

HUNTER JOINT ORGANISATION

General purpose financial statements
for the year ended 30 June 2024



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The Hunter Joint Organisation is constituted under the *Local Government Act 1993 (NSW)* and has its principal place of business at:

Hunter Joint Organisation
4 Sandringham Avenue,
Thornton NSW 2322

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.hunterjo.com.au

HUNTER JOINT ORGANISATION

Statement by Members of the Board and Management

Statement by Members of the Board 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 (NSW) and the regulations made thereunder.
- the Australian Accounting Standards – Simplified Disclosures and other pronouncements of the Australian Accounting Standards Board
- the Joint Organisations Supplement to the Local Government Code of Accounting Practice and Financial Reporting.

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

- present fairly Hunter Joint Organisation’s operating result and financial position for the period
- accord with Hunter Joint Organisation’s accounting and other records.

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

Signed in accordance with a resolution of the Board of the Hunter Joint Organisation made on Thursday 24 October 2024.



Sue Moore

Chairperson

Date: 24 October 2024



LEAH ANDERSON.

Voting Representative Board
Member

Date: 24 October 2024



Stephen Wilson

Executive Officer – Hunter Joint
Organisation

Date: 24 October 2024

HUNTER JOINT ORGANISATION

Statement of Income and Accumulated Surplus for the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Income			
Member council contributions	B1-1	588	565
Grants provided for operating purposes	B1-2	2,223	3,906
Other Income	B1-3	480	619
Total Income		3,291	5,090
Expenses			
Employee benefits and on-costs	B2-1	355	552
Administrative expenses	B2-2	275	279
Depreciation		13	23
Project Expenses	B2-3	2,637	4,276
Other Expenses		6	0
Total expenses		3,286	5,130
Net result for the year		5	(40)
Accumulated surplus at 1 July		(168)	(128)
Accumulated surplus as at 30 June		(163)	(168)

The above Statement of Income and Accumulated Surplus should be read in conjunction with the accompanying notes.

HUNTER JOINT ORGANISATION

Statement of Financial Position as at 30 June 2024

	Notes	2024 \$'000	2023 \$'000
ASSETS			
Current Assets			
Cash and Cash equivalents		28	18
Receivables		2	0
Other		5	2
Total Current Assets		35	20
Non-Current Assets			
Property, plant and equipment		19	67
Total Non-Current Assets		19	67
Total Assets		54	87
LIABILITIES			
Current Liabilities			
Payables	C1-1	86	144
Borrowings	C1-2	0	4
Employee benefit provisions	C2-3	0	65
Total Current Liabilities		86	213
Non-Current Liabilities			
Borrowings	C1-2	131	0
Employee benefit provisions	C2-3	0	42
Total Non-Current Liabilities		131	42
Total Liabilities		217	255
Net Assets		(163)	(168)
EQUITY			
Accumulated Surplus		(163)	(168)
Total Equity		(163)	(168)

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

HUNTER JOINT ORGANISATION

Statement of Cash Flows for the year ended 30 June 2024

	2024	2023
Notes	\$'000	\$'000
Cash flows used in operating activities		
Receipts:		
Contributions from member councils	1,036	1,001
Grants	2,956	2,984
Other Income	341	518
Payments:		
Employee costs	(355)	(552)
Suppliers	(500)	(283)
Project related costs	(3,499)	(3,815)
Net cash used in operating activities	<u>(21)</u>	<u>(147)</u>
 Cash flows from investing activities		
Receipts:		
Proceeds from sale of property, plant and equipment	<u>31</u>	<u>0</u>
Net cash flows from investing activities	<u>31</u>	<u>0</u>
 Cash flows from financing activities		
Net cash flows from financing activities	<u>0</u>	<u>0</u>
 Net change in cash and cash equivalents	<u>10</u>	<u>(147)</u>
Cash and cash equivalents at beginning of year	<u>18</u>	<u>165</u>
Cash and cash equivalents at end of year	<u>28</u>	<u>18</u>

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

HUNTER JOINT ORGANISATION

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A. About the Joint Organisation and these financial statements

A1. Basis of preparation

These financial statements were authorised for issue by the Board of the Joint Organisation on 24 October 2024. The Board has the power to amend and reissue these financial statements.

The material accounting policy information related to the preparation of these financial statements are set out below.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures, the Local Government Act 1993 (NSW) and Regulations, and the Joint Organisation Code of Accounting Practice and Financial Reporting. HJO is a not-for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

(a) *New and amended standards adopted for HJO*

The accounting policies applied for the year ended 30 June 2024 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards. The following amendments and interpretations materially for the first time to the HJO:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting estimates This AAS amends AASB 101 Presentation of Financial Statements to require entities to disclose their material accounting policy information rather than their significant accounting policies.

The amendment has led to a reduction of accounting policy information being disclosed by the HJO.

(b) *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 JO'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 JO and that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions

Hunter Joint Organisation 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:

Going concern

In preparing these financial statements, management have made an assessment of the ability of the Joint Organisation to continue as a going concern, which contemplates the continuity of business operations, realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 June 2024, the Joint Organisation has a net asset deficiency of \$163,000. However, the financial statements have been prepared under the assumption of a going concern basis.

Management are of the opinion the Joint Organisation will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements after consideration of the following factors:

- **Net Profit:** the JO has recognised a net profit of \$5,122 for the year ended 30 June 2024.
- **Forecast cash flows:** Effective July 1, 2024, the Hunter Joint Organisation will resume project management responsibilities for Grants from Arrow Collaborative Services Ltd. As part of this transition, Arrow Collaborative Services Ltd will return any unspent grant funds to the JO as of June 30, 2024.

As at 30 June 2024, Cash on hand was \$27,953. Upon the return of unspent funds amounting to \$810,917 on 19 August 2024, the total cash on hand was \$1.55 million as at that date. This will provide sufficient funding for continued operations.

- **Budget and Cash Flow forecasts:** The Joint Organisation's budgeted revenue, expenditure and cash flow forecast for the 2024-25 financial year was approved by the board on 20 June 2024. These forecasts take into account the return of unspent grant funding by Arrow Collaborative Services Limited and demonstrate the Joint Organisation:
 - will have sufficient cash available to enable it to pay its debts as and when they fall due throughout the 2024-25 financial year.
 - will achieve a surplus for the year ended 30 June 2025.

B. Financial Performance

B1. Sources of Income

B1-1 Member Council contributions

	2024	2023
	\$'000	\$'000
Cessnock City Council	51	49
Dungog Shire Council	31	30
Lake Macquarie City Council	108	105
Maitland City Council	67	61
Midcoast Council	68	66
Newcastle City Council	105	101
Muswellbrook Shire Council	35	34
Port Stephens Council	54	52
Singleton Council	37	36
Upper Hunter Shire Council	32	31
Total member council contributions	588	565

Accounting policy

Contributions by Member Councils are recognised as revenue at the point in time when the amount to be paid for the period has been determined and communicated to councils. The contribution may be in the form of a cash payment or non-monetary contribution (which is recorded at its fair value).

The methodology for determining the contribution is:

- Equal contributions by all member Councils in order to perform the principal functions of delivering on strategic regional priorities, regional leadership, and intergovernmental cooperation; and
- Contributions by participating member Councils for other functions of enhancing strategic capacity and direct service delivery.

B1-2 Grants

	Operating 2024 \$'000	Operating 2023 \$'000
Accelerating Events	0	517
Regional Illegal Dumping Program	578	243
Waste Action, Recycle	340	319
Contaminated Land Program	0	90
Small Business promotion	0	299
Hunter Tourism	177	710
Airport	100	400
Circular Economy	433	703
Net Zero	236	93
Disaster preparedness	359	448
Coastal Engagement	0	24
Simtables	0	60
Total grants	2,223	3,906

Comprising:

Commonwealth funding	2,223	3,607
State funding	0	299
Other Funding		
	2,223	3,906

Timing of revenue recognition

Grants recognised over time	0	0
Grants recognised at a point in time	2,223	3,906
Total grants	2,223	3,906

Other Funding is made up of additional contributions from Hunter Member Councils for the following project

	2024 \$'000	2023 \$'000
Small Business promotion	0	299
	0	299

Accounting policy

Grants - enforceable agreement with sufficiently specific performance obligations

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

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.

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

Other grants

Assets (e.g., cash) received from other grants are recognised at fair value when the asset is received. The JO 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.

B1-3 Other income

	2024	2023
	\$'000	\$'000
Project Contributions (related party)	352	617
Other Income	128	2
Total other income	480	619

Accounting policy

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

Gains and Losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

Refer to Note E1-2 for further details on Project Contribution income received from related parties.

B2. Costs of providing services

B2-1 Employee Benefits and Oncosts

	2024	2023
	\$'000	\$'000
Wages & Salaries	317	428
Superannuation	29	45
Oncosts	6	67
Training Costs	3	12
Total employee benefits and oncosts	355	552

B2-3 Project expenses

	2024	2023
	\$'000	\$'000
Project Expenses - Grant Fund related	2,637	4,276
Total Project Expenses	2,637	4,276

Accounting Policy

Project Expenses

Project expenses are recorded on an accrual basis as the Hunter Joint Organisation receives the goods and services

C. Financial position

C1. Liabilities of the Joint Organisation

C1-1 Payables

	2024	2023
	\$'000	\$'000
Trade Payables	61	66
Accrued Expenses	3	35
Other Payables	22	43
Total payables	86	144

C1-2 Borrowings

		2024	2023
		\$'000	\$'000
Borrowings			
Loan - Arrow Collaborative Services	E1-2	131	-
Credit Cards		-	4
Total borrowings		131	4
Financial Arrangements			
Total facilities			
Total financing facilities available to the JO at the reporting date are:			
Corporate credit cards		-	6
		-	6
Drawn Facilities			
Financing facilities drawn down at the reporting date are:			
Corporate credit cards		-	4
		-	4
Undrawn Facilities			
Undrawn financing facilities available to the JO at the reporting date are:			
Corporate credit cards		-	2
		-	2

Accounting Policy

The JO measures all financial liabilities initially at fair value less transaction costs; subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

C2-3 Employee benefits

	2024		2023	
	Current	Non-current	Current	Non-current
	\$'000	\$'000	\$'000	\$'000
Annual leave	-	-	65	-
Long-service leave	-	-	-	42
Total employee benefit provisions	-	-	65	42
Current employment provisions not expected to be settled within the next 12 months	Nil	n/a	Nil	n/a

D. Risks and accounting uncertainties

D1. Financial risk management

Risk management

The Hunter Joint Organisation activities expose it to a variety of financial risks, including credit risk, liquidity risk, and interest rate risk. Financial risk management is carried out by the finance team under policies approved by the Hunter Joint Organisation Board.

The fair value of receivables and financial liabilities approximates the carrying amount.

D2. Contingencies

There are no contingent assets or contingent liabilities as at 30 June 2024.

E. People and relationships

E1. Related party disclosures

E1-1 Key management personnel

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

The aggregate amount of KMP compensation included in employee expenses is \$137,895 (2023: \$167,000)

E1-2 Other related parties

Type of related party:	Nature of transactions	Transactions during the year	Outstanding balances	Terms and Conditions	Impairment provision on outstanding balances	Impairment Expense
		\$'000	\$'000			
2024						
Arrow Collaborative Services	Loan to Arrow - balance as at 30/6/24		131	n/a	-	-
Local government owned entity	Rent and Admin fees paid	206		Net 30 days	-	-
	Grant Funds obtained and transferred to related party to undertake grant functions	2,813		n/a		
	Admin fees received	133		Net 30 days	-	-
	Professional fees paid	218				
	Project Contributions received	150		Net 30 days	-	-
Hunter Councils Incorporated	Rent paid	15		Net 30 days	-	-
Local government owned entity						
Lake Macquarie City Council	Subscriptions	108		Net 30 days	-	-
	Project Funding	39		Net 30 days	-	-
Newcastle City Council	Subscriptions	105		Net 30 days	-	-
	Project Funding	34		Net 30 days	-	-
Port Stephens Council	Subscriptions	54		Net 30 days	-	-
	Project Funding	36		Net 30 days	-	-
Mid Coast Council	Subscriptions	68		Net 30 days	-	-
	Project Funding	57		Net 30 days	-	-
Upper Hunter Shire Council	Subscriptions	32		Net 30 days	-	-
	Project Funding	35		Net 30 days	-	-
Singleton Council	Subscriptions	37		Net 30 days	-	-
	Project Funding	23		Net 30 days	-	-
Dungog Shire Council	Subscriptions	31		Net 30 days	-	-
	Project Funding	16		Net 30 days	-	-
Muswellbrook Shire Council	Subscriptions	35		Net 30 days	-	-
	Project Funding	35		Net 30 days	-	-
Cessnock City Council	Subscriptions	51		Net 30 days	-	-
	Project Funding	34		Net 30 days	-	-
Maitland City Council	Subscriptions	67		Net 30 days	-	-
	Project Funding	50		Net 30 days	-	-

Type of related party:	Nature of transactions	Transactions during the year	Outstanding balances	Terms and Conditions	Impairment provision on outstanding balances	Impairment Expense
		\$'000	\$'000	\$'000	\$'000	\$'000
2023						
Arrow Collaborative Services	Loan to Arrow - balance as at 30/6/23		-	n/a	-	-
Local government owned entity	Rent and Admin fees paid	189		Net 30 days	-	-
	Grant Funds obtained and transferred to related party to undertake grant functions	3,607		n/a		
	Admin fees received	267		Net 30 days	-	-
	Professional fees paid	370				
	Project Contributions received	350		Net 30 days	-	-
Hunter Councils Incorporated	Rent paid	30		Net 30 days	-	-
Local government owned entity						
Lake Macquarie City Council	Subscriptions	105		Net 30 days	-	-
	Project Funding	32		Net 30 days	-	-
Newcastle City Council	Subscriptions	101		Net 30 days	-	-
	Project Funding	32		Net 30 days	-	-
Port Stephens Council	Subscriptions	52		Net 30 days	-	-
	Project Funding	32		Net 30 days	-	-
Mid Coast Council	Subscriptions	66		Net 30 days	-	-
	Project Funding	32		Net 30 days	-	-
Upper Hunter Shire Council	Subscriptions	31		Net 30 days	-	-
	Project Funding	20		Net 30 days	-	-
Singleton Council	Subscriptions	36		Net 30 days	-	-
	Project Funding	22		Net 30 days	-	-
Dungog Shire Council	Subscriptions	30		Net 30 days	-	-
	Project Funding	15		Net 30 days	-	-
Muswellbrook Shire Council	Subscriptions	34		Net 30 days	-	-
	Project Funding	17		Net 30 days	-	-
Cessnock City Council	Subscriptions	49		Net 30 days	-	-
	Project Funding	32		Net 30 days	-	-
Maitland City Council	Subscriptions	61		Net 30 days	-	-
	Project Funding	32		Net 30 days	-	-

E2. Other relationships

E2-1 Audit Fees

	2024	2023
	\$'000	\$'000
Auditors of the JO - NSW Auditor-General		
Audit of financial statements	29	28
Total fees paid or payable to the Auditor- General	29	28

F. Other matters

F1. Commitments

There are no commitments at reporting date.

F2. Events occurring after reporting date.

Effective July 1, 2024, the Hunter Joint Organisation will resume project management responsibilities for Grants from Arrow Collaborative Services Ltd. As part of this transition, Arrow Collaborative Services Ltd will return any unspent grant funds to the JO as of June 30, 2024. The total amount returned to the JO, on 19 August 2024 is \$810,917.

End of Audited Financial Statements