



**SOUTHPORT
MINDS SHARE**

**FINANCIAL
STATEMENTS
2023/24**

Sutherland Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024

A connected and safe community that respects people and nature, enjoying active lives in a strong local economy.



Sutherland Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Overview

Sutherland Shire Council is constituted under the *Local Government Act 1993 (NSW)*.

The Council Chambers are located at 4-20 Eton Street, Sutherland, NSW, 2232.

The following principles of sound financial management are legislated in the *Local Government Act 1993 (NSW)* and apply to councils—

- (a) Council spending should be responsible and sustainable, aligning general revenue and expenses.
- (b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.
- (c) Councils should have effective financial and asset management, including sound policies and processes for the following—
 - (i) performance management and reporting,
 - (ii) asset maintenance and enhancement,
 - (iii) funding decisions,
 - (iv) risk management practices.
- (d) Councils should have regard to achieving intergenerational equity, including ensuring the following—
 - (i) policy decisions are made after considering their financial effects on future generations,
 - (ii) the current generation funds the cost of its services.

Council has ensured that its reporting is timely, complete and readily available to the community.

All financial reporting and other information is publicly available on our website: www.sutherlandshire.nsw.gov.au.

Sutherland Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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 and other pronouncements of 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 21 October 2024.



Councillor Jack Boyd

Mayor

21 October 2024



Councillor Laura Cowell

Deputy Mayor

21 October 2024



Clare Phelan

Chief Executive Officer

21 October 2024



Mitchel Woods

Chief Financial Officer

21 October 2024

Sutherland Shire Council

Income Statement

for the year ended 30 June 2024

| Original unaudited budget 2024 \$ '000 | | Notes | Actual 2024 \$ '000 | Actual 2023 \$ '000 |
|--|--|-------|---------------------------|---------------------------|
| | Income from continuing operations | | | |
| 190,527 | Rates and annual charges | B2-1 | 190,447 | 184,566 |
| 42,715 | User charges and fees | B2-2 | 45,114 | 42,720 |
| 12,485 | Other revenues | B2-3 | 12,825 | 13,630 |
| 14,447 | Grants and contributions provided for operating purposes | B2-4 | 21,324 | 36,570 |
| 13,948 | Grants and contributions provided for capital purposes | B2-4 | 26,621 | 21,791 |
| 8,504 | Interest and investment income | B2-5 | 16,549 | 9,814 |
| 5,301 | Other income | B2-6 | 5,379 | 4,829 |
| 287,927 | Total income from continuing operations | | 318,259 | 313,920 |
| | Expenses from continuing operations | | | |
| 124,960 | Employee benefits and on-costs | B3-1 | 120,253 | 114,976 |
| 100,426 | Materials and services | B3-2 | 112,224 | 101,484 |
| 533 | Borrowing costs | B3-3 | 722 | 508 |
| 48,207 | Depreciation, amortisation and impairment of non-financial assets | B3-4 | 53,903 | 50,985 |
| 8,196 | Other expenses | B3-5 | 11,191 | 9,386 |
| 5,605 | Net loss from the disposal of assets | B4-1 | 7,721 | 8,045 |
| 287,927 | Total expenses from continuing operations | | 306,014 | 285,384 |
| – | Operating result from continuing operations | | 12,245 | 28,536 |
| – | Net operating result for the year attributable to Council | | 12,245 | 28,536 |
| (13,948) | Net operating result for the year before grants and contributions provided for capital purposes | | (14,376) | 6,745 |

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

Sutherland Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2024

| | Notes | 2024 \$ '000 | 2023 \$ '000 |
|--|-------|-----------------|-----------------|
| Net operating result for the year – from Income Statement | | 12,245 | 28,536 |
| Other comprehensive income: | | | |
| Amounts which will not be reclassified subsequently to the operating result | | | |
| Gain (loss) on revaluation of infrastructure, property, plant and equipment | C1-6 | <u>127,534</u> | <u>161,922</u> |
| Total items which will not be reclassified subsequently to the operating result | | 127,534 | 161,922 |
| Total other comprehensive income for the year | | 127,534 | 161,922 |
| Total comprehensive income for the year attributable to Council | | 139,779 | 190,458 |

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

Sutherland Shire Council

Statement of Financial Position

as at 30 June 2024

| | Notes | 2024 \$ '000 | 2023 \$ '000 |
|--|-------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | C1-1 | 17,196 | 21,560 |
| Investments | C1-2 | 276,404 | 262,603 |
| Receivables | C1-4 | 28,266 | 24,507 |
| Inventories | C1-5 | 543 | 535 |
| Other | C1-8 | 2,212 | 7,147 |
| Total current assets | | 324,621 | 316,352 |
| Non-current assets | | | |
| Investments | C1-2 | 18,000 | 13,000 |
| Receivables | C1-4 | 501 | 484 |
| Infrastructure, property, plant and equipment (IPPE) | C1-6 | 3,067,912 | 2,941,165 |
| Investment property | C1-7 | 80,400 | 81,355 |
| Right of use assets | C2-1 | 2,548 | 3,218 |
| Total non-current assets | | 3,169,361 | 3,039,222 |
| Total assets | | 3,493,982 | 3,355,574 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | C3-1 | 30,133 | 31,349 |
| Contract liabilities | C3-2 | 5,365 | 4,622 |
| Lease liabilities | C2-1 | 1,267 | 1,206 |
| Borrowings | C3-3 | 1,704 | 1,655 |
| Employee benefit provisions | C3-4 | 36,791 | 35,335 |
| Provisions | C3-5 | 2,405 | 2,090 |
| Total current liabilities | | 77,665 | 76,257 |
| Non-current liabilities | | | |
| Lease liabilities | C2-1 | 1,308 | 2,009 |
| Borrowings | C3-3 | 12,896 | 14,600 |
| Employee benefit provisions | C3-4 | 755 | 708 |
| Provisions | C3-5 | 8,437 | 8,858 |
| Total non-current liabilities | | 23,396 | 26,175 |
| Total liabilities | | 101,061 | 102,432 |
| Net assets | | 3,392,921 | 3,253,142 |
| EQUITY | | | |
| Accumulated surplus | C4-1 | 1,581,483 | 1,569,238 |
| IPPE revaluation reserve | C4-1 | 1,811,438 | 1,683,904 |
| Council equity interest | | 3,392,921 | 3,253,142 |
| Total equity | | 3,392,921 | 3,253,142 |

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

Sutherland Shire Council

Statement of Changes in Equity

for the year ended 30 June 2024

| | Notes | 2024 | | | 2023 | | |
|---|-------|--------------------------------|-------------------------------------|-------------------------|--------------------------------|-------------------------------------|-------------------------|
| | | Accumulated surplus \$ '000 | IPPE revaluation reserve \$ '000 | Total equity \$ '000 | Accumulated surplus \$ '000 | IPPE revaluation reserve \$ '000 | Total equity \$ '000 |
| Opening balance at 1 July | | 1,569,238 | 1,683,904 | 3,253,142 | 1,540,702 | 1,521,982 | 3,062,684 |
| Net operating result for the year | | 12,245 | – | 12,245 | 28,536 | – | 28,536 |
| Other comprehensive income | | | | | | | |
| Gain (loss) on revaluation of infrastructure, property, plant and equipment | C1-6 | – | 127,534 | 127,534 | – | 161,922 | 161,922 |
| Total comprehensive income | | 12,245 | 127,534 | 139,779 | 28,536 | 161,922 | 190,458 |
| Closing balance at 30 June | | 1,581,483 | 1,811,438 | 3,392,921 | 1,569,238 | 1,683,904 | 3,253,142 |

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

Sutherland Shire Council

Statement of Cash Flows

for the year ended 30 June 2024

| Original unaudited budget 2024 \$ '000 | | Notes | Actual 2024 \$ '000 | Actual 2023 \$ '000 |
|--|--|-------|---------------------------|---------------------------|
| Cash flows from operating activities | | | | |
| <i>Receipts:</i> | | | | |
| 190,144 | Rates and annual charges | | 190,541 | 184,021 |
| 42,634 | User charges and fees | | 47,686 | 44,451 |
| 8,714 | Interest received | | 13,361 | 6,612 |
| 28,394 | Grants and contributions | | 47,643 | 58,288 |
| 460 | Bonds, deposits and retentions received | | - | - |
| 12,316 | Other | | 31,391 | 33,123 |
| <i>Payments:</i> | | | | |
| (122,969) | Payments to employees | | (118,671) | (113,958) |
| (99,978) | Payments for materials and services | | (126,219) | (116,758) |
| (532) | Borrowing costs | | (727) | (444) |
| - | Bonds, deposits and retentions refunded | | (1,447) | (602) |
| (7,442) | Other | | (6,620) | (9,594) |
| 51,741 | Net cash flows from operating activities | G1-1 | 76,938 | 85,139 |
| Cash flows from investing activities | | | | |
| <i>Receipts:</i> | | | | |
| 100,000 | Sale of investments | | 268,036 | 207,700 |
| (377) | Proceeds from sale of IPPE | | 635 | 748 |
| - | Deferred debtors receipts | | 12 | 19 |
| <i>Payments:</i> | | | | |
| (80,000) | Purchase of investments | | (286,386) | (229,400) |
| - | Capitalised expenditure in relation to investment property | | (571) | (21) |
| (76,116) | Payments for IPPE | | (60,085) | (64,633) |
| (56,493) | Net cash flows from investing activities | | (78,359) | (85,587) |
| Cash flows from financing activities | | | | |
| <i>Payments:</i> | | | | |
| (1,655) | Repayment of borrowings | | (1,655) | (2,007) |
| (2,692) | Principal component of lease payments | | (1,288) | (1,893) |
| (4,347) | Net cash flows from financing activities | | (2,943) | (3,900) |
| (9,099) | Net change in cash and cash equivalents | | (4,364) | (4,348) |
| 21,558 | Cash and cash equivalents at beginning of year | | 21,560 | 25,908 |
| 12,459 | Cash and cash equivalents at end of year | C1-1 | 17,196 | 21,560 |
| 247,020 | plus: Investments on hand at end of year | C1-2 | 294,404 | 275,603 |
| 259,479 | Total cash, cash equivalents and investments | | 311,600 | 297,163 |

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

Sutherland Shire Council

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Sutherland Shire 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 21 October 2024. 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 principal accounting policies adopted in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

Material accounting policy information is provided contextually throughout the report.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and *Local Government (General) Regulation 2021*, 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.

When the presentation or classification of items in the financial statements is amended in respect of changes in the current year, the comparative amounts are reclassified to enhance comparability unless the reclassification is impracticable.

Historical cost convention

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

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 infrastructure, property, plant and equipment – refer Note C1-6
- (ii) estimated fair values of investment properties – refer Note C1-7
- (iii) employee benefit and self insurance provisions – refer Note C3-4
- (iv) self insurance workers compensation and public liability provisions - refer Note C3-5

A1-1 Basis of preparation (continued)

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 *AASB15 Revenue from Contracts with Customers* and / or *AASB1058 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 unless it is required to be held in the Council's Trust Fund.

Due to their immaterial value and/or nature, the following Committees, entities and operations have been excluded from consolidation:

- Como School of Arts
- Gymea Community Hall
- Maianbar Community Hall
- Sandy Point Community Hall
- The Pavilion: Performing Arts Centre Sutherland Ltd

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

The following Trust monies and properties are held by Council but not considered to be under the control of Council and therefore are excluded from these financial statements:

- | | |
|--|-------------|
| • Sutherland Shire Bushfire Trust | \$2,664,048 |
| • Sutherland Shire Bushfire and State Emergency Services Facilities & Equipment Fund Trust | \$ 2,519 |

Volunteer services

One part of the Sutherland Shire Council Community Strategic Plan ("*Our Shire - Towards 2032*"), is the encouragement of volunteering to foster community well-being. Volunteer services are predominantly used as a mechanism to achieve this rather than for any economic gain. The majority of those services volunteered would not be purchased if they were not donated by members of the community.

The major use of volunteer services is in the following areas; Animal Shelter, Bushcare, Hazelhurst Art Gallery, Community Hall Management Committees, and graffiti removal.

A1-1 Basis of preparation (continued)

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 2024 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2023.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2024.

The following new standard is effective for the first time at 30 June 2024:

- **AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates**

The most significant change introduced by this standard is to remove the requirement to disclose significant accounting policies and instead require disclosure of material accounting policy information.

“Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.”

In applying the new requirements, Council has after taking into account the various specific facts and circumstances applied professional judgement to ensure it discloses only material accounting policies as opposed to significant accounting policies throughout these financial statements.

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.

| | Income | | Expenses | | Operating result | | Grants and contributions | | Carrying amount of assets | |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|--------------------------|-----------------|---------------------------|------------------|
| | 2024 \$ '000 | 2023 \$ '000 | 2024 \$ '000 | 2023 \$ '000 | 2024 \$ '000 | 2023 \$ '000 | 2024 \$ '000 | 2023 \$ '000 | 2024 \$ '000 | 2023 \$ '000 |
| Functions or activities | | | | | | | | | | |
| Infrastructure & Operations | 65,526 | 78,659 | 170,627 | 156,295 | (105,101) | (77,636) | 15,766 | 30,944 | 2,997,279 | 2,882,252 |
| Planning & Growth | 22,136 | 16,001 | 21,213 | 19,381 | 923 | (3,380) | 15,291 | 9,332 | 402 | 274 |
| Corporate Support | 189,798 | 178,716 | 54,264 | 52,180 | 135,534 | 126,536 | 14,596 | 15,950 | 445,191 | 427,262 |
| Shire Services | 40,799 | 40,544 | 58,971 | 56,536 | (18,172) | (15,992) | 2,292 | 2,135 | 51,110 | 45,701 |
| Executive Office | – | – | 939 | 992 | (939) | (992) | – | – | – | 85 |
| Total functions and activities | 318,259 | 313,920 | 306,014 | 285,384 | 12,245 | 28,536 | 47,945 | 58,361 | 3,493,982 | 3,355,574 |

B1-2 Components of functions or activities

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

Executive Office

- Office of the Chief Executive Officer

Infrastructure & Operations

- Assets Strategy & Delivery;
- Building Operations;
- Civil Operations;
- Fleet & Logistics;
- Open Space Operations;
- Waste Services.

Planning & Growth

- Development Services;
- Health & Building Regulation;
- Environmental Science;
- Strategic Planning;
- Traffic & Public Domain Services.

Shire Services

- Arts & Libraries;
- Childrens Services;
- Community Connections;
- Public Safety & Lifeguards;
- Sports & Leisure Services.

Corporate Support

- Communication, Engagement & Customer;
- Corporate Governance;
- Corporate Planning & Performance;
- Financial Services;
- Information Management & Technology;
- People & Culture;
- Property & Commercial.

B2 Sources of income

B2-1 Rates and annual charges

| | 2024 \$ '000 | 2023 \$ '000 |
|---|-----------------|-----------------|
| Ordinary rates | | |
| Residential | 129,682 | 124,706 |
| Business | 19,518 | 18,929 |
| Less: pensioner rebates (mandatory) | (2,150) | (2,163) |
| Less: pensioner rebates (Council policy) | (882) | (888) |
| Rates levied to ratepayers | 146,168 | 140,584 |
| Pensioner rate subsidies received | 1,182 | 1,184 |
| Total ordinary rates | 147,350 | 141,768 |
| Annual charges (pursuant to s496, 496A, 501 & 611) | | |
| Domestic waste management services | 41,511 | 41,227 |
| Stormwater management services | 2,159 | 2,149 |
| Section 611 charges | 62 | 63 |
| Less: pensioner rebates (mandatory) | (740) | (752) |
| Less: pensioner rebates (Council policy) | (302) | (308) |
| Annual charges levied | 42,690 | 42,379 |
| Pensioner annual charges subsidies received: | | |
| – Domestic waste management | 407 | 419 |
| Total annual charges | 43,097 | 42,798 |
| Total rates and annual charges | 190,447 | 184,566 |

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

Material accounting policy information

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

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

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

B2-2 User charges and fees

| | Timing | 2024 \$ '000 | 2023 \$ '000 |
|--|--------|-----------------|-----------------|
| Specific user charges (per s502 - specific 'actual use' charges) | | | |
| Waste management services (non-domestic) | 1 | 1,624 | 1,583 |
| Total specific user charges | | 1,624 | 1,583 |
| Other user charges and fees | | | |
| (i) Fees and charges – statutory and regulatory functions (per s608) | | | |
| Building control | 2 | 3,041 | 3,060 |
| Companion animal lifetime registrations | 2 | 396 | 594 |
| Regulatory & statutory fees | 2 | 2,263 | 1,984 |
| Other | 2 | 828 | 835 |
| Total fees and charges – statutory/regulatory | | 6,528 | 6,473 |
| (ii) Fees and charges – other (incl. general user charges (per s608)) | | | |
| Art and cultural activities | 1 | 1,013 | 839 |
| Beach control | 1 | 98 | 74 |
| Public Health Inspections | 2 | 423 | 309 |
| Child care centres | 1 | 15,542 | 14,484 |
| Community venues | 2 | 1,296 | 1,419 |
| Entertainment facilities | 2 | 50 | 390 |
| Family day care | 1 | – | 130 |
| Leisure centres | 1 | 11,301 | 10,522 |
| Libraries | 2 | 125 | 89 |
| Parks and gardens | 2 | 10 | 15 |
| Restoration charges | 2 | 1,128 | 822 |
| Roads and engineering approvals | 2 | 1,110 | 1,108 |
| Sport and recreational facilities | 2 | 4,866 | 4,463 |
| Total fees and charges – other | | 36,962 | 34,664 |
| Total other user charges and fees | | 43,490 | 41,137 |
| Total user charges and fees | | 45,114 | 42,720 |
| Timing of revenue recognition for user charges and fees | | | |
| User charges and fees recognised over time (1) | | 29,578 | 27,152 |
| User charges and fees recognised at a point in time (2) | | 15,536 | 15,568 |
| Total user charges and fees | | 45,114 | 42,720 |

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, 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.

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

| | Timing | 2024 \$ '000 | 2023 \$ '000 |
|--|--------|-----------------|-----------------|
| Art Gallery merchandise | 2 | 85 | 154 |
| Bus shelter advertising | 1 | 888 | 899 |
| Casual leasing - events | 2 | 184 | 102 |
| Commissions and agency fees | 2 | 104 | 122 |
| Diesel rebate | 2 | 298 | 268 |
| Ex gratia rates | 2 | 90 | 86 |
| Fines | 2 | 6,651 | 7,807 |
| Insurance claims recoveries | 2 | 229 | 130 |
| Rental income (non investment properties) | 1 | 2,464 | 2,454 |
| Legal fees recovery – rates and charges | 2 | 332 | 127 |
| Legal fees recovery – other | 2 | 403 | 173 |
| Recycling income (non-domestic) | 1 | 41 | 75 |
| Reimbursements | 1 | 120 | 70 |
| Sponsorships and donations | 2 | 146 | 165 |
| Sales – general | 2 | 209 | 247 |
| Sales – plant nursery | 2 | 243 | 263 |
| Other | 2 | 338 | 488 |
| Total other revenue | | 12,825 | 13,630 |
| Timing of revenue recognition for other revenue | | | |
| Other revenue recognised over time (1) | | 3,513 | 4,264 |
| Other revenue recognised at a point in time (2) | | 9,312 | 9,366 |
| Total other revenue | | 12,825 | 13,630 |

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

| | | Operating 2024 \$ '000 | Operating 2023 \$ '000 | Capital 2024 \$ '000 | Capital 2023 \$ '000 |
|---|--------|------------------------------|------------------------------|----------------------------|----------------------------|
| | Timing | | | | |
| General purpose grants and non-developer contributions (untied) | | | | | |
| Current year allocation | | | | | |
| Financial Assistance Grant – general component | 2 | 265 | 1,379 | – | – |
| Financial Assistance Grant – local roads component | 2 | 77 | 643 | – | – |
| Payment in advance - future year allocation ¹ | | | | | |
| Financial Assistance Grant – general component | 2 | 5,093 | 5,788 | – | – |
| Financial Assistance Grant – local roads component | 2 | 2,218 | 2,513 | – | – |
| Amount recognised as income during current year | | 7,653 | 10,323 | – | – |
| Special purpose grants and non-developer contributions (tied) | | | | | |
| Child care | 2 | 1,182 | 864 | – | – |
| Contributions to works | 2 | 85 | 49 | – | – |
| Cronulla Wastewater Reuse Scheme | 2 | 213 | 213 | – | – |
| Emergency services | 2 | 253 | 1,248 | – | – |
| Engineering and works | 2 | 125 | 2,792 | 5,342 | 10,010 |
| Land dedications (other than by s7.11) | | – | – | 1,152 | – |
| Library – per capita | 2 | 724 | 724 | – | – |
| Lucas Heights Resource Recovery Park | 2 | 7,466 | 6,294 | – | – |
| Other contributions | 2 | 45 | 40 | – | – |
| Other specific grants | 2 | 310 | 579 | 2 | 2 |
| Parks and gardens | 2 | 186 | 316 | 388 | 112 |
| Port Hacking River channel dredging | 2 | 176 | 1,970 | – | – |
| Sporting grounds | 2 | – | – | 3,906 | 916 |
| Street lighting | 2 | 499 | 399 | – | – |
| Transport (other roads and bridges funding) | 2 | 136 | 128 | 478 | 324 |
| Transport (Roads to Recovery Program) | 2 | 1,457 | 1,017 | – | – |
| Transport (Transport for NSW works) | 2 | 589 | 9,488 | 162 | 689 |
| Waterways | 2 | 225 | 126 | – | 542 |
| Total special purpose grants and non-developer contributions – cash | | 13,671 | 26,247 | 11,430 | 12,595 |
| ⁽¹⁾ \$7.311m of the 2024-25 Financial Assistance Grant from the Commonwealth Government was received in June 2024 and hence is reported as 2023-24 income although it relates to the 2024-25 financial year. | | | | | |
| Total special purpose grants and non-developer contributions (tied) | | 13,671 | 26,247 | 11,430 | 12,595 |
| Total grants and non-developer contributions | | 21,324 | 36,570 | 11,430 | 12,595 |
| Comprising: | | | | | |
| – Commonwealth funding | | 9,492 | 11,500 | 228 | 1,493 |
| – State funding | | 4,001 | 18,443 | 8,287 | 10,988 |
| – Other funding | | 7,831 | 6,627 | 2,915 | 114 |
| | | 21,324 | 36,570 | 11,430 | 12,595 |

B2-4 Grants and contributions (continued)

Developer contributions

| | Notes | Timing | Operating 2024 \$ '000 | Operating 2023 \$ '000 | Capital 2024 \$ '000 | Capital 2023 \$ '000 |
|---|-------|--------|------------------------------|------------------------------|----------------------------|----------------------------|
| Developer contributions: (s7.11 & s7.12 - EP&A Act): | | | | | | |
| Cash contributions | | | | | | |
| S 7.11 – contributions towards amenities/services | | 2 | – | – | 8,371 | 3,223 |
| S 7.12 – fixed development consent levies | | 2 | – | – | 6,820 | 5,973 |
| Total developer contributions – cash | | | – | – | 15,191 | 9,196 |
| Total developer contributions | | | – | – | 15,191 | 9,196 |
| Total grants and contributions | | | 21,324 | 36,570 | 26,621 | 21,791 |
| Timing of revenue recognition for grants and contributions | | | | | | |
| Grants and contributions recognised over time (1) | | | – | – | – | – |
| Grants and contributions recognised at a point in time (2) | | | 21,324 | 36,570 | 26,621 | 21,791 |
| Total grants and contributions | | | 21,324 | 36,570 | 26,621 | 21,791 |

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:

| | Operating 2024 \$ '000 | Operating 2023 \$ '000 | Capital 2024 \$ '000 | Capital 2023 \$ '000 |
|---|---------------------------------------|------------------------------|-------------------------------------|----------------------------|
| Grants | | | | |
| Unspent funds at 1 July | 13,089 | 4,766 | 9,941 | 4,399 |
| Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions | 366 | 11,508 | 8,676 | 7,486 |
| Less: Funds recognised as revenue in previous years that have been spent during the reporting year | (12,081) | (3,185) | (3,713) | (1,944) |
| Unspent grants at 30 June | 1,374 | 13,089 | 14,904 | 9,941 |
| Contributions | | | | |
| Unspent funds at 1 July | 3,752 | – | 75,463 | 86,258 |
| Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions | 5,904 | 19,939 | 19,315 | 11,210 |
| Less: contributions recognised as revenue in previous years that have been spent during the reporting year | (1,566) | (16,187) | (12,579) | (22,005) |
| Unspent contributions at 30 June | 8,090 | 3,752 | 82,199 | 75,463 |

B2-4 Grants and contributions (continued)

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

| | 2024 \$ '000 | 2023 \$ '000 |
|--|-----------------|-----------------|
| Interest on financial assets measured at amortised cost | | |
| – Overdue rates and annual charges | 601 | 483 |
| – Cash and investments | 15,947 | 8,969 |
| Long Term Debtors | 1 | 2 |
| Gain on Cash Investments | – | 360 |
| Total interest and investment income (losses) | 16,549 | 9,814 |

Material accounting policy information**Interest on Overdue Rates and Annual Charges**

On 27 March 2023, the NSW Minister for Local Government set the maximum interest rate for overdue rates and charges at 9% for the period 1 July 2023 to 30 June 2024. Council resolved to apply a lower rate of 7%.

B2-6 Other income

| | 2024 \$ '000 | 2023 \$ '000 |
|--|-----------------|-----------------|
| Rental Income | 4,914 | 4,744 |
| Fair value increment on cash investments through profit and loss | 465 | 85 |
| Total other income | 5,379 | 4,829 |

B3 Costs of providing services

B3-1 Employee benefits and on-costs

| | 2024 \$ '000 | 2023 \$ '000 |
|---|-----------------|-----------------|
| Salaries and wages | 103,393 | 98,244 |
| Employee termination costs – redundancies | 604 | 212 |
| Employee leave entitlements (ELE) | 5,661 | 5,530 |
| Superannuation | 11,627 | 10,620 |
| Workers' compensation self insurance expenses | 3,411 | 5,842 |
| Fringe benefit tax (FBT) | 49 | 60 |
| Protective clothing | 181 | 206 |
| Other | 30 | 21 |
| Total employee costs | 124,956 | 120,735 |
| Less: capitalised costs | (4,703) | (5,759) |
| Total employee costs expensed | 120,253 | 114,976 |

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.

Council is a self insurer for Workers Compensation purposes.

B3-2 Materials and services

| | Notes | 2024 \$ '000 | 2023 \$ '000 |
|---|-------|-----------------|-----------------|
| Raw materials and consumables | | 8,225 | 8,172 |
| Consultancy costs | | 4,111 | 3,832 |
| Contractor costs | | 35,119 | 28,493 |
| Advertising | | 922 | 1,103 |
| Animal shelter expenses | | 187 | 127 |
| Artist fees – Hazelhurst | | 43 | 184 |
| Audit Fees | F2-1 | 500 | 398 |
| Bank charges | | 506 | 488 |
| Cleaning | | 1,331 | 1,219 |
| Councillor and Mayoral fees and associated expenses | F1-2 | 718 | 694 |
| Entertainment hire / service | | 388 | 699 |
| Fuel | | 1,986 | 2,076 |
| Hire of plant, vehicles and equipment | | 774 | 767 |
| Insurance premiums and claims | | 3,047 | 2,735 |
| Labour hire | | 9,025 | 7,538 |
| Leases of low value assets | | 636 | 635 |
| Legal expenses - debt recovery | | 329 | 111 |
| Legal expenses - other | | 807 | 448 |
| Legal expenses - planning and development | | 612 | 317 |
| Minor Repairs and maintenance | | 114 | 117 |
| Office expenses and printing | | 772 | 793 |
| Other expenses | | 386 | 489 |
| Postage | | 490 | 475 |
| Property management | | 386 | 307 |
| Rental payments (lease term expired) | | 1,319 | 1,584 |
| Revenue NSW - Fine Processing | | 794 | 968 |
| Security | | 1,308 | 1,253 |
| Software & IT Licences | | 5,215 | 4,101 |
| Street lighting | | 2,827 | 3,353 |
| Subscriptions and publications | | 1,092 | 982 |
| Telephone and communications | | 1,162 | 1,069 |
| Tipping fees | | 21,139 | 20,033 |
| Training costs (other than salaries and wages) | | 886 | 826 |
| Travel expenses | | 50 | 33 |
| Utilities – electricity | | 2,062 | 1,961 |
| Utilities – gas | | 1,056 | 1,515 |
| Utilities – water | | 1,283 | 957 |
| Valuation fees – other | | 59 | 96 |
| Valuation fees – rates | | 435 | 401 |
| Vehicle registration | | 123 | 135 |
| Total materials and services | | 112,224 | 101,484 |

B3-3 Borrowing costs

| | 2024 \$ '000 | 2023 \$ '000 |
|--|-----------------|-----------------|
| Interest bearing liability costs | | |
| Interest on loans | 451 | 500 |
| Interest on security deposits | 158 | 178 |
| Interest on leases | 113 | 123 |
| Total interest bearing liability costs | 722 | 801 |
| Less: capitalised costs | - | (293) |
| Total interest bearing liability costs expensed | 722 | 508 |
| Total borrowing costs expensed | 722 | 508 |

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

| | Notes | 2024 \$ '000 | 2023 \$ '000 |
|---|-------|-----------------|-----------------|
| Depreciation and amortisation | | | |
| Plant and equipment | | 2,511 | 1,373 |
| Office equipment | | 133 | 80 |
| Furniture and fittings | | 48 | 42 |
| Infrastructure: | | | |
| – Buildings | C1-6 | 12,532 | 11,109 |
| – Roads | | 15,008 | 14,038 |
| – Bridges | | 222 | 210 |
| – Footpaths | | 1,546 | 1,402 |
| – Stormwater drainage | | 6,552 | 7,549 |
| – Swimming pools | | 569 | 531 |
| – Other open space/recreational assets | | 11,322 | 10,592 |
| – Other infrastructure | | 884 | 814 |
| Other assets: | | | |
| – Library books | | 1,258 | 1,213 |
| Right of use assets | C2-1 | 1,318 | 2,032 |
| Total gross depreciation and amortisation costs | | 53,903 | 50,985 |
| Total depreciation, amortisation and impairment for non-financial assets | | 53,903 | 50,985 |

Material accounting policy information

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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).

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

| | 2024 \$ '000 | 2023 \$ '000 |
|--|-----------------|-----------------|
| Impairment of receivables | 118 | 117 |
| Fair value decrement on investment properties | 1,471 | 2,321 |
| Contributions/levies to other levels of government | | |
| – Department of Planning | 484 | 467 |
| – NSW Fire and Rescue | 4,081 | 3,512 |
| – NSW Rural Fire Service | 1,135 | 1,134 |
| – NSW State Emergency Services | 1,086 | 622 |
| Donations, contributions and assistance to other organisations (Section 356) | 1,303 | 1,213 |
| The Pavilion Performing Arts Centre - Annual Operating Subsidy | 1,513 | – |
| Total other expenses | 11,191 | 9,386 |

B4 Gains or losses

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

| | Notes | 2024 \$ '000 | 2023 \$ '000 |
|---|-------|-----------------|-----------------|
| Gain (or loss) on disposal of property (excl. investment property) | | | |
| Proceeds from disposal – property | | 199 | – |
| Less: carrying amount of property assets sold/written off | | (1,566) | – |
| Gain (or loss) on disposal | | (1,367) | – |
| Gain (or loss) on disposal of plant and equipment | | | |
| | C1-6 | | |
| Proceeds from disposal – plant and equipment | | 436 | 758 |
| Less: carrying amount of plant and equipment assets sold/written off | | (259) | (291) |
| Gain (or loss) on disposal | | 177 | 467 |
| Gain (or loss) on disposal of infrastructure | | | |
| | C1-6 | | |
| Less: carrying amount of infrastructure assets written off | | (6,462) | (8,493) |
| Gain (or loss) on disposal | | (6,462) | (8,493) |
| Gain (or loss) on disposal of investment property | | | |
| | C1-7 | | |
| Less: carrying amount of investment property sold/written off | | (55) | – |
| Gain (or loss) on disposal | | (55) | – |
| Gain (or loss) on disposal of cash investments | | | |
| | C1-2 | | |
| Proceeds from disposal/redemptions/maturities – cash investments | | 268,036 | 207,691 |
| Less: carrying amount of cash investments sold/redeemed/matured | | (268,050) | (207,700) |
| Gain (or loss) on disposal | | (14) | (9) |
| Gain (or loss) on disposal of artwork | | | |
| Proceeds from disposal – artwork | | – | (10) |
| Gain (or loss) on disposal | | – | (10) |
| Net gain (or loss) from disposal of assets | | (7,721) | (8,045) |

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 26 June 2023 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.

The 2023/24 Original Budget was amended on four (4) occasions:

- 2022/23 Funding Continuation: COR031-23 (21/08/2023)
- Quarterly Budget Review - September 2023: COR044-23 (06/11/2023)
- Quarterly Budget Review - December 2023: COR007-24 (19/02/2024)
- Quarterly Budget Review - March 2024: GOV019-24 (20/05/2024)

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 | 2024 Budget | 2024 Actual | 2024 ----- Variance ----- | | |
|--|----------------|----------------|------------------------------|-----|----------|
| Revenues | | | | | |
| Rates and annual charges | 190,527 | 190,447 | (80) | 0% | U |
| User charges and fees | 42,715 | 45,114 | 2,399 | 6% | F |
| Other revenues | 12,485 | 12,825 | 340 | 3% | F |
| Operating grants and contributions | 14,447 | 21,324 | 6,877 | 48% | F |
| The significant driver of the budget variance was the prepayment of the 2024/25 Financial Assistance Grant. The prepayment amounted to 85% of the 2024/25 allocation. | | | | | |
| Capital grants and contributions | 13,948 | 26,621 | 12,673 | 91% | F |
| Unconfirmed capital grants and contributions are not accounted for in the Council's Original Budget. They are included during the relevant Quarterly Budget Reviews once they are received or a funding agreement is established. | | | | | |
| The notable items that have substantially contributed to the budget variance include additional revenue from section 7.11 & 7.12 (\$6.022M), the Places to Roam – Regional Trails Program (\$3.978M), and Land Dedications (excluding Section 7.11) additional revenue (\$1.150M). | | | | | |
| Interest and investment revenue | 8,504 | 16,549 | 8,045 | 95% | F |
| Council's cash balances throughout the year surpassed initial forecasts. Coupled with the stability of the official RBA cash rate, this has led to the Council's investments in higher-rate instruments yielding an interest return that surpasses the budgeted figure. | | | | | |
| Other income | 5,301 | 5,379 | 78 | 1% | F |

B5-1 Material budget variations (continued)

| \$ '000 | 2024 Budget | 2024 Actual | 2024 ----- Variance ----- | |
|--|----------------|----------------|------------------------------|----------------|
| Expenses | | | | |
| Employee benefits and on-costs | 124,960 | 120,253 | 4,707 | 4% F |
| Materials and services | 100,426 | 112,224 | (11,798) | (12)% U |
| Late in the 2022/23 financial year Council received \$8.9M in grant funding from the NSW Government for the 'Regional and Local Roads Repair Program' and was not included in the Original Budget. The expenditure relating to this grant funding was then incurred in the 2023/24 financial year. | | | | |
| Borrowing costs | 533 | 722 | (189) | (35)% U |
| The variance arises from lease renewal costs in the current higher interest environment, which exceeded the original budget, and the interest portion paid on security bonds and deposit refunds, which was not accounted for in the original budget. | | | | |
| Depreciation, amortisation and impairment of non-financial assets | 48,207 | 53,903 | (5,696) | (12)% U |
| The revaluation and fair value indexation of assets during the 2022/23 financial year has resulted in increased depreciation costs. These revaluations were performed after the adoption of the Original Budget. | | | | |
| Other expenses | 8,196 | 11,191 | (2,995) | (37)% U |
| This unfavourable variance relates to the fair value movement of Council's Investment Properties. An increase in the value of these properties was included in the Original Budget, however the current market values of the properties resulted in a decrease. In addition to this a reclassification of the annual operating subsidy paid to The Pavilion was made during the financial year. This resulted in the subsidy being classified as Other Expenses. | | | | |
| Net losses from disposal of assets | 5,605 | 7,721 | (2,116) | (38)% U |
| The variance to the Original Budget is due to the transfer of a parcel of Crown Land at Kurnell over to the La Perouse Aboriginal Council. | | | | |

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

| | 2024 \$ '000 | 2023 \$ '000 |
|--|-----------------|-----------------|
| Cash assets | | |
| Cash at bank ¹ | 8,246 | 693 |
| Deposits at call | 8,950 | 20,867 |
| Total cash and cash equivalents | 17,196 | 21,560 |

(1) Council does not hold any cash on hand

Reconciliation of cash and cash equivalents

| | | |
|---|---------------|---------------|
| Total cash and cash equivalents per Statement of Financial Position | 17,196 | 21,560 |
| Balance as per the Statement of Cash Flows | 17,196 | 21,560 |

C1-2 Financial investments

| | 2024 Current \$ '000 | 2024 Non-current \$ '000 | 2023 Current \$ '000 | 2023 Non-current \$ '000 |
|---|----------------------------|--------------------------------|----------------------------|--------------------------------|
| Financial assets at fair value through the profit and loss | | | | |
| Floating Rate Notes | 50,471 | - | 41,506 | - |
| Fixed Rate Bonds | 1,933 | - | 3,097 | - |
| Total | 52,404 | - | 44,603 | - |
| Debt securities at amortised cost | | | | |
| Term Deposits | 224,000 | 18,000 | 218,000 | 13,000 |
| Total | 224,000 | 18,000 | 218,000 | 13,000 |
| Total financial investments | 276,404 | 18,000 | 262,603 | 13,000 |
| Total cash assets, cash equivalents and investments | 293,600 | 18,000 | 284,163 | 13,000 |

Material accounting policy information

Financial assets through profit or loss

All financial assets 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 Floating Rate Notes and Fixed Rate Bonds in the Statement of Financial Position.

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

| | 2024 \$ '000 | 2023 \$ '000 |
|--|------------------|------------------|
| (a) Externally restricted cash, cash equivalents and investments | | |
| Total cash, cash equivalents and investments | 311,600 | 297,163 |
| Less: Externally restricted cash, cash equivalents and investments | <u>(154,541)</u> | <u>(150,813)</u> |
| Cash, cash equivalents and investments not subject to external restrictions | 157,059 | 146,350 |

External restrictions

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

External restrictions

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

| | | |
|---|----------------|---------|
| Developer Contributions ¹ | 77,287 | 70,596 |
| Domestic waste management ² | 43,602 | 44,792 |
| Stormwater management ³ | 4,557 | 4,243 |
| Cronulla CBD Special Rate ⁴ | – | 1,514 |
| Unexpended Grants and Contributions ⁵ | 17,494 | 21,948 |
| Lucas Heights Resource Recovery Park VPA ⁶ | 7,795 | 3,523 |
| Australand Wetlands VPA ⁷ | 2,878 | 2,959 |
| Kirrawee South Village VPA ⁸ | 331 | 341 |
| Woolooware Bay Town Centre VPA ⁹ | 597 | 897 |
| Total external restrictions | 154,541 | 150,813 |

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

- (1) Funds related to contributions for local infrastructure collected under s7.11 and s7.12 of the *Environment Planning & Assessment Act 1979*
- (2) Funds related to Domestic Waste Management Services which are externally restricted in accordance with s504 of the *Local Government Act 1993*.
- (3) Funds related to Stormwater Management Charges which have been raised in accordance with s496A of the *Local Government Act 1993*.
- (4) Funds related to Special Rates externally restricted in accordance with s410 of the *Local Government Act 1993*.
- (5) Funds related to unexpended Grants and Contributions externally restricted in accordance with s409(3)(c) of the *Local Government Act 1993*.
- (6) Monetary contributions in accordance with the Voluntary Planning Agreement with Cleanaway Waste Management Limited
- (7) Monetary contributions in accordance with the Voluntary Planning Agreement with Australand Kurnell & Breen Holdings Pty Ltd
- (8) Monetary contributions in accordance with the Voluntary Planning Agreement with South Village Pty Ltd
- (9) Monetary contributions in accordance with the Voluntary Planning Agreement with Prime Woolooware 4 Pty Ltd

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

| | 2024 \$ '000 | 2023 \$ '000 |
|--|-----------------|-----------------|
| (b) Internal allocations | | |
| Cash, cash equivalents and investments not subject to external restrictions | 157,059 | 146,350 |
| Less: Internally restricted cash, cash equivalents and investments | (134,270) | (108,554) |
| Unrestricted and unallocated cash, cash equivalents and investments | 22,789 | 37,796 |
| Internal allocations | | |
| At 30 June, Council has internally allocated funds to the following: | | |
| Operational | | |
| - Security Bonds, Deposits & Retentions ¹⁰ | 16,346 | 17,793 |
| - Employee Leave Entitlements ¹¹ | 12,231 | 11,307 |
| - Prepaid Financial Assistance Grant ¹² | 7,311 | 8,301 |
| - Sylvania Waters Dredging ¹³ | 2,500 | 2,000 |
| - Elections ¹⁴ | 1,513 | 1,033 |
| Capital | | |
| - Child Care Centres - Asset Renewal Fund ¹⁵ | 3,014 | 4,100 |
| - Cronulla Wastewater Reuse Scheme - Asset Renewal Fund ¹⁶ | 184 | 164 |
| - Cronulla Town Centre Refurbishment Project ¹⁷ | 7,841 | 12,632 |
| - Capital Works in Progress ¹⁸ | 8,087 | 6,004 |
| Strategy Funds | | |
| - Property Strategy Reserve ¹⁹ | 9,527 | 9,527 |
| - Climate Strategy Reserve ²⁰ | 3,541 | 3,848 |
| - ICT Strategy Reserve ²¹ | 11,885 | 6,769 |
| - Leisure Centre Strategy Reserve ²² | 1,707 | 1,965 |
| - Library Strategy Reserve ²³ | 869 | 869 |
| - Strategic Priorities Reserve ²⁴ | 47,714 | 12,815 |
| - Capital Works Reserve ²⁵ | - | 5,952 |
| - Community Venues Strategy Reserve ²⁶ | - | 269 |
| - Future Budgets Reserve ²⁷ | - | 1,785 |
| - Informing Strategies ²⁸ | - | 1,421 |
| Total internal allocations | 134,270 | 108,554 |

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

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

- (10) 100% of security bonds, deposits & retentions payable by Council (Note C3-1).
- (11) 100% of Employee Leave Entitlements for employees aged 60 years and older (Note C3-4).
- (12) Prepayment of the Financial Assistance Grant (Note B2-4).
- (13) Reserve established to fund the future obligations for Sylvania Waters canal dredging (WKS036-15).
- (14) Funds allocated annually for the quadrennial Local Government elections (FIN083-06).
- (15) Funds used for the renewal of Child Care Centre assets.
- (16) Funds used for the renewal of the Cronulla Wastewater Reuse Scheme asset.
- (17) Funds identified for exclusive use on the Cronulla Town Centre Refurbishment Project.
- (18) General Revenue funded capital projects which were Works in Progress from previous financial year (COR031-23).
- (19) Funds identified to fund the implementation of Council's adopted Property Strategy (April 2022).
- (20) Funds identified to fund the implementation of Council's future Climate Strategy.
- (21) Funds identified to fund the implementation of Council's adopted Information, Customer & Technology Strategy (June 2022).
- (22) Funds identified to fund the implementation of Council's adopted Leisure Centre Strategy (September 2023).
- (23) Funds identified to fund the implementation of Council's adopted Library Strategy (August 2022).
- (24) Funds allocated for the implementation of Informing Strategies as part of Council's Integrated Planning & Reporting Framework.
- (25) Funds reserved for priority capital projects using funds identified during quarterly budget reviews (BDS057-14).
- (26) Funds identified to fund the implementation of Council's adopted Community Venues Strategy (October 2022).
- (27) Budget savings reserved for unfunded priority projects in future year budgets (FIN083-06).
- (28) Funds allocated to the development of future Informing Strategies as part of Council's Integrated Planning & Reporting Framework.

| | 2024 | 2023 |
|--|----------------|---------|
| | \$ '000 | \$ '000 |

(c) Unrestricted and unallocated

| | | |
|--|---------------|--------|
| Unrestricted and unallocated cash, cash equivalents and investments | 22,789 | 37,796 |
|--|---------------|--------|

C1-4 Receivables

| | 2024 Current \$ '000 | 2024 Non-current \$ '000 | 2023 Current \$ '000 | 2023 Non-current \$ '000 |
|---|----------------------------|--------------------------------|----------------------------|--------------------------------|
| Rates and annual charges | 7,918 | 469 | 7,839 | 439 |
| Interest and extra charges | 1,237 | – | 1,041 | – |
| User charges and fees | 5,631 | – | 4,770 | – |
| Lucas Heights Resource Recovery Park | 1,445 | – | 2,245 | – |
| Accrued interest on investments | 7,199 | – | 4,207 | – |
| Loans Receivables - Sporting Groups | 14 | 32 | 13 | 45 |
| Fines Receivable | 1,553 | – | 2,007 | – |
| Government grants and subsidies | 2,993 | – | 1,817 | – |
| Net GST receivable | 1,375 | – | 1,533 | – |
| Other receivables | 31 | – | 55 | – |
| Section 611 Charges | 94 | – | 96 | – |
| Total | 29,490 | 501 | 25,623 | 484 |
| Less: provision for impairment | | | | |
| Rates and annual charges | (243) | – | (266) | – |
| User charges and fees | (496) | – | (165) | – |
| Fines | (485) | – | (685) | – |
| Total provision for impairment – receivables | (1,224) | – | (1,116) | – |
| Total net receivables | 28,266 | 501 | 24,507 | 484 |

| | 2024 \$ '000 | 2023 \$ '000 |
|--|-----------------|-----------------|
| Movement in provision for impairment of receivables | | |
| Balance at the beginning of the year | 1,116 | 1,017 |
| + new provisions recognised during the year | 424 | 222 |
| – amounts already provided for and written off this year | (316) | (123) |
| Balance at the end of the year | 1,224 | 1,116 |

C1-4 Receivables (continued)

Material accounting policy information

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

Impairment

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

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

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.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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

None of the receivables that have been written off are subject to enforcement activity.

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

| | 2024 Current \$ '000 | 2024 Non-current \$ '000 | 2023 Current \$ '000 | 2023 Non-current \$ '000 |
|-----------------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|
| (i) Inventories at cost | | | | |
| Stores and materials ¹ | 543 | - | 535 | - |
| Total inventories at cost | 543 | - | 535 | - |
| Total inventories | 543 | - | 535 | - |

(1) Depot Store, Leisure Centre and Hazelhurst Art Gallery

Material accounting policy information

Raw materials and stores, work in progress and finished goods

Raw materials and stores 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.

C1-6 Infrastructure, property, plant and equipment

| By aggregated asset class | At 1 July 2023 ³ | | | Asset movements during the reporting period | | | | | | | At 30 June 2024 | | |
|--|-----------------------------|---|----------------------------------|---|----------------------|----------------------|-----------------------------|--|--------------------------------------|-------------------------------------|-----------------------|---|---------------------|
| | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount ³ | Additions renewals ¹ | Additions new assets | Depreciation expense | Carrying value of disposals | Adjustments and transfers ² | Tfrs from/(to) investment properties | Revaluation increments/(decrements) | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount |
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Capital work in progress | 51,372 | – | 51,372 | 28,784 | 1,810 | – | (2,960) | (32,895) | (6) | – | 46,105 | – | 46,105 |
| Furniture and fittings | 748 | (481) | 267 | – | 89 | (48) | (1) | – | – | – | 786 | (479) | 307 |
| Office equipment | 1,714 | (1,011) | 703 | – | 298 | (133) | (5) | 1,662 | – | – | 3,297 | (772) | 2,525 |
| Plant and equipment | 17,345 | (7,902) | 9,443 | – | 6,560 | (2,511) | (252) | – | – | – | 23,221 | (9,981) | 13,240 |
| Land: | | | | | | | | | | | | | |
| – Community land | 260,481 | – | 260,481 | – | – | – | – | – | – | – | 260,481 | – | 260,481 |
| – Crown land | 102,572 | – | 102,572 | – | 427 | – | (1,396) | – | – | – | 101,603 | – | 101,603 |
| – Land under roads (post 30/6/08) | 26,150 | – | 26,150 | – | – | – | – | – | – | – | 26,150 | – | 26,150 |
| – Operational land | 294,716 | – | 294,716 | – | 1,477 | – | (170) | 310 | – | 37,237 | 333,570 | – | 333,570 |
| Infrastructure: | | | | | | | | | | | | | |
| – Buildings | 546,444 | (213,576) | 332,868 | 1,033 | 2,389 | (12,532) | (1,071) | 5,592 | – | 19,552 | 592,615 | (244,784) | 347,831 |
| – Swimming pools | 17,338 | (7,512) | 9,826 | 112 | – | (569) | – | – | – | 651 | 18,663 | (8,643) | 10,020 |
| – Roads | 1,125,967 | (329,835) | 796,132 | 2,126 | 2,136 | (15,008) | (1,316) | 9,352 | – | 42,408 | 1,198,848 | (363,018) | 835,830 |
| – Bridges | 18,827 | (4,183) | 14,644 | – | – | (222) | – | – | – | 775 | 19,838 | (4,641) | 15,197 |
| – Footpaths | 129,006 | (53,076) | 75,930 | 1,139 | 1,367 | (1,546) | (22) | 4,439 | – | 4,138 | 142,985 | (57,540) | 85,445 |
| – Bulk earthworks (non-depreciable) | 218,395 | – | 218,395 | – | – | – | – | – | – | – | 218,395 | – | 218,395 |
| – Other open space/recreational assets | 281,591 | (89,144) | 192,447 | 5,659 | 3,151 | (11,322) | (1,167) | 10,397 | – | 17,601 | 268,269 | (51,503) | 216,766 |
| – Other infrastructure | 43,100 | (11,448) | 31,652 | 162 | – | (884) | – | 1,056 | – | 5,172 | 45,431 | (8,273) | 37,158 |
| – Stormwater drainage | 793,945 | (274,529) | 519,416 | 307 | 199 | (6,552) | – | 87 | – | – | 794,538 | (281,081) | 513,457 |
| Other assets: | | | | | | | | | | | | | |
| – Artworks | 127 | – | 127 | – | – | – | – | – | – | – | 127 | – | 127 |
| – Heritage collections | 508 | – | 508 | – | 31 | – | – | – | – | – | 539 | – | 539 |
| – Library books | 8,989 | (5,473) | 3,516 | – | 908 | (1,258) | – | – | – | – | 9,897 | (6,731) | 3,166 |
| Total infrastructure, property, plant and equipment | 3,939,335 | (998,170) | 2,941,165 | 39,322 | 20,842 | (52,585) | (8,360) | – | (6) | 127,534 | 4,105,358 | (1,037,446) | 3,067,912 |

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

(2) Adjustments and transfers relates to the capitalised work in progress

(3) Net carrying amount is the Written Down Value (WDV)

C1-6 Infrastructure, property, plant and equipment (continued)

| | At 1 July 2022 | | | Asset movements during the reporting period | | | | | | | At 30 June 2023 | | |
|--|-----------------------|---|---------------------|---|----------------------|----------------------|-----------------------------|--|--------------------------------------|--------------------------------------|-----------------------|---|---------------------|
| | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount | Additions renewals ¹ | Additions new assets | Depreciation expense | Carrying value of disposals | Adjustments and transfers ² | Tfrs from/(to) investment properties | Revaluation increments /(decrements) | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount |
| By aggregated asset class | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Capital work in progress | 51,719 | – | 51,719 | 27,412 | 5,685 | – | (187) | (33,254) | (3) | – | 51,372 | – | 51,372 |
| Plant and equipment | 18,049 | (8,142) | 9,907 | – | 1,200 | (1,373) | (291) | – | – | – | 17,345 | (7,902) | 9,443 |
| Office equipment | 1,478 | (931) | 547 | – | 221 | (80) | – | 15 | – | – | 1,714 | (1,011) | 703 |
| Furniture and fittings | 748 | (439) | 309 | – | – | (42) | – | – | – | – | 748 | (481) | 267 |
| Land: | | | | | | | | | | | | | |
| – Operational land | 262,972 | – | 262,972 | – | 3,000 | – | – | 93 | – | 28,651 | 294,716 | – | 294,716 |
| – Community land | 214,103 | – | 214,103 | – | – | – | – | (93) | – | 46,471 | 260,481 | – | 260,481 |
| – Crown land | 84,165 | – | 84,165 | – | – | – | – | – | – | 18,407 | 102,572 | – | 102,572 |
| – Land under roads (post 30/6/08) | 17,152 | – | 17,152 | – | – | – | – | – | – | 8,998 | 26,150 | – | 26,150 |
| Infrastructure: | | | | | | | | | | | | | |
| – Buildings | 479,627 | (191,562) | 288,065 | 14,135 | 2,001 | (11,109) | (8,338) | 30,242 | – | 17,872 | 546,444 | (213,576) | 332,868 |
| – Roads | 1,057,124 | (297,593) | 759,531 | 5,944 | – | (14,038) | (36) | 1,105 | – | 43,626 | 1,125,967 | (329,835) | 796,132 |
| – Bridges | 17,778 | (3,740) | 14,038 | – | – | (210) | – | – | – | 816 | 18,827 | (4,183) | 14,644 |
| – Footpaths | 120,347 | (48,726) | 71,621 | 1,462 | 3 | (1,402) | – | 116 | – | 4,130 | 129,006 | (53,076) | 75,930 |
| – Bulk earthworks (non-depreciable) | 206,227 | – | 206,227 | – | – | – | – | – | – | 12,168 | 218,395 | – | 218,395 |
| – Stormwater drainage | 955,762 | (396,258) | 559,504 | 452 | – | (7,549) | – | 41 | – | (33,032) | 793,945 | (274,529) | 519,416 |
| – Swimming pools | 16,133 | (6,484) | 9,649 | – | – | (531) | – | 56 | – | 652 | 17,338 | (7,512) | 9,826 |
| – Other open space/recreational assets | 262,723 | (73,266) | 189,457 | 414 | 427 | (10,592) | (120) | 1,562 | – | 11,299 | 281,591 | (89,144) | 192,447 |
| – Other infrastructure | 39,347 | (9,931) | 29,416 | 236 | 849 | (814) | – | 101 | – | 1,864 | 43,100 | (11,448) | 31,652 |
| Other assets: | | | | | | | | | | | | | |
| – Heritage collections | 483 | – | 483 | – | 25 | – | – | – | – | – | 508 | – | 508 |
| – Library books | 7,605 | (4,260) | 3,345 | – | 1,368 | (1,213) | – | 16 | – | – | 8,989 | (5,473) | 3,516 |
| – Artworks | 137 | – | 137 | – | – | – | (10) | – | – | – | 127 | – | 127 |
| Total infrastructure, property, plant and equipment | 3,813,679 | (1,041,332) | 2,772,347 | 50,055 | 14,779 | (48,953) | (8,982) | – | (3) | 161,922 | 3,939,335 | (998,170) | 2,941,165 |

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

(2) Adjustments and transfers relates to capitalised work in progress.

C1-6 Infrastructure, property, plant and equipment (continued)

Material accounting policy information

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

Increases in the carrying amounts arising on revaluation are credited to the 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 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.

During the year the Open Space and Recreational Assets, Other Infrastructure and Operational Land asset classes were revalued. Fair value adjustments were processed for the Buildings, Roads, Bridges, Footpaths and Swimming pools asset classes.

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.

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Useful lives of IPPE

Land, Heritage Collection and Artworks asset classes are not depreciated as they are deemed to have indefinite lives. 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 as follows:

| Plant and equipment | Years | Other equipment | Years |
|-----------------------------------|--------|---|----------|
| Office equipment | 3-50 | Playground equipment | 10-75 |
| Furniture & Fittings | 5-35 | Benches, seats etc. | 10-75 |
| Computer equipment | 3-15 | | |
| Motor Vehicles | 3-6 | Other Infrastructure Assets | |
| Heavy plant/road making equipment | 4-15 | Bulk earthworks | infinite |
| Other plant and equipment | 2-50 | Swimming pools shells | 50 |
| | | Other open space / recreational assets | 5-300 |
| Transportation assets | | Other structures | 7-300 |
| Sealed roads | 15-140 | Foreshore Facilities | 15-150 |
| Sealed roads: structure base | 50-200 | | |
| Bridges: pedestrian | 8-100 | Stormwater assets | |
| Bridges: road | 20-100 | Culverts | 100-125 |
| Road pavements carparks | 15-200 | Pits and Headwalls | 100 |
| Kerb and gutter | 62-100 | Water quality devices | 10-190 |
| Footpaths on roads | 50-125 | Rehab, Creeks & Wetland Structural work | 10-100 |
| Pathways not on roads | 20-100 | | |
| Retaining Walls | 29-150 | Buildings | 20-100 |
| Traffic Facilities | 12-96 | Library Books | 5 |

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

C1-6 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. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

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

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

Council has performed an assessment in relation to whether they control any rural firefighting equipment in accordance with Australian Accounting Standards. Council has made the assessment that it does not control these assets due the fact that it does not make decisions in relation to the purchase, operation, deployment, usage or disposal of these assets and also does not have physical custody of them.

Therefore, Council is of the view that it does not have 'control' of these assets which is required under the Accounting Standards for them to be recognised in the accounts. Council has also formalised this position via resolution (MM011-22).

In addition to this, Council has performed an assessment to determine whether the RFS rural firefighting assets are material in relation to Council's financial performance and position. The RFS rural firefighting assets have a written down value of \$2.568 million as at June 2024 which has been determined to not be material in the context of Council's \$3.068 billion total asset portfolio.

C1-7 Investment properties

| | 2024 \$ '000 | 2023 \$ '000 |
|--|-----------------|-----------------|
| Owned investment property | | |
| Investment Properties | 80,400 | 81,355 |
| Total owned investment property | 80,400 | 81,355 |

Owned investment property

At fair value

| | | |
|---|---------------|---------------|
| Opening balance at 1 July | 81,355 | 83,655 |
| Capitalised subsequent expenditure | 571 | 18 |
| Disposals during year | (55) | – |
| Net gain/(loss) from fair value adjustments | (1,477) | (2,321) |
| Transfers from/(to) owner-occupied property (Note C1-6) | 6 | 3 |
| Closing balance at 30 June | 80,400 | 81,355 |

Material accounting policy information

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

C1-8 Other

Other assets

| | 2024 Current \$ '000 | 2024 Non-current \$ '000 | 2023 Current \$ '000 | 2023 Non-current \$ '000 |
|-----------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|
| Prepayments | 2,212 | – | 2,854 | – |
| Sale and Leaseback Vehicles | – | – | 4,293 | – |
| Total other assets | 2,212 | – | 7,147 | – |

C2 Leasing activities

C2-1 Council as a lessee

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

Vehicles and Plant

Council leases vehicles and equipment with lease terms varying from 3 to 5 years; the lease payments are fixed during the lease term and there is generally no renewal option.

Office, IT and Gym equipment

Leases for office, IT and gym equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 3 and 5 years with no renewal option, the payments are fixed.

(a) Right of use assets

| | Plant Equipment \$ '000 | Garbage Trucks \$ '000 | Office equipment \$ '000 | Gym Equipment \$ '000 | Buildings \$ '000 | Motor Vehicles \$ '000 | Total \$ '000 |
|--|-------------------------------|------------------------------|--------------------------------|-----------------------------|----------------------|------------------------------|------------------|
| 2024 | | | | | | | |
| Opening balance at 1 July | 598 | 1,230 | 430 | 190 | – | 770 | 3,218 |
| Additions to right-of-use assets | 550 | – | – | – | – | 130 | 680 |
| Adjustments due to re-measurement of lease liability | – | (33) | – | – | – | – | (33) |
| Depreciation charge | (292) | (500) | (166) | (106) | – | (254) | (1,318) |
| Balance at 30 June | 856 | 697 | 265 | 84 | – | 646 | 2,548 |
| 2023 | | | | | | | |
| Opening balance at 1 July | 781 | 2,286 | 330 | 303 | 8 | 891 | 4,599 |
| Additions to right-of-use assets | – | – | 520 | – | – | 131 | 651 |
| Depreciation charge | (183) | (1,056) | (420) | (113) | (8) | (252) | (2,032) |
| Balance at 30 June | 598 | 1,230 | 430 | 190 | – | 770 | 3,218 |

C2-1 Council as a lessee (continued)

(b) Lease liabilities

| | 2024 Current \$ '000 | 2024 Non-current \$ '000 | 2023 Current \$ '000 | 2023 Non-current \$ '000 |
|--------------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|
| Garbage trucks | 405 | 103 | 526 | 698 |
| Gym equipment | 68 | – | 102 | 68 |
| Office equipment | 165 | 109 | 161 | 275 |
| Motor Vehicles | 257 | 685 | 238 | 546 |
| Plant and equipment | 372 | 411 | 179 | 422 |
| Total lease liabilities | 1,267 | 1,308 | 1,206 | 2,009 |

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

| | < 1 year \$ '000 | 1 – 5 years \$ '000 | > 5 years \$ '000 | Total \$ '000 | Total per Statement of Financial Position \$ '000 |
|-------------------|---------------------|------------------------|----------------------|------------------|---|
| 2024 | | | | | |
| Cash flows | 1,267 | 1,308 | – | 2,575 | 2,575 |
| 2023 | | | | | |
| Cash flows | 1,204 | 2,010 | – | 3,214 | 3,214 |

(c) Income Statement

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

| | 2024 \$ '000 | 2023 \$ '000 |
|--|-----------------|-----------------|
| Interest on lease liabilities | 113 | 123 |
| Depreciation of right of use assets | 1,318 | 2,032 |
| Expenses relating to short-term leases | 1,319 | 1,584 |
| Expenses relating to Peppercorn leases | 1 | 1 |
| | 2,751 | 3,740 |

(d) Statement of Cash Flows

| | | |
|-------------------------------|--------------|--------------|
| Total cash outflow for leases | 1,399 | 2,023 |
| | 1,399 | 2,023 |

C2-1 Council as a lessee (continued)

(e) Leases at significantly below market value – concessionary leases

Council has a number of leases and licences with government entities at significantly below market value for land and buildings which are used for purposes including jetties, baths, boat ramps, storage, parking, stormwater drains etc.

These leases range in terms from 1 year to indefinite (no end date) and require payments of a maximum amount of \$2,000 per year. 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 any of the leases in place are individually 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.

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 and /or plant and equipment 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 C1-7)
- property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-6).

| | 2024 | 2023 |
|--|---------|---------|
| | \$ '000 | \$ '000 |

(i) Assets held as investment property

The investment properties are commercial properties located in the Sutherland Shire, leased to tenants under long-term operating leases with rentals payable monthly.

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) | 4,914 | 4,744 |
| Total income relating to operating leases for investment property assets | 4,914 | 4,744 |

Operating lease expenses

Investment properties

| | | |
|---|------------|------------|
| Direct operating expenses that generated rental income | 8 | – |
| Direct operating expenses that did not generate rental income | 229 | 190 |
| Total expenses relating to operating leases | 237 | 190 |

Repairs and maintenance: investment property

| | | |
|---|----------|----------|
| Other | 8 | 8 |
| Total repairs and maintenance: investment property | 8 | 8 |

(ii) 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 | 4,809 | 4,681 |
| 1–2 years | 3,410 | 2,625 |
| 2–3 years | 3,045 | 2,130 |
| 3–4 years | 2,769 | 2,066 |
| 4–5 years | 2,381 | 1,979 |
| > 5 years | 98,177 | 96,483 |
| Total undiscounted lease payments to be received | 114,591 | 109,964 |

C3 Liabilities of Council

C3-1 Payables

| | 2024 Current \$ '000 | 2024 Non-current \$ '000 | 2023 Current \$ '000 | 2023 Non-current \$ '000 |
|---|----------------------------|--------------------------------|----------------------------|--------------------------------|
| Goods and services | 7,280 | – | 5,403 | – |
| Accrued expenses: | | | | |
| – Interest on borrowings | 63 | – | 69 | – |
| – Interest on bonds and deposits | 385 | – | 480 | – |
| – Interest on leases | 13 | – | 12 | – |
| – Salaries and wages | 2,065 | – | 1,986 | – |
| – Other expenditure accruals | 450 | – | 2,257 | – |
| Payments received in advance | 5 | – | 104 | – |
| Prepaid rates | 2,450 | – | 2,224 | – |
| Security bonds, deposits and retentions | 16,346 | – | 17,793 | – |
| Superannuation | 1,076 | – | 1,021 | – |
| Total payables | 30,133 | – | 31,349 | – |

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

| | 2024 \$ '000 | 2023 \$ '000 |
|---|-----------------|-----------------|
| The following liabilities, even though classified as current, are not expected to be all settled in the next 12 months. | | |
| Payables – security bonds, deposits and retentions | 11,090 | 12,501 |
| Total payables | 11,090 | 12,501 |

Payables

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

C3-2 Contract Liabilities

| | 2024 Current \$ '000 | 2024 Non-current \$ '000 | 2023 Current \$ '000 | 2023 Non-current \$ '000 |
|--|----------------------------|--------------------------------|----------------------------|--------------------------------|
| Grants received in advance: | | | | |
| Unexpended operating grants (received prior to performance obligation being satisfied) | 300 | - | - | - |
| Total grants received in advance | 300 | - | - | - |
| User fees and charges received in advance: | | | | |
| Child care | 987 | - | 585 | - |
| Development assessment fees | 864 | - | 1,169 | - |
| Facility bookings | 1,021 | - | 1,176 | - |
| Hazelhurst gallery workshops | 181 | - | 190 | - |
| Leisure centre memberships | 95 | - | 130 | - |
| Property rentals | 1,278 | - | 1,116 | - |
| 'The Pavilion' Promoter Sales | - | - | 151 | - |
| Other | 639 | - | 105 | - |
| Total user fees and charges received in advance | 5,065 | - | 4,622 | - |
| Total contract liabilities | 5,365 | - | 4,622 | - |

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

| | 2024 \$ '000 | 2023 \$ '000 |
|--|-----------------|-----------------|
| Grants and contributions received in advance: | | |
| Capital grants (to construct Council controlled assets) | - | 314 |
| Total revenue recognised that was included in the contract liability balance at the beginning of the period | - | 314 |

C3-3 Borrowings

| | 2024 Current \$ '000 | 2024 Non-current \$ '000 | 2023 Current \$ '000 | 2023 Non-current \$ '000 |
|------------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|
| Loans – secured ¹ | 1,704 | 12,896 | 1,655 | 14,600 |
| Total borrowings | 1,704 | 12,896 | 1,655 | 14,600 |

(1) Loans are secured over the general rating income of Council.

(a) Changes in liabilities arising from financing activities

| | 2023 Opening Balance \$ '000 | Cash flows \$ '000 | 2024 Closing balance \$ '000 |
|--|---------------------------------------|-----------------------|---------------------------------------|
| Loans – secured | 16,255 | (1,655) | 14,600 |
| Lease liability (Note C2-1b) | 3,215 | (640) | 2,575 |
| Total liabilities from financing activities | 19,470 | (2,295) | 17,175 |

| | 2022 Opening Balance \$ '000 | Cash flows \$ '000 | 2023 Closing balance \$ '000 |
|--|---------------------------------------|-----------------------|---------------------------------------|
| Loans – secured | 18,262 | (2,007) | 16,255 |
| Lease liability (Note C2-1b) | 4,457 | (1,242) | 3,215 |
| Total liabilities from financing activities | 22,719 | (3,249) | 19,470 |

(b) Financing arrangements

| | 2024 \$ '000 | 2023 \$ '000 |
|--|-----------------|-----------------|
| Total facilities | | |
| Total financing facilities available to Council at the reporting date are: | | |
| Bank overdraft facilities ¹ | 750 | 750 |
| Credit cards/purchase cards | 120 | 120 |
| Total financing arrangements | 870 | 870 |

Undrawn facilities

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

| | | |
|---|------------|------------|
| – Bank overdraft facilities | 750 | 750 |
| – Credit cards/purchase cards | 79 | 69 |
| Total undrawn financing arrangements | 829 | 819 |

Breaches and defaults

During the current and prior year, there were no defaults or breaches on the loan.

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

C3-4 Employee benefit provisions

| | 2024 Current \$ '000 | 2024 Non-current \$ '000 | 2023 Current \$ '000 | 2023 Non-current \$ '000 |
|--|----------------------------|--------------------------------|----------------------------|--------------------------------|
| Annual leave | 14,114 | – | 13,823 | – |
| Sick leave | 932 | – | 1,142 | – |
| Long service leave | 21,529 | 755 | 20,165 | 708 |
| Gratuities | 216 | – | 205 | – |
| Total employee benefit provisions | 36,791 | 755 | 35,335 | 708 |

| | 2024 \$ '000 | 2023 \$ '000 |
|--|-----------------|-----------------|
| | 20,602 | 20,247 |

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

| | | |
|--------------------------------|---------------|---------------|
| Provisions – employee benefits | 20,602 | 20,247 |
| | 20,602 | 20,247 |

Material accounting policy information

Long-term employee benefit obligations

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

C3-5 Provisions

| | 2024 Current \$ '000 | 2024 Non-Current \$ '000 | 2023 Current \$ '000 | 2023 Non-Current \$ '000 |
|---------------------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|
| Other provisions | | | | |
| Self insurance – workers compensation | 2,222 | 8,366 | 1,870 | 8,800 |
| Self insurance – public liability | 183 | 71 | 220 | 58 |
| Sub-total – other provisions | 2,405 | 8,437 | 2,090 | 8,858 |
| Total provisions | 2,405 | 8,437 | 2,090 | 8,858 |

Movements in provisions

| | Other provisions | |
|---------------------------------------|------------------------------|------------------|
| | Self insurance \$ '000 | Total \$ '000 |
| 2024 | | |
| At beginning of year | 10,948 | 10,948 |
| Additional provisions | 561 | 561 |
| Amounts used (payments) | (667) | (667) |
| Total other provisions at end of year | 10,842 | 10,842 |
| 2023 | | |
| At beginning of year | 8,114 | 8,114 |
| Additional provisions | 2,834 | 2,834 |
| Total other provisions at end of year | 10,948 | 10,948 |

Nature and purpose of provisions

Self Insurance - Workers Compensation

Sutherland Shire Council is a self insurer in relation to Workers Compensation. As a result the provision represents claims incurred but not yet reported and also claims which have been reported and assessed.

The Self Insurance Workers Compensation provision was calculated by David A. Zaman Pty Ltd (Member of Institute of Actuaries Australia) as at 30 June 2024.

Self-insurance - Public Liability

To recognise liabilities for outstanding claims (uninsured losses) arising from Council's decision to undertake self-insurance for certain risks faced.

Material accounting policy information

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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.

D Council structure

D1 Interests in other entities

Subsidiaries

| Name of Operation/Entity | Principal activity |
|--|---|
| The Pavilion: Performing Arts Centre Sutherland Ltd | Operations undertaken - Performing Arts Place of Business - 30 Eton Street, Sutherland |

| Interests in Subsidiary | Ownership | Voting rights |
|----------------------------------|-----------|---------------|
| Council's interest in Subsidiary | 100% | 100% |

The nature of risks associated with Council's interests in the Subsidiary

The Pavilion: Performing Arts Centre Sutherland Ltd is a public company limited by guarantee which was registered on 18 May 2023. The purpose of the entity is to ensure that Sutherland Shire's two key performing arts assets, The Pavilion Performing Arts Centre and the Sutherland Arts Theatre, are optimised to generate the greatest value for our community and stakeholders.

A fit-for-purpose operating model including skilled and experienced staff, and an expert Board of governance with industry knowledge, networks and expertise in the management of cultural venues, will ensure full value is obtained from a significant capital investment.

Council does not directly manage The Pavilion or its activities, however through Board membership it does have significant influence over the strategic direction of the entity.

Council provided an operating subsidy to the entity of \$1.513M during the financial year (Note B3-5). This subsidy is contained within the Grants and contributions for operating purposes in the summary of financial information for the entity below.

Reporting dates of Subsidiary

The Pavilion prepares audited financial statements on a financial year basis commencing 1 July and ending 30 June.

D1-1 Subsidiaries (continued)

Summarised financial information for the Subsidiary

| | 2024 |
|---|----------------|
| | \$ '000 |
| Summarised statement of comprehensive income | |
| User Charges and Fees | 1,464 |
| Interest & investment income | 30 |
| Grants and contributions provided for operating purposes | 1,723 |
| Other Revenue | 2 |
| Total Income | 3,219 |
| Employee benefits and on-costs | (1,361) |
| Materials & Services | (1,793) |
| Depreciation Amortisation & Impairment | (17) |
| Total Expenditure | (3,171) |
| Profit/(loss) for the period | 48 |
| Total comprehensive income | 48 |
| Summarised statement of financial position | |
| Cash and cash equivalents | 330 |
| Current Receivables | 28 |
| Current Assets - Other | 61 |
| Total Current assets | 419 |
| Infrastructure, Property, Plant and Equipment | 101 |
| Total Non-current assets | 101 |
| Total assets | 520 |
| Current Payables | (236) |
| Current Employee Provisions | (43) |
| Contract Liabilities | (192) |
| Total Current liabilities | (471) |
| Non Current Employee Provisions | (1) |
| Total Non-current liabilities | (1) |
| Total liabilities | (472) |
| Net Assets | 48 |
| Summarised statement of cash flows | |
| Cash flows from operating activities | 101 |
| Cash flows from investing activities | (179) |
| Cash flows from financing activities | 409 |
| Net increase (decrease) in cash and cash equivalents | 331 |

Material accounting policy information

Subsidiaries are all entities (including structured entities) over which the Council has control. Control is established when the Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Council has assessed this operation as not being material for the purposes of preparing consolidated financial statements for the council.

Comparative figures have not been disclosed as the entity was established in May 2023 and remained dormant until July 2023.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The Responsible Accounting Officer manages the cash and Investments portfolio with the assistance of independent advisors. Council has an Investment Policy which complies with the s625 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 performance of the portfolio as required by local government regulations.

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

Financial risk management is carried out by the Responsible Accounting Officer under policies adopted by the Council.

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

The risks associated with the financial instruments held are:

- **Market risk - interest rate and price risk:** the risk that movements in interest rates could affect returns.
- **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.
- **Liquidity risk:** the risk that Council will not be able to pay its debts as and when they fall due.

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

(a) Market risk – interest rate and price risk

| | 2024 | 2023 |
|--|----------------|---------|
| | \$ '000 | \$ '000 |
| The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date. | | |
| Impact of a 1% movement in interest rates | | |
| – Equity / Income Statement | 2,592 | 2,526 |
| Impact of a 10% movement in price of investments | | |
| – Equity / Income Statement | 5,240 | 4,460 |

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

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

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

Credit risk profile

Receivables – rates and annual charges

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

| | Not yet overdue \$ '000 | overdue rates and annual charges < 5 years \$ '000 | ≥ 5 years \$ '000 | Total \$ '000 |
|-----------------------|-------------------------------|--|----------------------|------------------|
| 2024 | | | | |
| Gross carrying amount | 2,450 | 5,471 | 466 | 8,387 |
| 2023 | | | | |
| Gross carrying amount | 2,225 | 5,362 | 691 | 8,278 |

Receivables - non-rates and annual charges

Council applies the simplified approach for non-rates and annual charges debtors 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 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 (ECL) incorporate forward-looking information.

| | Not yet overdue \$ '000 | 0 - 30 days \$ '000 | Overdue debts \$ '000 | | | Total \$ '000 |
|------------------------|-------------------------------|------------------------|--------------------------|-------------------------|----------------------|------------------|
| | | | 31 - 60 days \$ '000 | 61 - 90 days \$ '000 | > 91 days \$ '000 | |
| 2024 | | | | | | |
| Gross carrying amount | 17,251 | 2,743 | 497 | 267 | 846 | 21,604 |
| Expected loss rate (%) | 0.00% | 0.00% | 0.00% | 0.00% | 4.52% | 0.18% |
| ECL provision | – | – | – | – | 38 | 38 |
| 2023 | | | | | | |
| Gross carrying amount | 11,856 | 4,609 | 395 | 312 | 657 | 17,829 |
| Expected loss rate (%) | 0.00% | 0.00% | 0.00% | 0.00% | 4.52% | 0.17% |
| ECL provision | – | – | – | – | 30 | 30 |

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

(c) Liquidity risk

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

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

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

Interest rate movements are regularly reviewed 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 (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

| | Weighted average interest rate % | Subject to no maturity \$ '000 | payable in: | | | Total cash outflows \$ '000 | Actual carrying values \$ '000 |
|------------------------------------|--|---|---------------------|---------------------------|----------------------|-----------------------------------|---|
| | | | ≤ 1 Year \$ '000 | 1 - 5 Years \$ '000 | > 5 Years \$ '000 | | |
| 2024 | | | | | | | |
| Payables | 0.00% | 13,789 | 5,254 | 7,326 | 3,764 | 30,133 | 30,133 |
| Borrowings | 2.92% | – | 1,704 | 7,334 | 5,562 | 14,600 | 14,600 |
| Total financial liabilities | | 13,789 | 6,958 | 14,660 | 9,326 | 44,733 | 44,733 |
| 2023 | | | | | | | |
| Payables | 0.00% | 13,555 | 5,293 | 9,361 | 3,140 | 31,349 | 31,349 |
| Borrowings | 2.92% | – | 1,655 | 7,123 | 7,477 | 16,255 | 16,255 |
| Total financial liabilities | | 13,555 | 6,948 | 16,484 | 10,617 | 47,604 | 47,604 |

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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

Fair value hierarchy

All assets and liabilities measured at fair value are 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).

The following table shows the assigned level for each asset and liability held at fair value.

E2-1 Fair value measurement (continued)

| \$ '000 | Date of latest comprehensive revaluation | Fair value measurement hierarchy | | | | Total | |
|--|--|---------------------------------------|----------------|---|------------------|------------------|------------------|
| | | Level 2 Significant observable inputs | | Level 3 Significant unobservable inputs | | 2024 | 2023 |
| | | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Recurring fair value measurements | | | | | | | |
| Investment property | | | | | | | |
| Various | 30/06/24 | 80,400 | 81,355 | – | – | 80,400 | 81,355 |
| Total investment property | | 80,400 | 81,355 | – | – | 80,400 | 81,355 |
| Infrastructure, property, plant and equipment | | | | | | | |
| Community land | 30/06/23 | – | – | 260,481 | 260,481 | 260,481 | 260,481 |
| Crown Land | 30/06/23 | – | – | 101,603 | 102,572 | 101,603 | 102,572 |
| Land under roads | 30/06/23 | – | – | 26,150 | 26,150 | 26,150 | 26,150 |
| Operational land | 30/06/24 | 333,570 | 294,716 | – | – | 333,570 | 294,716 |
| Buildings | 30/06/21 | – | – | 347,831 | 332,868 | 347,831 | 332,868 |
| Swimming Pools | 30/06/21 | – | – | 10,020 | 9,826 | 10,020 | 9,826 |
| Roads | 30/06/22 | – | – | 835,830 | 796,132 | 835,830 | 796,132 |
| Bridges | 30/06/22 | – | – | 15,197 | 14,644 | 15,197 | 14,644 |
| Footpaths | 30/06/22 | – | – | 85,445 | 75,930 | 85,445 | 75,930 |
| Bulk earthworks non depreciable | 30/06/22 | – | – | 218,395 | 218,395 | 218,395 | 218,395 |
| Other open space/recreational | 30/06/24 | – | – | 216,766 | 192,447 | 216,766 | 192,447 |
| Other Infrastructure | 30/06/24 | – | – | 37,158 | 31,652 | 37,158 | 31,652 |
| Stormwater drainage | 30/06/23 | – | – | 513,457 | 519,416 | 513,457 | 519,416 |
| Total infrastructure, property, plant and equipment | | 333,570 | 294,716 | 2,668,333 | 2,580,513 | 3,001,903 | 2,875,229 |

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:

Investment property

Council engages external, independent and qualified valuers to determine the fair value of Council's investment properties. Investment properties were revalued as at 30 June 2024 by Jones Lang LaSalle Advisory Services Pty Ltd: Richard Lawrie FAPI (API Member: 68643).

Valuations are based on both discounted cash flow and capitalisation of income.

Infrastructure, property, plant and equipment (IPPE)

Council's non-current assets are continually revalued at a minimum every 5 years, as per the Code of Accounting Practice. Council also ensures that the carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period.

Condition based assessments have been carried out on these assets to determine fair value, the rate of consumption of service potential and the residual life for valuation purposes.

Buildings/Swimming Pools

Council engages external, independent and qualified valuers to determine the fair value of Council's buildings and swimming pools.

The gross value of each building is obtained by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology.

Buildings and Swimming Pools were last revalued as at 30 June 2021 by Assetic Pty Ltd in accordance with the fair valuation policy as mandated by the Office of Local Government. At 30 June 2024 Council carried out the interim desktop fair value assessment and indexed the fair valuation based on unit rate to reflect the increased cost in current high CPI environment.

Inputs to the valuation include the design and construction, average cost of construction, condition and consumption score for each component. As these are supported by observable evidence obtained via inspection and market evidence they have been classified as Level 2 inputs.

The unobservable inputs are unit price, asset condition and the relationship between current asset condition and remaining service potential. The unobservable inputs used to assess the level of remaining service potential required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

As this method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment. This 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.

Stormwater Drainage

This asset class includes culverts, stormwater quality improvement devices (creeks and wetlands), open channels, stormwater pits/pipes and structures.

The valuation of stormwater drainage asset classes was performed by Knowledge Asset Management Pty Ltd as at 30 June 2023 in accordance with the fair valuation policy as mandated by the Office of Local Government.

As there is no evidence to support a market approach, all Stormwater Infrastructure has been valued using Level 3 valuation inputs using the cost approach. The approach estimated the replacement cost for each Stormwater asset by componentising (where applicable) each Stormwater asset into significant parts with different useful lives and considering a range of factors. While unit rates for Stormwater Infrastructure are based on quantitative dimensional units such as lengths and can be supported from market evidence (Level 2), other inputs (such as estimates of useful lives, remaining life profiles, and asset conditions) required extensive professional judgement which impacts significantly on the final determination of the assets Fair Value.

E2-1 Fair value measurement (continued)

Other Infrastructure Assets (Roads, Bulk Earthworks, Parks, Open Space, Recreational Facilities and Other Infrastructure Assets)

This asset class includes bridges, bus shelters, carparks, footpaths, kerb and gutter, sealed roads, traffic management devices, cycleways, open space, furniture, park lighting, play equipment, playground facilities, recreational facilities, irrigation and other structures.

Council's road assets are componentised into surface, base, sub-base and formation and further separated into segments for inspection and valuation. The formation of road bulk earthworks are non-depreciable.

The valuation of Roads, Footpaths and non-depreciable bulk asset classes was performed by APV as at 30 June 2022 in accordance with the fair valuation policy as mandated by the Office of Local Government. At 30 June 2024 Council carried out the interim desktop fair value assessment and indexed the fair valuation based on unit rate to reflect the increased cost in current high CPI environment.

This asset class is categorised as Level 3 as some of the inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

The fair value of these assets was determined based on their current replacement cost.

Open space and other recreational assets were last revalued as at 30 June 2024 by APV. Fair value was determined by using the modern engineering equivalent replacement cost depreciated using a lifecycle condition score and effective useful life.

Land (Operational, Community and Land under roads)

Community land

Council's Community Land valuations have been performed internally based on Valuer General's valuations for rating purposes where available, or the average total Value General rate divided by the total land area to derive a unit rate (Average Shire Rate).

For parcels not in the Valuer General report, the value is derived from the average of the community land parcels rather than the average shire rate.

Council's Community Land was last revalued 30 June 2023 in accordance with the fair valuation policy as mandated by the Office of Local Government.

Operational land (Level 2)

Operational land is valued externally. Where this information is not available, current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences are considered. Council's Operational Land was last revalued 30 June 2024 in accordance with the fair valuation policy as mandated by the Office of Local Government.

Land under roads

The fair value for Land under Roads has been performed internally using a unit rate per square metre, derived from the NSW Valuer General's valuation performed for rating purposes where available, or the average total Value General rate divided by the total land area to derive a unit rate (Average Shire Rate). Given the nature of Land under Roads, comparable sales data is not available. As the NSW Valuer-General considers land in all zoning, average unit rates derived from the Valuer General's valuation is considered the most practicable approach to valuing Land under Roads. Council excludes all areas relating to National Parks in this calculation. Land under roads reflects the Office of Local Government discounting policy (adopted 2017). The key unobservable input to the valuation is the rate per square metre. Land under roads was revalued as at 30 June 2023.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

| | Community Land | | Crown Land | | Land under roads | | Buildings | |
|---|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|
| | 2024 \$ '000 | 2023 \$ '000 | 2024 \$ '000 | 2023 \$ '000 | 2024 \$ '000 | 2023 \$ '000 | 2024 \$ '000 | 2023 \$ '000 |
| Opening balance | 260,481 | 214,103 | 102,572 | 84,165 | 26,150 | 17,152 | 332,868 | 288,065 |
| Total gains or losses for the period | | | | | | | | |
| Other movements | | | | | | | | |
| Purchases | - | - | 427 | - | - | - | 3,422 | 16,136 |
| Disposals | - | - | (1,396) | - | - | - | (1,071) | (8,338) |
| Depreciation and impairment | - | - | - | - | - | - | (12,532) | (11,109) |
| Revaluation | - | 46,471 | - | 18,407 | - | 8,998 | 19,552 | 17,872 |
| Adjustments Transfers | - | (93) | - | - | - | - | 5,592 | 30,242 |
| Closing balance | 260,481 | 260,481 | 101,603 | 102,572 | 26,150 | 26,150 | 347,831 | 332,868 |

| | Swimming pools | | Roads | | Bridges | | Footpaths | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2024 \$ '000 | 2023 \$ '000 | 2024 \$ '000 | 2023 \$ '000 | 2024 \$ '000 | 2023 \$ '000 | 2024 \$ '000 | 2023 \$ '000 |
| Opening balance | 9,826 | 9,649 | 796,132 | 759,531 | 14,644 | 14,038 | 75,930 | 71,621 |
| Total gains or losses for the period | | | | | | | | |
| Other movements | | | | | | | | |
| Purchases | 112 | - | 4,262 | 5,944 | - | - | 2,608 | 1,465 |
| Disposals | - | - | (1,316) | (36) | - | - | (22) | - |
| Depreciation and impairment | (569) | (531) | (15,008) | (14,038) | (222) | (210) | (1,546) | (1,402) |
| Revaluation | 651 | 652 | 42,408 | 43,626 | 775 | 816 | 4,138 | 4,130 |
| Adjustments Transfers | - | 56 | 9,352 | 1,105 | - | - | 4,337 | 116 |
| Closing balance | 10,020 | 9,826 | 835,830 | 796,132 | 15,197 | 14,644 | 85,445 | 75,930 |

| | Bulk earthworks non-depreciable | | Other open space recreational | | Other infrastructure | | Stormwater drainage | |
|---|---------------------------------|-----------------|-------------------------------|-----------------|----------------------|-----------------|---------------------|-----------------|
| | 2024 \$ '000 | 2023 \$ '000 | 2024 \$ '000 | 2023 \$ '000 | 2024 \$ '000 | 2023 \$ '000 | 2024 \$ '000 | 2023 \$ '000 |
| Opening balance | 218,395 | 206,227 | 192,447 | 189,457 | 31,652 | 29,416 | 519,416 | 559,504 |
| Total gains or losses for the period | | | | | | | | |
| Other movements | | | | | | | | |
| Purchases | - | - | 8,799 | 841 | 162 | 1,085 | 506 | 452 |
| Disposals | - | - | (1,167) | (120) | - | - | - | - |
| Depreciation and impairment | - | - | (11,322) | (10,592) | (884) | (814) | (6,552) | (7,549) |
| Revaluation | - | 12,168 | 17,601 | 11,299 | 5,172 | 1,864 | - | (33,032) |
| Adjustments Transfers | - | - | 10,408 | 1,562 | 1,056 | 101 | 87 | 41 |
| Closing balance | 218,395 | 218,395 | 216,766 | 192,447 | 37,158 | 31,652 | 513,457 | 519,416 |

E2-1 Fair value measurement (continued)

| | Total | |
|-----------------------------|------------------|------------------|
| | 2024 | 2023 |
| | \$ '000 | \$ '000 |
| Opening balance | 2,580,513 | 2,442,928 |
| Purchases | 20,298 | 25,923 |
| Disposals | (4,972) | (8,494) |
| Depreciation and impairment | (48,635) | (46,245) |
| Revaluation | 90,297 | 133,271 |
| Adjustments Transfers | 30,832 | 33,130 |
| Closing balance | 2,668,333 | 2,580,513 |

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.

Contingent Liabilities

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of *AASB119 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 formulae 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 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, 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 million per annum from 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities

The adequacy of contributions is assessed at each triennial actuarial investigation, the next of which is due effective 30 June 2024, and monitored annually between triennials.

As stated 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.

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

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 Fund and recognised as an expense for the year ending 30 June 2024 was \$763,127.52. The last formal valuation of the Fund was undertaken by the fund actuary, Mr Richard Boyfield, FIAA as at 30 June 2023.

The amount of additional contributions included in the total employer contribution advised above is \$220,537.54. Council's expected contribution to the Fund for the next annual reporting period is \$530,154.82.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2024 is:

E3-1 Contingencies (continued)

| Defined Benefit reserves only * | \$millions | Asset Coverage |
|---------------------------------|------------|----------------|
| Assets | 2,237.5 | |
| Past Service Liabilities | 2,141.9 | 104.5% |
| Vested Benefits | 2,159.8 | 103.6% |

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

The share of any funding surplus or deficit that can be attributed to Council is 2.21%.

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

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

| | |
|-------------------|--|
| Investment return | 6.0% per annum |
| Salary inflation | 3.5% per annum |
| Increase in CPI | 3.5% for FY 23/24 2.5% per annum thereafter |

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 2024.

(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) Guarantees

(a) State Insurance Regulatory Authority (SIRA)

In accordance with requirements of the State Insurance Regulatory Authority (SIRA) Council as a self insurer for workers compensation is required to lodge a bank guarantee as security against potential claims upon Council.

As at 30 June 2024, Council's actuarial assessment has recommended a security of \$10,588,000 be held to satisfy the new calculation formula. SIRA has been advised of the recommendation and once reviewed and agreed by them, the appropriate amount of the guarantee will be organised with Council's bank the Commonwealth Bank of Australia (CBA). Council's actuary is David A Zaman Pty Ltd.

(b) Cronulla Surf Life Saving Club

As at 30 June 2024, a loan guarantee was held by CBA totalling \$1,746,677 on behalf of Cronulla Surf Life Saving Club for a loan to undertake Club building improvements. The CBA loan balance outstanding as at 30 June 2024 is \$922,000. No loss is anticipated.

(c) North Cronulla Surf Life Saving Club

As at 30 June 2024, a loan guarantee was held by NAB totalling \$5,237,025 on behalf of North Cronulla Surf Life Saving Club for a loan to undertake Club facility redevelopment. The NAB loan balance outstanding as at 30 June 2024 is \$3,503,267.

E3-1 Contingencies (continued)

(iv) Landfill stabilisation - Ferntree Reserve

Council has identified requirements for potential stabilisation of a former quarry landfill site at Ferntree Reserve Engadine.

A risk analysis has been completed and discussions are being held between Council, Sydney Water, and various consultants as to works required to mitigate the risks associated with land slip likely to damage the main Woronora Dam water distribution pipeline located downslope of the former quarry landfill site. A project working group has been established.

A geographical survey has been conducted and a risk assessment is in progress. A preliminary design has been completed based on recommendations of the geotechnical consultant and forwarded to a Quantity Surveyor. Negotiations are still underway. Estimates for the remediation project are currently being developed and it is therefore not possible to finalise the cost of the works required.

(v) Third party claims

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

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

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

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

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

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

Contingent Assets

(i) Land under roads

As permitted under *AASB1051 Land Under Roads*, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

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.

Specifically, Key Management Personnel of Council are

- Councillors (including the Mayor and Deputy Mayor)
- Chief Executive Officer
- Directors

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

| | 2024 \$ '000 | 2023 \$ '000 |
|--------------------------|-----------------|-----------------|
| Compensation: | | |
| Short-term benefits | 2,525 | 2,352 |
| Post-employment benefits | 135 | 123 |
| Other long-term benefits | 75 | 80 |
| Total | 2,735 | 2,555 |

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to a Library or Council Leisure Centre) will not be disclosed.

F1-2 Councillor and Mayoral fees and associated expenses

| | 2024 \$ '000 | 2023 \$ '000 |
|---|-----------------|-----------------|
| Councillors' fees | 499 | 480 |
| Mayoral fee | 95 | 92 |
| Other Councillors' expenses (including Mayor) | 124 | 122 |
| Total | 718 | 694 |

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

F2 Other relationships

F2-1 Audit fees

| | 2024 \$ '000 | 2023 \$ '000 |
|--|-----------------|-----------------|
| 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: | | |
| Audit of financial statements: Auditor-General | 190 | 175 |
| Audit of financial statements (YE 22/23): Auditor-General | 39 | – |
| Total fees paid or payable to the Auditor-General | 229 | 175 |
| Non NSW Auditor-General audit firms: | | |
| Other audit and assurance services - Internal Audit Program | 271 | 223 |
| Total fees paid or payable to non-NSW Auditor-General audit firms | 271 | 223 |
| Total audit fees | 500 | 398 |

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of Operating Result

| | 2024 \$ '000 | 2023 \$ '000 |
|--|-----------------|-----------------|
| Net operating result from Income Statement | 12,245 | 28,536 |
| Add / (less) non-cash items: | | |
| Depreciation and amortisation | 53,903 | 50,985 |
| (Gain) / loss on disposal of assets | 7,721 | 8,036 |
| Losses/(gains) recognised on fair value re-measurements through the P&L: | | |
| – Investments classified as 'at fair value' or 'held for trading' | (465) | (76) |
| – Investment property | 1,471 | 2,321 |
| Movements in operating assets and liabilities and other cash items: | | |
| (Increase) / decrease of receivables | (3,896) | (3,232) |
| (Decrease)/increase in provision for doubtful debts | 108 | 99 |
| (Increase)/decrease in inventories | (8) | (211) |
| (Increase)/decrease in other assets | 4,935 | (5,246) |
| Increase / (decrease) in payables | 1,877 | 599 |
| Increase / (decrease) in accrued interest payable | (5) | 64 |
| (Decrease)/increase in other accrued expenses payable | (1,728) | (303) |
| Increase / (decrease) in other liabilities | (1,360) | 206 |
| Increase / (decrease) in contract liabilities | 743 | 3 |
| (Decrease)/increase in employee leave entitlements | 1,503 | 524 |
| Increase / (decrease) in other provisions | (106) | 2,834 |
| Net cash flows from operating activities | 76,938 | 85,139 |

G2-1 Commitments

Capital commitments (exclusive of GST)

| | 2024 \$ '000 | 2023 \$ '000 |
|--|-----------------|-----------------|
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: | | |
| Property, plant and equipment | | |
| Buildings | 2,361 | 1,990 |
| Open Spaces | 8,310 | 2,198 |
| Plant and equipment | 8,869 | 142 |
| Road Infrastructure | 6,512 | 1,212 |
| Stormwater infrastructure | 342 | – |
| Total commitments | 26,394 | 5,542 |
| These expenditures are payable as follows: | | |
| Within the next year | 26,394 | 4,990 |
| Later than one year and not later than 5 years | – | 552 |
| Total payable | 26,394 | 5,542 |
| Sources for funding of capital commitments: | | |
| Unrestricted general funds | 14,213 | 3,128 |
| Unexpended grants | 1,493 | 87 |
| Externally restricted reserves | 5,972 | 2,248 |
| Internally restricted reserves | 4,716 | 79 |
| Total sources of funding | 26,394 | 5,542 |

G3-1 Events occurring after the reporting date

North Cronulla Surf Life Saving Club Redevelopment

Council is currently guarantor to a loan taken out by the North Cronulla Surf Life Saving Club to fund the development of the building and surrounds which the Club leases from Council. For a variety of reasons, the Club is facing difficulties in completing the redevelopment.

Council resolved at its July 2024 Meeting (COR030-24) that it would itself complete the redevelopment of the building and surrounds known as the "North Cronulla Surf Life Saving Club" at an estimated cost of \$8,310,098 and that Council will proactively repay the \$3,503,267 which is currently outstanding under the Club's loan agreement with the National Australia Bank.

This bank guarantee is currently disclosed as a Contingent Liability (E3-1) in these accounts. As at 30 June 2024, the Club was meeting its obligations under the loan agreement and Council had no requirement to fulfil any of its guarantor obligations.

G4 Statement of developer contributions

G4-1 Summary of developer contributions

| | Opening balance at 1 July 2023 \$ '000 | Contributions received during the year | | | Interest and investment income earned \$ '000 | Amounts expended \$ '000 | Held as restricted asset at 30 June 2024 \$ '000 |
|--|---|--|--------------------------|------------------------------|--|--------------------------------|--|
| | | Cash \$ '000 | Non-cash Land \$ '000 | Non-cash Other \$ '000 | | | |
| Open space | 50,069 | 11,717 | – | – | 2,168 | (7,089) | 56,865 |
| Community facilities | 1,330 | – | – | – | 43 | – | 1,373 |
| S7.11 contributions – under a plan | 51,399 | 11,717 | – | – | 2,211 | (7,089) | 58,238 |
| S7.12 levies – under a plan | 17,672 | 6,820 | – | – | 1,020 | (8,037) | 17,475 |
| Total S7.11 and S7.12 revenue under plans | 69,071 | 18,537 | – | – | 3,231 | (15,126) | 75,713 |
| S7.11 not under plans | 1,525 | – | – | – | 49 | – | 1,574 |
| Total contributions | 70,596 | 18,537 | – | – | 3,280 | (15,126) | 77,287 |

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

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.

The 2023/24 financial year included a transfer between Developer Contributions and the Property Strategy Reserve in relation to the purchase and subsequent income relating to 85-89 Cronulla Street.

G4-2 Developer contributions by plan

| | Opening balance at 1 July 2023 \$ '000 | Contributions received during the year | | | Interest and investment income earned \$ '000 | Amounts expended \$ '000 | Held as restricted asset at 30 June 2024 \$ '000 |
|--|---|--|--------------------------|------------------------------|--|--------------------------------|--|
| | | Cash \$ '000 | Non-cash Land \$ '000 | Non-cash Other \$ '000 | | | |
| Shire Wide Open Space & Recreation Facilities (2005) | | | | | | | |
| Open Space | 30,124 | 3,346 | – | – | 1,150 | (3,021) | 31,599 |
| Total | 30,124 | 3,346 | – | – | 1,150 | (3,021) | 31,599 |
| Community Facilities Menai & Woronora Heights (1993) | | | | | | | |
| Community facilities | 1,330 | – | – | – | 43 | – | 1,373 |
| Total | 1,330 | – | – | – | 43 | – | 1,373 |
| Section 7.11 Development Contribution Plan - Amendment 3 (2020) | | | | | | | |
| Open space | 19,945 | 8,371 | – | – | 1,018 | (4,068) | 25,266 |
| Total | 19,945 | 8,371 | – | – | 1,018 | (4,068) | 25,266 |

G4-2 Developer contributions by plan (continued)

S7.12 Levies – under a plan

| | Opening balance at 1 July 2023 \$ '000 | Contributions received during the year | | | Interest and investment income earned \$ '000 | Amounts expended \$ '000 | Held as restricted asset at 30 June 2024 \$ '000 |
|--|---|--|--------------------------|------------------------------|--|--------------------------------|--|
| | | Cash \$ '000 | Non-cash Land \$ '000 | Non-cash Other \$ '000 | | | |
| Section 7.12 Development Contribution Plan - Amendment 2 (2020) | | | | | | | |
| Open Space | 17,672 | 6,820 | – | – | 1,020 | (8,037) | 17,475 |
| Total | 17,672 | 6,820 | – | – | 1,020 | (8,037) | 17,475 |

G4-3 Contributions not under plans

Pre 1993 Woronora Northern Access Road

| | | | | | | | |
|--------------|--------------|----------|----------|----------|-----------|----------|--------------|
| Roads | 1,525 | – | – | – | 49 | – | 1,574 |
| Total | 1,525 | – | – | – | 49 | – | 1,574 |

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

| \$ '000 | Amounts 2024 | Indicator 2024 | Indicators 2023 2022 | | Benchmark |
|--|-----------------|---------------------|------------------------------|--------------|---------------|
| 1. Operating performance ratio | | | | | |
| Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2} | (5,531) | (1.90)% | 5.87% | 4.46% | > 0.00% |
| Total continuing operating revenue excluding capital grants and contributions ¹ | 291,173 | | | | |
| 2. Own source operating revenue ratio | | | | | |
| Total continuing operating revenue excluding all grants and contributions ¹ | 269,849 | 84.91% | 81.40% | 84.06% | > 60.00% |
| Total continuing operating revenue ¹ | 317,794 | | | | |
| 3. Unrestricted current ratio | | | | | |
| Current assets less all external restrictions | 187,905 | 4.09x | 4.32x | 3.91x | > 1.50x |
| Current liabilities less specific purpose liabilities | 45,973 | | | | |
| 4. Debt service cover ratio | | | | | |
| Operating result before capital excluding interest and depreciation/impairment/amortisation ¹ | 49,094 | 13.40x | 15.57x | 13.13x | > 2.00x |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement) | 3,665 | | | | |
| 5. Rates and annual charges outstanding percentage | | | | | |
| Rates and annual charges outstanding | 9,381 | 4.68% | 4.68% | 4.44% | < 5.00% |
| Rates and annual charges collectable | 200,433 | | | | |
| 6. Cash expense cover ratio | | | | | |
| Current year's cash and cash equivalents plus all term deposits | 259,196 | 12.12 months | 12.36 months | 12.93 months | > 3.00 months |
| Monthly payments from cash flow of operating and financing activities | 21,386 | | | | |

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

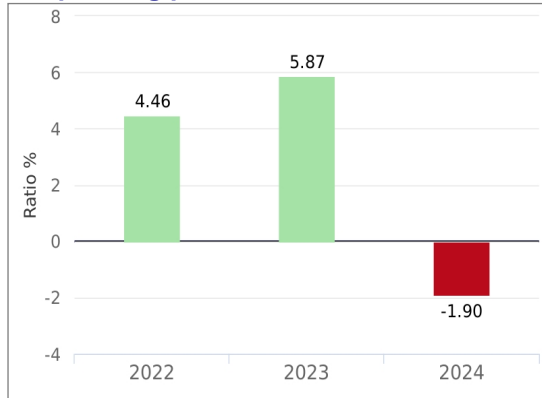
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, impairment losses on receivables, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2023/24 result

2023/24 ratio (1.90)%

Although this ratio is below the industry benchmark of 0.00 for the financial year, the year end result has outperformed the Operating Performance Ratio result of -3.63 forecasted in the March Quarterly Review.

One of the significant drivers of the negative FY24 Operating Performance Ratio result included the expenditure of an \$8.5m operating grant received in FY23.

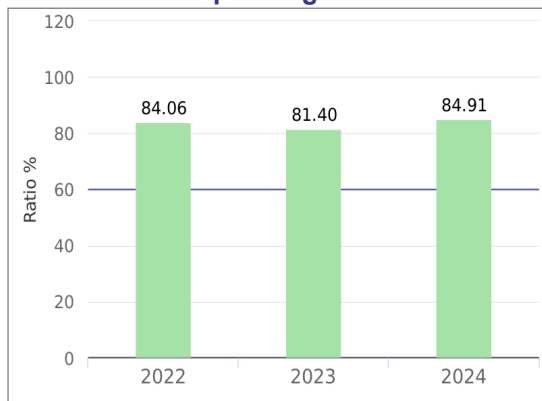
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2023/24 result

2023/24 ratio 84.91%

The increase in the Own Source Revenue Ratio is attribute to a reduction in operating grants being received throughout this financial year compared to last year (B2-4).

Council continues to operate well above the industry benchmark and maintain a low dependency on external funding.

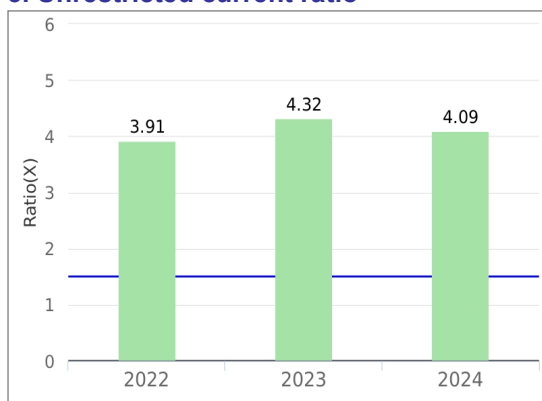
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2023/24 result

2023/24 ratio 4.09x

Council continues to maintain its ability to satisfy its short term obligations.

Prudent management of unrestricted cash levels, internal restrictions and other current assets and liabilities such as its leave provisions, has resulted in Council exceeding the industry benchmark.

Benchmark: — > 1.50x

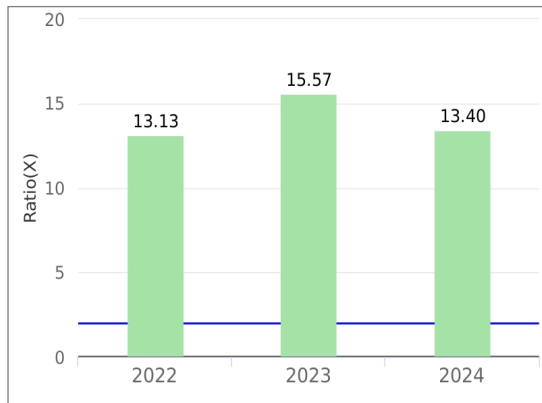
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2023/24 result

2023/24 ratio 13.40x

Council is operating well above the benchmark with more than adequate availability of operating cash to service its current and/or future debt obligations.

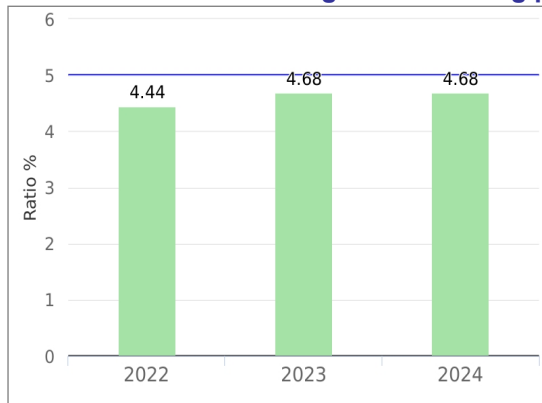
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2023/24 result

2023/24 ratio 4.68%

Council continues to proactively manage outstanding rates and annual charges to keep this ratio below the Metro 5% benchmark.

Council has adopted a policy position not to commence legal proceedings to recover debt relating to properties owned and occupied by those receiving a Pension Rebate. When excluding Pensioner arrears, the outstanding ratio for the financial year is 3.98%.

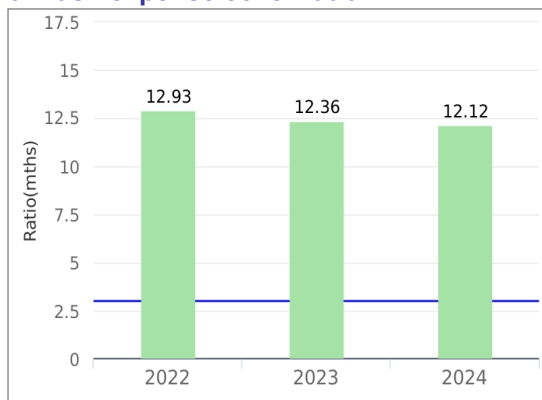
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2023/24 result

2023/24 ratio 12.12 months

This ratio is calculated on a consolidated basis and does not take into account restricted funds. Council's unrestricted cash balance is proactively managed and remains above its Financial Strategy target of >5% operating revenue, as at 30 June 2024.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

4-20 Eton Street
SUTHERLAND NSW 2232

Contact details

Mailing Address:

Locked Bag 17
SUTHERLAND NSW 1499

Telephone: 02 9710 0333

Opening hours:

8:30am - 4:30pm
Monday to Friday

Internet: www.sutherland.nsw.gov.au

Email: ssc@ssc.nsw.gov.au

Officers

Chief Executive Officer

Clare Phelan

Chief Financial Officer

Mitchel Woods

Public Officer

Mr Anton Usher

Auditor

NSW Auditor-General
Audit Office of New South Wales
Level 19, Darling Park Tower 2
201 Sussex Street
SYDNEY NSW 2000

Elected members

Mayor

Councillor Jack Boyd

Deputy Mayor

Councillor Laura Cowell

Councillors

Councillor Jen Armstrong
Councillor Marcelle Elzerman
Councillor Melanie Gibbons
Councillor Kal Glanznig
Councillor Meredith Lavery
Councillor Mick Maroney OAM
Councillor Joanne Nicholls
Councillor Stephen Nikolovski
Councillor Carmelo Pesce
Councillor Carol Provan OAM
Councillor Deidree Steinwall
Councillor Haris Strangas
Councillor Peter Tsambalas

Other information

ABN: 52 018 204 808



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Sutherland Shire Council

To the Councillors of Sutherland Shire Council

Opinion

I have audited the accompanying financial statements of Sutherland Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Renee Meimaroglou
Delegate of the Auditor-General for New South Wales

25 October 2024
SYDNEY



Jack Boyd
 Mayor
 Sutherland Shire Council
 4-20 Eton Street
 SUTHERLAND NSW 2232

Contact: Renee Meimaroglou
 Phone no: 02 9275 7389
 Our ref: R008-2124742775-6993

25 October 2024

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2024
 Sutherland Shire Council**

I have audited the general purpose financial statements (GPFS) of the Sutherland Shire Council (the Council) for the year ended 30 June 2024 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2024 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

| | 2024 | 2023 | Variance |
|--|--------|-------|----------|
| | \$m | \$m | % |
| Rates and annual charges revenue | 190.4 | 184.6 | ↑ 3.1 |
| Grants and contributions revenue | 47.9 | 58.4 | ↓ 18.0 |
| Operating result from continuing operations | 12.2 | 28.5 | ↓ 57.2 |
| Net operating result before capital grants and contributions | (14.4) | 6.7 | ↓ 314.9 |

Rates and annual charges revenue (\$190.4 million) increased by \$5.8 million (3.1 per cent) in 2023–24, which is consistent with the rate peg increase.

Grants and contributions revenue (\$47.9 million) decreased by \$10.5 million (18.0 per cent) in 2023–24 mainly due to:

- decrease of \$8.9 million of grants received from the NSW Government Regional and Local Roads Repair Program
- decrease of \$4.7 million of capital grants and \$2.7 million of operating grants received for engineering and works
- receiving 85 per cent of the financial assistance grants for 2024-25 in advance (100 per cent in 2022-23).

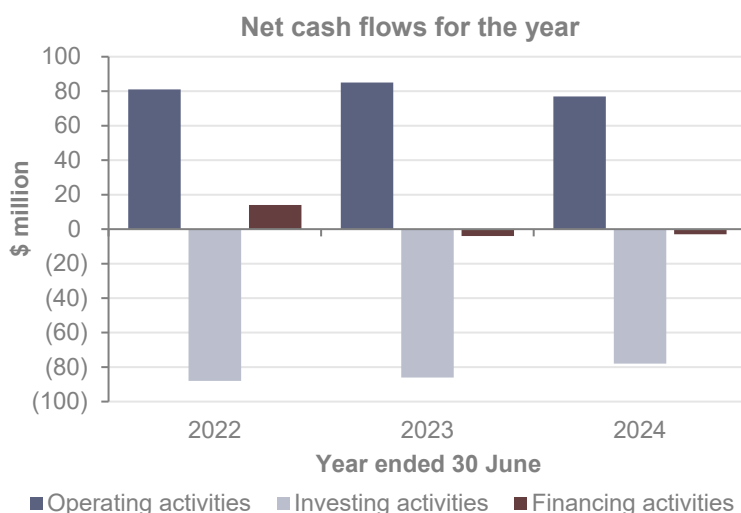
Council's operating result from continuing operations (\$12.2 million including depreciation, amortisation and impairment expense of \$53.9 million) was \$16.3 million lower than the 2022–23 result. This was mainly attributable to a decrease in Grants and Contributions (\$10.5 million), increase in Employee benefits and oncosts (\$5.3 million), Materials and services (\$10.7 million), offset by an increase in Rates and annual charges (\$5.8 million), Interest and investment income (\$6.7 million) and depreciation, amortisation and impairment of non-financial assets (\$2.9 million).

The net operating result before capital grants and contributions (-\$14.4 million) was \$21.1 million lower than the 2022–23 result.

STATEMENT OF CASH FLOWS

The decrease in cash and cash equivalents of \$4.3 million is mainly due to:

- net cash inflows from operating activities of \$76.9 million
- net cash outflows from investing activities of \$78.4 million
- net cash outflows from financing activities of \$2.9 million.



FINANCIAL POSITION

Cash and investments

| Cash and investments | 2024 | 2023 | Commentary |
|--|--------------|--------------|---|
| | \$m | \$m | |
| Total cash, cash equivalents and investments | 311.6 | 297.2 | Externally restricted balances comprise mainly of developer contributions, domestic waste management and unexpended grants and contributions. |
| Restricted and allocated cash, cash equivalents and investments: | | | Internal allocations are determined by council policies or decisions, which are subject to change. |
| • External restrictions | 154.5 | 150.8 | Internal allocations increased mainly due to the increase in Strategic Priorities Reserve (\$34.9 million). |
| • Internal allocations | 134.3 | 108.6 | |

Debt

At 30 June 2024, Council had:

- \$14.6 million in secured loans (\$16.3 million in 2022-23)
- \$0.75 million in approved overdraft facility with nil drawn down
- \$0.12 million in credit card facility with \$0.041 million used.

PERFORMANCE

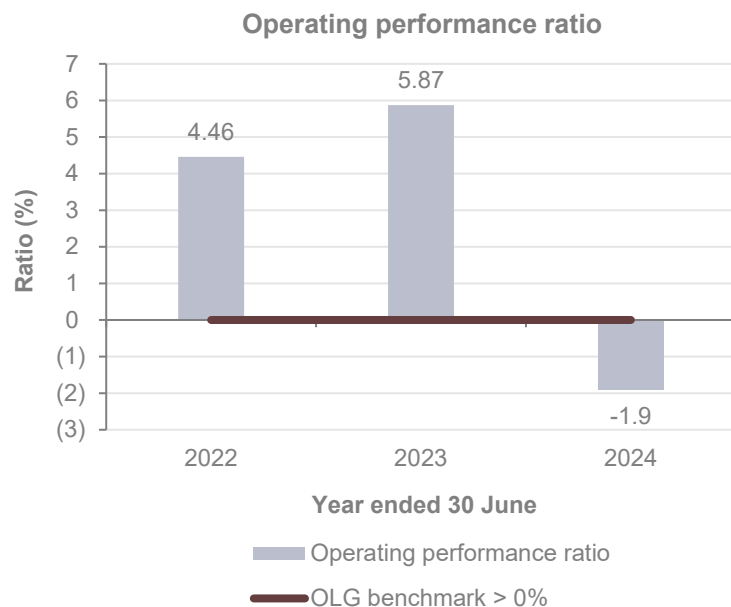
Performance measures

The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Housing and Infrastructure.

Operating performance ratio

Council did not meet the benchmark for the current reporting period. This was mainly attributable to an increase in employee benefits and on-costs, and materials and services, including the expenditure of \$8.5 million operating grant received in 2022-23.

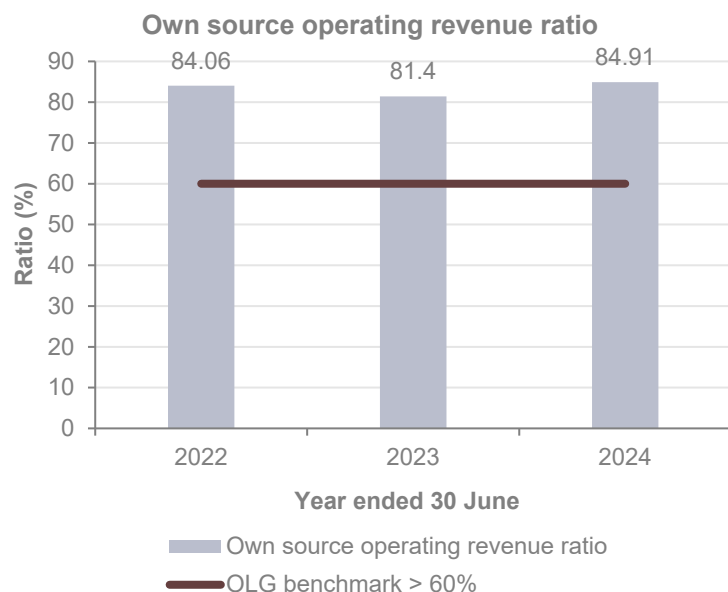
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council met the benchmark for the current reporting period.

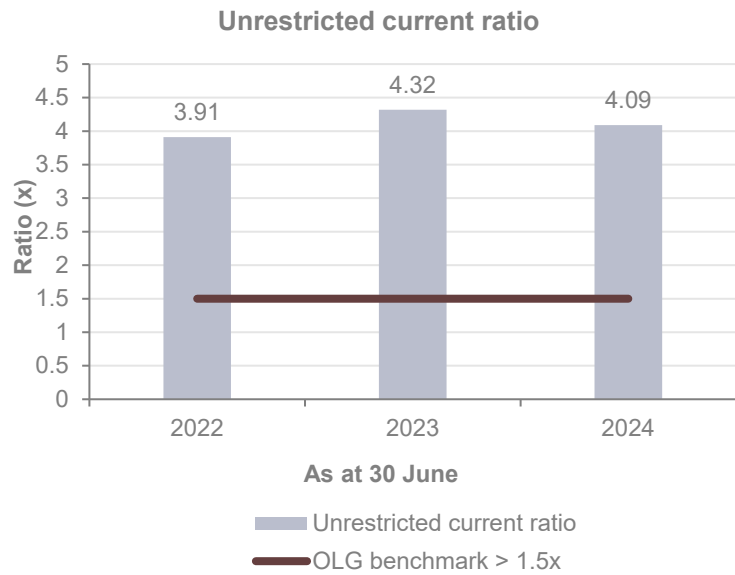
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council met the benchmark for the current reporting period.

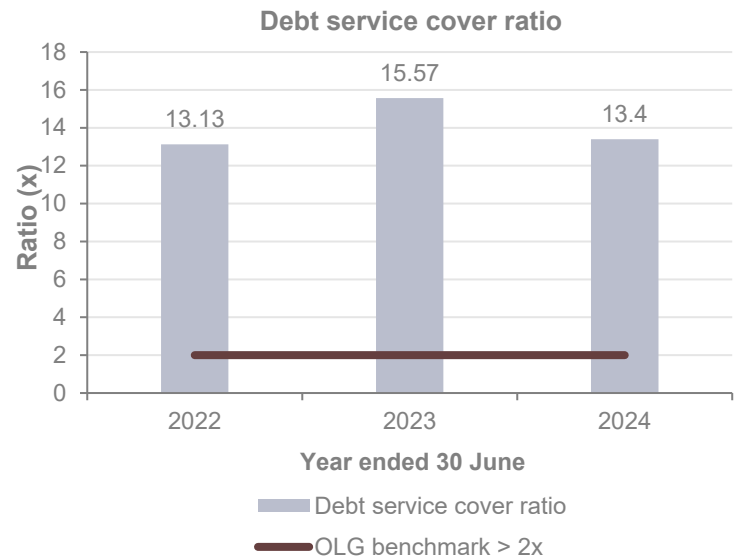
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council met the benchmark for the current reporting period.

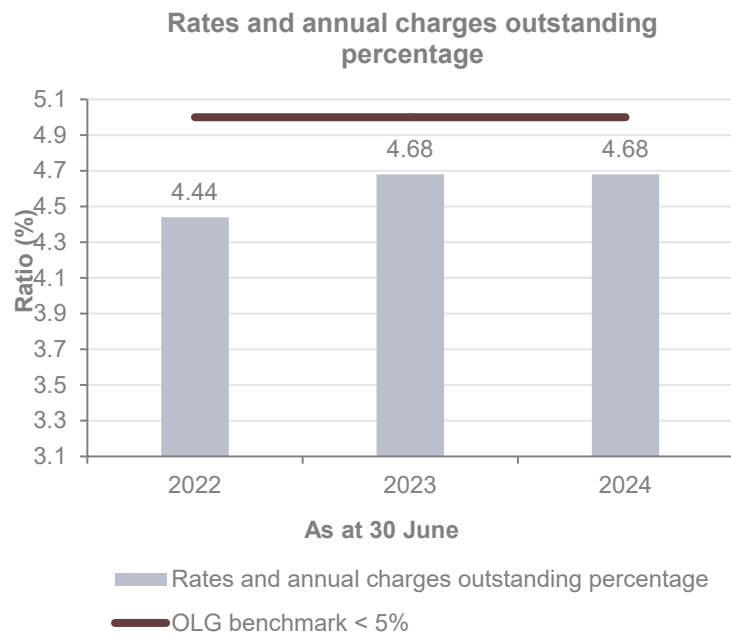
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council met the benchmark for the current reporting period.

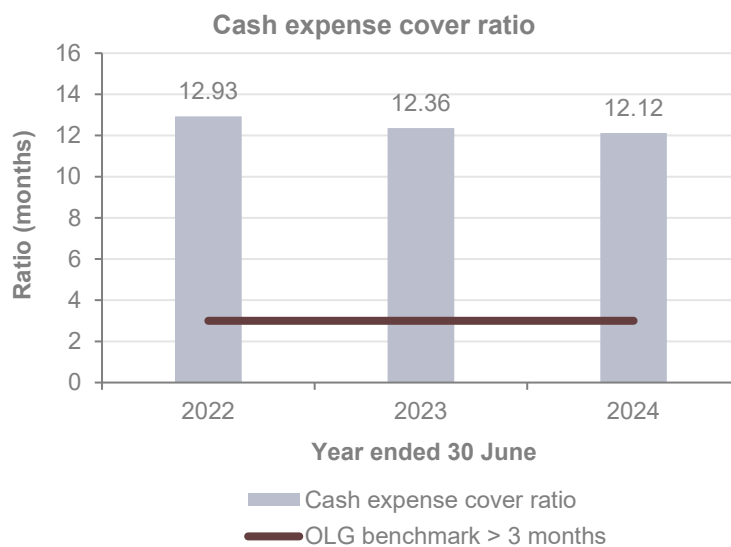
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



Cash expense cover ratio

Council met the benchmark for the current reporting period.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.



Infrastructure, property, plant and equipment renewals

Council renewed \$39.3 million of infrastructure, property, plant and equipment during the 2023-24 financial year. This was mainly spent on capital work in progress and other open space/ recreational assets and roads. A further \$20.8 million was spent on new assets across different asset classes.

OTHER MATTERS

Legislative compliance

My audit procedures identified an instance of non-compliance with legislative requirements that will be reported to the Minister for Local Government.

Use of domestic waste reserves to subsidise Council's commercial waste services

The Council has provided commercial waste management services to businesses in Sutherland Shire for over 25 years. The Council acknowledges that prior to FY2023, some expenses for its commercial waste management services were inadvertently subsidised by income obtained from charges for domestic waste management services. The domestic waste management services are explicitly funded by a levy raised through section 496 of the Local Government Act 1993 (the LG Act), and section 409 (3)(a) prohibits using this levy for any other services or purposes. Without the Minister's approval, using income obtained from charges for domestic waste management services to subsidise commercial waste management services does not comply with section 410 of the LG Act.

Accounting records

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.



Renee Meimaroglou
Assistant Auditor-General, Financial Audit

Delegate of the Auditor-General for New South Wales

Sutherland Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

A connected and safe community that respects people and nature, enjoying active lives in a strong local economy.



Sutherland Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2024

| Contents | Page |
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| Income Statement of Early Education & Care Centres | 4 |
| Income Statement of Commercial Waste Services | 5 |
| Statement of Financial Position of Early Education & Care Centres | 6 |
| Statement of Financial Position of Commercial Waste Services | 7 |
| Note – Material accounting policy information | 8 |
| NSW Auditor-General's Report on Special Purpose Financial Statements | 11 |

Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities. Council formally declared, by resolution COR042-21, that its business activities are its Early Education & Care Centres and its Commercial Waste operation.

Sutherland Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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


- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting.

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- 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 21 October 2024.




Councillor Jack Boyd
Mayor
21 October 2024



Councillor Laura Cowell
Deputy Mayor
21 October 2024



Clare Phelan
Chief Executive Officer
21 October 2024



Mitchel Woods
Chief Financial Officer
21 October 2024

Sutherland Shire Council

Income Statement of Early Education & Care Centres

for the year ended 30 June 2024

| | 2024 Category 1 \$ '000 | 2023 Category 1 \$ '000 |
|--|-------------------------------|-------------------------------|
| Income from continuing operations | | |
| User charges | 15,544 | 14,613 |
| Grants and contributions provided for operating purposes | 1,182 | 1,016 |
| Other income | 21 | 13 |
| Total income from continuing operations | 16,747 | 15,642 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 11,260 | 11,842 |
| Materials and services | 5,574 | 3,895 |
| Depreciation, amortisation and impairment | 363 | 308 |
| Calculated taxation equivalents | 971 | 953 |
| Other notional internal expenses | 1,168 | 1,834 |
| Other expenses | - | 2 |
| Total expenses from continuing operations | 19,336 | 18,834 |
| Surplus (deficit) from continuing operations before capital amounts | (2,589) | (3,192) |
| Grants and contributions provided for capital purposes | - | - |
| Surplus (deficit) from continuing operations after capital amounts | (2,589) | (3,192) |
| Surplus (deficit) from all operations before tax | (2,589) | (3,192) |
| Surplus (deficit) after tax | (2,589) | (3,192) |
| Plus accumulated surplus | 4,387 | 4,792 |
| Plus adjustments for amounts unpaid: | | |
| - Taxation equivalent payments | 971 | 953 |
| - Other Notional Internal Expenses | 1,168 | 1,834 |
| Closing accumulated surplus | 3,937 | 4,387 |
| Return on capital % | (6.9)% | (8.7)% |
| Subsidy from Council | 2,589 | 3,192 |

Sutherland Shire Council

Income Statement of Commercial Waste Services

for the year ended 30 June 2024

| | 2024 Category 2 \$ '000 | 2023 Category 2 Restated \$ '000 |
|--|-------------------------------|---|
| Income from continuing operations | | |
| User charges | 1,745 | 1,709 |
| Other income | 3 | 4 |
| Total income from continuing operations | 1,748 | 1,713 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 791 | 856 |
| Borrowing costs | 5 | – |
| Materials and services | 891 | 795 |
| Depreciation, amortisation and impairment | 140 | 128 |
| Internal rent | 19 | 1 |
| Other notional internal expenses | 152 | 180 |
| Other expenses | 7 | – |
| Total expenses from continuing operations | 2,005 | 1,960 |
| Surplus (deficit) from continuing operations before capital amounts | (257) | (247) |
| Surplus (deficit) from continuing operations after capital amounts | (257) | (247) |
| Surplus (deficit) from all operations before tax | (257) | (247) |
| Surplus (deficit) after tax | (257) | (247) |
| Plus accumulated surplus ¹ | 687 | 753 |
| Plus adjustments for amounts unpaid: | | |
| – Internal Rent | 19 | 1 |
| – Other notional internal expenses | 152 | 180 |
| Closing accumulated surplus | 601 | 687 |
| Return on capital % | 0.0% | 0.0% |
| Subsidy from Council | 257 | 247 |

(1) Prior year restated to reflect revised balances following the removal of the historical subsidisation received from the domestic waste management reserve and recognition of estimated expenses to capture all commercial waste management services funded by Council's general revenue

Sutherland Shire Council

Statement of Financial Position of Early Education & Care Centres

as at 30 June 2024

| | 2024 Category 1 \$ '000 | 2023 Category 1 \$ '000 |
|--------------------------------------|-------------------------------|-------------------------------|
| ASSETS | | |
| Current assets | | |
| Investments | 3,014 | 4,100 |
| Receivables | 184 | 201 |
| Total current assets | 3,198 | 4,301 |
| Non-current assets | | |
| Office Equipment | 8 | 11 |
| Buildings | 11,018 | 10,749 |
| Land | 26,672 | 25,838 |
| Other | 5,823 | 4,911 |
| Total non-current assets | 43,521 | 41,509 |
| Total assets | 46,719 | 45,810 |
| LIABILITIES | | |
| Current liabilities | | |
| Contract liabilities | 987 | 585 |
| Payables | 119 | 202 |
| Employee benefit provisions | 2,889 | 2,780 |
| Other Provisions | 983 | 1,122 |
| Total current liabilities | 4,978 | 4,689 |
| Non-current liabilities | | |
| Employee benefit provisions | 113 | 147 |
| Total non-current liabilities | 113 | 147 |
| Total liabilities | 5,091 | 4,836 |
| Net assets | 41,628 | 40,974 |
| EQUITY | | |
| Accumulated surplus | 31,657 | 32,106 |
| IPPE Revaluation reserve | 9,971 | 8,868 |
| Total equity | 41,628 | 40,974 |

Sutherland Shire Council

Statement of Financial Position of Commercial Waste Services

as at 30 June 2024

| | 2024 Category 2 \$ '000 | 2023 Category 2 Restated \$ '000 |
|--------------------------------------|-------------------------------|---|
| ASSETS | | |
| Current assets | | |
| Receivables | 10 | 27 |
| Total current assets | 10 | 27 |
| Non-current assets | | |
| Plant and equipment | 296 | – |
| Right of use assets | 145 | 258 |
| Other ¹ | 826 | 890 |
| Total non-current assets | 1,267 | 1,148 |
| Total assets | 1,277 | 1,175 |
| LIABILITIES | | |
| Current liabilities | | |
| Payables | 63 | 89 |
| Employee benefit provisions | 157 | 141 |
| Lease Liabilities | 116 | 145 |
| Total current liabilities | 336 | 375 |
| Non-current liabilities | | |
| Employee benefit provisions | 15 | – |
| Lease Liabilities | 29 | 113 |
| Total non-current liabilities | 44 | 113 |
| Total liabilities | 380 | 488 |
| Net assets | 897 | 687 |
| EQUITY | | |
| Accumulated surplus ¹ | 601 | 687 |
| Equity transfer ² | 296 | – |
| Total equity | 897 | 687 |

(1) Prior year restated to reflect revised balances following the removal of the historical subsidisation received from the domestic waste management reserve and recognition of estimated expenses to capture all commercial waste management services funded by Council's general revenue

(2) Change to ownership model (Plant and Equipment)

Note – Material accounting policy information

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

Early Education & Care Centres

The centres aim to provide education and care for pre-school age children, focussing on customer satisfaction and community needs.

Category 2

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

Commercial Waste Services

Provision of waste collection and disposal service to business properties within the Shire.

Note – Material accounting policy information (continued)

Taxation equivalent charges

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

Notional rate applied (%)

Corporate income tax rate – 25%

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

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

Income tax

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

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

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

Local government rates and charges

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

Subsidies

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

Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.30% at 30/6/24.

Note – Material accounting policy information (continued)

Dividends

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

End of audited Special Purpose Financial Statements



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Sutherland Shire Council

To the Councillors of Sutherland Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Sutherland Shire Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2024, the Statement of Financial Position of each Declared Business Activity as at 30 June 2024 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- Early Education & Care Centres
- Commercial Waste Services.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2024, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Renee Meimaroglou
Delegate of the Auditor-General for New South Wales

25 October 2024
SYDNEY

Sutherland Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2024

A connected and safe community that respects people and nature, enjoying active lives in a strong local economy.



Sutherland Shire Council

Special Schedules

for the year ended 30 June 2024

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Sutherland Shire Council

Permissible income for general rates

| | Notes | Calculation 2023/24 \$ '000 | Calculation 2024/25 \$ '000 |
|---|-----------------|-----------------------------------|-----------------------------------|
| Notional general income calculation ¹ | | | |
| Last year notional general income yield | a | 143,721 | 149,123 |
| Plus or minus adjustments ² | b | 154 | 676 |
| Notional general income | c = a + b | 143,875 | 149,799 |
| Permissible income calculation | | | |
| Percentage increase | d | 3.70% | 4.80% |
| Plus percentage increase amount ³ | f = d x (c + e) | 5,323 | 7,190 |
| Sub-total | g = (c + e + f) | 149,198 | 156,989 |
| Plus (or minus) last year's carry forward total | h | 1 | – |
| Less valuation objections claimed in the previous year | i | (76) | – |
| Sub-total | j = (h + i) | (75) | – |
| Total permissible income | k = g + j | 149,123 | 156,989 |
| Less notional general income yield | l | 149,123 | 156,997 |
| Catch-up or (excess) result | m = k – l | – | (7) |
| Plus income lost due to valuation objections claimed ⁴ | n | – | 8 |
| Carry forward to next year ⁶ | p = m + n + o | – | 1 |

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) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Sutherland Shire Council

To the Councillors of Sutherland Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Sutherland Shire Council (the Council) for the year ending 30 June 2025.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2024'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



Renee Meimaroglou
Delegate of the Auditor-General for New South Wales

25 October 2024
SYDNEY

Sutherland Shire Council

Report on Infrastructure Assets

as at 30 June 2024

| Asset Class | Asset Category | Estimated cost | | 2023/24 Required maintenance ^c | 2023/24 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost | | | | |
|--------------------------------|---------------------|---|--|---|----------------------------------|------------------------|------------------------------------|--|--------------|--------------|-------------|-------------|
| | | Estimated cost to bring assets to satisfactory standard ^a | to bring to the agreed level of service set by Council ^b | | | | | 1 | 2 | 3 | 4 | 5 |
| | | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | | | | | |
| Buildings | Buildings | 2,572 | 14,040 | 9,684 | 9,423 | 347,831 | 592,615 | 16.2% | 55.3% | 26.1% | 2.3% | 0.0% |
| | Sub-total | 2,572 | 14,040 | 9,684 | 9,423 | 347,831 | 592,615 | 16.2% | 55.3% | 26.1% | 2.3% | 0.0% |
| Roads | Roads | 11,634 | 37,164 | 4,845 | 6,782 | 835,830 | 1,198,848 | 15.5% | 46.6% | 34.8% | 2.0% | 1.1% |
| | Bridges | 52 | 300 | – | – | 15,197 | 19,838 | 0.0% | 97.9% | 0.6% | 1.5% | 0.0% |
| | Footpaths | 937 | 5,355 | 1,857 | 4,027 | 85,445 | 142,985 | 13.3% | 24.4% | 58.6% | 3.7% | 0.0% |
| | Bulk earthworks | – | – | – | – | 218,395 | 218,395 | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Sub-total | 12,623 | 42,819 | 6,702 | 10,809 | 1,154,867 | 1,580,066 | 26.8% | 38.8% | 31.7% | 1.9% | 0.8% |
| Stormwater drainage | Stormwater drainage | 1,646 | 7,025 | 3,307 | 6,090 | 513,457 | 794,538 | 41.0% | 46.0% | 12.2% | 0.8% | 0.1% |
| | Sub-total | 1,646 | 7,025 | 3,307 | 6,090 | 513,457 | 794,538 | 41.0% | 46.0% | 12.2% | 0.8% | 0.0% |

Sutherland Shire Council

Report on Infrastructure Assets (continued)

as at 30 June 2024

| Asset Class | Asset Category | Estimated cost to bring to the to bring assets to satisfactory standard ^a | | Estimated cost to bring to the agreed level of service set by Council ^b | | 2023/24 Required maintenance ^c | 2023/24 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost | | | | |
|---|----------------------------------|--|---------------|--|---------------|---|----------------------------|---------------------|------------------------------|---|--------------|--------------|-------------|-------------|
| | | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | | | 1 | 2 | 3 | 4 | 5 |
| Open space / recreational assets | Swimming pools | 48 | 276 | 125 | 135 | 10,020 | 18,663 | | | 21.6% | 41.0% | 36.0% | 1.5% | 0.0% |
| | Open Space / Recreational Assets | 2,224 | 10,699 | 14,692 | 14,555 | 216,766 | 268,269 | | | 25.4% | 51.6% | 19.0% | 3.7% | 0.3% |
| | Sub-total | 2,272 | 10,975 | 14,817 | 14,690 | 226,786 | 286,932 | | | 25.2% | 50.9% | 20.1% | 3.5% | 0.3% |
| Other infrastructure assets | Other infrastructure assets | 336 | 1,921 | 2,417 | 2,394 | 37,158 | 45,431 | | | 19.4% | 38.2% | 38.1% | 4.3% | 0.0% |
| | Sub-total | 336 | 1,921 | 2,417 | 2,394 | 37,158 | 45,431 | | | 19.4% | 38.2% | 38.1% | 4.3% | 0.0% |
| Total – all assets | | 19,449 | 76,780 | 36,927 | 43,406 | 2,280,099 | 3,299,582 | | | 28.1% | 44.5% | 25.1% | 1.9% | 0.4% |

(a) Amount of money that is required to be spent on assets that are not satisfactory standard (condition 4 and condition 5) to bring to satisfactory standard (condition 3).

(b) The cost to bring to agreed level of service is an estimate of the cost to renew or rehabilitate existing assets that have reached the condition-based intervention level set by Council. Council's current intervention levels are set based on the whole of life costs by developing optimised work programs. This results in higher intervention levels than condition 3.

(c) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

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

Sutherland Shire Council

Report on Infrastructure Assets

as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

| \$ '000 | Amounts 2024 | Indicator 2024 | Indicators | | Benchmark |
|--|------------------|-------------------|------------|---------|-----------|
| | | | 2023 | 2022 | |
| Buildings and infrastructure renewals ratio | | | | | |
| Asset renewals ¹ | 39,322 | 80.85% | 108.24% | 106.80% | > 100.00% |
| Depreciation, amortisation and impairment | 48,635 | | | | |
| Infrastructure backlog ratio | | | | | |
| Estimated cost to bring assets to a satisfactory standard | 19,449 | 0.84% | 0.88% | 0.93% | < 2.00% |
| Net carrying amount of infrastructure assets | 2,326,204 | | | | |
| Asset maintenance ratio | | | | | |
| Actual asset maintenance | 43,406 | 117.55% | 101.33% | 104.59% | > 100.00% |
| Required asset maintenance | 36,927 | | | | |
| Cost to bring assets to agreed service level | | | | | |
| Estimated cost to bring assets to an agreed service level set by Council | 76,780 | 2.33% | 2.00% | 3.00% | |
| Gross replacement cost | 3,299,582 | | | | |

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

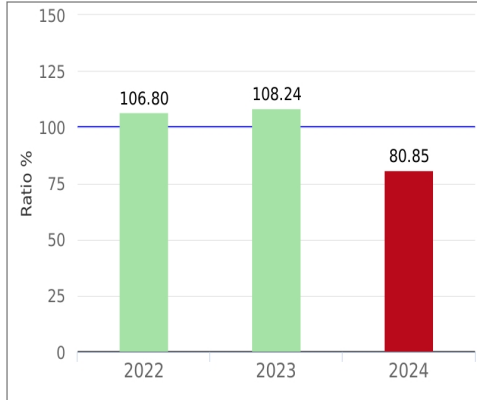
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Sutherland Shire Council

Report on Infrastructure Assets

as at 30 June 2024

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

| Commentary on result | |
|--|--------|
| 23/24 ratio | 80.85% |
| The reduction in the Buildings and Infrastructure Renewal Ratio for the financial year is consistent with the value of the asset renewal works delivered as part of the 2023/24 Capital Works Program. | |

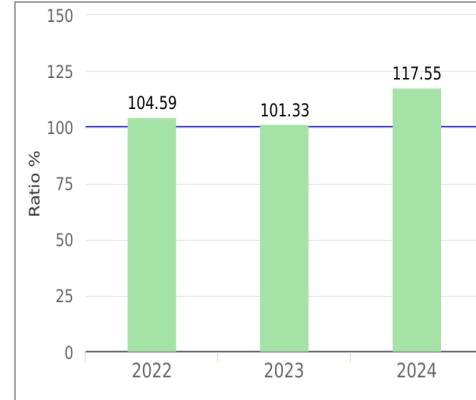
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

| Commentary on result | |
|---|---------|
| 23/24 ratio | 117.55% |
| The increase in the Asset Maintenance Ratio is consistent with the additional maintenance works that was undertaken and funded as part of the significant grant funding provided by the State Government. | |

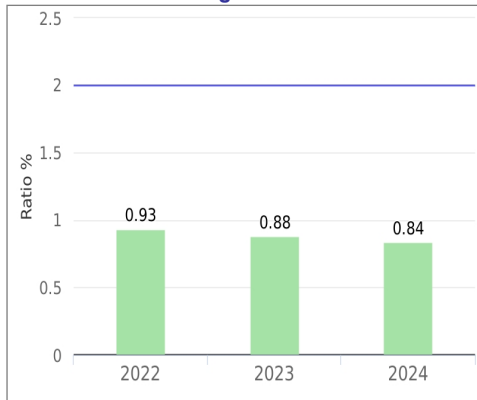
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

| Commentary on result | |
|--|-------|
| 23/24 ratio | 0.84% |
| This result reflects that a large majority of Council's infrastructure assets are at satisfactory condition. Council is taking a measured approach to funding infrastructure renewals to ensure renewal intervention occurs when the asset reaches poor condition or is no longer fit for purpose. The reduction in this ratio for 2023/24 relates to updated Open Space asset condition data as part of the Open Space asset revaluation. | |

Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

| Commentary on result | |
|--|-------|
| 23/24 ratio | 2.33% |
| The increase in the cost to bring to agreed service level is consistent with the drop in the Infrastructure Renewal Ratio. | |