for the year		17,211	25,256	31,282	34,164
Less non-operating income					
Capital contributions and recognition of assets		(6,730)	(15,277)	(25,301)	(20,464)
Specific capital grants for new assets		(3,955)	(3,823)	(1,642)	(2,609)
Grants received in advance - current year		(3,348)	(2,012)	(3,245)	(3,769)
Grants received in advance - prior year		2,012	3,245	3,769	2,470
Add non-operating expenses					
Impairment of receivables		1,132	1,905	5,881	-
Payment of redundancy		171	67	299	-
Underlying surplus/(deficit)	0	6,493	9,361	11,043	9,792

The intent of the underlying result is to show the outcome of Council's normal or usual day to day operations.
The ratio highlights that moderate underlying surpluses continue to be generated. This is through the realisation of income in excess of expectations, such as supplementary rates from strong municipal growth, and interest income.

(b) Underlying surplus ratio					
Underlying surplus or deficit		*6,493*	*9,361*	*11,043*	*9,792*
Recurrent Income*		*106,758*	*100,325*	*92,734*	*88,439*
Underlying surplus ratio %	0%	*6.1%*	*9.3%*	*11.9%*	*11.1%*

This ratio serves as an overall measure of financial operating effectiveness.
The underlying surplus ratio indicates a relatively moderate surplus on recurrent income, which is taken to Council reserves and used for the maintenance, development, and/or acquisition of infrastructure assets to service the needs of the municipality.

(c) Net financial liabilities				
Liquid assets less	98,192	86,986	99,112	115,406
Total liabilities	29,327	28,995	26,010	32,518
Net financial liabilities	68,865	57,991	73,102	82,888

This measure shows whether Council's total liabilities can be met by its liquid assets. An excess of total liabilities over liquid assets means that, if all liabilities fell due at once, additional revenue would be needed to fund the shortfall.
The excess of liquid assets of total liabilities indicates that Council is able to meet all current financial obligations, while also maintaining reserve funding for future municipal needs.

(d) Net financial liabilities ratio					
Net financial liabilities		*68,865*	*57,991*	*73,102*	*82,888*
Recurrent Income*		*106,758*	*100,325*	*92,734*	*88,439*
Net financial liabilities ratio %	0% - (50%)	*64.5%*	*57.8%*	*78.8%*	*93.7%*

This ratio indicates the net financial obligations of Council compared to its recurrent income.
Council is currently in the position of having net financial assets, and as such has no concern in servicing current or future financial obligations.

* Recurrent income excludes income received specifically for new or upgraded assets, physical resources received free of charge or other income of a capital nature.

(e) Asset consumption ratio
An asset consumption ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.

Buildings					
Fair value (carrying amount)		*103,254*	*55,285*	*43,067*	*39,507*
Current replacement cost (gross)		*173,111*	*76,533*	*50,501*	*46,249*
Asset consumption ratio %	>60%	*59.6%*	*72.2%*	*85.3%*	*85.4%*

10.5 Financial Management Indicators (continued)	Benchmark	2026 $'000	2025 $'000	2024 $'000	2023 $'000
Roads and bridges					
Fair value (carrying amount)		*327,721*	*330,320*	*331,367*	*264,290*
Current replacement cost (gross)		*766,811*	*759,040*	*748,190*	*578,101*
Asset consumption ratio %	>60%	*42.7%*	*43.5%*	*44.3%*	*45.7%*
Drainage					
Fair value (carrying amount)		*256,035*	*255,639*	*212,381*	*163,624*
Current replacement cost (gross)		*406,986*	*402,518*	*331,169*	*258,564*
Asset consumption ratio %	>60%	*62.9%*	*63.5%*	*64.1%*	*63.3%*

This ratio indicates the level of service potential available in Council's existing asset base.
This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost. Through the development of its Long Term Financial Management Plan and Asset Management Plans, Council continues to plan for the timely replacement of infrastructure assets.

(f) Asset renewal funding ratio

An asset consumption ratio has been calculated in relation to each asset class required to be included in the long-term strategic asset management plan of Council.

Buildings					
Projected capital funding outlays**		*14,945*	*15,363*	*9,623*	*10,465*
Projected capital expenditure funding***		*18,050*	*17,977*	*10,638*	*9,657*
Asset renewal funding ratio %	90-100%	*82.8%*	*85.5%*	*90.5%*	*108.4%*
Roads and bridges					
Projected capital funding outlays**		*120,205*	*118,980*	*84,063*	*95,279*
Projected capital expenditure funding***		*145,177*	*139,221*	*92,925*	*87,923*
Asset renewal funding ratio %	90-100%	*82.8%*	*85.5%*	*90.5%*	*108.4%*
Drainage					
Projected capital funding outlays**		*7,260*	*7,133*	*4,105*	*4,538*
Projected capital expenditure funding***		*8,768*	*8,346*	*4,538*	*4,188*
Asset renewal funding ratio %	90-100%	*82.8%*	*85.5%*	*90.5%*	*108.4%*
Parks and open space					
Projected capital funding outlays**		*9,162*	*9,125*	*6,544*	*6,943*
Projected capital expenditure funding***		*11,065*	*10,677*	*7,234*	*6,407*
Asset renewal funding ratio %	90-100%	*82.8%*	*85.5%*	*90.5%*	*108.4%*

** Current value of projected capital funding outlays for an asset identified in Council's Long Term Financial Management Plan.
*** Value of projected capital expenditure funding for an asset identified in Council's Asset Management Plans.

This ratio measures Council's capacity to fund future asset replacement requirements.
The asset renewal funding ratio compares the budgeted renewal expenditure to the projected capital expenditure requirements in the Long Term Financial Management Plan, as established through the Asset Management Plans of Council. This ratio should be considered over a longer period of time, at least 10 years, to assess if Council is adequately funding the renewal of its assets.
Council adopted a Financial Management Strategy in June 2023 which included a Long Term Financial Management Plan to 30 June 2034. That Plan included data that demonstrated Council has, on average over the 10 year life of the Plan, provided funding to renew assets in accordance with Asset Management Plans.

10.5 Financial Management Indicators (continued)

	Benchmark	2026	2025	2024	2023
		$'000	$'000	$'000	$'000
(g) Asset sustainability ratio					
Capex on replacement/renewal of existing assets		*10,459*	*8,126*	*10,384*	*10,523*
Annual depreciation expense		*21,695*	*20,859*	*16,934*	*15,180*
Asset sustainability ratio %	100%	*48.2%*	*39.0%*	*61.3%*	*69.3%*

This ratio calculates the extent to which Council is maintaining operating capacity through renewal of their existing asset base. Council has experienced a period of investment in new assets and this is reflected in the result for this indicator in the period reported. Council will continue to monitor its performance through the Long Term Financial Management Plan and manage assets in accordance with Asset Management Plans.