



**PORT STEPHENS**  
C O U N C I L

SUPPLEMENTARY INFORMATION

ORDINARY COUNCIL MEETING  
23 SEPTEMBER 2025

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- Nb. **Bold** Items listed above have not been previously received or viewed by Councillors.

## **SUPPLEMENTARY INFORMATION**

**ITEM NO. 1**

**FILE NO: 25/247460  
EDRMS NO: 16-2025-81-1**

**DEVELOPMENT APPLICATION (DA) 16-2025-81-1 FOR EARTHWORKS  
COMPRISING A FLOOD MOUND FOR STOCK REFUGE, CONSTRUCTION OF A  
SHED AND INSTALLATION OF 3 SHIPPING CONTAINERS AT 269 NEWLINE  
ROAD, RAYMOND TERRACE**

**REPORT OF: RYAN FALKENMIRE - DEVELOPMENT AND COMPLIANCE  
SECTION MANAGER  
DIRECTORATE: COMMUNITY FUTURES**

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### **RECOMMENDATION IS THAT COUNCIL:**

- 1) Approve Development Application (DA) No.16-2025-81-1 for earthworks comprising a flood mound for stock refuge, construction of a shed and installation of 3 shipping containers at 269 Newline Road, Raymond Terrace (Lot: 103 DP: 1016640) subject to the recommended conditions.

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### **BACKGROUND**

The purpose of this Supplementary Report is to address the referral received from the Department of Climate Change, Energy the Environment and Water (DCCEEW) for Development Application (DA) No.16-2025-81-1 seeking approval for earthworks comprising a flood mound for stock refuge, construction of a shed and installation of 3 shipping containers at 269 Newline Road, Raymond Terrace (Lot: 103 DP: 1016640).

The referral from DCCEEW was received via the NSW Planning Portal after the Planner's Assessment Report had been finalised and the Business Paper published.

### **SUMMARY**

Given the mound as proposed by the applicant is in close proximity to infrastructure associated with the Hunter Valley Flood Mitigation Scheme, specifically the Williams River flood levee, the DA was referred to the DCCEEW under s256 of the Water Management Act (WM Act).

Under s256 of the WM Act, consent is required from DCCEEW to construct any building, fence or structure in, on, or adjacent to, a levee bank. Referral under s256 of the WM Act is not an integrated or concurrence referral required under the Environmental Planning and Assessment Act 1979 (EP&A Act). Whilst approval under s256 of the WM Act is separate to development approval under the EP&A Act,

**ORDINARY COUNCIL - 23 SEPTEMBER 2025 - SUPPLEMENTARY INFORMATION**

Council generally refers developments that involve works in close proximity to Hunter Valley Flood Mitigation Scheme Infrastructure to DCCEEW for review and comment. This process can generally assist in streamlining the approval process for applicants as DCCEEW comments can be considered and addressed during assessment of a DA, with any plan amendments undertaken prior to determination rather than through subsequent development consent modifications.

Through the assessment of this DA, DCCEEW requested additional information and design amendments to the proposed flood mound. The applicant subsequently amended plans to address DCCEEW's request. DCCEEW subsequently issued a referral response and associated approvals under s256 of the WM Act. DCCEEW considered that the plans are in accordance with the Department's minimum setback requirements from the toe of the existing levee. Whilst the amended plans addressed the DCCEEW comments, the plans still failed to address the safety and flood impact assessment concerns from Council.

It is important to note that DCCEEW's assessment of the proposal considers impacts to infrastructure associated with the Hunter Valley Flood Mitigation Scheme, which is not correlated to the requirements of the Port Stephens Local Environmental Plan 2013 or the Port Stephens Development Control Plan, including flood related impacts and risk to life.

Notwithstanding the above, the alternate location of the mound as recommended for approval by Council staff does not require approval from DCCEEW under s256 of the WM Act due to its substantial setback from the Williams River levee.

The recommendation to approve the proposed flood mound in the alternate location as outlined in the Planner's Assessment Report remains unchanged despite the DCCEEW referral now being received.

**ATTACHMENTS**

Nil.

## **SUPPLEMENTARY INFORMATION**

**ITEM NO. 5**

**FILE NO: 25/255684  
EDRMS NO: PSC2017-00180**

### **2024-2025 DRAFT FINANCIAL STATEMENTS**

**REPORT OF: GLEN PETERKIN - FINANCIAL SERVICES SECTION MANAGER  
DIRECTORATE: CORPORATE STRATEGY AND SUPPORT**

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#### **RECOMMENDATION IS THAT COUNCIL:**

- 1) Receives the draft Financial Statements for the year ended 30 June 2025 and formally refers them to the Audit Office of New South Wales, in accordance with Section 413(1) of the Local Government Act 1993 (**ATTACHMENT 1**).
- 2) Authorises the signing of the declaration by the Mayor, a Councillor, the General Manager and the Responsible Accounting Officer for the General Purpose Financial Statements for the year ended 30 June 2025 (**ATTACHMENT 2**).
- 3) Upon receiving the Auditor's Report, place the 2024-2025 draft Financial Statements on public exhibition in accordance with Section 418(4) of the Local Government Act 1993 (Act), noting the intention to return the audited statements to Council for formal adoption at the meeting on 25 November 2025.

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#### **BACKGROUND**

The purpose of this report is to provide Council with the draft Financial Statements for the year ended 30 June 2025.

Under section 413 of the Local Government Act 1993 Council must prepare financial statements for each year and must refer them for audit as soon as practicable after the end of that year.

These draft Financial Statements include:

- General Purpose Financial Statements.
- Special Schedules.

The reports have been prepared by Council Officers in accordance with the Local Government Act 1993 and associated regulations, the Australian Accounting Standards and the Local Government Code of Accounting Practice.

Council is required to refer the draft financial statements to audit and sign a declaration made pursuant to Section 413 (2c) of the Local Government Act 1993 (NSW).

**ISSUES**

Nil.

**ATTACHMENTS**

- 1) Draft Financial Statements - June 2025. [↓](#)
- 2) Statement by Councillors and Management - 30 June 2025. [↓](#)

# Port Stephens Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2025

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*"A great lifestyle in a treasured environment"*



## **Port Stephens Council**

### **General Purpose Financial Statements for the year ended 30 June 2025**

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#### **Overview**

Port Stephens Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

116 Adelaide Street  
Raymond Terrace NSW 2324

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

## **Port Stephens Council**

### **General Purpose Financial Statements for the year ended 30 June 2025**

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on **23 September 2025**.

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Leah Anderson  
**Mayor**  
23 September 2025

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Jason Wells  
**Councillor**  
23 September 2025

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Tim Crosdale  
**General Manager**  
23 September 2025

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Glen Peterkin  
**Responsible Accounting Officer**  
23 September 2025

## Port Stephens Council

### Income Statement for the year ended 30 June 2025

Original unaudited budget 2025	\$ '000	Notes	Actual 2025	Actual 2024
<b>Income from continuing operations</b>				
82,377		Rates and annual charges	81,803	75,064
62,594		User charges and fees	58,983	57,143
5,196		Other revenues	6,088	5,384
13,407		Grants and contributions provided for operating purposes	13,059	17,992
29,279		Grants and contributions provided for capital purposes	37,414	40,780
2,649		Interest and investment income	4,496	4,780
3,807		Other income	2,989	5,347
250		Net gain from the disposal of assets	391	-
<u>199,559</u>		<b>Total income from continuing operations</b>	<u>205,223</u>	<u>206,490</u>
<b>Expenses from continuing operations</b>				
64,598		Employee benefits and on-costs	66,113	61,489
65,511		Materials and services	68,530	62,802
3,421		Borrowing costs	2,616	2,942
8,209		Other expenses	9,534	7,343
-		Net loss from the disposal of assets	-	3,879
<u>141,739</u>		<b>Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets</b>	<u>146,793</u>	<u>138,455</u>
<u>57,820</u>		<b>Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets</b>	<u>58,430</u>	<u>68,035</u>
21,792		Depreciation, amortisation and impairment of non-financial assets	22,076	21,107
<u>36,028</u>		<b>Operating result from continuing operations</b>	<u>36,354</u>	<u>46,928</u>
<u>36,028</u>		<b>Net operating result for the year attributable to Council</b>	<u>36,354</u>	<u>46,928</u>
<u>6,748</u>		<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<u>(1,060)</u>	<u>6,148</u>

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

**Port Stephens Council**

**Statement of Comprehensive Income**  
for the year ended 30 June 2025

\$ '000	Notes	2025	2024
<b>Net operating result for the year – from Income Statement</b>		<b>36,354</b>	46,928
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequent to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<b>171,646</b>	73,764
Gain (loss) on revaluation of intangible assets		<u>–</u>	<u>2,732</u>
<b>Total items which will not be reclassified subsequent to operating result</b>		<b>171,646</b>	76,496
Amounts which will be reclassified subsequent to operating result when specific conditions are met			
Gain (loss) on hedging instruments	C3-5	<u>(1,482)</u>	<u>(122)</u>
<b>Total items which will be reclassified subsequent to operating result when specific conditions are met</b>		<b>(1,482)</b>	(122)
<b>Total other comprehensive income for the year</b>		<b>170,164</b>	76,374
<b>Total comprehensive income for the year attributable to Council</b>		<b>206,518</b>	123,302

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

## Port Stephens Council

### Statement of Financial Position as at 30 June 2025

\$ '000	Notes	2025	2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	8,007	24,980
Investments	C1-2	59,000	42,000
Receivables	C1-4	14,070	11,665
Inventories	C1-5	218	277
Contract assets and contract cost assets	C1-6	5,532	7,929
Non-current assets classified as held for sale	C1-7	7,186	–
Other		2,221	1,448
<b>Total current assets</b>		<b>96,234</b>	<b>88,299</b>
<b>Non-current assets</b>			
Investments	C1-2	16,639	19,160
Receivables	C1-4	123	142
Inventories	C1-5	10,311	10,097
Infrastructure, property, plant and equipment (IPPE)	C1-8	1,731,980	1,493,020
Investment property	C1-9	42,640	44,315
Intangible assets	C1-10	7,133	6,566
Right of use assets	C2-1	1,541	2,316
Derivative financial instruments	C3-5	–	893
Other		131	5
<b>Total non-current assets</b>		<b>1,810,498</b>	<b>1,576,514</b>
<b>Total assets</b>		<b>1,906,732</b>	<b>1,664,813</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	25,034	18,890
Contract liabilities	C3-2	8,675	8,110
Lease liabilities	C2-1	926	958
Borrowings	C3-3	2,083	2,163
Employee benefit provisions	C3-4	16,048	16,106
Derivative financial instruments	C3-5	53	–
<b>Total current liabilities</b>		<b>52,819</b>	<b>46,227</b>
<b>Non-current liabilities</b>			
Payables	C3-1	1,283	1,571
Lease liabilities	C2-1	761	1,621
Borrowings	C3-3	90,939	61,607
Employee benefit provisions	C3-4	934	970
Derivative financial instruments	C3-5	661	–
<b>Total non-current liabilities</b>		<b>94,578</b>	<b>65,769</b>
<b>Total liabilities</b>		<b>147,397</b>	<b>111,996</b>
<b>Net assets</b>		<b>1,759,335</b>	<b>1,552,817</b>
<b>EQUITY</b>			
Accumulated surplus		847,836	808,758
IPPE revaluation surplus	C4-1	912,107	743,185
Hedging reserve	C4-1	(608)	874
<b>Total equity</b>		<b>1,759,335</b>	<b>1,552,817</b>

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

## Port Stephens Council

### Statement of Changes in Equity for the year ended 30 June 2025

\$ '000	Notes	2025				2024			
		Accumulated surplus	IPPE revaluation surplus	Hedging reserve	Total equity	Accumulated surplus	IPPE revaluation surplus	Hedging reserve	Total equity
Opening balance at 1 July		808,758	743,185	874	1,552,817	759,907	668,612	996	1,429,515
Net operating result for the year		36,354	–	–	36,354	46,928	–	–	46,928
Other comprehensive income									
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	171,646	–	171,646	–	73,764	–	73,764
Gain (loss) on revaluation of intangible assets		–	–	–	–	–	2,732	–	2,732
Gain (loss) on hedging instruments	C3-5	–	–	(1,482)	(1,482)	–	–	(122)	(122)
<b>Other comprehensive income</b>		<b>–</b>	<b>171,646</b>	<b>(1,482)</b>	<b>170,164</b>	<b>–</b>	<b>76,496</b>	<b>(122)</b>	<b>76,374</b>
<b>Total comprehensive income</b>		<b>36,354</b>	<b>171,646</b>	<b>(1,482)</b>	<b>206,518</b>	<b>46,928</b>	<b>76,496</b>	<b>(122)</b>	<b>123,302</b>
Transfers between equity items		2,724	(2,724)	–	–	1,923	(1,923)	–	–
<b>Closing balance at 30 June</b>		<b>847,836</b>	<b>912,107</b>	<b>(608)</b>	<b>1,759,335</b>	<b>808,758</b>	<b>743,185</b>	<b>874</b>	<b>1,552,817</b>

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

## Port Stephens Council

### Statement of Cash Flows for the year ended 30 June 2025

Original unaudited budget 2025	\$ '000	Notes	Actual 2025	Actual 2024
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
81,585	Rates and annual charges		81,169	74,740
62,594	User charges and fees		62,524	59,790
2,649	Interest received		3,547	4,079
42,686	Grants and contributions		44,774	48,459
–	Bonds, deposits and retentions received		427	–
8,100	Other		13,342	15,234
<i>Payments:</i>				
(65,726)	Payments to employees		(66,886)	(63,528)
(68,908)	Payments for materials and services		(70,697)	(69,852)
(3,421)	Borrowing costs		(2,616)	(2,942)
–	Bonds, deposits and retentions refunded		–	(225)
(4,226)	Other		(7,089)	(8,320)
<u>55,333</u>	<b>Net cash flows from operating activities</b>	G1-1	<u>58,495</u>	<u>57,435</u>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Sale of investments		44,003	115,379
250	Proceeds from sale of IPPE		1,987	626
–	Sale of intangible assets		40	–
<i>Payments:</i>				
–	Purchase of investments		(59,964)	(93,725)
–	Purchase of investment property		(194)	(13,655)
(96,903)	Payments for IPPE		(88,620)	(69,059)
(1,000)	Purchase of real estate assets		(214)	(148)
(400)	Purchase of intangible assets		(804)	(10)
<u>(98,053)</u>	<b>Net cash flows from investing activities</b>		<u>(103,766)</u>	<u>(60,592)</u>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
55,425	Proceeds from borrowings		31,750	14,500
<i>Payments:</i>				
(1,202)	Repayment of borrowings		(2,498)	(2,223)
(627)	Principal component of lease payments		(954)	(938)
<u>53,596</u>	<b>Net cash flows from financing activities</b>		<u>28,298</u>	<u>11,339</u>
<u>10,876</u>	<b>Net change in cash and cash equivalents</b>		<u>(16,973)</u>	<u>8,182</u>
7,321	Cash and cash equivalents at beginning of year		24,980	16,798
<u>18,197</u>	Cash and cash equivalents at end of year	C1-1	<u>8,007</u>	<u>24,980</u>

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

## Port Stephens Council

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## **Port Stephens Council**

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## **A About Council and these financial statements**

### **A1-1 Basis of preparation**

These financial statements were authorised for issue by Council on 23 September 2025. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

#### **Historical cost convention**

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

#### **Significant accounting estimates and judgements**

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

#### **Critical accounting estimates and assumptions**

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

- i. estimated fair values of investment property – refer Note C1-9
- ii. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-8
- iii. employee benefit provisions – refer Note C3-4.

#### **Significant judgements in applying the Council's accounting policies**

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

#### **Monies and other assets received by Council**

##### **The Consolidated Fund**

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), all money and property received by Council is held in the Council's Consolidated Fund. Council does not have any money or property that is required to be held in a Trust Fund. The Consolidated Fund has been included in the financial statements of the Council. Cash and other assets relating to the following activities have been included as part of the Consolidated Fund:

- general purpose operations
- domestic waste service
- tourism facilities
- community halls

continued on next page ...

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**A1-1 Basis of preparation (continued)**

- libraries

**Volunteer services**

Council has volunteers working in various areas. These volunteer services have not been recognised as income as per AASB 1058.18. This is because the fair value of such services cannot be reliably measured and it would not have been purchased if they were not donated.

**New accounting standards and interpretations issued but not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2025 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2024.

Council's assessment of the impact of the new standards, and interpretations relevant to them, is set out below:

**AASB 18 Presentation and Disclosure in Financial Statements**

This Standard replaces AASB 101 *Presentation of Financial Statements* and sets out the requirements for the structure of the financial statements, including the application of fundamental concepts such as materiality.

AASB 18 introduces additional subtotals into the Statement of Profit or Loss as well as restructuring the statement into operating, investing and financing elements. Management performance measures are also required to be disclosed.

Once effective, the presentation of Council's primary financial statements will be changed along with some additional disclosures, however there will be no effect on Council's reported position or performance.

The standard applies to annual reporting periods beginning on or after 1 January 2028, i.e. council financial statements for the year ended 30 June 2029.

**AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments [AASB 7 and AASB 9]**

This standard amends AASB 7 and AASB 9 in response to the feedback from the 2022 Post-implementation Review of the classification and measurement requirements in AASB 9 and related requirements in AASB 7 and the subsequent 2023 Exposure Draft.

This standard amends requirements related to:

- settling financial liabilities using an electronic payment system; and
- assessing contractual cash flow characteristics of financial assets with environmental, social and corporate governance (ESG) and similar features.

This standard also amends disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and adds disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.

Once effective, some additional disclosures may be required, however it is unlikely that there will be a material financial impact on Council's financial position.

The standard applies to annual reporting periods beginning on or after 1 January 2026, i.e. council financial statements for the year ended 30 June 2027.

**AASB 2024-3 Amendments to Australian Accounting Standards – Annual Improvements Volume 11 [AASB 1, AASB 7, AASB 9, AASB 10 and AASB 107]**

This Standard amends:

- AASB 1 to improve consistency between paragraphs B5–B6 of AASB 1 and the requirements for hedge accounting in AASB 9 and improve the understandability of AASB 1;
- AASB 7 to:
  - replace a cross-reference in paragraph B38 of AASB 7 to a deleted AASB 7 paragraph with a reference to AASB 13 Fair Value Measurement; and
  - improve consistency in the language used in AASB 7 with the language used in AASB 13;
- AASB 9 to:

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**A1-1 Basis of preparation (continued)**

- i. clarify how a lessee accounts for the derecognition of a lease liability when it is extinguished; and
- ii. address an inconsistency between paragraph 5.1.3 of AASB 9 and the requirements in AASB 15 Revenue from Contracts with Customers in relation to the term 'transaction price';
- d. AASB 10 to amend paragraph B74 in relation to determining de facto agents of an entity; and
- e. AASB 107 to replace the term 'cost method' with 'at cost' as the term is no longer defined in Australian Accounting Standards

There is unlikely to be any significant impact to Councils on adoption of this standard.

The standard applies to annual reporting periods beginning on or after 1 January 2026, i.e. council financial statements for the year ended 30 June 2027.

**New accounting standards adopted during the year**

The following new standards are effective for the first time at 30 June 2025:

- **AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current**
- **AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date**
- **AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants**
- **AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities**

Council has reviewed the current accounting policies and confirmed that they are consistent with the above amendments.

**B Financial Performance**

**B1 Functions or activities**

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<b>Functions or activities</b>										
Our Community	10,019	8,194	15,132	12,608	(5,113)	(4,414)	775	855	287,825	249,870
Our Council	122,054	125,714	64,773	61,491	57,281	64,223	14,040	23,205	517,353	459,209
Our Environment	27,421	25,843	25,142	24,149	2,279	1,694	548	457	6,331	6,028
Our Place	45,729	46,739	63,822	61,314	(18,093)	(14,575)	35,110	34,255	1,095,223	949,706
<b>Total functions and activities</b>	<b>205,223</b>	<b>206,490</b>	<b>168,869</b>	<b>159,562</b>	<b>36,354</b>	<b>46,928</b>	<b>50,473</b>	<b>58,772</b>	<b>1,906,732</b>	<b>1,664,813</b>

## B1-2 Components of functions or activities

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

### **Our Community**

**Port Stephens is a thriving and strong community respecting diversity and heritage**

Children's Services; Community Services; Contract and Services; Library Services.

Community Development and Engagement; Economic Development and Tourism; Strategic Planning; Volunteer Management; Delivery of Council's Financial Assistance Programs.

Management of Aboriginal Places in Port Stephens.

### **Our Place**

**Port Stephens is a liveable place supporting local economic growth**

Asset Systems; Building and Developer Relations; Building Trades; Civil Assets Planning; Civil Contracts; Civil Projects; Community and Recreation; Community Development and Engagement; Construction; Contract and Services; Design; Emergency Management; Engineering Services; Environmental Health and Compliance; Mechanical and Maintenance Stores; Parks; Planning and Developer Relations; Roads; Roadside and Drainage; Strategic Planning; Survey and Land Information.

Economic Development and Tourism; Development, construction and maintenance of Koala Sanctuary, Hospital and Tourism Facility.

### **Our Environment**

**Port Stephens' environment is clean, green, protected and enhanced**

Tree Assessment Services; Tree Permit System; Community and Recreation; Rehabilitate, monitor and manage decommissioned landfill sites; Waste Management.

Coastal Management; Community support and advocacy; Deliver Environmental Education and Grant Programs; Develop and implement projects to protect and enhance the local environment; Ecological and Environmental Planning Services; Management and Regulation of Biosecurity Risks; Strategic guidance, current knowledge and best practice advice.

### **Our Council**

**Port Stephens Council leads, manages and delivers valued community services in a responsible way**

Business Excellence; Citizenship Ceremonies; Commercial Investments; Community Development and Engagement; Corporate Reporting; Corporate Systems and Business Improvement; Customer Relations; Digital and Website; Environmental Management; Facilities Management; Finance; Governance; Holiday Parks; Human Resources; Information and Communication Technologies; Information Services; Liaison with other government agencies; Manage strategic and operational matters; Marketing and Promotions; Public Relations and Marketing; Risk Management; Statutory Property; Support commercial aviation services; Support services for the Mayor, Councillors and senior executive officers; Work Health and Safety.

**B2 Sources of income**

**B2-1 Rates and annual charges**

\$ '000	Timing	2025	2024
<b>Ordinary rates</b>			
Residential	2	45,306	41,282
Farmland	2	1,176	1,078
Business	2	11,449	10,258
Less: pensioner rebates (mandatory)		(1,000)	(973)
<b>Rates levied to ratepayers</b>		<b>56,931</b>	<b>51,645</b>
Pensioner rate subsidies received	2	595	586
<b>Total ordinary rates</b>		<b>57,526</b>	<b>52,231</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>			
Domestic waste management services	2	19,033	17,911
Waste management services (non-domestic)	2	5,525	5,204
Section 611 charges	2	10	10
Less: pensioner rebates (mandatory)		(530)	(541)
<b>Annual charges levied</b>		<b>24,038</b>	<b>22,584</b>
<b>Pensioner annual charges subsidies received:</b>			
– Domestic waste management	2	239	249
<b>Total annual charges</b>		<b>24,277</b>	<b>22,833</b>
<b>Total rates and annual charges</b>		<b>81,803</b>	<b>75,064</b>
<b>Timing of revenue recognition for rates and annual charges</b>			
Rates and annual charges recognised over time (1)		–	–
Rates and annual charges recognised at a point in time (2)		81,803	75,064
<b>Total rates and annual charges</b>		<b>81,803</b>	<b>75,064</b>

Council has used 1 July 2022 valuations provided by the NSW Valuer General in calculating its rates.

**Material accounting policy information**

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

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

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

**B2-2 User charges and fees**

\$ '000	Timing	2025	2024
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>			
Waste management services (non-domestic)	2	1,768	1,691
<b>Total specific user charges</b>		<b>1,768</b>	<b>1,691</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Private works – section 67	2	76	62
Section 10.7 certificates (EP&A Act)	2	240	214
Section 603 certificates	2	179	156
Building inspection fees	2	215	218
Building services	2	1,141	1,423
Shop inspection fees	2	316	301
Subdivision fees	2	211	457
<b>Total fees and charges – statutory/regulatory</b>		<b>2,378</b>	<b>2,831</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Animal control	2	25	9
Cemeteries	2	227	229
Child care	1	3,836	3,738
Holiday parks	2	15,859	15,946
Leisure centre	2	2,836	2,596
Library	2	104	96
Newcastle Airport	2	23,083	20,805
Waste disposal tipping fees	2	458	426
Transport for NSW works (state roads not controlled by Council)	2	3,388	4,371
Parking meters	2	1,771	1,326
Sewerage management fees	1	737	744
Other	2	1,931	1,707
Rental income - other Council properties	2	582	628
<b>Total fees and charges – other</b>		<b>54,837</b>	<b>52,621</b>
<b>Total other user charges and fees</b>		<b>57,215</b>	<b>55,452</b>
<b>Total user charges and fees</b>		<b>58,983</b>	<b>57,143</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		4,574	4,482
User charges and fees recognised at a point in time (2)		54,409	52,661
<b>Total user charges and fees</b>		<b>58,983</b>	<b>57,143</b>

**Material accounting policy information**

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

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

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

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

**B2-3 Other revenues**

<b>\$ '000</b>	<b>Timing</b>	<b>2025</b>	<b>2024</b>
Ex gratia rates	2	106	97
Fines – parking	2	705	549
Fines – other	2	210	194
Legal fees recovery – rates and charges (extra charges)	2	132	106
Legal fees recovery – other	2	44	36
Commissions and agency fees	1	170	216
Wage subsidies and incentives	2	31	121
Insurance claims recoveries	2	152	263
Sales – general	1	371	285
Events and promotions	2	110	112
Private works	1	233	206
Royalties - sand extraction	2	2,498	2,576
Other revenue - Newcastle Airport	2	100	39
Make good compensation	2	650	–
Other	2	576	584
<b>Total other revenue</b>		<b>6,088</b>	<b>5,384</b>
<b>Timing of revenue recognition for other revenue</b>			
Other revenue recognised over time (1)		774	709
Other revenue recognised at a point in time (2)		5,314	4,675
<b>Total other revenue</b>		<b>6,088</b>	<b>5,384</b>

**Material accounting policy information for other revenue**

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

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

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

**B2-4 Grants and contributions**

\$ '000	Timing	Operating 2025	Operating 2024	Capital 2025	Capital 2024
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>Current year allocation</b>					
Financial assistance	2	1,268	332	-	-
<b>Payment in advance - future year allocation</b>					
Financial assistance	2	4,322	6,995	-	-
<b>Amount recognised as income during current year</b>		<b>5,590</b>	<b>7,327</b>	<b>-</b>	<b>-</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Bushfire and emergency services	2	1,224	1,303	-	-
Child care	1	491	493	-	-
Environmental programs	1	557	449	-	-
Floodplain management	2	62	105	-	-
Heritage and cultural	1	26	112	-	-
Library	2	284	280	141	14
LIRS subsidy	2	-	5	-	-
Recreation and culture	1	30	220	2,404	5,600
Newcastle Airport	1	-	-	9,639	16,737
Youth development	1	5	83	-	-
Street lighting	2	80	78	-	-
Transport (roads to recovery)	1	1,015	481	-	-
Transport (other roads, bridges and drainage funding)	1	-	3,099	8,669	7,218
Other specific grants	1	775	476	124	846
Kerb and gutter	2	-	-	-	36
Natural disaster funding contributions	2	203	1,000	995	1,542
Recreation and culture	2	-	-	7	52
Transport for NSW contributions (regional roads, block grant)	2	1,130	1,134	-	-
Other contributions	2	174	80	130	25
Risk management	2	115	78	-	-
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>6,171</b>	<b>9,476</b>	<b>22,109</b>	<b>32,070</b>
<b>Non-cash contributions</b>					
Bushfire services	2	-	-	1,153	218
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	2	-	-	7,265	2,766
<b>Total other contributions – non-cash</b>		<b>-</b>	<b>-</b>	<b>8,418</b>	<b>2,984</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>6,171</b>	<b>9,476</b>	<b>30,527</b>	<b>35,054</b>
<b>Total grants and non-developer contributions</b>		<b>11,761</b>	<b>16,803</b>	<b>30,527</b>	<b>35,054</b>

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**B2-4 Grants and contributions (continued)**

\$ '000	Timing	Operating 2025	Operating 2024	Capital 2025	Capital 2024
<b>Comprising:</b>					
- Commonwealth funding		7,084	9,165	11,628	17,382
- State funding		4,613	7,537	10,345	14,676
- Other funding		64	101	8,554	2,996
		<b>11,761</b>	<b>16,803</b>	<b>30,527</b>	<b>35,054</b>

**Developer contributions**

\$ '000	Notes	Timing	Operating 2025	Operating 2024	Capital 2025	Capital 2024
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>						
<b>Cash contributions</b>						
S 7.4 – contributions using planning agreements		2	-	-	1,250	1,250
S 7.11 – contributions towards amenities/services		2	138	132	3,971	3,090
S 7.12 – fixed development consent levies		2	-	-	1,666	1,386
Haulage		2	1,060	1,032	-	-
<b>Total developer contributions – cash</b>			<b>1,198</b>	<b>1,164</b>	<b>6,887</b>	<b>5,726</b>
<b>Non-cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	100	25	-	-
<b>Total developer contributions non-cash</b>			<b>100</b>	<b>25</b>	<b>-</b>	<b>-</b>
<b>Total grants and contributions</b>			<b>13,059</b>	<b>17,992</b>	<b>37,414</b>	<b>40,780</b>
<b>Timing of revenue recognition</b>						
Grants and contributions recognised over time (1)			2,899	5,411	20,836	30,501
Grants and contributions recognised at a point in time (2)			10,160	12,581	16,578	10,279
<b>Total grants and contributions</b>			<b>13,059</b>	<b>17,992</b>	<b>37,414</b>	<b>40,780</b>

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**B2-4 Grants and contributions (continued)**

**Unspent grants and contributions**

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

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	4,391	2,839	4,468	7,860
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	1,304	–	–
<b>Add:</b> Capital grants received for the provision of goods and services in a future period	3,242	3,087	4,554	4,467
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(4,391)	(2,839)	(4,467)	(7,859)
<b>Unspent funds at 30 June</b>	<b>3,242</b>	<b>4,391</b>	<b>4,555</b>	<b>4,468</b>
<b>Contributions</b>				
Unspent contributions at 1 July	1,712	2,835	20,895	19,253
<b>Add:</b> Contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,198	1,164	6,955	4,476
<b>Add:</b> Contributions received and not recognised as revenue in the current year	14	13	–	5
<b>Add:</b> Interest	–	120	820	813
<b>Less:</b> Contributions recognised as revenue in previous years that have been spent during the reporting year	(1,663)	(2,420)	(4,385)	(4,841)
<b>Unspent contributions at 30 June</b>	<b>1,261</b>	<b>1,712</b>	<b>24,285</b>	<b>19,706</b>

**Material accounting policy information**

**Grants and contributions – enforceable agreement with sufficiently specific performance obligations**

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

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

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

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

**Capital grants**

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

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**B2-4 Grants and contributions (continued)**

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

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

**Developer contributions**

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

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

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

**Other grants and contributions**

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

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

**B2-5 Interest and investment income**

\$ '000	2025	2024
<b>Interest on financial assets</b>		
– Overdue rates and annual charges (incl. special purpose rates)	337	270
– Cash and investments	3,874	4,002
– Newcastle Airport	285	508
<b>Total interest and investment income (losses)</b>	<b>4,496</b>	<b>4,780</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
General Council cash and investments	3,676	3,848
<b>Restricted investments/funds – external:</b>		
Developer contributions		
– Section 7.11	820	932
<b>Total interest and investment income</b>	<b>4,496</b>	<b>4,780</b>

**B2-6 Other income**

\$ '000	Notes	2025	2024
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties		–	2,660
<b>Total fair value increment on investment properties</b>	C1-9	<b>–</b>	<b>2,660</b>
<b>Rental income</b>			
<b>Investment properties and PPE</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		<b>2,785</b>	2,513
Lease income relating to variable lease payments not dependent on an index or a rate		<b>204</b>	174
<b>Total investment properties</b>		<b>2,989</b>	<b>2,687</b>
<b>Total rental income</b>	C2-2	<b>2,989</b>	<b>2,687</b>
<b>Total other income</b>		<b>2,989</b>	<b>5,347</b>

**B3 Costs of providing services**

**B3-1 Employee benefits and on-costs**

\$ '000	2025	2024
Salaries and wages	<b>45,424</b>	42,762
Salaries and wages – Newcastle Airport	<b>7,540</b>	6,883
Travel and other allowances	<b>3,900</b>	3,746
Employee leave entitlements (ELE)	<b>10,975</b>	9,933
Superannuation	<b>6,465</b>	5,868
Workers' compensation insurance	<b>1,390</b>	1,347
Fringe Benefits Tax (FBT)	<b>11</b>	14
Protective clothing	<b>108</b>	127
Corporate uniform	<b>9</b>	15
Employee medical assessments	<b>138</b>	21
Other	<b>31</b>	28
<b>Total employee costs</b>	<b>75,991</b>	<b>70,744</b>
Less: capitalised costs	<b>(8,374)</b>	(8,068)
Less: capitalised costs - Newcastle Airport	<b>(1,504)</b>	(1,187)
<b>Total employee costs expended</b>	<b>66,113</b>	<b>61,489</b>

**Material accounting policy information**

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

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

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

**B3-2 Materials and services**

\$ '000	Notes	2025	2024
Raw materials and consumables		9,455	9,354
Waste disposal contract		6,234	5,506
Other contractor and consultancy costs		26,110	22,474
Audit Fees	F2-1	248	177
Councillor and Mayoral fees and associated expenses	F1-2	496	414
Bank charges		574	534
Electricity and heating		1,325	1,456
Insurance		2,795	2,533
Street lighting		1,149	1,206
Telephone and communications		259	231
Training costs (other than salaries and wages)		457	429
Memberships		218	221
Newcastle Airport		9,677	8,646
Legal expenses		376	465
Expenses from short-term leases		-	10
Expenses from leases of low value assets		2	8
Expenses from Peppercorn leases		1	1
Variable lease expense relating to usage - waste operations		7,702	7,219
Variable lease expense relating to usage - other		745	963
Other		707	955
<b>Total materials and services</b>		<b>68,530</b>	<b>62,802</b>

**B3-3 Borrowing costs**

**(i) Interest bearing liability costs**

Interest on leases		61	107
Interest on overdraft		4	4
Interest on loans		538	582
Interest - Newcastle Airport		3,854	3,533
<b>Total interest bearing liability costs</b>		<b>4,457</b>	<b>4,226</b>
Less: capitalised costs - Newcastle Airport		<b>(1,841)</b>	<b>(1,284)</b>
<b>Total interest bearing liability costs expensed</b>		<b>2,616</b>	<b>2,942</b>
<b>Total borrowing costs expensed</b>		<b>2,616</b>	<b>2,942</b>

**Material accounting policy information**

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

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

\$ '000	Notes	2025	2024
<b>Depreciation and amortisation</b>			
Plant and equipment		1,757	1,586
Office equipment		275	311
Furniture and fittings		55	30
Land improvements (depreciable)		95	95
<b>Infrastructure:</b>			
	C1-8		
– Buildings		3,853	3,649
– Other structures		564	582
– Roads		6,235	5,776
– Bridges		70	70
– Footpaths		470	492
– Car parks		170	143
– Stormwater drainage		759	759
– Swimming pools		113	113
– Other open space		1,996	1,905
– Other infrastructure		679	678
Right of use assets	C2-1	837	938
<b>Other assets:</b>			
– Heritage collections		2	2
– Library books		334	319
– Newcastle Airport		3,615	3,455
Intangible assets	C1-10	197	204
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>22,076</b>	<b>21,107</b>

**Material accounting policy information**

**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. For civil infrastructure assets depreciation is calculated using the estimated useful life and then adjusted periodically by taking into consideration the condition and the level of remaining service potential of the individual asset.

**Impairment of non-financial assets**

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

**B3-5 Other expenses**

\$ '000	Notes	2025	2024
<b>Impairment of receivables</b>			
Other		17	137
Total impairment of receivables	C1-4	<u>17</u>	<u>137</u>
<b>Fair value decrement on investment properties</b>			
Fair value decrement on investment properties		1,869	–
Total fair value decrement on investment properties	C1-9	<u>1,869</u>	<u>–</u>
<b>Other</b>			
Contributions/levies to other levels of government			
– Emergency services levy		1,231	1,299
– Lands department levy (holiday parks)		517	529
– Waste levy		5,013	4,553
Donations, contributions and assistance to other organisations (Section 356)		887	825
Total other		<u>7,648</u>	<u>7,206</u>
<b>Total other expenses</b>		<u><b>9,534</b></u>	<u><b>7,343</b></u>

**B4 Gains or losses**

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

\$ '000	Notes	2025	2024
<b>Disposal of Infrastructure, Property, Plant &amp; Equipment (excl. investment property)</b>			
Proceeds from disposal – IPPE	C1-8	1,987	626
Less: carrying amount of property assets sold/written off		<u>(1,197)</u>	<u>(1,663)</u>
<b>Gain (or loss) on disposal</b>		<u><b>790</b></u>	<u><b>(1,037)</b></u>
<b>Newcastle Airport</b>			
Less: carrying amount of infrastructure assets sold/written off	C1-8	<u>(399)</u>	<u>(2,870)</u>
<b>Gain (or loss) on disposal</b>		<u><b>(399)</b></u>	<u><b>(2,870)</b></u>
<b>Gain (or loss) on disposal of cash and investments</b>			
Proceeds from disposal/redemptions/maturities – cash and investments	C1-1,C1-2	44,003	115,379
Less: carrying amount of cash and investments sold/redeemed		<u>(44,003)</u>	<u>(115,351)</u>
<b>Gain (or loss) on disposal</b>		<u><b>–</b></u>	<u><b>28</b></u>
<b>Gain (or loss) on disposal of intangible assets</b>			
Proceeds from disposal – intangible assets	C1-10	40	–
Less: carrying amount of intangible assets sold/written off		<u>(40)</u>	<u>–</u>
<b>Gain (or loss) on disposal</b>		<u><b>–</b></u>	<u><b>–</b></u>
<b>Net gain (or loss) from disposal of assets</b>		<u><b>391</b></u>	<u><b>(3,879)</b></u>

**B5 Performance against budget**

**B5-1 Material budget variations**

Council's original budget was adopted by the Council on 11 June 2024 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2025 Budget	2025 Actual	2025 ----- Variance -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	82,377	81,803	(574)	(1)% <b>U</b>
<b>User charges and fees</b>	62,594	58,983	(3,611)	(6)% <b>U</b>
<b>Other revenues</b>	5,196	6,088	892	17% <b>F</b>
Other revenues exceeded the original budget due to the receipt of compensation for make good of a leased investment property as well as increased fines from compliance activities.				
<b>Operating grants and contributions</b>	13,407	13,059	(348)	(3)% <b>U</b>
Operating grants and contributions were impacted by a shortfall in the advance payment of the Financial Assistance Grant. This shortfall was offset by new grants and contributions received during the year. The advance payment received in the current financial year was \$2.673 million less than budgeted and had a significant negative impact on the operating result and cash position.				
<b>Capital grants and contributions</b>	29,279	37,414	8,135	28% <b>F</b>
Council budgets for capital grants and contributions once they are confirmed. During the year Council received confirmation of new grants and contributions relating to roads and sporting facilities. The new grants and contributions are reflected in subsequent quarterly budget revisions.				
<b>Interest and investment revenue</b>	2,649	4,496	1,847	70% <b>F</b>
Interest and investment revenue exceeded original budget due to extended delays in the Reserve Bank of Australia decreasing the official cash rate resulting in higher than expected interest rates.				
<b>Net gains from disposal of assets</b>	250	391	141	56% <b>F</b>
Net gains from disposal of assets exceeded budget due to the sale of land and buildings.				
<b>Other income</b>	3,807	2,989	(818)	(21)% <b>U</b>
Original budget assumed fair value gains on investment properties which were not realised due to market conditions and vacancies.				
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	64,598	66,113	(1,515)	(2)% <b>U</b>
<b>Materials and services</b>	65,511	68,530	(3,019)	(5)% <b>U</b>
Council observed an increase in materials and services resulting from emergency and reconstruction works in response to the declared Natural Disaster events in January and May 2025. Natural Disaster costs totalled \$3.695 million and have had a significant negative impact on Council's operating result and cash position.				

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**B5-1 Material budget variations (continued)**

\$ '000	2025 Budget	2025 Actual	2025 ----- Variance -----	
<b>Borrowing costs</b>	<b>3,421</b>	<b>2,616</b>	<b>805</b>	<b>24% F</b>
The draw down on loans was lower than forecasted due to delays in construction funded through external borrowings.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	<b>21,792</b>	<b>22,076</b>	<b>(284)</b>	<b>(1)% U</b>
<b>Other expenses</b>	<b>8,209</b>	<b>9,534</b>	<b>(1,325)</b>	<b>(16)% U</b>
Unbudgeted fair value decrease incurred on investment properties due to market conditions and vacancies.				
<b>Net losses from disposal of assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>∞ F</b>
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	<b>55,333</b>	<b>58,495</b>	<b>3,162</b>	<b>6% F</b>
<b>Cash flows from investing activities</b>	<b>(98,053)</b>	<b>(103,766)</b>	<b>(5,713)</b>	<b>6% U</b>
<b>Cash flows from financing activities</b>	<b>53,596</b>	<b>28,298</b>	<b>(25,298)</b>	<b>(47)% U</b>
The draw down on loans was lower than forecasted due to delays in construction funded through external borrowings.				

**C Financial position**

**C1 Assets we manage**

**C1-1 Cash and cash equivalents**

\$ '000	2025	2024
<b>Cash assets</b>		
Cash on hand and at bank	8,007	24,980
<b>Total cash and cash equivalents</b>	<b>8,007</b>	<b>24,980</b>

**C1-2 Financial investments**

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
<b>Financial assets at amortised cost</b>				
Long term deposits	59,000	16,639	42,000	19,160
<b>Total</b>	<b>59,000</b>	<b>16,639</b>	<b>42,000</b>	<b>19,160</b>
<b>Total financial investments</b>	<b>59,000</b>	<b>16,639</b>	<b>42,000</b>	<b>19,160</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>67,007</b>	<b>16,639</b>	<b>66,980</b>	<b>19,160</b>

**Accounting policy - financial Investments**

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

**Financial assets**

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

**Classification**

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

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

Financial assets are not reclassified subsequent to their initial recognition.

**Amortised cost**

Assets measured at amortised cost are financial assets where:

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

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

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**C1-2 Financial investments (continued)**

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

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

**Financial assets through profit or loss**

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in managed funds.

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

\$ '000	2025	2024
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>83,646</b>	86,140
Less: Externally restricted cash, cash equivalents and investments	<u>(45,153)</u>	<u>(43,046)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>38,493</b>	43,094

**External restrictions**

**External restrictions – included in liabilities**

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

Unclaimed money	538	–
Specific purpose unexpended grants - AASB 1058 (exception & AASB 15)	<u>6,270</u>	<u>5,890</u>
<b>External restrictions – included in liabilities</b>	<b>6,808</b>	5,890

**External restrictions – other**

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

Developer contributions – general	25,549	22,610
Specific purpose unexpended grants (recognised as revenue) – general fund	<u>1,527</u>	<u>2,969</u>
Domestic waste management	7,725	6,450
Crown reserve	<u>3,544</u>	<u>5,127</u>
<b>External restrictions – other</b>	<b>38,345</b>	37,156
<b>Total external restrictions</b>	<b>45,153</b>	43,046

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

\$ '000	2025	2024
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(b) Internal allocations

<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>38,493</b>	43,094
Less: Internally restricted cash, cash equivalents and investments	<u>(37,924)</u>	<u>(43,094)</u>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>569</b>	–

**Internal allocations**

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

Asset rehabilitation	4,274	1,624
Commercial properties	5,134	3,305
Community halls	127	79
Deposits, retentions and bonds	1,631	1,204
Drainage	1,653	1,072
Federal Assistance Grant in advance	4,322	4,026
Fleet	346	1,168
Newcastle Airport	4,112	14,406
Parking meters	1,188	621
Section 355C committees	664	647
IT Reserve	1,782	1,715

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

\$ '000	2025	2024
Emergency & Natural Disaster reserve	4,509	4,868
Repealed funds	1,396	1,783
Transport and Environment Reserve	620	221
Administration building reserve	92	172
Enhanced services focus area	766	–
Grants co-contribution	528	1,432
Ward funds	28	25
Resilience fund	3,500	3,000
Election	–	500
Employee leave entitlements	1,000	1,000
Sustainable energy and water	52	26
Community loans	200	200
<b>Total internal allocations</b>	<b>37,924</b>	<b>43,094</b>

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

**C1-4 Receivables**

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Rates and annual charges	3,781	–	3,147	–
Interest and extra charges	388	–	345	–
User charges and fees	415	–	497	–
Miscellaneous debtors	667	–	563	–
Contributions to works	10	–	33	–
Accrued revenues				
– Interest on investments	2,666	–	1,760	–
– Other income accruals	1,034	–	2,320	–
Government grants and subsidies	10	–	52	–
Net GST receivable	790	–	770	–
Newcastle Airport	4,327	–	2,304	–
Other debtors	–	123	–	142
<b>Total</b>	<b>14,088</b>	<b>123</b>	<b>11,791</b>	<b>142</b>
<b>Less: provision for impairment</b>				
User charges and fees	(18)	–	(16)	–
Newcastle Airport debtors	–	–	(110)	–
<b>Total provision for impairment – receivables</b>	<b>(18)</b>	<b>–</b>	<b>(126)</b>	<b>–</b>
<b>Total net receivables</b>	<b>14,070</b>	<b>123</b>	<b>11,665</b>	<b>142</b>

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**C1-4 Receivables (continued)**

\$ '000	2025	2024
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	126	3
+ new provisions recognised during the year	7	137
– amounts provided for this year and written off this year	(5)	(14)
– amounts provided for but recovered during the year	(110)	–
<b>Balance at the end of the year</b>	<b>18</b>	<b>126</b>

**Material accounting policy information**

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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

**Impairment**

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

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

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

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are deemed uncollectable, whichever occurs first. None of the receivables that have been written off are subject to enforcement activity.

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

**C1-5 Inventories**

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
<b>At cost</b>				
Real estate development - land held for resale	-	10,311	-	10,097
Stores and materials	218	-	277	-
<b>Total inventories at cost</b>	<b>218</b>	<b>10,311</b>	<b>277</b>	<b>10,097</b>
<b>Total inventories</b>	<b>218</b>	<b>10,311</b>	<b>277</b>	<b>10,097</b>

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
<b>Real estate development - land held for resale</b>				
Residential	-	2,510	-	2,419
Industrial/commercial	-	7,801	-	7,678
<b>Total real estate development - land held for resale</b>	<b>-</b>	<b>10,311</b>	<b>-</b>	<b>10,097</b>

**Material accounting policy information**

**Raw materials and stores, work in progress and finished goods**

Raw materials and stores are classified as inventories held for distribution and are stated at cost, adjusted when applicable for any loss of service potential. Work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Land held for resale**

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

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

**C1-6 Contract assets and Contract cost assets**

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Contract assets	5,532	-	7,929	-
<b>Total contract assets and contract cost assets</b>	<b>5,532</b>	<b>-</b>	<b>7,929</b>	<b>-</b>

**Contract assets**

Work relating to infrastructure grants	1,782	-	1,568	-
Work relating to infrastructure grants - Newcastle Airport	3,750	-	6,361	-
<b>Total contract assets</b>	<b>5,532</b>	<b>-</b>	<b>7,929</b>	<b>-</b>

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

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
<b>Non-current assets held for sale</b>				
Land	806	-	-	-
Buildings	6,380	-	-	-
<b>Total non-current assets held for sale</b>	<b>7,186</b>	<b>-</b>	<b>-</b>	<b>-</b>

Council has transferred a building and portion of land from IPPE to non-current assets held for sale. These assets are recorded at their carrying amounts. It is expected that the sale of the properties will be completed within 12 months of balance date.

**C1-8 Infrastructure, property, plant and equipment**

By aggregated asset class	At 1 July 2024			Asset movements during the reporting period							At 30 June 2025		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Transfers	Tfrs from/(to) C1-7 assets held for sale	Reval increments/ (decrement) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	28,126	–	28,126	11,520	7,141	(177)	–	(14,288)	–	–	32,322	–	32,322
Plant and equipment	30,244	(19,020)	11,224	178	4,527	(424)	(1,757)	4	–	–	33,250	(19,497)	13,753
Office equipment	5,192	(3,543)	1,649	448	–	–	(275)	–	–	–	5,640	(3,818)	1,822
Furniture and fittings	1,764	(1,237)	527	418	–	–	(55)	–	–	–	2,181	(1,292)	889
<b>Land:</b>													
– Operational land	77,661	(271)	77,390	–	53	(354)	–	–	(800)	10,977	87,537	(271)	87,266
– Community land	48,498	–	48,498	–	–	–	–	–	(6)	27,064	75,556	–	75,556
– Crown land	31,337	–	31,337	16	1,040	–	–	–	–	15,099	47,493	–	47,493
– Land under roads (post 1/7/08)	5,057	–	5,057	–	128	–	–	–	–	27	5,213	–	5,213
– Newcastle Airport	93,000	–	93,000	–	–	–	–	353	–	(10,853)	82,500	–	82,500
Land improvements – depreciable	10,739	(2,848)	7,891	–	–	–	(95)	–	–	–	10,739	(2,943)	7,796
<b>Infrastructure:</b>													
– Buildings	248,972	(69,392)	179,580	1,977	134	(220)	(3,853)	2,450	(6,380)	6,703	255,176	(74,785)	180,391
– Other structures	15,105	(7,200)	7,905	55	5	–	(564)	–	–	–	15,158	(7,757)	7,401
– Roads	562,289	(108,427)	453,862	3,958	3,361	(11)	(6,235)	7,691	–	109,753	701,968	(129,590)	572,378
– Bridges	22,484	(2,186)	20,298	12	–	–	(70)	–	–	531	23,087	(2,315)	20,772
– Footpaths	93,083	(14,798)	78,285	–	1,654	(11)	(470)	3,067	–	(13,950)	79,644	(11,069)	68,575
– Car parks	20,925	(3,240)	17,685	27	–	–	(170)	203	–	7,017	27,965	(3,203)	24,762
– Stormwater drainage	309,155	(26,811)	282,344	1,346	699	–	(759)	756	–	13,804	328,654	(30,463)	298,191
– Swimming pools	4,972	(1,487)	3,485	–	–	–	(113)	–	–	190	5,253	(1,691)	3,562
– Other open space	50,678	(16,551)	34,127	2,631	–	–	(1,996)	117	–	1,967	56,282	(19,436)	36,846
– Other infrastructure	22,084	(9,204)	12,880	35	–	–	(679)	–	–	–	22,119	(9,883)	12,236
<b>Other assets:</b>													
– Heritage collections	237	(86)	151	–	–	–	(2)	–	–	–	237	(89)	148
– Library books	6,678	(5,003)	1,675	–	268	–	(334)	–	–	–	6,945	(5,338)	1,607
– Newcastle Airport	118,132	(22,088)	96,044	–	55,507	(399)	(3,615)	(353)	–	3,317	177,014	(26,513)	150,501
<b>Total infrastructure, property, plant and equipment</b>	<b>1,806,412</b>	<b>(313,392)</b>	<b>1,493,020</b>	<b>22,621</b>	<b>74,517</b>	<b>(1,596)</b>	<b>(21,042)</b>	<b>–</b>	<b>(7,186)</b>	<b>171,646</b>	<b>2,081,933</b>	<b>(349,953)</b>	<b>1,731,980</b>

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

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

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period						At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Transfers	Reval increments/ (decrement) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>												
Capital work in progress	31,025	–	31,025	15,684	2,010	(182)	–	(20,412)	–	28,126	–	28,126
Plant and equipment	27,939	(18,434)	9,505	195	3,037	(456)	(1,586)	529	–	30,244	(19,020)	11,224
Office equipment	3,959	(3,233)	726	1,115	118	–	(311)	–	–	5,192	(3,543)	1,649
Furniture and fittings	1,712	(1,208)	504	53	–	–	(30)	–	–	1,764	(1,237)	527
<b>Land:</b>												
– Operational land	77,170	(271)	76,899	3	1,061	(573)	–	–	–	77,661	(271)	77,390
– Community land	48,498	–	48,498	–	–	–	–	–	–	48,498	–	48,498
– Crown land	31,337	–	31,337	–	–	–	–	–	–	31,337	–	31,337
– Land under roads (post 1/7/08)	4,810	–	4,810	–	207	–	–	–	40	5,057	–	5,057
– Newcastle Airport	82,500	–	82,500	–	–	–	–	129	10,371	93,000	–	93,000
Land improvements – depreciable	10,739	(2,753)	7,986	–	–	–	(95)	–	–	10,739	(2,848)	7,891
<b>Infrastructure:</b>												
– Buildings	232,641	(65,743)	166,898	2,027	3,488	–	(3,649)	10,816	–	248,972	(69,392)	179,580
– Other structures	14,553	(6,618)	7,935	357	193	–	(582)	2	–	15,105	(7,200)	7,905
– Roads	518,131	(82,551)	435,580	6,380	5,595	(107)	(5,776)	7,825	4,365	562,289	(108,427)	453,862
– Bridges	18,418	(2,570)	15,848	558	–	–	(70)	–	3,962	22,484	(2,186)	20,298
– Footpaths	87,177	(13,400)	73,777	274	10	(21)	(492)	277	4,459	93,083	(14,798)	78,285
– Car parks	19,860	(2,912)	16,948	21	–	–	(143)	–	861	20,925	(3,240)	17,685
– Stormwater drainage	280,431	(33,260)	247,171	315	842	–	(759)	893	33,882	309,155	(26,811)	282,344
– Swimming pools	4,949	(1,374)	3,575	–	23	–	(113)	–	–	4,972	(1,487)	3,485
– Other open space	40,133	(17,412)	22,721	2,489	–	(322)	(1,905)	70	11,074	50,678	(16,551)	34,127
– Other infrastructure	22,001	(8,526)	13,475	83	–	–	(678)	–	–	22,084	(9,204)	12,880
<b>Other assets:</b>												
– Heritage collections	237	(84)	153	–	–	–	(2)	–	–	237	(86)	151
– Library books	6,446	(4,685)	1,761	–	233	–	(319)	–	–	6,678	(5,003)	1,675
– Newcastle Airport	90,802	(18,747)	72,055	–	25,688	(2,870)	(3,455)	(129)	4,750	118,132	(22,088)	96,044
<b>Total infrastructure, property, plant and equipment</b>	<b>1,655,468</b>	<b>(283,781)</b>	<b>1,371,687</b>	<b>29,554</b>	<b>42,505</b>	<b>(4,531)</b>	<b>(19,965)</b>	<b>–</b>	<b>73,764</b>	<b>1,806,412</b>	<b>(313,392)</b>	<b>1,493,020</b>

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

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

**Material accounting policy information**

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

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

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

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

**Useful lives of IPPE**

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. For civil infrastructure assets depreciation is calculated using the estimated useful life and then adjusted periodically by taking into consideration the condition and the level of remaining service potential of the individual asset. The useful lives are as follows:

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	20
Office furniture	10 to 20	Benches, seats etc.	25
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings	10 to 145
Other plant and equipment	5 to 15		
		<b>Stormwater assets</b>	
<b>Transportation assets</b>		Drains	80 to 100
Sealed roads		Culverts	50 to 80
- Base	50	Flood control structures	80 to 100
- Seal	15 to 25		
- Sub-base	100	<b>Other infrastructure assets</b>	
Unsealed roads	100	Bulk earthworks	20
Bridge concrete	100	Swimming pools	50
Bridge other	60 to 100	Other open space/recreational assets	20
Kerb, gutter and footpaths	80	Other infrastructure	20
		Airport apron	60

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

**Revaluation model**

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

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

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

**Land under roads**

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

**Crown reserves**

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

**Rural Fire Service assets**

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

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

**C1-9 Investment properties**

\$ '000	2025	2024
<b>Owned investment property</b>		
Investment property on hand at fair value	42,640	44,315
<b>Total owned investment property</b>	<b>42,640</b>	<b>44,315</b>
<b>Owned investment property</b>		
<b>At fair value</b>		
Opening balance at 1 July	44,315	28,000
Acquisitions	194	13,655
Net gain/(loss) from fair value adjustments	(1,869)	2,660
<b>Closing balance at 30 June</b>	<b>42,640</b>	<b>44,315</b>

**Material accounting policy information**

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council.

C1-10 Intangible assets

Intangible assets are as follows:

\$ '000	2025	2024
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	3,788	3,778
Accumulated amortisation	(3,665)	(3,577)
<b>Net book value – opening balance</b>	<b>123</b>	<b>201</b>
<b>Movements for the year</b>		
Purchases	10	10
Other movements	(1)	–
Amortisation charges	(63)	(88)
<b>Closing values at 30 June</b>		
Gross book value	3,797	3,788
Accumulated amortisation	(3,728)	(3,665)
<b>Total Intangibles– net book value</b>	<b>69</b>	<b>123</b>
<b>Right to Operate</b>		
<b>Opening values at 1 July</b>		
Gross book value	2,117	2,117
Accumulated amortisation	(648)	(533)
<b>Net book value – opening balance</b>	<b>1,469</b>	<b>1,584</b>
<b>Movements for the year</b>		
Purchases	795	–
Amortisation Charges	(134)	(115)
<b>Closing values at 30 June</b>		
Gross book value	2,912	2,117
Accumulated amortisation	(782)	(648)
<b>Total Right to Operate – net book value</b>	<b>2,130</b>	<b>1,469</b>
<b>Bio Banking Credits</b>		
<b>Opening values at 1 July</b>		
Gross book value	4,974	2,243
<b>Net book value – opening balance</b>	<b>4,974</b>	<b>2,243</b>
<b>Movements for the year</b>		
Revaluation	–	2,731
Disposals	(40)	–
<b>Closing values at 30 June</b>		
Gross book value	4,934	4,974
<b>Total BioBanking Credits – net book value</b>	<b>4,934</b>	<b>4,974</b>
<b>Total intangible assets – net book value</b>	<b>7,133</b>	<b>6,566</b>

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**C1-10 Intangible assets (continued)**

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**Material accounting policy information**

**IT development and software**

Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

**Right to Operate**

Fit out costs incurred for the international processing area within the terminal required by the Department of Home Affairs for border security activities required for international flights represents Newcastle Airport's contractual / legal right to operate international airport services, and is recognised at cost as an intangible asset.

**Bio Banking Credits**

Bio banking credits are held at fair value. The carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Increases in the carrying amounts arising on revaluation are credited to the revaluation reserve. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Bio Banking credits are not depreciated as they are deemed to have indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Council. They will exist in perpetuity.

**C2 Leasing activities**

**C2-1 Council as a lessee**

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Council has leases over a range of assets including land, vehicles, carparks and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

**Terms and conditions of leases:**

**Plant and equipment**

Council leases vehicles and equipment with lease terms varying from 5 to 10 years and include a renewal option to allow Council to renew for another year at their discretion. The lease contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

**Office and IT equipment**

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 2 and 3 years with a renewal option of another 3 years, the payments are fixed, however some of the leases include variable payments based on usage.

**Other assets - Other**

Council leases car parks with lease term of 3 years and include an option to allow Council to renew for another two years at their discretion. The lease contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

**Land**

Newcastle Airport leases land with a lease term of 80 years and includes 3 renewal options to allow the Airport to renew for another 30 years at their discretion. There are fixed lease payments as well as variable lease payments, the fixed payments increase by CPI at each anniversary of the lease inception and the variable payment is based on a percentage of revenue.

**Extension options**

Council includes options in some of the leases to provide flexibility and certainty to operations and reduce costs of moving premises; and the extension options are at Council's discretion.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

# ORDINARY COUNCIL - 23 SEPTEMBER 2025 - SUPPLEMENTARY INFORMATION

Port Stephens Council | Notes to the Financial Statements 30 June 2025

## C2-1 Council as a lessee (continued)

### (a) Right of use assets

\$ '000	Plant & Equipment	Newcastle Airport	Office equipment	Other assets - Other	Land - Operational Land	Total
<b>2025</b>						
Opening balance at 1 July	1,054	366	154	304	438	2,316
Additions to right-of-use assets	-	-	492	-	-	492
Adjustments to right-of-use assets due to lease variations	-	14	-	(4)	(438)	(428)
Depreciation charge	(528)	(5)	(195)	(109)	-	(837)
<b>Balance at 30 June</b>	<b>526</b>	<b>375</b>	<b>449</b>	<b>191</b>	<b>-</b>	<b>1,541</b>
<b>2024</b>						
Opening balance at 1 July	1,583	347	345	453	371	3,099
Additions to right-of-use assets	-	-	-	-	-	-
Adjustments to right-of-use assets due to lease variations	-	24	-	(30)	162	156
Depreciation charge	(529)	(4)	(191)	(119)	(95)	(938)
Other movement	1,054	(1)	154	304	371	1,882
<b>Balance at 30 June</b>	<b>1,054</b>	<b>366</b>	<b>154</b>	<b>304</b>	<b>438</b>	<b>2,316</b>

### (b) Lease liabilities

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Lease liabilities	909	372	943	1,243
Lease liabilities - Newcastle Airport	17	389	15	378
<b>Total lease liabilities</b>	<b>926</b>	<b>761</b>	<b>958</b>	<b>1,621</b>

### (c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows and therefore the amounts will not be the same as the recognised lease liability in the statement of Financial Position:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2025</b>					
Cash flows	957	449	1,291	2,697	1,687
<b>2024</b>					
Cash flows	1,018	1,365	1,261	3,644	2,579

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**C2-1 Council as a lessee (continued)**

**(d) Income Statement**

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

<b>\$ '000</b>	<b>2025</b>	<b>2024</b>
Interest on lease liabilities	<b>61</b>	107
Variable lease payments based on usage not included in the measurement of lease liabilities - other	-	1
Variable lease payments based on usage not included in the measurement of lease liabilities - waste operations	<b>7,702</b>	7,218
Depreciation of right of use assets	<b>837</b>	938
Expenses relating to short-term leases	-	10
Expenses relating to leases of low-value assets	<b>2</b>	8
Expenses relating to peppercorn leases	<b>1</b>	1
	<b>8,604</b>	<b>8,284</b>

**(e) Statement of Cash Flows**

Total cash outflow for leases	<b>9,402</b>	9,245
	<b>9,402</b>	<b>9,245</b>

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

Council has a lease at significantly below market for land and buildings which is used to provide emergency facilities.

The lease is for 5 years that require payment of \$1,000 per year and include a renewal option to allow Council to renew for up to twice the non-cancellable lease term at their discretion. The lease contains an annual pricing mechanism based on CPI movements at each anniversary of the lease inception. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

**Material accounting policy information**

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

**Exceptions to lease accounting**

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

**Leases at significantly below market value / concessionary leases**

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

**C2-2 Council as a lessor**

**Operating leases**

Council leases out a number of properties to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

- investment property – where the asset is held predominantly for rental or capital growth purposes (refer note C1-8)
- property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-7).

\$ '000	2025	2024
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**(i) Assets held as investment property**

Investment property operating leases relate to the assets held predominately for rental purposes.

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

Lease income (excluding variable lease payments not dependent on an index or rate)	2,418	2,135
Lease income relating to variable lease payments not dependent on an index or a rate	204	174
<b>Total income relating to operating leases for investment property assets</b>	<b>2,622</b>	<b>2,309</b>

**Operating lease expenses**

Direct operating expenses that generated rental income	512	349
<b>Total expenses relating to operating leases</b>	<b>512</b>	<b>349</b>

**Repairs and maintenance: investment property**

Contractual obligations for future repairs and maintenance	1	143
<b>Total repairs and maintenance: investment property</b>	<b>1</b>	<b>143</b>

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C2-2 Council as a lessor (continued)

\$ '000	2025	2024
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**(ii) Assets held as property, plant and equipment**

Council provides operating leases on Council buildings for the purpose of service delivery objectives, the table below relates to operating leases on assets disclosed in C1-7.

Lease income (excluding variable lease payments not dependent on an index or rate)

	<b>367</b>	378
<b>Total income relating to operating leases for Council assets</b>	<b>367</b>	378

**Amount of IPPE leased out by Council under operating leases**

Buildings	2,952	10,460
Furniture and Fittings	7	19
Land - Council Land	10,392	8,803
Newcastle Airport	1,872	1,526
Open Space Other	229	241
Other Assets - Carparks	184	184
Other Structures	27	27
<b>Total amount of IPPE leased out by Council under operating leases</b>	<b>15,663</b>	21,260

**(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:**

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	2,855	2,602
1-2 years	2,243	2,041
2-3 years	1,914	1,716
3-4 years	1,770	1,533
4-5 years	1,784	1,429
> 5 years	16,957	17,201
<b>Total undiscounted lease payments to be received</b>	<b>27,523</b>	26,522

**C3 Liabilities of Council**

**C3-1 Payables**

\$ '000	2025		2024	
	Current	Non-current	Current	Non-current
Goods and services	9,488	–	4,863	–
Goods and Services - Newcastle Airport	7,010	1,283	7,507	1,571
Accrued expenses:				
– Other expenditure accruals	4,260	–	3,270	–
Security bonds, deposits and retentions	1,631	–	1,204	–
Unclaimed monies	549	–	3	–
Rates in advance	1,943	–	1,910	–
Government departments and agencies	45	–	70	–
Other	108	–	63	–
<b>Total payables</b>	<b>25,034</b>	<b>1,283</b>	<b>18,890</b>	<b>1,571</b>

**Current payables not anticipated to be settled within the next twelve months**

\$ '000	2025	2024
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	408	396
<b>Total payables</b>	<b>408</b>	<b>396</b>

**Payables**

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

**C3-2 Contract Liabilities**

\$ '000	Notes	2025 Current	2025 Non-current	2024 Current	2024 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants and contributions (to construct Council controlled assets)	(i)	4,554	-	4,467	-
Unexpended operating grants and contributions (received prior to performance obligation being satisfied)	(ii)	1,715	-	1,422	-
<b>Total grants received in advance</b>		<b>6,269</b>	<b>-</b>	<b>5,889</b>	<b>-</b>
<b>User fees and charges received in advance:</b>					
Fees - Holiday Park Deposits	(iii)	1,837	-	1,850	-
Fees - Newcastle Airport	(iii)	569	-	371	-
<b>Total user fees and charges received in advance</b>		<b>2,406</b>	<b>-</b>	<b>2,221</b>	<b>-</b>
<b>Total contract liabilities</b>		<b>8,675</b>	<b>-</b>	<b>8,110</b>	<b>-</b>

**Notes**

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

(ii) The contract liability relates to grants, mostly environmental protection and child care that were received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

(iii) Fees paid in advance do not meet the definition of a performance obligation and therefore the funds received in advance for holiday park fees and Newcastle Airport fees are recorded as a contract liability on receipt and recognised as revenue once the service has been fully delivered.

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

\$ '000	2025	2024
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	2,556	4,533
Operating grants (received prior to performance obligation being satisfied)	874	738
<b>User fees and charges received in advance:</b>		
Fees - Holiday Park Deposits	1,850	1,948
Fees - Newcastle Airport	371	522
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>5,651</b>	<b>7,741</b>

**C3-3 Borrowings**

\$ '000	2025		2024	
	Current	Non-current	Current	Non-current
Loans – secured	2,083	10,189	2,163	12,607
Loans – secured - Newcastle Airport	–	80,750	–	49,000
<b>Total borrowings</b>	<b>2,083</b>	<b>90,939</b>	<b>2,163</b>	<b>61,607</b>

**(a) Changes in liabilities arising from financing activities**

\$ '000	2024		2025
	Opening Balance	Cash flows	Closing balance
Loans – secured	14,770	(2,498)	12,272
Lease liability (Note C2-1)	2,579	(892)	1,687
Loans – secured - Newcastle Airport	49,000	31,750	80,750
<b>Total liabilities from financing activities</b>	<b>66,349</b>	<b>28,360</b>	<b>94,709</b>

\$ '000	2023		2024
	Opening Balance	Cash flows	Closing balance
Loans – secured	16,993	(2,223)	14,770
Lease liability (Note C2-1)	3,362	(783)	2,579
Loans – secured - Newcastle Airport	34,500	14,500	49,000
<b>Total liabilities from financing activities</b>	<b>54,855</b>	<b>11,494</b>	<b>66,349</b>

**(b) Financing arrangements**

\$ '000	2025	2024
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**Total facilities**

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

Bank overdraft facilities <sup>1</sup>	2,500	2,500
Credit cards/purchase cards	1,000	1,000
Bank loan facilities - Newcastle Airport	117,500	117,500
<b>Total financing arrangements</b>	<b>121,000</b>	<b>121,000</b>

**Drawn facilities**

Financing facilities drawn down at the reporting date are:

– Bank overdraft facilities	–	–
– Credit cards/purchase cards	372	425
– Bank loan facilities - Newcastle Airport	80,750	49,000
<b>Total drawn financing arrangements</b>	<b>81,122</b>	<b>49,425</b>

**Undrawn facilities**

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

– Bank overdraft facilities	2,500	2,500
– Credit cards/purchase cards	628	575
– Bank loan facilities - Newcastle Airport	36,750	68,500
<b>Total undrawn financing arrangements</b>	<b>39,878</b>	<b>71,575</b>

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**C3-3 Borrowings (continued)**

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**Financial Covenants**

Newcastle Airport is required to comply with covenants under its bank loan facility that include a Gearing Ratio and Interest Cover Ratio. Non-compliance may lead to a review event or in some instances a default.

**Breaches and defaults**

During the current and prior year, there were no defaults or breaches on any of Council or Newcastle Airport's loans. Consistent with previous years, management have performed sensitivity analysis of Council and Newcastle Airport business plans and expect that they will be able to meet all contractual obligations from borrowings over the next 12 months.

**Security over loans**

Council loans are secured by the general rating income of Council.

Newcastle Airport loans are secured by the assets of Newcastle Airport and Council is not a guarantor in respect of the Newcastle Airport loans.

<sup>(1)</sup> The bank overdraft facility may be drawn at any time and may be terminated by the bank if any events of default specified in the contract occur.

**C3-4 Employee benefit provisions**

\$ '000	2025	2025	2024	2024
	Current	Non-current	Current	Non-current
Annual leave	4,810	–	4,803	–
Sick leave	1,496	–	1,816	–
Long service leave	9,202	934	8,955	970
Flexi time / RDO leave	540	–	532	–
<b>Total employee benefit provisions</b>	<b>16,048</b>	<b>934</b>	<b>16,106</b>	<b>970</b>

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

\$ '000	2025	2024
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employee benefits	8,806	9,046
	<b>8,806</b>	<b>9,046</b>

**Material accounting policy information**

**Long-term employee benefit obligations**

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

**C3-5 Derivative financial instruments**

**Derivative financial instruments - Liabilities**

\$ '000	2025	2025	2024	2024
	Current	Non-current	Current	Non-current
Derivatives - Newcastle Airport Partnership	53	661	–	–
<b>Total derivative financial instruments - Liabilities</b>	<b>53</b>	<b>661</b>	<b>–</b>	<b>–</b>

**Derivative financial instruments - Assets**

\$ '000	2025	2025	2024	2024
	Current	Non-current	Current	Non-current
Derivatives - Newcastle Airport Partnership	–	–	–	893
<b>Total derivative financial instruments - Assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>893</b>

Newcastle Airport Partnership holds derivative financial instruments in the form of interest rate swaps. These interest rate swaps are designated to be in a 100% hedge relationship against Newcastle Airport's exposure to increases in interest rates for borrowings.

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**C3-5 Derivative financial instruments (continued)**

<b>\$'000</b>	<b>2025</b>	<b>2024</b>
Hedge relationship	Cash flow hedges	Cash flow hedges
Instrument type	AUD IRS	AUD IRS
Notional amount	97,500	55,000
Weighted average hedge rate	3.746%	3.799%
Hedge ratio	1:1	1:1
<b>At reporting date</b>		
Carrying amount of hedging instruments - assets	-	893
Carrying amount of hedging instruments - liabilities	(714)	-
Balances deferred in OCI (Hedge reserves)	608	(874)
<b>During the period</b>		
Change in fair value of hedging instruments	(1,605)	(103)
Change in value of hedged item used to determine hedge effectiveness	1,495	117
Changes in the value of the hedging instrument recognised in OCI	(1,482)	(122)
Hedge ineffectiveness recognised in profit or loss	(123)	(19)

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## C3-5 Derivative financial instruments (continued)

### Hedge Accounting

On initial designation of a derivative as a hedging instrument, Newcastle Airport Partnership documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy for undertaking the hedge transaction.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. Any gains or losses arising from changes in fair value of derivatives, except those that qualify as effective hedges, are immediately recognised in profit or loss. When Newcastle Airport Partnership designates certain derivatives to be part of a hedging relationship, and they meet the criteria for hedge accounting, all hedges are classified as cash flow hedges.

The hedge ratio is one, due to the notional value of the hedged item equating to the notional value of the hedging instrument.

### Cash Flow Hedges

Newcastle Airport Partnership's interest rate swaps are accounted for as cash flow hedges. They are used to hedge exposure to variability in forecast cash flows where the transaction is committed or highly probable. Initial recognition of the derivative is at fair value. Subsequent to initial recognition, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the cash flow hedge reserve under equity. Any ineffective portion of the derivative is recognised immediately in profit or loss. The amount accumulated in the cash flow hedge reserve is reclassified to profit or loss in the same period that the hedged cash flow affects profit or loss.

If the derivative no longer meets the criteria for hedge accounting, for example if it expires, is sold, terminated, exercised or the designation is revoked, then hedge accounting is discontinued prospectively and the balance in equity is reclassified to profit or loss when the forecast transactions are not expected to occur anymore.

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as above.

## C4 Reserves

### C4-1 Nature and purpose of reserves

#### IPPE Revaluation Surplus

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

#### Hedging reserve

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

**D Council structure**

**D1 Interests in other entities**

**D1-1 Interests in joint arrangements**

**(i) Joint operations**

**(a) Council is involved in the following joint operations (JO's)**

Name of joint operation	Principal activity	Place of business	Interest in ownership		Interest in voting	
			2025	2024	2025	2024
Newcastle Airport Partnership and Newcastle Airport Pty Ltd	Airport Operation	Williamstown	50%	50%	50%	50%
Greater Newcastle Aerotropolis Partnership & Greater Newcastle Aerotropolis Pty Ltd	Airport Operation	Williamstown	50%	50%	50%	50%

**Council assets employed in the joint operations**

\$ '000	2025	2024
<b>Council's share of assets jointly owned with other partners</b>		
Current assets	12,438	23,279
Current liabilities	(8,413)	(8,774)
Non current assets	235,513	191,783
Non-current liabilities	(83,113)	(51,040)
<b>Total net assets employed – Council's share</b>	<b>156,425</b>	<b>155,248</b>

The percentage ownership interest held is equivalent to the percentage voting rights for all joint arrangements. All joint arrangements have the same year end as Council.

Council has entered into two joint arrangements; Newcastle Airport Partnership, and Greater Newcastle Aerotropolis Partnership. Both entities have a principal place of business of Williamstown, NSW. Under these arrangements, the partners hold rights to their share of assets and liabilities of the entities, and their unanimous consent is required for decisions regarding the relevant activities of the entities. Council has therefore classified these arrangements as joint operations and has included its interests in the assets, liabilities, revenue and expenses of the partnerships in the appropriate line items of the Statement of Financial Position and Income Statement respectively.

There is a Syndicated Facility Agreement in place which restricts the payment of distributions to partners, including a clause preventing payment of distributions until the terminal expansion has reached practical completion and a completion certificate has been issued under the construction contract.

**Material accounting policy information**

Council has determined that it has only joint operations.

**Joint operations**

In relation to its joint operations, where Council has the rights to the individual assets and obligations arising from the arrangement, Council has recognised:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its share of the revenue from the sale of the output by the joint operation

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**D1-1 Interests in joint arrangements (continued)**

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- its expenses, including its share of any expenses incurred jointly

These figures are incorporated into the relevant line item in the primary statements.

**E Risks and accounting uncertainties**

**E1-1 Risks relating to financial instruments held**

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

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

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

Financial risk management is carried out by Council's finance section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2025	Carrying value 2024	Fair value 2025	Fair value 2024
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	8,007	24,980	8,007	24,980
Receivables	14,193	11,807	14,193	11,807
Investments				
– Debt securities at amortised cost	75,639	61,160	76,862	62,141
<b>Fair value through other comprehensive income</b>				
Derivative financial instruments	–	893	–	893
<b>Total financial assets</b>	<b>97,839</b>	<b>98,840</b>	<b>99,062</b>	<b>99,821</b>
<b>Financial liabilities</b>				
Payables	26,317	20,461	26,317	20,461
Borrowings	93,022	63,770	93,022	63,770
Derivative financial instruments	(714)	–	(714)	–
<b>Total financial liabilities</b>	<b>118,625</b>	<b>84,231</b>	<b>118,625</b>	<b>84,231</b>

The risks associated with the financial instruments held are:

- Market risk – interest rate risk – the risk that movements in interest rates could affect returns
- Price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether their changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- Liquidity risk – the risk that Council will not be able to pay its debts as and when they fall due.
- Credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to the Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

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

**(a) Market risk – interest rate and price risk**

\$ '000	2025	2024
Impact of a 1% movement in interest rates – Equity / Income Statement	<b>861</b>	996

Newcastle Airport's interest rate risk arises primarily from interest bearing liabilities with variable interest rates where interest rate movements can impact Newcastle Airport's cash flows.

Newcastle Airport uses interest rate swap contracts to mitigate interest rate risk. Newcastle Airport's policy is to maintain hedging arrangements in accordance with the bands below:

Year 1-3 50%-100%  
Year 4-7 25%-75%

By entering into interest rate swap (IRS) contracts, Newcastle Airport agrees to exchange the net difference between fixed and floating interest rate amounts (based on Australian BBSY) calculated by reference to agreed notional principal amounts.

All floating for fixed IRS are designated as cash flow hedges. The IRS and the interest payments on the related loan occur simultaneously and the amount deferred in equity is recognised in profit or loss over the loan period.

The fair value of IRS contracts at reporting date are determined by discounting the related future cash flows using the cash and swap curves at the reporting date and credit risk inherent in the contract.

**(b) Credit risk**

Council's major receivables comprise (i) rates and annual charges and (ii) Newcastle Airport debtors.

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

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

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

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

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

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

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

**Credit risk profile**

**Receivables - rates and annual charges**

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

Council manages the credit risk of these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

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

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

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

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

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

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
<b>2025</b>				
Gross carrying amount	–	3,730	51	3,781
<b>2024</b>				
Gross carrying amount	–	3,041	106	3,147

**Receivables - non-rates and annual charges and contract assets**

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2025</b>						
Gross carrying amount	14,882	82	196	40	762	15,962
Expected loss rate (%)	0.01%	0.07%	0.32%	0.37%	0.87%	0.06%
<b>ECL provision</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>7</b>	<b>9</b>
<b>2024</b>						
Gross carrying amount	14,733	298	239	88	1,357	16,715
Expected loss rate (%)	0.01%	0.04%	0.14%	0.49%	0.26%	0.04%
<b>ECL provision</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4</b>	<b>5</b>

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

**(c) Liquidity risk**

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (i.e. principal and interest) and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2025</b>							
Payables	0.00%	1,631	23,403	1,283	–	26,317	26,317
Borrowings	5.71%	–	7,369	99,807	2,115	109,291	93,022
Lease liabilities	0.00%	–	957	49	1,291	2,297	1,687
<b>Total financial liabilities</b>		<b>1,631</b>	<b>31,729</b>	<b>101,139</b>	<b>3,406</b>	<b>137,905</b>	<b>121,026</b>
<b>2024</b>							
Payables	0.00%	1,204	17,686	1,571	–	20,461	20,461
Borrowings	6.17%	–	6,071	70,725	2,676	79,472	63,770
Lease liabilities	0.00%	–	1,018	1,365	1,261	3,644	2,579
<b>Total financial liabilities</b>		<b>1,204</b>	<b>24,775</b>	<b>73,661</b>	<b>3,937</b>	<b>103,577</b>	<b>86,810</b>

## E2-1 Fair value measurement

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

- Derivatives
- Investment property
- Infrastructure, property, plant and equipment
- Intangible assets - bio banking credits

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

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

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

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

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

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**E2-1 Fair value measurement (continued)**

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2025	2024	2025	2024	2025	2024
<b>Recurring fair value measurements</b>							
<b>Derivatives</b>							
	C3-5	(714)	893	-	-	(714)	893
		(714)	893	-	-	(714)	893
<b>Investment property</b>							
	C1-9	42,640	44,315	-	-	42,640	44,315
		42,640	44,315	-	-	42,640	44,315
<b>Infrastructure, property, plant and equipment</b>							
	C1-8	-	-	13,753	11,224	13,753	11,224
		-	-	1,822	1,649	1,822	1,649
		-	-	889	527	889	527
		87,266	77,390	-	-	87,266	77,390
		-	-	75,556	48,498	75,556	48,498
		-	-	47,493	31,337	47,493	31,337
		-	-	5,213	5,057	5,213	5,057
		82,500	93,000	-	-	82,500	93,000
		-	-	7,796	7,891	7,796	7,891
		-	-	180,391	179,580	180,391	179,580
		-	-	7,401	7,905	7,401	7,905
		-	-	572,378	453,862	572,378	453,862
		-	-	20,772	20,298	20,772	20,298
		-	-	68,575	78,285	68,575	78,285
		-	-	24,762	17,685	24,762	17,685
		-	-	298,191	282,344	298,191	282,344
		-	-	3,562	3,485	3,562	3,485
		-	-	36,846	34,127	36,846	34,127
		-	-	12,236	12,880	12,236	12,880
		-	-	152,256	97,870	152,256	97,870
		169,766	170,390	1,529,892	1,294,504	1,699,658	1,464,894
<b>Intangible assets</b>							
		4,934	4,974	-	-	4,934	4,974
		4,934	4,974	-	-	4,934	4,974

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## E2-1 Fair value measurement (continued)

### Valuation techniques

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

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

#### Derivatives

The fair value of interest rate swap contracts at reporting date are determined by discounting the related future cash flows using the cash and swap curves at the reporting date and credit risk inherent in the contract, these are level 2 inputs.

#### Investment property

Council obtains valuations of its investment properties every year or when there are indicators of a change in the carrying value of the asset.

The best evidence of fair value is the current price in an active market for similar assets. The following information is used where necessary:

The investment property held by Council has been valued by the valuer using valuation techniques that are appropriate and for which sufficient data was available to measure fair value, maximising the use of observable inputs namely level 2 inputs (based on per square metres). The income approach is used to value the investment properties and has not changed from prior years.

#### Infrastructure, property, plant and equipment (IPPE)

##### Plant and Equipment, Office Equipment, Furniture and Fittings

Plant and equipment, office equipment and furniture & fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant and equipment - Graders, trucks, rollers, tractors and motor vehicles.
- Office equipment - Computers, photocopiers, calculators etc.
- Furniture and fittings - Chairs, desks and display boards.

##### Land

The main components of land include community land, operational land, Crown land, Newcastle Airport land and land under roads.

Community land is based on either the land value provided by the Valuer-General or an average unit rate based on the land value for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for the land.

Operational land and Newcastle Airport land has been valued at market value, having regard to the "highest and best use", after identifying all elements that would be taken into account by buyers and sellers in settling the price, including but not limited to:

- 1.The land's description and/or dimensions;
- 2.Planning and other constraints on development; and
- 3.The potential for alternative use.

Sale prices of comparable land parcels in close proximity were adjusted for differences in key attributes such as size and configuration. The most significant inputs into this valuation approach are price per square metre. Since extensive professional judgements were required to determine the inputs these assets were classified as having been valued using level 2 valuation inputs.

Land under roads were valued in accordance with the Australian Accounting Standard AASB 116 Property, Plant and Equipment, and the Local Government Code of Accounting Practice and Financial Reporting. Values were

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**E2-1 Fair value measurement (continued)**

determined by applying the average rate per unit of land to the total size of Council's land under roads. This asset class is classified as level 3 asset as significant inputs used in this methodology are unobservable. There has been no change to the valuation process during the reporting period.

Between comprehensive valuations, Council reviews the carrying value of land assets and where necessary applies an appropriate index to align carrying values with approximate fair values.

**Infrastructure**

The main components of infrastructure include buildings, other structures, roads, bridges, footpaths, car parks, stormwater drainage, swimming pools, other open space and other infrastructure.

The valuation approach used for buildings and other structures estimated the replacement cost of each building by componentising of significant parts with different useful lives and taking into account a range of factors. The unit rates could be supported by market evidence (level 2 inputs), other inputs (such as estimates of residual value, useful life and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued using level 3 inputs. There has been no change to the valuation process during the reporting period.

Roads, bridges, footpaths and car parks are valued using the cost replacement approach. Valuations for these asset classes were undertaken in-house based on actual costs and assumptions from Council's engineering department. No market based evidence (level 2) inputs are available therefore level 3 valuation inputs were used for this asset class. There has been no change to the valuation process during the reporting period.

Stormwater drainage assets have been valued using the cost approach. Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices. The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Council's swimming pools, other open space, and other infrastructure have been valued in house by experienced engineering and asset management staff using the cost approach. The approach estimates the replacement cost for each pool by componentising its significant parts.

Between comprehensive valuations, Council reviews the carrying value of infrastructure assets and where necessary applies an appropriate index to align carrying values with approximate fair values.

**Other Assets**

Other assets include heritage collections, library books, and Newcastle Airport infrastructure, plant and equipment. All other asset classes have also been recorded at replacement cost. While some elements of gross replacement values could be supported from market evidence (level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Therefore, level 3 is best suited. There has been no change to the valuation process during the reporting period.

**Intangible assets**

Council obtains valuations of its bio banking credits every year or when there are indicators of a change in the carrying value of the asset.

The best evidence of fair value is the current price in an active market for similar assets. The bio banking credits held by Council has been valued by the valuer using valuation techniques that are appropriate and for which sufficient data was available to measure fair value, maximising the use of observable inputs namely level 2 inputs (based on trading of similar ecosystem and species credits).

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**E2-1 Fair value measurement (continued)**

**Fair value measurements using significant unobservable inputs (level 3)**

**Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.**

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

	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>		
Plant & Office Equipment	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value.
Furniture & Fittings	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value.
Land & Land Improvements	Market approach: land values obtained from the NSW Valuer General.	Land value, land area, level of restriction (for example zoning restrictions).
Buildings	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value.
Other Structures	Cost approach	Current replacement cost of modern equivalent asset, asset condition and useful life.
Infrastructure	Cost approach	Current replacement cost of modern equivalent asset, asset condition and useful life.
Other Assets	Cost approach	Current replacement cost of modern equivalent asset, asset condition and useful life.

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**E2-1 Fair value measurement (continued)**

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

\$ '000	Plant and office equipment		Furniture and fittings		Land and land improvements		Buildings	
	2025	2024	2025	2024	2025	2024	2025	2024
<b>Opening balance</b>	<b>12,873</b>	10,231	<b>527</b>	504	<b>92,783</b>	92,631	<b>179,580</b>	166,898
Transfers from/(to) another asset class	4	529	-	-	-	-	2,450	10,816
Purchases	5,153	4,466	418	53	1,184	207	2,111	5,515
Disposals	(424)	(456)	-	-	-	-	(220)	-
Depreciation and impairment	(2,032)	(1,897)	(55)	(30)	(95)	(95)	(3,853)	(3,649)
Revaluation increments/decrements	-	-	-	-	42,190	40	6,703	-
Transfers from/(to) Note C1-7	-	-	-	-	(6)	-	(6,380)	-
<b>Closing balance</b>	<b>15,574</b>	12,873	<b>890</b>	527	<b>136,056</b>	92,783	<b>180,391</b>	179,580

\$ '000	Other structures		Infrastructure		Other assets		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
<b>Opening balance</b>	<b>7,905</b>	7,935	<b>902,966</b>	829,095	<b>97,870</b>	73,969	<b>1,294,504</b>	1,181,263
Transfers from/(to) another asset class	-	2	11,834	9,064	(353)	(129)	13,935	20,282
Purchases	60	550	13,723	16,590	55,775	25,922	78,424	53,303
Disposals	-	-	(22)	(450)	(399)	(2,870)	(1,065)	(3,776)
Depreciation and impairment	(564)	(582)	(10,492)	(9,936)	(3,951)	(3,772)	(21,042)	(19,961)
Revaluation increments/decrements	-	-	119,312	58,603	3,317	4,750	171,522	63,393
Transfers from/(to) Note C1-7	-	-	-	-	-	-	(6,386)	-
<b>Closing balance</b>	<b>7,401</b>	7,905	<b>1,037,321</b>	902,966	<b>152,259</b>	97,870	<b>1,529,892</b>	1,294,504

**Highest and best use**

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

**E3-1 Contingencies**

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

**LIABILITIES NOT RECOGNISED**

**1. Guarantees**

**(i) Defined benefit superannuation contribution plans**

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

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

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

*Description of the funding arrangements.*

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

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

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

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

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

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

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

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

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

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**E3-1 Contingencies (continued)**

*Description of any agreed allocation of a deficit or surplus*

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2025 was \$335,545.

Council's expected contribution to the plan for the next annual reporting period is \$79,811.

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

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

\* excluding member accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 0.86%.

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

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

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

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

**(ii) Statewide Limited**

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

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

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

**(iii) StateCover Limited**

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

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

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

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**E3-1 Contingencies (continued)**

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

**F People and relationships**

**F1 Related party disclosures**

**F1-1 Key management personnel (KMP)**

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

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

\$ '000	2025	2024
<b>Compensation:</b>		
Short-term benefits	4,425	4,349
Post-employment benefits	460	423
Termination benefits	96	–
<b>Total</b>	<b>4,981</b>	<b>4,772</b>

**Other transactions with KMP and their related parties**

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments
\$ '000			
<b>2025</b>			
Director remuneration	1	106	–
Director remuneration	2	45	–
Payment of contributions, annual membership and advertising	3	466	–
Legal services	4	122	5
Tourism services and annual subscription	5	102	–
Development fees & contributions	6	81	–
Development fees & contributions	7	254	–
Operating subsidy	8	226	1
<b>2024</b>			
Director remuneration	1	107	–
Director remuneration	2	46	–
Payment of contributions, annual membership and advertising	3	453	–
Legal services	4	136	14
Tourism services and annual subscription	5	99	–
Development fees & contributions	6	91	–
Development fees & contributions	7	297	30
Operating subsidy	8	199	–

- 1 Members of Council's KMP is remunerated for the provision of board member services by Newcastle Airport Pty Ltd which Port Stephens Council has a 50% shareholding in.
- 2 Members of Council's KMP is remunerated for the provision of board member services by Greater Newcastle Aerotropolis Pty Ltd which Port Stephens Council has a 50% shareholding in.
- 3 A member of Council's KMP is a board member of Destination Port Stephens (a non profit organisation) which receives an annual contribution from Council towards generating economic activity within the LGA, payments were also made for annual membership and advertising services. The KMP member is not remunerated by Destination Port Stephens for their Directorship.

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**F1-1 Key management personnel (KMP) (continued)**

- 4 Port Stephens Council paid for legal services from Local Government Legal (a division of Arrow Collaborative Services Ltd) which is a joint operation between 11 Hunter Councils. A member of Council's KMP is a Director of Arrow Collaborative Services Ltd and is not remunerated for their Directorship.
- 5 Port Stephens Council paid for tourism promotion services from Screen Hunter (a division of Arrow Collaborative Services Ltd) which is a joint operation between 11 Hunter Councils and an annual subscription to core funding. A member of Council's KMP is a Director of Arrow Collaborative Services Ltd and is not remunerated for their Directorship.
- 6 Port Stephens Council received development fees and contributions from Newcastle Airport Pty Limited in relation to the terminal expansion. Council has members of its KMP which are directors of Newcastle Airport Pty Limited. The amounts received were under normal terms and conditions.
- 7 Port Stephens Council received development fees, development contributions and rates from Greater Newcastle Aerotropolis Pty Limited in relation to Aero Astra lab expansion. Council has members of its KMP which are directors of Greater Newcastle Aerotropolis Pty Limited. The amounts received were under normal terms and conditions.
- 8 Port Stephens Council paid a contribution towards the operating costs of Port Stephens Koala and Wildlife Preservation Society Limited which has 2 members of Council's KMP as a director.

**F1-2 Councillor and Mayoral fees and associated expenses**

\$ '000	2025	2024
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	86	90
Councillors' fees	265	260
Other Councillors' expenses (including Mayor)	145	64
<b>Total</b>	<b>496</b>	<b>414</b>

**F2 Other relationships**

**F2-1 Audit fees**

\$ '000	2025	2024
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

**Auditors of the Council - NSW Auditor-General:**

**(i) Audit and other assurance services**

Audit of financial statements	130	106
<b>Total fees paid or payable to the Auditor-General</b>	<b>130</b>	<b>106</b>

**Non NSW Auditor-General audit firms**

**(i) Audit and other assurance services**

Audit of financial statements - Newcastle Airport	118	71
<b>Total fees paid or payable to non NSW Auditor-General audit firms</b>	<b>118</b>	<b>71</b>

<b>Total audit fees</b>	<b>248</b>	<b>177</b>
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**G Other matters**

**G1-1 Statement of Cash Flows information**

**(a) Reconciliation of Operating Result**

\$ '000	2025	2024
<b>Net operating result from Income Statement</b>	<b>36,354</b>	46,928
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	22,076	21,107
(Gain) / loss on disposal of assets	(391)	3,879
Non-cash capital grants and contributions	(8,518)	(3,009)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	1,869	(2,660)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(2,278)	(423)
Increase / (decrease) in provision for impairment of receivables	(108)	123
(Increase) / decrease of inventories	59	(109)
(Increase) / decrease of other assets	(6)	161
(Increase) / decrease of contract asset	2,397	(4,382)
Increase / (decrease) in payables	4,625	(664)
Increase / (decrease) in other accrued expenses payable	990	(1,987)
Increase / (decrease) in other liabilities	955	1,221
Increase / (decrease) in contract liabilities	565	(3,348)
Increase / (decrease) in employee benefit provision	(94)	598
<b>Net cash flows from operating activities</b>	<b>58,495</b>	<b>57,435</b>

**(b) Non-cash investing activities**

Non cash developer contributions	100	25
Dedicated subdivisions	7,265	2,766
RFS assets	1,153	218
<b>Total non-cash investing and financing activities</b>	<b>8,518</b>	<b>3,009</b>

**G2-1 Commitments**

**Capital commitments (exclusive of GST)**

<b>\$ '000</b>	<b>2025</b>	<b>2024</b>
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

**Property, plant and equipment**

Buildings	1,822	1,173
Plant and equipment	2,333	1,410
Road and Civil Infrastructure	7,602	2,019
Newcastle Airport	7,903	31,972
Aquatic Structures	137	–
Open Space Infrastructure	123	96
Other	129	99
<b>Total commitments</b>	<b>20,049</b>	<b>36,769</b>

**These expenditures are payable as follows:**

Within the next year	20,049	36,769
<b>Total payable</b>	<b>20,049</b>	<b>36,769</b>

**Details of capital commitments**

The majority of councils capital commitments relate to the Newcastle Airport upgrades, the acquisition of new fleet and road upgrades.

**G3-1 Events occurring after the reporting date**

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

G4 Statement of developer contributions

G4-1 Summary of developer contributions <sup>1</sup>

\$ '000	Opening balance at 1 July 2024	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Civic Administration	(25)	138	-	3	-	(288)	-	(175)	-
Civic Administration - Works Depot	13	239	-	7	-	-	-	252	-
Public Open Space, Parks and Reserves	1,797	436	-	4	75	(216)	(43)	2,049	-
Sports and Leisure Facilities	8,596	668	-	9	358	(507)	43	9,158	-
Town Centre Upgrades	601	609	-	17	25	(13)	-	1,222	-
Community and Cultural Facilities	2,248	222	-	2	94	(188)	-	2,376	-
Road Works	2,049	723	-	29	85	(104)	-	2,753	-
Medowie, Traffic and Transport	1,756	327	-	-	73	-	5	2,161	-
Shared Paths	353	362	-	21	15	(10)	(5)	715	-
Bus Facilities	37	9	-	-	1	-	-	47	-
Fire and Emergency	169	17	-	-	7	-	-	193	-
Flood and Drainage Works	743	291	-	4	31	-	-	1,065	-
Haulage	1,737	1,074	-	-	-	(1,375)	-	1,436	-
Kings Hill Urban Release Area	118	68	-	4	5	-	-	191	-
<b>S7.11 contributions – under a plan</b>	<b>20,192</b>	<b>5,183</b>	<b>-</b>	<b>100</b>	<b>769</b>	<b>(2,701)</b>	<b>-</b>	<b>23,443</b>	<b>-</b>
<b>S7.12 levies – under a plan</b>	<b>1,228</b>	<b>1,734</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>(907)</b>	<b>-</b>	<b>2,106</b>	<b>-</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>21,420</b>	<b>6,917</b>	<b>-</b>	<b>100</b>	<b>820</b>	<b>(3,608)</b>	<b>-</b>	<b>25,549</b>	<b>-</b>
S7.4 planning agreements	1,190	1,250	-	-	-	(2,440)	-	-	-
<b>Total contributions</b>	<b>22,610</b>	<b>8,167</b>	<b>-</b>	<b>100</b>	<b>820</b>	<b>(6,048)</b>	<b>-</b>	<b>25,549</b>	<b>-</b>

(1) Interest is earned according to the opening balance for the year

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

**G4-2 Developer contributions by plan**

	Opening balance at 1 July 2024	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
<b>S7.11 contributions – under a plan</b>									
<b>CATCHMENT DISTRICT – RAYMOND TERRACE - RURAL</b>									
Town Centre Upgrades	145	105	–	17	6	–	–	256	–
Public Open Space, Parks and Reserves	595	26	–	4	25	–	–	646	–
Sports and Leisure Facilities	1,683	57	–	9	70	(37)	–	1,773	–
Community and Cultural Facilities	116	13	–	2	5	(63)	–	71	–
Road Works	588	171	–	29	24	–	–	783	–
Shared Paths	212	124	–	21	9	–	–	345	–
Bus Facilities	2	–	–	–	–	–	–	2	–
Fire and Emergency	56	1	–	–	2	–	–	59	–
Flood and Drainage Works	73	22	–	4	3	–	–	98	–
Kings Hill Urban Release Area	60	22	–	4	3	–	–	85	–
<b>Total</b>	<b>3,530</b>	<b>541</b>	<b>–</b>	<b>90</b>	<b>147</b>	<b>(100)</b>	<b>–</b>	<b>4,118</b>	<b>–</b>
<b>CATCHMENT DISTRICT – CENTRAL GROWTH CORRIDOR</b>									
Town Centre Upgrades	197	304	–	–	8	–	–	509	–
Public Open Space, Parks and Reserves	233	256	–	–	10	(30)	(43)	426	–
Sports and Leisure Facilities	4,273	397	–	–	178	(395)	43	4,496	–
Community and Cultural Facilities	1,198	91	–	–	50	(62)	–	1,277	–
Road Works	736	322	–	–	31	–	–	1,089	–
Medowies, Traffic and Transport	1,756	327	–	–	73	–	5	2,161	–
Shared Paths	–	46	–	–	–	(10)	(5)	31	–
Bus Facilities	4	3	–	–	–	–	–	7	–
Flood and Drainage Works	395	164	–	–	16	–	–	575	–
Kings Hill Urban Release Area	27	27	–	–	1	–	–	55	–
<b>Total</b>	<b>8,819</b>	<b>1,937</b>	<b>–</b>	<b>–</b>	<b>367</b>	<b>(497)</b>	<b>–</b>	<b>10,626</b>	<b>–</b>
<b>CATCHMENT DISTRICT – TOMAREE</b>									
Town Centre Upgrades	254	184	–	–	11	(13)	–	436	–
Public Open Space, Parks and Reserves	844	153	–	–	35	(186)	–	846	–
Sports and Leisure Facilities	2,279	208	–	–	95	(38)	–	2,544	–

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**G4-2 Developer contributions by plan (continued)**

\$ '000	Opening balance at 1 July 2024	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
<b>Community and Cultural</b>										
Facilities	932	116	-	-	39	(63)	-	1,024	-	
Road Works	702	215	-	-	29	(104)	-	842	-	
Shared Paths	104	178	-	-	4	-	-	286	-	
Bus Facilities	1	-	-	-	-	-	-	1	-	
Fire and Emergency	113	16	-	-	5	-	-	134	-	
Flood and Drainage Works	275	105	-	-	12	-	-	392	-	
Kings Hill Urban Release Area	29	16	-	-	1	-	-	46	-	
<b>Total</b>	<b>5,533</b>	<b>1,191</b>	<b>-</b>	<b>-</b>	<b>231</b>	<b>(404)</b>	<b>-</b>	<b>6,551</b>	<b>-</b>	
<b>CATCHMENT DISTRICT – FERN BAY</b>										
Town Centre Upgrades	5	16	-	-	-	-	-	21	-	
Public Open Space, Parks and Reserves	125	1	-	-	5	-	-	131	-	
Sports and Leisure Facilities	361	6	-	-	15	(37)	-	345	-	
Community and Cultural Facilities	2	2	-	-	-	-	-	4	-	
Shared Paths	37	14	-	-	2	-	-	53	-	
Road Works	23	15	-	-	1	-	-	39	-	
Bus Facilities	30	6	-	-	1	-	-	37	-	
Kings Hill Urban Release Area	2	3	-	-	-	-	-	5	-	
<b>Total</b>	<b>585</b>	<b>63</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>(37)</b>	<b>-</b>	<b>635</b>	<b>-</b>	
<b>CATCHMENT DISTRICT – SHIRE WIDE</b>										
Haulage	1,737	1,074	-	-	-	(1,375)	-	1,436	-	
Civic Administration	(25)	138	-	3	-	(288)	-	(175)	-	
Civic Administration - Works Depot	13	239	-	7	-	-	-	252	-	
<b>Total</b>	<b>1,725</b>	<b>1,451</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>(1,663)</b>	<b>-</b>	<b>1,513</b>	<b>-</b>	
<b>S7.12 Levies – under a plan</b>										
<b>S7.12 LEVIES – UNDER A PLAN</b>										
Section 7.12	1,228	1,734	-	-	51	(907)	-	2,106	-	
<b>Total</b>	<b>1,228</b>	<b>1,734</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>(907)</b>	<b>-</b>	<b>2,106</b>	<b>-</b>	

\$ '000	Opening balance at 1 July 2024	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
<b>G4-3 S7.4 planning agreements</b>									
Brandy Hill Shared Pathway	1,190	1,250	-	-	-	(2,440)	-	-	-
<b>Total</b>	<b>1,190</b>	<b>1,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,440)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**End of the audited financial statements**

# **Port Stephens Council**

**SPECIAL SCHEDULES**  
for the year ended 30 June 2025

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*"A great lifestyle in a treasured environment"*



## Port Stephens Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2024/25	Calculation 2025/26
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	52,917	<b>58,071</b>
Plus or minus adjustments <sup>2</sup>	b	191	<b>539</b>
<b>Notional general income</b>	c = a + b	<b>53,108</b>	<b>58,610</b>
<b>Permissible income calculation</b>			
Percentage increase	d	9.50%	<b>9.50%</b>
Plus percentage increase amount <sup>3</sup>	f = d x (c + e)	5,045	<b>5,568</b>
<b>Sub-total</b>	g = (c + e + f)	<b>58,153</b>	<b>64,178</b>
Plus (or minus) last year's carry forward total	h	49	<b>131</b>
<b>Sub-total</b>	j = (h + i)	<b>49</b>	<b>131</b>
<b>Total permissible income</b>	k = g + j	<b>58,202</b>	<b>64,309</b>
Less notional general income yield	l	58,071	<b>64,272</b>
<b>Catch-up or (excess) result</b>	m = k - l	<b>131</b>	<b>38</b>
<b>Carry forward to next year <sup>4</sup></b>	p = m + n + o	<b>131</b>	<b>38</b>

**Notes**

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

## **Port Stephens Council**

### **General Purpose Financial Statements for the year ended 30 June 2025**

#### **Statement by Councillors and Management**

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

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

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

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

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

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

**Signed in accordance with a resolution of Council made on 23 September 2025.**

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Leah Anderson  
**Mayor**  
23 September 2025

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Jason Wells  
**Councillor**  
23 September 2025

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Tim Crosdale  
**General Manager**  
23 September 2025

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Glen Peterkin  
**Responsible Accounting Officer**  
23 September 2025

## **SUPPLEMENTARY INFORMATION**

**ITEM NO. 1**

**FILE NO: 25/250123  
EDRMS NO: PSC2017-00180**

### **CASH AND INVESTMENT PORTFOLIO - AUGUST 2025**

**REPORT OF: GLEN PETERKIN - FINANCIAL SERVICES SECTION MANAGER  
DIRECTORATE: CORPORATE STRATEGY AND SUPPORT**

#### **BACKGROUND**

The purpose of this report is to present Council's schedule of cash and investments held at 31 August 2025.

Council's total portfolio of investments was \$75 million with an additional \$5.2 million held in Council's operational account as at 31 August 2025.

The investment portfolio meets the benchmarks for product type, rating exposure and maturity limits but is outside the benchmark in relation to institution exposure. As at 31 August 2025 Council held 1% more cash with State Bank of India (BBB rated) than the benchmark allows. Cashflow requirements have reduced the overall portfolio size however at the time of investing with State Bank of India (SBI) all benchmark requirements were met. Council is no longer over the institutional limit for SBI as of September 2025.

The investment portfolio is currently yielding 5.32% per annum on a rolling 1- year performance, which was 1.07% above the benchmark with investment income on target to meet or exceed budget.

Council has sufficient cash to cover all reserves.

#### **ATTACHMENTS**

- 1) Cash and Investment Report - August 2025. [↓](#)



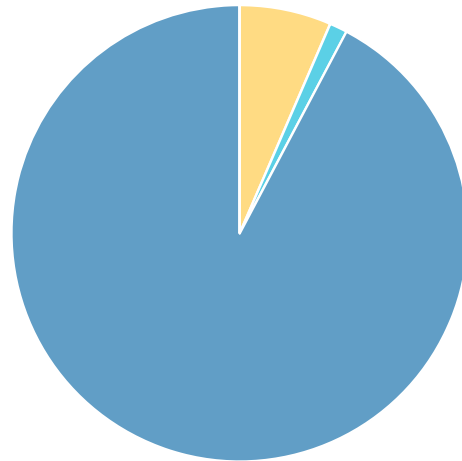
PORT STEPHENS  
COUNCIL

# Cash Investment Portfolio

Asset Allocation as at 31 August 2025



## Cash Investment Portfolio Holdings



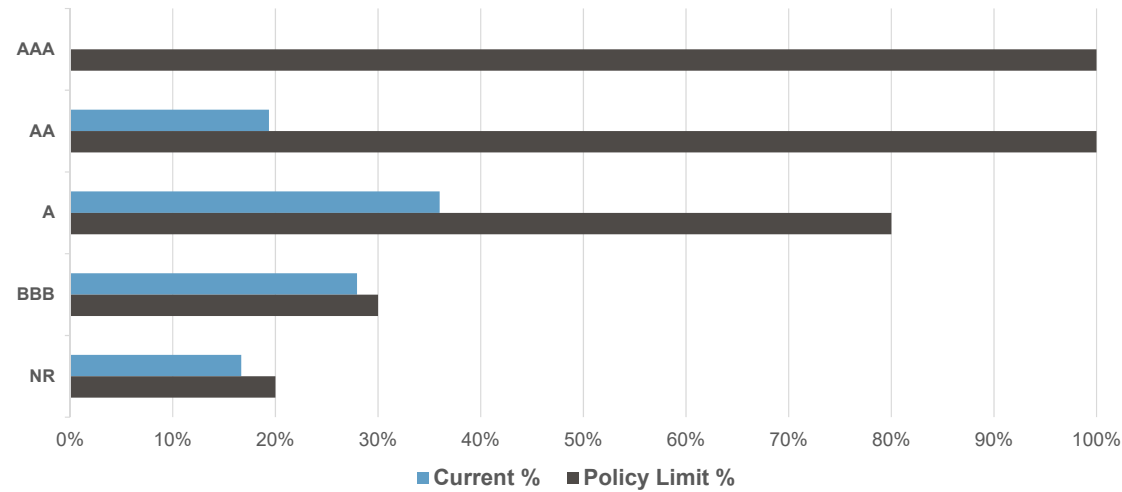
■ At Call ■ Cash ■ At Notice ■ TD ■ Managed Fund

Product Type	Market Value (\$)	Within Policy
At Call	-	
Cash	5,211,170	✓
At Notice	1,004,164	✓
TD	74,006,434	✓
Managed Fund	-	
	<b>80,221,768</b>	

✓ = Yes  
x = No

## Rating Exposure

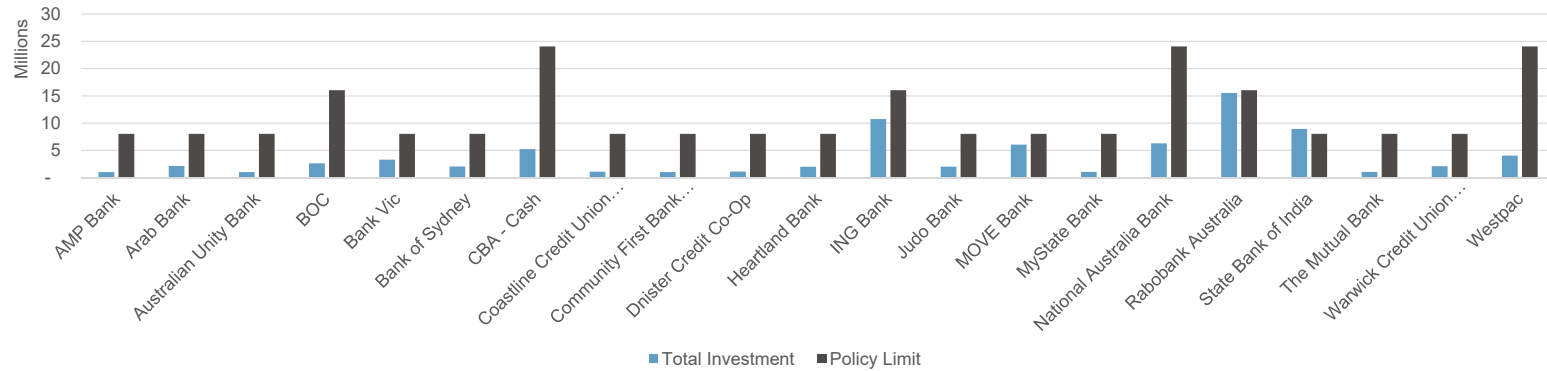
### Total Credit Exposure



Credit Rating Group	Market Value (\$)	Current %	Policy Limit %	Within Policy
AAA	-	0%	100%	✓
AA	15,536,917	19%	100%	✓
A	28,888,347	36%	80%	✓
BBB	22,421,043	28%	30%	✓
NR	13,375,461	17%	20%	✓
	<b>80,221,768</b>	<b>100%</b>		

✓ = Yes  
x = No

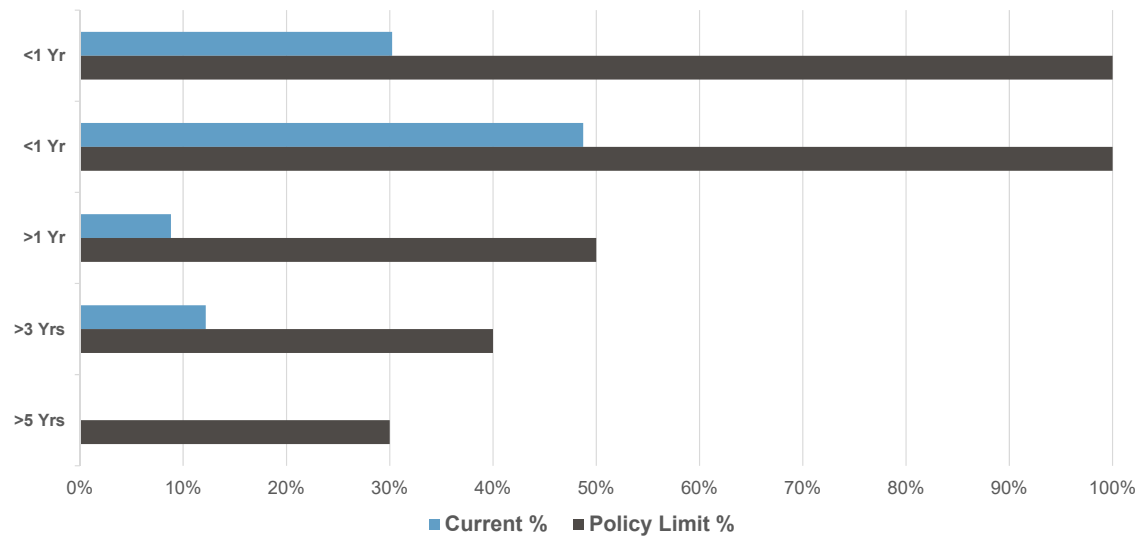
## Institution Exposure



Institution	Rating	Total Investment	Exposure	Policy Limit	Remaining to Limit	Within Policy
AMP Bank	BBB	1,004,164	1%	10%	7,018,012	✓
Arab Bank	NR	2,129,734	3%	10%	5,892,443	✓
Australian Unity Bank	BBB	1,008,718	1%	10%	7,013,459	✓
BOC	A	2,614,021	3%	20%	13,430,333	✓
Bank Vic	BBB	3,284,311	4%	10%	4,737,866	✓
Bank of Sydney	NR	2,026,338	3%	10%	5,995,838	✓
CBA - Cash	AA	5,211,170	6%	30%	18,855,361	✓
Coastline Credit Union Limited	BBB	1,075,958	1%	10%	6,946,219	✓
Community First Bank Ltd	BBB	1,025,357	1%	10%	6,996,820	✓
Dnister Credit Co-Op	NR	1,097,163	1%	10%	6,925,014	✓
Heartland Bank	BBB	2,000,921	2%	10%	6,021,256	✓
ING Bank	A	10,754,637	13%	20%	5,289,716	✓
Judo Bank	BBB	2,015,677	3%	10%	6,006,500	✓
MOVE Bank	NR	6,046,719	8%	10%	1,975,458	✓
MyState Bank	BBB	1,038,311	1%	10%	6,983,866	✓
National Australia Bank	AA	6,281,314	8%	30%	17,785,217	✓
Rabobank Australia	A	15,519,689	19%	20%	524,664	✓
State Bank of India	BBB	8,940,404	11%	10%	918,227	*
The Mutual Bank	BBB	1,027,222	1%	10%	6,994,955	✓
Warwick Credit Union Ltd	NR	2,075,507	3%	10%	5,946,670	✓
Westpac	AA	4,044,434	5%	30%	20,022,096	✓
<b>Total</b>		<b>80,221,768</b>				

✓ = Yes  
\* = No

## Term to Maturity Limits



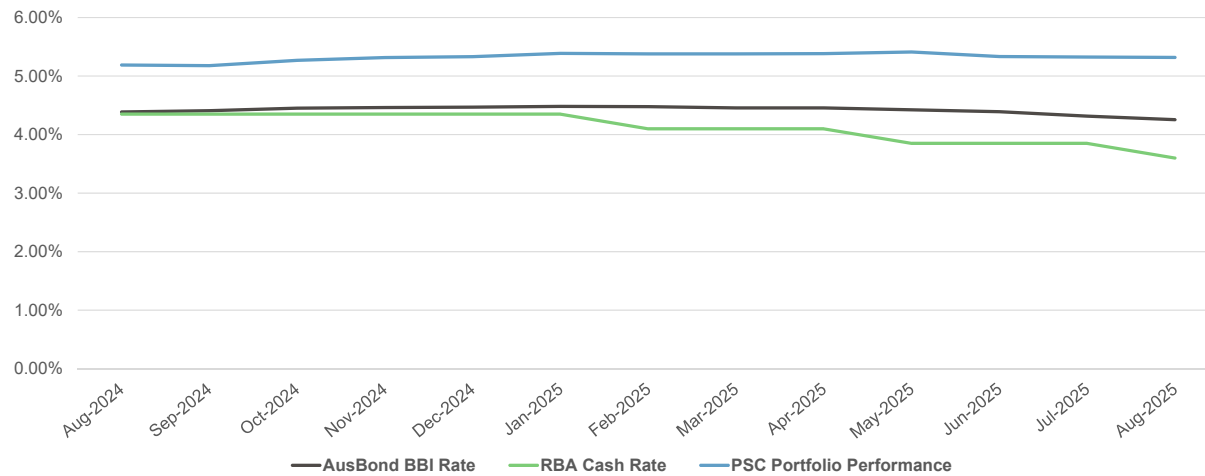
Detailed Maturity Profile	Market Value (\$)	Current %	Policy Limit %	Within Policy
Less than or equal 90 Days	24,259,955	30%	100%	✓
Between 90 Days and 365 Days	39,106,566	49%	100%	✓
Between 366 Days and 3 Years	7,077,455	9%	50%	✓
Between 3 Years and 5 Years	9,777,793	12%	40%	✓
Greater than 5 Years	-	0%	30%	✓
	<b>80,221,768</b>	<b>100%</b>		

✓ = Yes

x = No

**Portfolio Performance**

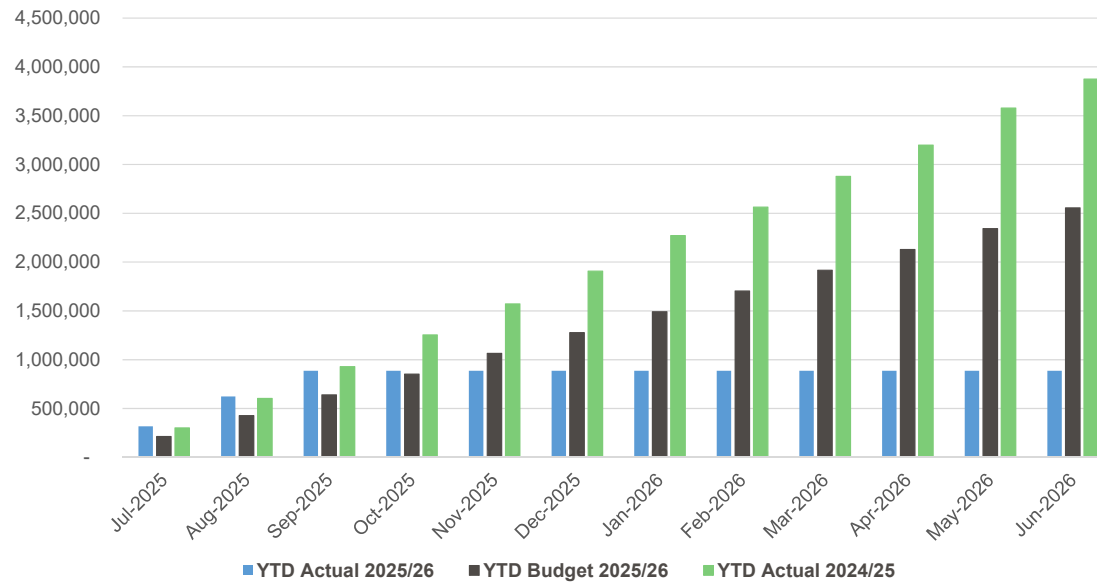
**One Year Rolling Performance**



Performance	1 month actual	3 months actual	6 months actual	FYTD actual	1 year % p.a. (Rolling)
Bloomberg AusBond BBI (Benchmark)	0.32%	0.94%	2.00%	0.62%	4.25%
PSC Investment Portfolio	0.43%	1.26%	2.66%	0.87%	5.32%
<b>Outperformance/(underperformance)</b>	<b>0.11%</b>	<b>0.32%</b>	<b>0.66%</b>	<b>0.25%</b>	<b>1.07%</b>

Income Earned vs Budget

Monthly Investment Income - Actual to Budget



**ORDINARY COUNCIL - 23 SEPTEMBER 2025 - SUPPLEMENTARY INFORMATION**

**Investment Register**

Institution	Market Value	Days Held	Interest Rate	Date Invested	Maturity Date	Rating
CBA - Cash	5,211,170	1		31/08/2025	1/09/2025	AA
National Australia Bank	2,099,672	367	4.97%	30/08/2024	1/09/2025	AA
State Bank of India	1,051,419	369	5.10%	28/08/2024	1/09/2025	BBB
Dnister Credit Co-Op	1,097,163	647	5.55%	1/12/2023	8/09/2025	NR
National Australia Bank	1,047,814	364	4.93%	11/09/2024	10/09/2025	AA
Rabobank Australia	3,148,767	377	5.00%	3/09/2024	15/09/2025	A
Arab Bank	1,097,688	661	5.58%	1/12/2023	22/09/2025	NR
National Australia Bank	1,047,814	377	4.93%	11/09/2024	23/09/2025	AA
National Australia Bank	1,047,814	384	4.93%	11/09/2024	30/09/2025	AA
Community First Bank Ltd	1,025,357	586	5.03%	29/02/2024	7/10/2025	BBB
Bank of Sydney	1,018,805	186	4.80%	10/04/2025	13/10/2025	NR
ING Bank	1,043,961	369	5.03%	16/10/2024	20/10/2025	A
Bank Vic	1,094,537	696	5.40%	1/12/2023	27/10/2025	BBB
Bank Vic	1,094,887	703	5.42%	1/12/2023	3/11/2025	BBB
Bank Vic	1,094,887	717	5.42%	1/12/2023	17/11/2025	BBB
National Australia Bank	1,038,199	362	5.07%	29/11/2024	26/11/2025	AA
Westpac	1,038,378	538	5.15%	11/06/2024	1/12/2025	AA
MOVE Bank	1,009,848	178	4.55%	13/06/2025	8/12/2025	NR
MyState Bank	1,038,311	370	5.16%	3/12/2024	8/12/2025	BBB
MOVE Bank	1,009,848	185	4.55%	13/06/2025	15/12/2025	NR
Coastline Credit Union Limited	1,075,958	655	5.05%	29/02/2024	15/12/2025	BBB
Warwick Credit Union Ltd	1,037,326	375	5.20%	12/12/2024	22/12/2025	NR
Warwick Credit Union Ltd	1,038,181	381	5.20%	6/12/2024	22/12/2025	NR
MOVE Bank	1,011,641	221	4.52%	29/05/2025	5/01/2026	NR
Arab Bank	1,032,045	733	5.02%	10/01/2024	12/01/2026	NR
MOVE Bank	1,011,517	234	4.52%	30/05/2025	19/01/2026	NR
Rabobank Australia	1,012,585	601	5.28%	5/06/2024	27/01/2026	A
State Bank of India	1,053,758	530	5.15%	15/08/2024	27/01/2026	BBB
BOC	1,028,612	369	4.88%	29/01/2025	2/02/2026	A
Rabobank Australia	1,011,244	607	5.13%	12/06/2024	9/02/2026	A
BOC	513,734	377	4.82%	4/02/2025	16/02/2026	A
ING Bank	1,009,008	602	5.39%	1/07/2024	23/02/2026	A
State Bank of India	1,050,411	545	5.00%	28/08/2024	24/02/2026	BBB
AMP Bank	1,004,164	212	4.75%	30/07/2025	27/02/2026	BBB
State Bank of India	518,949	444	5.30%	13/12/2024	2/03/2026	BBB
ING Bank	1,008,991	616	5.38%	1/07/2024	9/03/2026	A
Rabobank Australia	1,566,176	521	4.97%	11/10/2024	16/03/2026	A
State Bank of India	1,063,137	623	5.50%	8/07/2024	23/03/2026	BBB
Rabobank Australia	781,628	514	5.08%	1/11/2024	30/03/2026	A
State Bank of India	1,063,137	637	5.50%	8/07/2024	6/04/2026	BBB
Rabobank Australia	781,628	528	5.08%	1/11/2024	13/04/2026	A
State Bank of India	1,063,137	651	5.50%	8/07/2024	20/04/2026	BBB
BOC	1,071,675	735	5.35%	29/04/2024	4/05/2026	A
MOVE Bank	1,001,933	270	4.15%	14/08/2025	11/05/2026	NR
Rabobank Australia	1,005,079	661	5.15%	26/07/2024	18/05/2026	A
State Bank of India	1,038,915	536	5.30%	6/12/2024	26/05/2026	BBB
State Bank of India	1,037,541	535	5.25%	13/12/2024	1/06/2026	BBB
ING Bank	1,023,492	472	4.66%	28/02/2025	15/06/2026	A
ING Bank	1,023,492	486	4.66%	28/02/2025	29/06/2026	A
Bank of Sydney	1,007,533	374	4.23%	27/06/2025	6/07/2026	NR
ING Bank	1,021,818	488	4.63%	12/03/2025	13/07/2026	A
MOVE Bank	1,001,933	340	4.15%	14/08/2025	20/07/2026	NR
Australian Unity Bank	1,008,718	404	4.30%	18/06/2025	27/07/2026	BBB
Judo Bank	1,007,775	410	4.30%	26/06/2025	10/08/2026	BBB
Rabobank Australia	1,023,311	536	4.78%	6/03/2025	24/08/2026	A
Heartland Bank	1,000,460	390	4.20%	27/08/2025	21/09/2026	BBB
ING Bank	1,043,256	733	4.55%	18/09/2024	21/09/2026	A
Westpac	1,002,022	412	4.10%	13/08/2025	29/09/2026	AA
Heartland Bank	1,000,460	405	4.20%	27/08/2025	6/10/2026	BBB
Westpac	1,002,017	419	4.09%	13/08/2025	6/10/2026	AA
Westpac	1,002,017	432	4.09%	13/08/2025	19/10/2026	AA
The Mutual Bank	1,027,222	733	4.80%	5/02/2025	8/02/2027	BBB
Rabobank Australia	1,043,435	1664	5.32%	6/11/2024	28/05/2029	A
Rabobank Australia	520,469	1663	5.28%	21/11/2024	11/06/2029	A
Rabobank Australia	1,041,903	1687	5.22%	11/11/2024	25/06/2029	A
Judo Bank	1,007,902	1474	4.37%	26/06/2025	9/07/2029	BBB
Rabobank Australia	513,186	1680	5.12%	24/02/2025	1/10/2029	A
Rabobank Australia	1,042,255	1825	5.30%	13/11/2024	12/11/2029	A
ING Bank	520,353	1831	5.25%	21/11/2024	26/11/2029	A
ING Bank	512,799	1806	4.97%	24/02/2025	4/02/2030	A
ING Bank	513,724	1825	4.84%	5/02/2025	4/02/2030	A
Rabobank Australia	1,028,024	1831	5.14%	13/02/2025	18/02/2030	A
ING Bank	1,026,575	1840	5.00%	18/02/2025	4/03/2030	A
ING Bank	1,007,168	1834	4.22%	30/06/2025	8/07/2030	A
<b>Total</b>	<b>80,221,768</b>					

## Restricted Cash

Reserve	As at August 2025 \$'000
<b>External</b>	
Grants and Contributions	5,694
Developer contributions (inc Haulage)	25,751
Domestic Waste Management	10,940
Crown Reserve	3,013
Crown - Surf Life Saving Clubs	24
Unclaimed money	538
<b>Internal</b>	
Deposits, retentions and bonds	1,729
Admin Building	91
Asset Rehab/Reseals	3,691
Commercial Property	4,967
Community Buildings	136
Community Loans	200
Council Parking	1,252
Drainage	1,598
Election Reserve	25
Emergency & Natural Disaster	2,538
Employee Leave Entitlements (ELE)	1,000
Enhanced Services Focus Area	1,943
Federal Assistance Grant in Advance	3,602
Fleet	-
Grants Receivable	842
IT	1,691
Mayoral and Ward Funds	30
Medowie Place Plan and Sporting Facilities	-
Other Waste	87
RAP	1,000
Repealed	1,396
Resilience fund	3,500
Sustainable energy and water reserve	57
Transport and Environmental Levy	740
Unexpended loan funds	-
<b>Total</b>	<b>78,075</b>
<b>Cash and Investment Report</b>	<b>80,222</b>
<b>Variance Cash Reserves to Bank Account - Unadjusted Position</b>	<b>2,146</b>
Variance Due to:	
Outstanding Creditors	(2,225)
Outstanding Debtors	203
Outstanding GST refund	511
<b>Total Variance</b>	<b>(1,511)</b>
<b>Unrestricted Cash/(Shortfall) - Adjusted Position</b> (due to timing of income and expenditure)	<b>637</b>