



SUTHERLAND SHIRE

**SUTHERLAND SHIRE COUNCIL
ANNUAL REPORT 2016/17**



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2016/17 HIGHLIGHTS

- more than \$14.5m on roads, kerb and guttering, footpaths, shared pathways
- new synthetic surface at Sylvania Waters Athletics Track
- upgrades to Waratah Park in Sutherland and Joseph Banks Native Plants Reserve
- custom-designed outdoor play area for Dianella Street Early Education Centre
- AUSFEST, a free two-day community event across three sites
- new street art murals Menai and Engadine Skate Parks.

2017/18 WILL INCLUDE

- \$18.6m spend on transport infrastructure
- \$4m on parks and playgrounds
- \$2m for stormwater infrastructure
- \$1.6m on natural areas management
- \$1.3m for sporting fields
- \$805,000 on leisure centres
- \$625,000 to be spent on renewing and refurbishing early education centres,

A scenic view of a park at sunrise or sunset. The scene is dominated by tall, dark pine trees that create a canopy effect. The ground is covered in fallen leaves, and a paved path winds through the park. In the distance, a person is walking away from the camera, carrying a surfboard. The lighting is warm and golden, suggesting the sun is low on the horizon, creating long shadows and a soft glow. The overall atmosphere is peaceful and natural.

OUR PURPOSE

We believe in creating a thriving community of active lives connected to nature.

OUR VISION

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

OUR VALUES



COLLABORATIVE

We see ourselves as being one with our community, and build strong connections based on an open and understanding approach.



ACTIVE

We have a can-do attitude and believe in delivering a positive contribution to our community



RESPECTFUL

We act with integrity and listen to all, operating in a transparent way that values what makes the Shire special.



EVOLVING

We embrace opportunity and change, championing new ideas and providing creative solutions to problems

HOW WE PLAN AND REPORT

OUR INTEGRATED PLANNING AND REPORTING FRAMEWORK



STRATEGIC PLAN

In 1999 we adopted our first Community Strategic Plan (CSP) - a long-term plan for Sutherland Shire. It was reviewed and updated, in consultation with our community in both 2007 and 2011.

The CSP is first and foremost a community plan, prepared in collaboration with and on behalf of residents, other levels of government and agencies. We use it to steer planning to achieve the long-term outcomes residents want for the Shire. Where we don't have control over outcomes, we work with other levels of government and key stakeholders to influence policy, planning, infrastructure and service delivery.

It's from the CSP that we develop our Delivery Program and Operational Plan.

DELIVERY PROGRAM AND OPERATIONAL PLAN

In response to the objectives and strategies of the CSP, we developed the 2013/14 - 2016/17 Delivery Program (adopted by Council in 2012). This identified the principle activities we would undertake over that four-year term:

1. provide effective and integrated infrastructure
2. deliver integrated transport options
3. conserve natural resources
4. protect our environment
5. strengthen our community
6. respect and value all culture and heritage.

either directly providing these activities, or by partnering other levels of government or agencies or lobbying them.

There was also:

7. a Civic Life section

focused on our internal operations and encouraging community involvement in civic affairs.

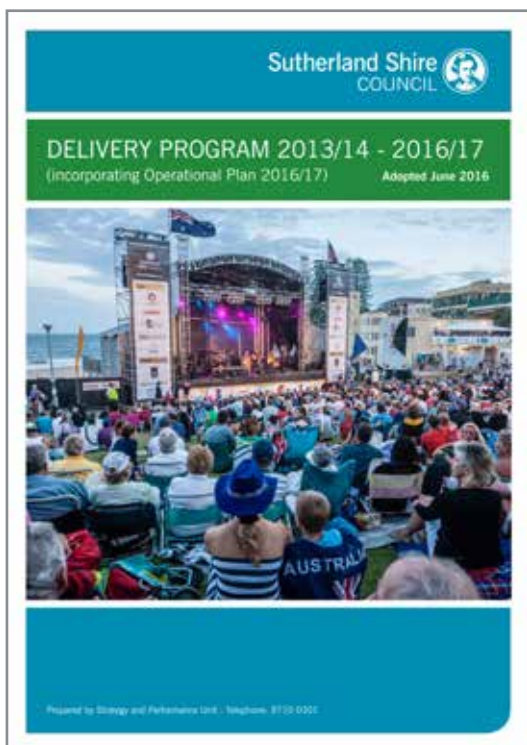
Our annual Operational Plan supported the Delivery Program, detailing activities which we would undertake from 1 July 2016 to 30 June 2017. The Operational Plan is reported on every six months and reviewed annually.

2016/17 was the final year of this Delivery Program.

OTHER PLANS

The Delivery Program and Operational Plan help Council staff make more informed decisions about daily operations through business plans and provides tools to measure the effectiveness of what Council does.

A comprehensive Resourcing Strategy for 2016/17 supported both the CSP and Delivery Program, which comprised an Asset Management Strategy and a Workforce Strategy, and all plans linked to the other component, our Long Term Financial Plan.



REPORTING ON OUR PERFORMANCE

Council set four year targets, and annual targets/measures to monitor progress towards achieving these longer term targets. Every six months, Council reported on the key activities it had undertaken which contribute to achieving our targets. These performance reports were placed on Council's website to inform the community of our progress.

These performance reports have now become the central part of this annual report (page 19).

Integrated Planning and Reporting cycle



MAYOR'S REPORT



2016/17 has been a successful year for Council. Over this time, we have built on the work of our previous Councillors, steering our Sutherland Shire to a prosperous future, making decisions and taking action to benefit our community.

A NEW COUNCIL

Our Council elections were held last September and we welcomed several new Councillors alongside those who returned for another term. It was an honour to again be elected as Mayor of the Sutherland Shire, a position I will hold until September 2018 due to the change in local government legislation.

KURNELL TORNADO ONE YEAR ON

December 2016 marked one year on from the tornado that devastated the Kurnell community. Many individuals and groups have been involved in the recovery effort, both immediately afterwards and through providing ongoing assistance. Our community supports each other - something about which we are justly proud.

INFRASTRUCTURE

In 2016/17 we spent more than \$14.5 million on transport infrastructure, \$5 million on sporting fields and over \$3.3 million upgrading our open space areas. In 2017/18, our \$45 million capital works program will

enable us to provide more than 100 services to the Sutherland Shire community and manage a \$2 billion infrastructure asset portfolio.

AUSFEST SUPPORTING LOCAL CHARITY

Our spectacular 2017 AUSFEST celebrations in January raised \$15,800 for our charity partner, Response for Life, which provides free life-saving defibrillators and raises awareness of sudden cardiac arrest. Being the 20th anniversary of hosting Australia Day events we expanded our program to a two-day AUSFEST of live music, entertainment and community activities through the commitment of sponsors, community groups, volunteers, staff and all those who donated to achieve such a fantastic result.

CRONULLA MASTERPLAN

Cronulla is a cultural and economic asset to our area and one of the region's biggest drawcards. Council worked with expert consultants to create a draft Cronulla Masterplan to guide the revitalisation of the area, which went on public exhibition earlier this year to seek our community's feedback. The results of the survey were incredibly promising, with dozens of detailed and constructive submissions being submitted by our community, to help refine the Masterplan and ensure residents and visitors get to see the changes they want to the area.

NEW COMMUNITY STRATEGIC PLAN

Our new 10-year Community Strategic Plan, Delivery Program and Operational Plan were adopted in June, as required under the state government's Integrated Planning and Reporting guidelines. 2017/18's annual report will be the first to report on our progress in achieving the objectives of these documents.

PROJECTS FOR 2017/18

We've delivered a huge number of community projects in 2017 and our program extending into 2018 is just as exciting. At the time of this report being published our residents will be enjoying several completed projects across the Sutherland Shire, including but not limited to the completed Woolooware Bay Shared Pathway, our new and 6th dog off leash park at Barden Ridge and the extended Cronulla Coastal

Walkway which now reaches all the way to the entrance of Greenhills Heritage Sand Dunes past Don Lucas Reserve. In 2018 we're looking forward to delivering several upgraded boat ramps across the Sutherland Shire at Burnum Burnum Reserve, Woronora, Scylla Bay, Como and Tonkin Oval, Cronulla.

I look forward to the next twelve months working for what I believe is the best community in Australia. This is where I have chosen to live, work and raise a family. It is an exceptional community and one I am very proud to serve and I thank the Councillors as well as our talented staff.

Councillor Carmelo Pesce
Mayor
(September 2016 - September 2017)



GENERAL MANAGER'S REPORT



Our successes from this year, in addition to our accomplishments across the previous three, have culminated in the achievement of the outcomes set out in the 2013-2016 Strategic Plan. This has been as a result of significant effort and investment from our workforce and community and is something we can all be proud of.

ACHIEVEMENTS DURING 2016/17

Great progress has been made in 2016/17 across a range of areas: from the delivery of major community projects such as the Woollooware Bay Shared Pathway, the maintenance of key local infrastructure assets including an investment of \$5 million on sporting fields, the celebration of our 20th anniversary flagship event AUSFEST which raised much needed funds for local charities, to the development of the draft Cronulla Masterplan.

Over the past year we have continued to evolve our organisational structure to position ourselves to be ahead of external changes. By putting like teams together we are able to achieve even more by having the right people collaborating and working together. This helps us provide the vast range of services and facilities focused on the things our community has told us are most important to them, including:

- value to our community everyday, through more than just the books at our eight libraries

- the vibrancy of the arts through 400,000 visits to Hazelhurst and our Entertainment Centre
- shaping our community's future leaders by educating 1,600 children each year
- 1,000 beautiful parks and reserves, and our tree canopy
- facilities for our 80,000 active sporting members
- contributing to community safety through our animal and environmental enforcement group, parking regulations, crime prevention initiatives and partnerships with emergency services
- planning for liveable urban environments
- emptying 83,000 red general waste bins a week
- supporting 100 Bushcare groups
- leasing buildings to more than 130 not-for-profit groups
- saving lives with the lifeguards on our beaches
- connecting our community with 800km of roads and 400km of footpaths maintained.

COMMUNITY SATISFACTION

During this year our community rated our overall performance at Council as 'moderately high', with 92% of residents indicating their satisfaction. This is significantly higher than the 'regional' and 'all of NSW' benchmarks.

NEW COMMUNITY STRATEGIC PLAN, DELIVERY PROGRAM AND OPERATIONAL PLAN

Our community is evolving and as an agile organisation, we are changing with it. From community consultation we understand that greater engagement and financial management are important elements which will be incorporated into how we report back to you going forward. Our latest Community Strategic Plan, adopted earlier this year, captures the future vision of the Sutherland Shire.

I look forward to continuing to work together for our community.

Scott Phillips
General Manager



ABOUT SUTHERLAND SHIRE



Size
36,873 hectares



Population
229,017



Local jobs
75,977



Local businesses
12,350

Sutherland Shire is located at the southern border of the Sydney metropolitan area, 26 kilometres from the Sydney CBD.

It's home to one of Sydney's longest surf beaches, spectacular national parks and sparkling blue waterways. Our relaxed atmosphere offers an emerging food scene, fashion and design stores mixed with easy coastal charm.

Sutherland Shire is rich with history, with over 2,000 Aboriginal sites, and is the site of Captain Cook's landing place at Kamay Botany Bay National Park at Kurnell.



Population density
6.16 persons per hectare



Projections to 2026
250,269

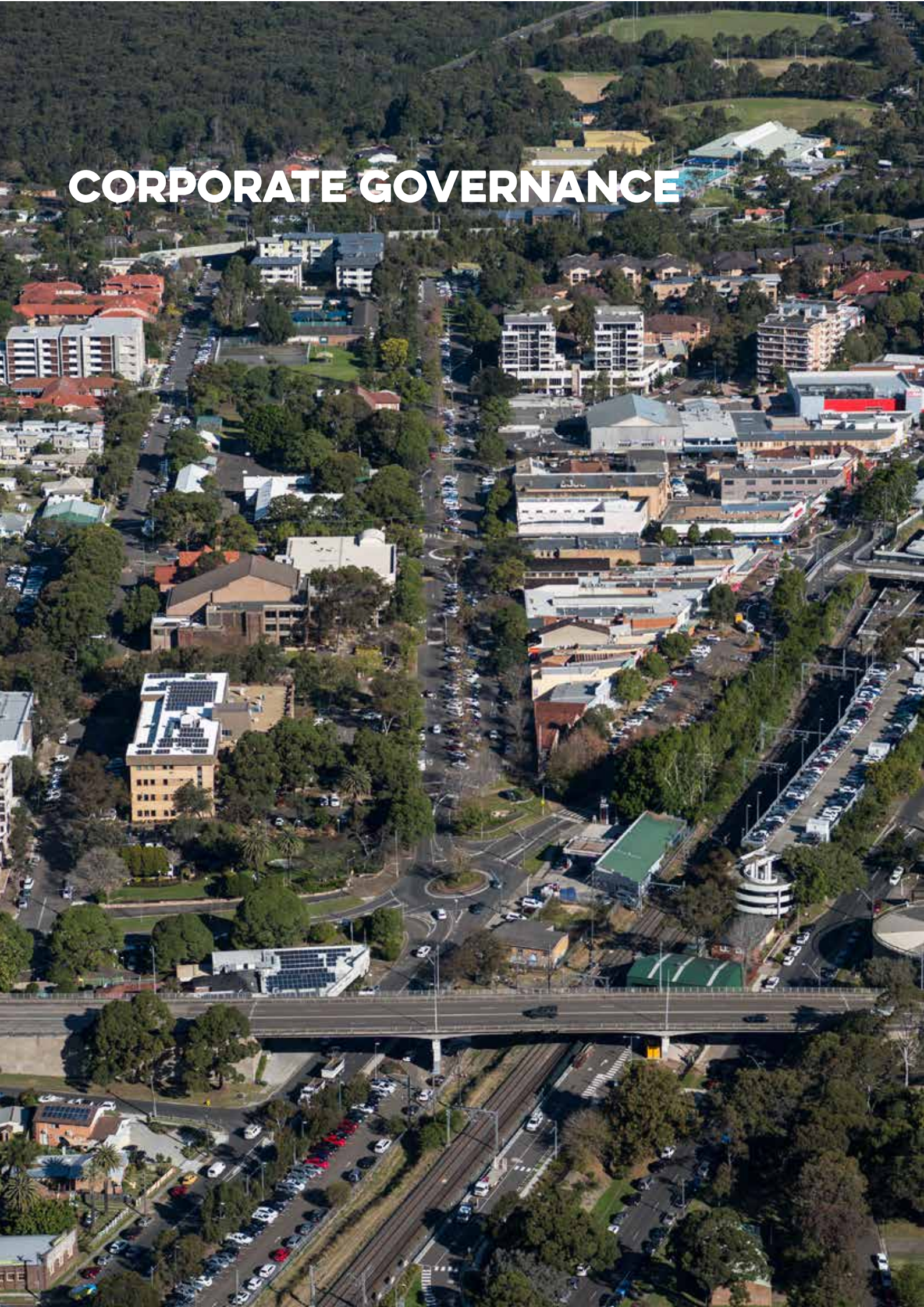


Households
77,792



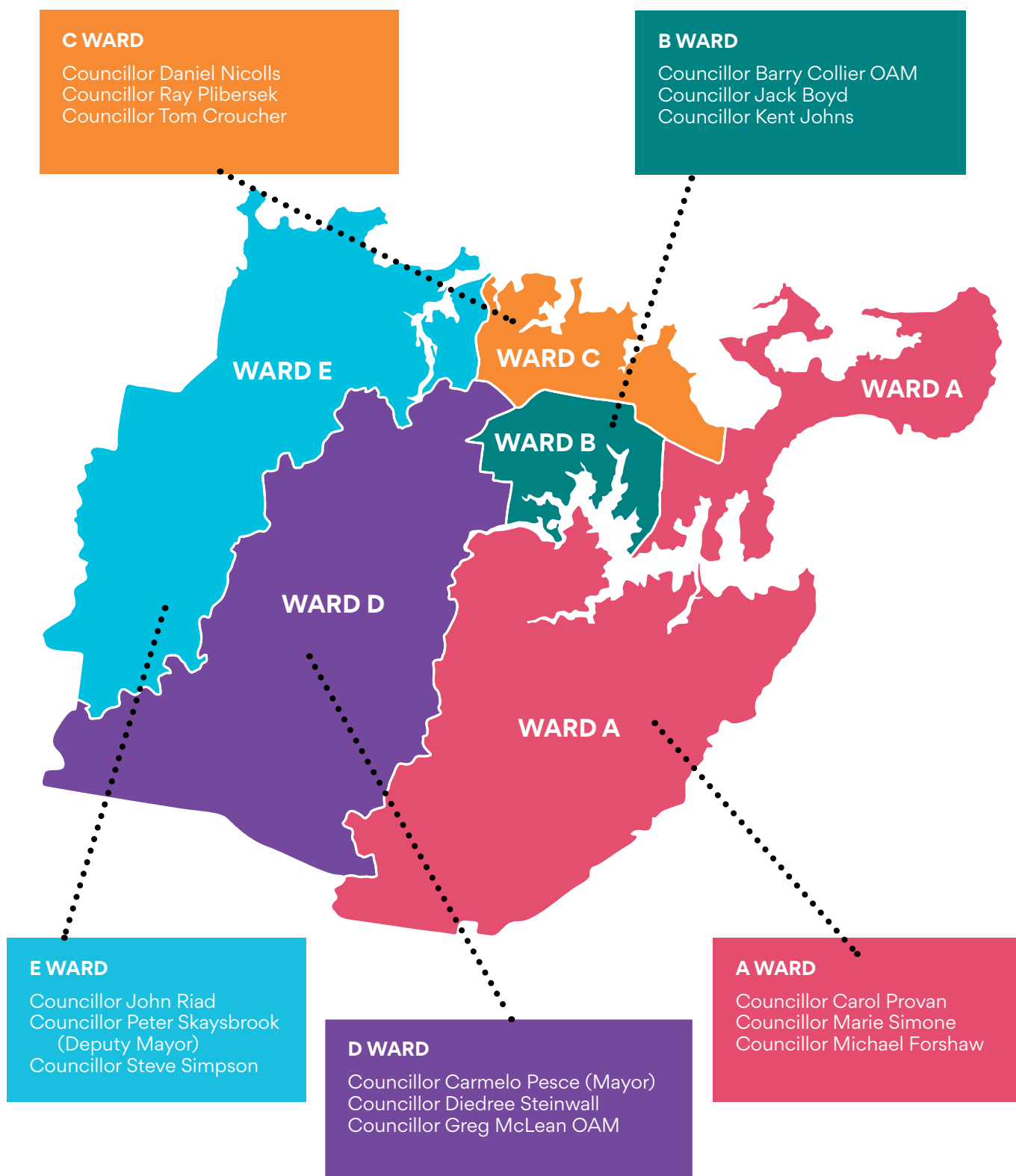
Gross Regional Product
\$9.74 billion

CORPORATE GOVERNANCE



COUNCILLORS AND WARDS

This section is correct as at 30 June 2017. For current information, see sutherlandshire.nsw.gov.au or phone us on 9710 0333.



YOUR COUNCILLORS

A WARD



Cr Carol Provan (LIB)
9523 1466
0418 246 524
cprovan@ssc.nsw.gov.au



Cr Marie Simone (LIB)
0436 007 020
msimone@ssc.nsw.gov.au



Cr Michael Forshaw (ALP)
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B WARD



Cr Barry Collier OAM (ALP)
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Cr Jack Boyd (ALP)
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Cr Kent Johns (LIB)
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C WARD



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Cr Tom Croucher (LIB)
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D WARD



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cpesce@ssc.nsw.gov.au



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Cr Greg McLean OAM (ALP)
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gmclean@ssc.nsw.gov.au

E WARD



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Cr Peter Scaysbrook (ALP)
Deputy Mayor
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pscaysbrook@ssc.nsw.gov.au



Cr Steve Simpson (IND)
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stevesimpson@ssc.nsw.gov.au

SUPPORTING OUR COUNCILLORS

HOW AND WHEN COUNCILLORS ARE ELECTED

Sutherland Shire Council is made up of 15 Councillors, elected by Shire residents for a four-year term. The most recent election was in September 2016 and the next will be in September 2020. Every two years the Councillors elect a Mayor and Deputy Mayor from among their numbers.

The Councillors determine Council's policies and direction. Three Councillors are elected from each of the five Shire wards, but all Councillors review issues and make decisions across the Shire. The General Manager is responsible for the operation of the organisation. Day-to-day responsibilities and services are carried out by Council's staff who are responsible to the General Manager.

Sutherland Shire Council encourages and supports the participation of residents and the community in its activities.

HOW COUNCIL WORKS

The Mayor, Deputy Mayor and Councillors are paid an annual fee that is within the limit set by the Local Government Remuneration Tribunal. All Councillors are paid for expenses incurred in discharging their functions and responsibilities to the our community. This is in accordance with the Council's policy 'Payment of Expenses and Provision of Facilities to the Mayor and Councillors'.

WHEN DO COUNCIL AND COMMITTEES MEET?

In 2016/17 Councillors convened for 10 ordinary and 3 extraordinary/special Council meetings. Generally, Council and standing committee meetings are run on a monthly cycle: standing committees on the first Monday of the month, Council on the third. Meetings are at the administration building, Sutherland and the public is welcome to attend. The business papers (the reports that go to Council) are available from Council's libraries and the internet from 12 noon on the Friday before a committee or Council meeting, and at the meeting.

To find the outcome of a matter that went to a meeting, phone Council on the working day following the meeting, or you can get a copy of the minutes after they have been adopted.

COUNCIL

Once a matter has been considered at the standing committee level, all 15 Councillors meet to make their decision at the Council meeting,

which is chaired by the Mayor. As well as items from the standing committees, Mayoral Minutes and urgent matters may be dealt with here. All Council and standing committee meetings are open to the public, however Council or a committee may decide to close the meeting for a limited range of issues including commercial information, contracts, some matters relating to staff, or legal obligations of confidence as specified in the Local Government Act. Council keeps the number of items dealt with confidentially at a minimum.

Councillors are required by law to disclose any conflict or pecuniary interest they or their relatives or associates may have relating to a matter before the Council or a standing committee. When a pecuniary interest disclosure is made, the Councillor cannot take part in the debate or vote on the matter and must leave the meeting during discussion of that item.

STANDING COMMITTEES

As at the end of 2016/17, Council had four standing committees: Corporate Governance, Shire Infrastructure, Shire Planning and Shire Service. These are for detailed consideration of each matter before referring it to a Council meeting. The committees each have seven Councillors assigned. Staff members go to these meetings but do not take part in decisions.

There are also subcommittees and working parties for specific issues. At the end of June 2017, the subcommittees were:

- Audit Risk and Improvement Committee
- Aboriginal Advisory Sub-Committee
- Access Committee
- Anzac Youth and Recreation Centre Advisory Committee
- Australia Day and Citizenship Committee
- Barden Ridge/Menai Collaborative Committee
- Bushfire Advisory Committee
- Consultative Traffic Forum
- Floodplain Management Committee
- Hazelhurst Board
- Heritage and Shire History Committee
- Independent Hearing and Assessment Panel
- Southern Sydney Planning Panel
- Surf Life Saving Clubs Working Party
- Sutherland Shire Access Committee
- Sutherland Shire Bushfire Advisory Committee
- Sutherland Shire Bushfire and SES Facilities Equipment Fund
- Sutherland Shire Bushfire Trust
- Sutherland Shire Economic Development Committee
- Sutherland Shire Youth Council
- Sutherland Traffic and Traffic Safety Committee
- Youth Council.

COUNCILLORS - COMMITTEE MEMBERSHIPS AND MEETING ATTENDANCES 1 JULY 2016 - 30 JUNE 2017

	COUNCIL/ SPECIAL/ EXTRAORDINARY		CORPORATE GOVERNANCE		SHIRE SERVICES		SHIRE INFRASTRUCTURE		SHIRE PLANNING		ATTENDANCE AT VARIOUS SUB- COMMITTEES
	MEETINGS HELD	MEETINGS ATTENDED	MEETINGS HELD	MEETINGS ATTENDED	MEETINGS HELD	MEETINGS ATTENDED	MEETINGS HELD	MEETINGS ATTENDED	MEETINGS HELD	MEETINGS ATTENDED	MEETINGS ATTENDED
AWADA*	13	2	10	1	9	0	10	1	10	0	1
BOYD	13	5	10	1	9	6	10	7	10	3	4
BLIGHT*	13	2	10	2	9	0	10	0	10	2	1
COLLIER	13	9	10	7	9	0	10	6	10	7	1
COOK*	13	2	10	2	9	2	10	0	10	0	0
CROUCHER	13	10	10	2	9	7	10	1	10	8	3
FORSHAW	13	8	10	6	9	0	10	8	10	3	5
JOHNS	13	10	10	7	9	1	10	7	10	3	0
MCLEAN	13	7	10	1	9	5	10	2	10	6	1
NICHOLLS	13	1	10	6	9	6	10	7	10	5	4
PESCE	13	10	10	8	9	1	10	5	10	7	2
PLIBERSEK	13	9	10	6	9	0	10	1	10	6	1
PROVAN	13	10	10	2	9	6	10	6	10	7	1
RIAD	13	7	10	1	9	1	10	4	10	7	3
SCAYSBROOK	13	10	10	8	9	0	10	1	10	8	3
SCHREIBER*	13	2	10	2	9	0	10	0	10	2	1
SIMONE	13	8	10	1	9	5	10	6	10	1	0
SIMPSON	13	10	10	6	9	1	10	6	10	3	4
STEINWALL	13	10	10	2	9	7	10	8	10	3	1
TOWELL*	13	2	10	2	9	2	10	0	10	2	1
WALTON*	13	2	10	2	9	0	10	0	10	2	0
WILLIAMS*	13	2	10	2	9	2	10	0	10	0	0

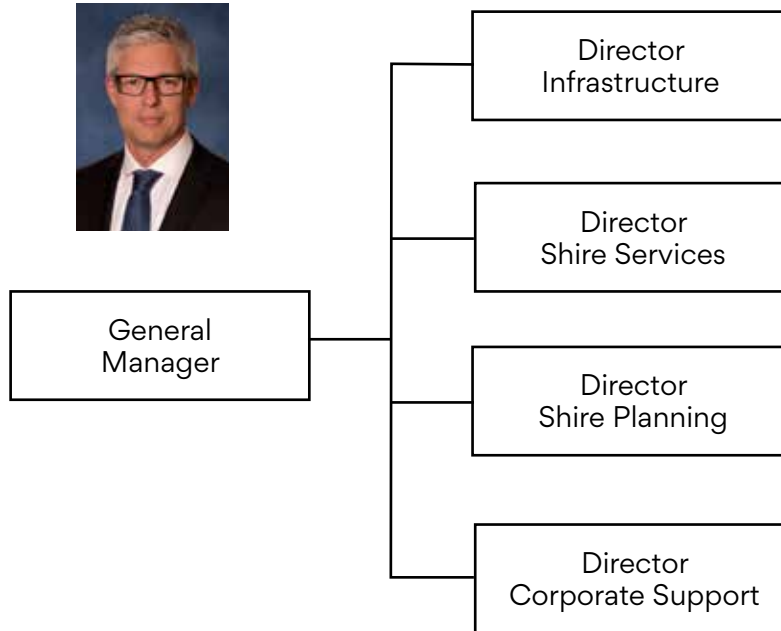
* Councillors who finished their four-year Council Term July 2016 to August 2016.

** New Councillors starting their four year Council Term September 2016 to June 2017.

Councillors who have been re-elected and continued over both terms do not have a star.

OUR ORGANISATION STRUCTURE

Key functions and responsibility of four directorates.



Peter Hazeldine:
Director- Shire Infrastructure Assets

Planning and Management, Project Management, Parks and Reserves, Civil Operations, Building Operations and Waste Management



Manjeet Grewal:
Director - Shire Services

Economic & Community Development, Children's Services, Events and Performing Arts, Hazelhurst Gallery, Libraries, Leisure Centres, Beach Services, Public Safety and Properties.



Peter Barber:
Director - Shire Planning

Strategic Planning, Environmental Science, Development Assessment, Environment, Health and Building Compliance



Therese Manns:
Director - Corporate Support

Information Management & Technology, Enterprise Risk & Improvement, Strategy & Engagement, Finance, Governance, Customer Service and People & Culture

AUDIT, RISK AND IMPROVEMENT

AUDIT, RISK & IMPROVEMENT COMMITTEE

During 2016/17, Council took a pre-emptive decision to establish an Audit, Risk & Improvement Committee, replacing an existing Internal Audit Committee.

This occurred as a result of amendments to the Local Government Act 1993 (by the Local Government Amendment (Governance & Planning) Act 2016). These amendments mandate that by 2021 all councils must have an Audit, Risk & Improvement Committee (Committee) which has specified membership requirements and responsibilities. While these changes are not required to be implemented until 2021 as they reflect best practice governance, Council has elected to implement the Committee now.

The new Committee has been established as a sub-committee of Council. To give authority and responsibility to the Committee, an Audit, Risk & Improvement Committee Charter was adopted by Council in June 2017.

Under the Charter, the objective of the Committee is 'to enhance the Council's existing governance framework, risk management practices, control, strategy & performance environment by providing independent assurance and assistance to Council on key aspects of its operations'.

The Charter included the primary responsibility of the Committee to oversight the following aspects of Council's operations:

- Risk management
- Compliance
- Fraud control
- Financial management
- Governance
- Implementation of Strategic Plan, Delivery Program and Strategies
- Service reviews
- collection of performance measurement data by the Council
- any other matters prescribed by regulations.

The Committee is made up of two (2) Councillors and three (3) independent, external members who were selected after a robust recruitment process. The members are:

- Councillor Tom Croucher
- Councillor Ray Plibersek
- Cliff Haynes (elected Chairperson 2017/2018)
- John Gordon
- Greg Smith

The inaugural meeting of the Committee was held on 24 May 2016 with the following key items considered:

- NSW Audit Office Client Service Plan for the external audit of the 2016/17 financial statements
- Integrated Planning & Reporting status
- Enterprise Risk Management Framework implementation update
- Strategic Risk Management Plan
- Corporate Governance Framework
- Key business risks related to Finance, Information Management & Technology and Asset Management
- Internal Audit Program (3 years)

The Committee will work on a rolling program to oversight key areas of Council governance.

ENTERPRISE RISK MANAGEMENT

In July 2016, Council's executive management team committed to the progressive implementation of a new Enterprise Risk Management Framework within Council that is tailored to reflect its risk maturity and will enable Council to progress up the risk maturity scale. Between July 2016 and April 2017, this tailoring approach has involved the development of:

- a high level risk appetite statement;
- consistent risk assessment methodology
- an integrated approach to risk management (through ongoing 2017/18 business planning processes and strategic risk assessments that are influencing the Community Strategic Plan and various delivery strategies under the new Integrated Planning and Reporting Framework).

This tailoring process has heavily involved all parts of Council and is now complete. In May 2017, an Enterprise Risk Management Determination and associated Framework and Guidelines that reflects the refined approach have been approved by the Executive Management Team and endorsed by the Audit, Risk & Improvement Committee and are being implemented.

INTERNAL AUDIT

The Internal Audit function is incorporated in the new Enterprise Risk & Improvement Unit within Council, aligning internal audit & enterprise risk management activities.

Leveraging the risk management work undertaken during 2016/17, in May 2017 a new three year risk-based Internal Audit Program was developed and agreed by the executive management team and approved by the Audit, Risk & Improvement Committee. As per Council's new Operational Plan this Internal Audit Program commenced in July 2017.

STRATEGIES AND CIVIC LIFE



Our primary strategies form the central part of our Community Strategic Report. These strategies are at the core of achieving our community vision and desired futures, and are integral to achieving all outcomes.

The relationship between the Community Strategic Report, the Delivery Program (which incorporates the Operational Plan) and the Annual Report is detailed on page 4.

This section is the 12-month report on achievements on the 2016/17 Operational Plan under the Integrated Planning and Reporting requirement of the Local Government Act 1993 and the Local Government (General) Regulation 2005. It captures the targets and key activities/ programs that have been undertaken by Council for the period 1 June 2016 to 30 June 2017

On the following pages, our performance on key activities, programs, projects and works is colour and symbol coded:

Performance Status	Progress to Annual Target	Key
Achieved / Acceptable	>90%	✓
Alert / Review conditions	50% - 89%	!
Alarm / Unacceptable	<50%	✘
Not commenced / Cancelled	0%	-

The selection of the current status is based on an assessment of project/program completion and the level of budget expended.

IN THIS SECTION

■ Strategy 1. Provide effective and integrated infrastructure	21
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STRATEGY 1: PROVIDE EFFECTIVE AND CRITICAL INFRASTRUCTURE

Infrastructure which supports our neighbourhoods, our economy, our leisure pursuits and future communities. This includes the provision of appropriate and well maintained building for community use, and construction and maintenance of critical infrastructure such as roads, footpaths and drains. Infrastructure which protects our environment and connects and strengthens our communities.

Four Year Delivery Program 2013 - 2017	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
1.1 Roads	Manage and coordinate design and construction of civil works	85% of annual project schedules complete by 30 June 2017	✓	88% of annual Project Schedules complete	232 Total Works. 186 works complete, 18 works in progress and on target for completion within schedule
	Total maintenance of roads and related infrastructure	Target 60% Planned / 40% Reactive	✓	69% Planned / 31% Reactive	Based on completion of 6577 jobs, of which 2038 jobs were Customer Request Management System (CRMS) related (reactive)
	Planned maintenance of roads and related infrastructure	Planned Maintenance is 85% complete	✓	100% of planned maintenance projects completed	Based on Planned OPEX and CAPEX Maintenance
	Reactive maintenance of roads and related infrastructure	85% completed within agreed time frames and quality	✓	100% of maintenance projects issued completed	Based on CRMS data. 3371 Customer Requests (CR's) recorded and 3393 CR's closed
1.2 Buildings	Manage and coordinate design and construction of building works	85% of annual project schedules complete by 30 June 2017	✓	81% of annual project schedules complete	76 Total Works. 43 Works Complete. 11 Projects In Planned progress
	Total maintenance of buildings and related infrastructure	Target 60% Planned / 40% Reactive	✓	54% Planned / 46% Reactive	
	Planned maintenance of buildings and related infrastructure	Planned Maintenance is 85% complete	✓	95% of Planned Maintenance complete	
	Reactive maintenance of roads and related infrastructure	85% completed within agreed time frames and quality	✓	82% completed within service standard	9,804 requests completed in total. 8,006 completed within standard
	Produce issues paper on Building Assets	Issues paper produced	✓	Completed	

*indicates a multi-year project

Achieved/acceptable (>90%)
Alert/unacceptable (<50%)Alert/review conditions (50-89%)
Not commenced/cancelled (0%)

*Indicates a multi-year project

Achieved/acceptable (>90%)
 Alarm/unacceptable (<50%)



Aud/review conditions (50-89%)
 Not commenced/cancelled (0%)



Four Year Delivery Program 2013 - 2017	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
1.3 Open Space, Sporting and Recreational Facilities	Manage and coordinate design and construction of open space, sporting and recreational activities	85% of annual project schedules complete by 30 June 2017	✓	82% of Annual project Schedules completed	79 total works, 22 projects complete. 28 projects in planned progress. 11 delayed or deferred projects
	Develop Open Space, Leisure and Recreation Strategy	Draft Strategy complete	✓	Draft Issues Paper reviewed by Executive Committee	Executive have directed a revised approach to Strategy development
	Total maintenance of open space, sporting and recreational facilities.	Target: 60% planned, 40% reactive	✓	Target ratio achieved	
	Planned maintenance of open space, sporting and recreational facilities.	Planned maintenance is 85% complete	✓	86% complete within agreed timeframes and quality	
	Reactive maintenance of open space, sporting and recreational facilities.	85% completed within agreed time frames and quality	✓	86% completed within agreed timeframes and quality	
1.4 Stormwater and Drainage	Manage and coordinate design and construction of stormwater and drainage infrastructure	85% of annual project schedules complete by 30 June 2017	✓	89% of annual project schedules completed	72 total works. 51 projects complete. 8 projects in planned progress.
	Produce issues paper on Stormwater Assets	Issues paper produced	✓	Completed	Issues identified as part of preparation of Council's draft Shire Life Strategy and Stormwater Asset Class Management Plan

Four Year Delivery Program 2013 - 2017	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
1.4 Stormwater and Drainage (Cont'd)	Adoption of Bundeena Creek Floodplain Risk Management Study and Plan (FRMS&P)	3% increase in area of the Shire where Floodplain Risk Management Studies and Plans have been adopted	✓	9.2% in draft	The Bundeena Creek FRMS&P project is progressing. Updates to the Gwawley Bay FRMS&P are underway. Updates will shortly be commissioned for Lower Georges River FRMS&P and Kurnell Township FRMS&P. Updates FRMS&P are to be presented to Council for formal adoption in 2017/18.
	Stormwater quality improvement device cleaning and maintenance	1% increase in the area of the Shire serviced by stormwater quality improvement (SQIDs) measures from 2014/15 baseline	✓	0% increase in area serviced by SQIDs	Investigations are underway into the feasibility of installing three new major gross pollutant traps within the Gwawley Bay catchment. Design and construction will be programmed for 2017/18 subject to outcomes of the investigation and available funding.
	Implementation of Watercourse Rehabilitation Program	1% increase in watercourses rehabilitated under the Watercourse Rehabilitation programs from 2014/15 baseline	✓	1.05% increase in no. of watercourses rehabilitated	Watercourse rehabilitation work completed at Fenton Ave, Caringbah; Carmen Place Reserve, Dolans Bay; Ocean Place, Illawong; Rickard Road, Oyster Bay.
1.5 Effective and efficient management of community assets	Implement and review actions within the Asset Management Roadmap	% of scheduled actions implemented from Asset Management Roadmap	✓	39% completed 39% commenced	9 of 23 action completed and a further 9 commenced and in progress

An aerial photograph of a busy urban intersection. The scene shows multiple lanes of traffic with cars, trucks, and buses. There are buildings, trees, and a large parking lot filled with cars. The image is partially obscured by a large orange diagonal overlay in the bottom-left corner.

STRATEGY 2: DELIVER INTEGRATED TRANSPORT OPTIONS

Providing effective and safe transport service options that enable us to get to, from and around the Shire. Options that provide flexible and responsive services, integrated modes and opportunities to get around on foot and by bike. Transport modes that connect the Shire to the rest of Sydney and the Illawarra, will provide for our residents and people travelling through the area.

Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
2.1 Develop a Transport Strategy which aligns with the NSW State Plan and facilitates broader integrated transport in conjunction with land use planning	Implement and review actions within Transport Strategy	% of scheduled actions implemented from Transport Strategy	✓	In progress	Strategy in draft and consultants continuing development work.
2.2 Lobby Federal and State for key infrastructure funding to support all transport options	Lobby State Government on identified issues: 1. Gannons Road Rail Bridge Widening 2. Sutherland to Cronulla Active Transport Link (SCATL) 3. additional commuter car parking at railway stations 4. Miranda and Cronulla Bus Rail Interchange upgrades	Lobbying undertaken at least 4 key issues	✓	Ongoing	Representation to Transport for NSW on: 1. Proposed intersection works at Kingsway and Gannons Road. 2. Business case on the preferred route for SCATL prepared 3. Heathcote and Engadine Commuter car park: delivery and construction program 4. Ongoing representations: Not listed in current Transport for NSW Transport Access Program.

*indicates a multi-year project

Achieved/acceptable (>90%)
x Alarm/unacceptable (<50%)Alert/review conditions (50-89%)
! Not commenced/cancelled (0%)






STRATEGY 3: CONSERVE NATURAL RESOURCES

Our natural resources are both precious and finite. Their wise use now will not only ensure their availability for our use but also for generations to come. Finding solutions that achieve emergency conservation in our activities is critical. A holistic approach – individual, business and agency – is critical to achieving this.

Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
3.1 Implement Energy and Water Efficiency Strategy	Consumption of energy and water usage across Council sites tracked on ongoing basis and reported annually	Report consumption and tracking of improvements annually	✓	Completed	
3.2 Energy and water efficiency projects funded by Council and grants (where available)	Energy efficiency upgrades to Council-owned assets	% of scheduled projects completed	✓	Scheduled projects completed.	

*indicates a multi-year project

Achieved/acceptable (>90%) 
 Alarm/unacceptable (<50%) 

Alert/review conditions (50-89%) 
 Not commenced/cancelled (0%) 



STRATEGY 4: PROTECT OUR ENVIRONMENT

The natural environment of the Sutherland Shire is treasured by residents and visitors alike. It adds to the amenity of the Shire and for many people is the key factor which makes living here so enjoyable. Mitigating the effects of our activities in each domain of Shire life is critical to ensuring its ongoing viability and protection.

Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works:	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
4.1 Timely, effective domestic waste collection services	Provide timely and effective household waste service within service standard time	≥ 90% of customer requests relating to waste services are actioned within service standard	✓	91.5% of 28,218 requests actioned within service standard time.	
	Conduct annual program of household chemical and e-waste collection services	2% increase in volume of e-waste diverted from landfill compared to 2014/15 baseline	✓	25% increase achieved.	
		2% increase in volume of chemical waste diverted from landfill compared to 2014/15 baseline	✓	21% increase achieved	
4.2 Responsible, ethical waste management that promotes practices which minimise waste	Waste collection service which encourages waste diversion from landfill	Increase landfill diversion rate from the 2012/13 rate (51%) toward Environment Protection Authority's 2021 target of 70%	✓	Diversion rate as at 30/6/17 was 52%	
	Conduct Waste Wise Living workshops	Workshop participation rate of ≥70%	✓	19 workshops conducted with participation rate of 94%.	
4.3 Introduce and administer strategies and programs to replace lost trees	Implement major tree-planting programs on Council land	No net canopy loss (trees removed vs trees planted)	✓	Trees in the public domain: 634 trees removed 1297 trees planted	
	Regulate tree removal on private property	Median determination time of days ≤ 30 for tree removal applications	✓	23 days for median determination time	
	Maintain resident tree issue program	Change from previous year in no. of trees issued to residents (total no. issued in 2016/17)	✓	2016/17 full year: 8791 trees issued, decrease 9% from 2015/16 total	

*Indicates a multi-year project

Achieved/acceptable (>90%)
 Alarm/acceptable (<50%)



Alert/review conditions (50-89%)
 Not commenced/cancelled (0%)



Four Year Delivery Program 2013/14 - 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works:	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
4.4 Enforce compliance with laws and regulations to ensure quality of noise, air, water and land pollution	Investigate incidents of air pollution	no. of investigations conducted compared to 2013/14 baseline	✓	57 compared to 2013/14 benchmark of 59	
	Conduct audits of commercial and industrial premises	% of total inspections for commercial and industrial premises with a Satisfactory or Minor Issue (non critical) inspection results	✓	117 industrial premises audits completed >90% compliance with identified issues upon reinspection	
	Participate in Regional Illegal Dumping (RID) program	% of waste removed as a result of RID involvement	✓	473 incidents reported for total of 5,291 tonnes of waste Cleaned up by: Land owner 35.9% - total cost \$82,650 Council 26.4% - total cost \$3,950 Offender 13.3% - total cost \$10,200 Contractor 1.7% - total cost: \$3,150 Total cost saving to Council: \$96,000	
4.5 Manage pest species	Conduct dispersal program at Kareela Grey-headed Flying Fox camp	No flying fox permanently roosting in camp	✓	No flying foxes are observed to be roosting during the day at Kareela; approximately 1,800 at Camellia Gardens, none at Captain Cook Drive wetlands at Kurnell and up to 750 at desalination plant camp at Kurnell	In May 2017 Flying Fox voluntarily abandoned the camp at Kareela. Staff continue to undertake maintenance dispersal to reduce the chances of the camp re-establishing.

Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works:	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
4.6 Local community groups, business, industry and residents in initiatives which protect and/or enhance the environment	Manage ongoing Bushcare Program	Change from previous year in no. of active volunteers (total number of volunteers in 2016/17)	✓	630 volunteers maintained, decrease approx. 9% on 2015/16	Volunteer numbers are steady overall with slight downward trend which will continue to be monitored.
		Change from previous year in annual total hours of bushcare regeneration (total hours of regeneration work 2016/17)	✓	2016/17 full year: 17,902 volunteer hours, increase of 4% (or 659 hours) on previous year	On track to equal or exceed previous 12 month total.
	Continue Greenweb Program and Greenweb Schools	Annual % increase in participating properties and schools in Greenweb Program (baseline 2002)	✓	17.58% increase from baseline	631 properties and 24 schools participating in program.
		% of scheduled agreed actions completed by Greenweb grant participants	✓	100% of scheduled agreed actions completed by Greenweb grant recipients	
	Maintain or improve quality of Shire waterways through the Stormwater Improvement Program	At least 70% of Shire waterway sites rated in excellent to fair condition	✓	88% of the shires waterways are in excellent to fair condition	Results reported for annual program.

*indicates a multi-year project

Achieved/acceptable (>90%)
Alert/review conditions (50-89%)
Not commenced/cancelled (0%)Alert/review conditions (50-89%)
Not commenced/cancelled (0%)

Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works:	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
4.7 A local planning framework that upholds the Shire’s character	Provide an effective development assessment process	no. of development assessment determinations (total value). % of development applications approved. Median determination time for residential (simple) applications and project (complex) applications	✓	For the 16/17 year ending 30 June 2017: 2,129 Development Applications (DAs) finalised. 98.6% of DAs were approved (21 refused). Median determination times: Residential (simple) applications: 53 days. Projects (complex) applications: 94 days	The total applications finalised (2,129) comprised 1619 Development Applications and 508 Modification Applications with an estimated construction value of \$1.09B
	Review Section 94	Section 94 adopted	✓	Completed	Section 94 Plan was adopted by Council on 21/11/16 and came into effect 1 January 2017
	Undertake rezoning	% of rezoning processed within 18 months (baseline 2015/16)	✓	4 Planning Proposals were finalised within the benchmark of 18 months; an average processing time of just under 13 months was achieved	
4.8 Building Certification Services	Provide a service that meets the needs and expectations of its customers	Maintain an average turnaround time not exceeding 20 days for complying development certificate applications	✓	The average turnaround time for Complying Development Certificates was 17 days	Most Complying Development Certificates include a 14 days ‘advice / notification’ component




STRATEGY 5: STRENGTHENING OUR COMMUNITY

Facilitating community connections and providing the social services to support the people who make up the Sutherland Shire community is fundamental to our quality of life and success in all domains of Shire Life. Making sure people feel safe to live, work and enjoy the Shire and their life is part of strengthening our social fabric.



Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
5.1 Financially sustainable and quality and responsive Early Childhood Education and Care	Provision of financially sustainable childcare service	At least a 3% return on Council’s Early Education and Care Services	✓	3% target met for financial year, with return reinvested back into capital improvements	
	Provision of service that meets children’s and parents needs	% of parents who reported an increase in their wellbeing from their involvement in Council’s quality responsive Early Education and Care services	✓	88.62 % of families stated that they felt supported in their role as a parent	This was captured through a question asking whether parents feel supported in their role as a parent by the service their child attends.
		% of parents who reported that their child/children benefit from being enrolled in Children’s Services quality responsive Early Education and Care programs	✓	85.67% of parents reported that their children benefit from being enrolled in Children’s Services quality responsive Early Education and Care programs	
5.2 Quality and responsive Early Childhood Education and Care (Cont’d)	Provision of quality and inclusive child care (Cont’d)	Achieve a rating of meeting or above under the National Quality Standards for all services	✓	All services have now been assessed under the National Quality Framework. 60%(9) services are rated at Exceeding and 40% (6) at Meeting	

Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
<p>(Cont'd)</p> <p>5.2 Quality and responsive Early Childhood Education and Care</p> <p>(Cont'd)</p>	<p>(Cont'd)</p> <p>Provision of quality and inclusive child care</p>	<p>% of identified groups (non-English speaking background, Aboriginal and Torres Strait Islander, Disability) accessing the services provided by Children’s Services in comparison to population data (Australian Bureau of Statistics Census)</p>	<p style="text-align: center;"></p>	<p>Children’s Services has 12.72% families who identify as having English as their second language, compared with 13% reported in census.</p> <p>Children’s Services has 1.29% of children receiving funding due to their additional needs compared with 4.3% in census (of families who indicate their children need help with their daily life)</p> <p>Children’s Services has 0.20% of children identified as being Aboriginal or Torres strait Islander compared to 0.83% reported in census.</p> <p>Children’s Services has had 0.4% of families accessing additional benefit (Special Child Care Benefit); this is granted by the Federal Government in circumstances where the child is deemed to be at significant risk and/or the family is experiencing a temporary financial hardship</p>	

*Indicates a multi-year project

Achieved/acceptable (>90%)
 Alarm/unacceptable (<50%)

Audit/review conditions (50-89%)
 Not commenced/cancelled (0%)

Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
(Cont'd) 5.2 Quality and responsive Early Childhood Education and Care	Development of Strategic Business Plan (5-10 year term) for children's services facilities and operation	Plan developed	✓	In progress, continually reviewed and updated.	
5.3 Training to build the capacity of Early Childhood professionals and parents	Provision of professional learning for Early Childhood Educators and training for families	% of families who reported an increase in their parenting skills and knowledge as a result of their involvement in training offered by Children's Services (Baseline 2014/15)	-	Children's Services did not offer parent training in 2017 due to Children's Services no longer being a Registered training Organisation.	
5.4 Lifeguard services and initiatives at the shire's beaches	Patrols, surf education programs and events at beaches	Education program participation rate ≥70%	✓	Number of students: 3814 Number of Schools participating in our surf survival certificate: 82	Programs conducted: Surf Awareness, Surf Survival, Special need Surf education, Surf safety Talks, School Picnics, Endeavour football program. Community event involvement: Shire Kids Festival, Como West Fete, International Beach Festival, Red Cross Safety Talks, Surfhero, Sun Sound, NRL referees training
		No. of preventative actions vs no. of rescues undertaken	✓	Preventative actions 96,088 386 rescues	
	Development of Strategic Business Plan (5-10 year term) for beach services facilities and operations	Plan developed	✓	In progress, continually reviewed and updated.	

Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
5.5 Community initiatives which respond to local social issues	Implement Crime Prevention Plan	100% of scheduled activities completed	✓	100% of current Crime Prevention Plan initiatives implemented Plan reviewed and new plan endorsed and will commence 1 July 2017	Working with Wesley Mission to address rough sleeping homeless people in the community. Working actively with external organisations on squalor and hoarding. Installation of basketball style garbage bins to reduce waste around our skate parks and recycling old and unused Council bins. Training for local services on internet safety
5.5 Community initiatives which respond to local social issues (Cont'd)	Review and update Disability Action Plan, Ageing Strategy and Youth Strategy	All plans and strategies adopted	✓	Disability and Inclusion Action Plan completed and adopted Review Ageing Well Strategy commenced and on track for completion Youth Strategy review in consultation with Youth Council commenced	
	Plan and develop capacity building training initiatives for local organisations	Evaluation results are ≥ 7	✓	9 Training courses conducted for community organisations Facilitated rollout of Youth Mental Health first aid training	Full compliance with FACS (funding body) program specifications

*indicates a multi-year project

Achieved/acceptable (>90%)
Alert/unacceptable (<50%)Alert/review conditions (50-89%)
Not commenced/cancelled (0%)

*Indicates a multi-year project

Achieved/acceptable (>90%)
 Alarm/unacceptable (<50%)



Audit/review conditions (50-89%)
 Not commenced/cancelled (0%)



Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
(Cont'd) 5.5 Community initiatives which respond to local social issues	Development of strategic business plan (5-10 year term) for community services operations	Plan developed	✓	In progress, continually reviewed and updated Collaborating closely with community sector organisations on National Disability Insurance Scheme (NDIS) and Targeted Early Intervention Programs (TEIP) planning and delivery	NDIS and TEIP will have a significant impact on how services operate over the next 10 years.
5.6 Community events held both locally and Shire wide that encourage local economic activity	Coordinate and facilitate a variety of community based events, promotions and activities that benefit local and commercial centre businesses	Satisfaction of local businesses with events, promotions and activations in the commercial centres is ≥ 3.7	✓	136 formal events facilitated across the Sutherland Shire. Reviewed and updated Event Application form. Streamlined event application process and request for support-in-kind process. Successfully facilitated expression of interest for 2 large scale events which were previously run by Council	Council's successful facilitation of major external events - returning again Sydney International, Hi Fi Days, NSW Waratah's Beach Rugby. Successful transfer and assistance with management of high profile Council events to external providers- Cronulla Easter Show/Engadine Street Festival and Cronulla Spring Festival

Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
5.7 Community events held both locally and Shire wide that encourage local economic activity	Support and facilitate initiatives and events to increase engagement and collaboration between local businesses	Satisfaction of chambers with collaboration between businesses is ≥ 3.7	✓	Regular meetings with Economic Development and Tourism Committee and Combined Chambers; Balance Funding Agreement supporting the Sutherland Shire Business Chamber; Back to Business Week in conjunction with Department of Industry, Realise Business and Georges River Council; Council partnered with Australian Tax Office's Small Business Engagement Team and ran local free workshops for start-up and small business	
5.8 Quality and responsive library services and spaces	Library spaces and facilities that encourage participation by diverse groups	Total no. of programs and events held. +/- 2% attendance at programs and events, based on 2015/16 attendance	✓	2016/17: No of programs = 2,240 No of attendees = 60,229 +2.2% programs -2.2% attendees * compared to 2015/16	Drop in attendance due to rationalisation of Book Week visits. An increase in adult programs and attendance has been the highlight: 6.2% increase in the number of programs with a 23% increase in attendance. This is a result of the focus on quality programming and presenters informed by community engagement.
				Total loans (physical and digital) 2015/16 1,696,558 2016/17 1,617,050	Electronic loans increased by 6.9% and physical loans decreased by 6.28%.

*indicates a multi-year project

Achieved/acceptable (>90%)
Alert/unacceptable (<50%)Alert/review conditions (50-89%)
Not commenced/cancelled (0%)

*Indicates a multi-year project

Achieved/acceptable (>90%)
 Almost/acceptable (<50%)



Audited/conditions (50-89%)
 Not commenced/cancelled (0%)



Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
5.9 Quality and responsive library services and spaces (Cont'd)	Develop Makerspace program	Total no. of attendees at Makerspace sessions. % of customers who reported an improvement in their social/ literacy/ technology skills through their involvement in the Makerspace program	✓	190 people attended Makerspace programs 100% of the attendees who completed surveys reported an improvement in their social/literacy/ technology skills through their involvement in the program	Makerspace programs have attracted a variety of people from different ages, educational backgrounds and interests. Using 3D printing, scanning, design software and ebots, participants have increased their skills and knowledge in a fun environment.
	Complete planning and design on library refurbishment ready for work to commence in 2017/18	Project documentation and budget adopted and approved by Council to be included in 2017/18 Capex works program	-	Project funds held in trust fund pending outcome of Kirrawee Brick Pit Voluntary Planning Agreement	Investigation into options for community space in Kirrawee Brick Pit development currently underway
	Development of Strategic Business Plan (5-10 year term) for library service facilities and operations	Plan developed and adopted by Council	✓	Library Strategic Business Plan is being developed as part of Council's Business Unit Planning program and in alignment with the IPR Framework	

Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
5.10 Community facilities and spaces for neighbourhood and Shire wide community and small business activity	Manage community halls and spaces for local groups to meet and or operate within	% increase in booked hours in Council managed community halls and open spaces from 2014/15 baseline	✓	Utilisation increased by 7.04% on community centres for 2016/2017 financial year Utilisation (hours booked) in passive parks and reserves for wedding and picnic bookings increased by 3.2%	
		% increase in revenue from Council managed community halls and open spaces from 2014/15 baseline	✓	4.73% increase in revenue from community facilities 17% increase in revenue for ceremonies/picnics in passive parks and reserves	
	Commercial property - Maximise return from Council's Property Fund	At least 6% rate return on the value of commercial property	✓	7.92% return on commercial property portfolio for 2016/17 financial year	
5.11 Initiatives which support the local economy and tourism	Undertake business survey and identify trends (comparative survey)	Biennial business survey conducted and results communicated to community	✓	Sutherland Shire Business Survey report published in January 2017 (hard copy and electronically) Monthly e-newsletter 'Business and Tourism Talk' established and currently delivered to 3,000 local businesses	Findings from the Sutherland Shire Business Survey Report in conjunction with the South District Plan, Community Strategic Plan and Destination Management Plan inform Council's Economic Development Strategy.

*Indicates a multi-year project

Achieved/acceptable (>90%)
✘Alert/review conditions (50-89%)
Not commenced/cancelled (0%)

*Indicates a multi-year project

Achieved/acceptable (>90%)
 At risk/unacceptable (<50%)



Audit review conditions (50-89%)
 Not commenced/cancelled (0%)



Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
5.12 A range of leisure and recreation opportunities in Council's facilities	Provide efficient and effective programs at Council's leisure centre facilities that are responsive to community needs	Peak Learn to Swim (LTS) enrolments ≥3750 per week. Peak Gym Memberships ≥3250. Annual Leisure Centre visitations ≥970,000	✓	Peak LTS enrolments YTD was 3,847, down 3% on the previous 12 month period Peak Gym Memberships YTD was 3,590, a 9.6% improvement on the previous 12 month period 12 month rolling annual Leisure Centre Visitation was 949,376 which was a 4.8% improvement on the previous 12 month period	Key income drivers LTS and Gym Membership exceeded target which is reflected in income. While peak LTS numbers were slightly down on last year, total yearly enrolments were very similar. Annual visitations down slightly on expectations due to high rainfall period in March.
5.13 Local emergency services to prepare for, respond and manage natural disasters	Meeting the obligations in accordance with Endorsed Council Report (FIN30-14 dated 19/08/2013) as required by the State Emergency and Rescue Management Act 1989	100% compliance with the Sutherland Shire Disaster Plan (DISPLAN) and responsibilities as the Local Emergency Management Officer (LEMO)	✓	(New) Emergency Management Plan for Sutherland Shire (replaces DISPLAN) finalized and adopted by Regional Emergency Management Committee Recommendations from Kurnell and June East Coast Low events are being progressively implemented	100% of actions in Emergency Management communications plan fulfilled within the Emergency Management Framework of Prepare, Respond and Recover. A LEMO is available for 100% of local emergency events



STRATEGY 6: RESPECT AND VALUE ALL HERITAGE AND CULTURE

Natural, manmade, historical and diverse people's culture and heritage – it is all part of what enriches the Sutherland Shire and makes it unique. Valuing it in our individual and corporate actions is essential to its appreciation and celebration now and well into the future.

Four Year Delivery Program 2013/14 - 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
6.1 Local cultural, art and entertainment opportunities (Cont'd)	Provide exhibitions, events, classes and venue hire at Hazelhurst Regional Gallery & Arts Centre	200,000 visitors to Hazelhurst per annum	✓	Exceeded target: 235,763 visitations for 2016/17	Exceeded target by 18% and 2016/17 due to record exhibition and art class attendances
		A minimum of 85% of customers surveyed that are satisfied with the variety and quality of Hazelhurst Regional Gallery & Arts Centre programs and activities	✓	95% visitors surveyed were satisfied	
		550 enrolments in art classes per term	✓	Enrolments average 672 per term	
	Development of strategic business plan (5-10 year term) for Hazelhurst Regional Gallery & Arts Centre	Plan developed	✓	Strategic Plan successfully being implemented and Masterplan project underway at concept stage	
	Provide opportunities for the community to enjoy the performing arts at the Sutherland Entertainment Centre	Redevelopment options of Sutherland Entertainment Centre are reported	✓	Interim presentation delivered at Councillor Workshop	Business case options at end of 2nd stage of 5 to be presented in second half of 2017
		Minimum 150,000 patrons of Sutherland Entertainment Centre per annum	✓	148,023 attendances	Within 1.5% of target
		Maximum net cost per patron to Council of \$3.95	✓	\$5.80 per patron	Net costs higher than target due to lower than planned second half ticket sales and additional \$98,000 unbudgeted capital maintenance and replacement costs.

Four Year Delivery Program 2013/14 - 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
(Cont'd) 6.1 Local cultural, art and entertainment opportunities	Undertake alternative revenue generating activities in the Sutherland Entertainment Centre precinct.	10% net operating return	✓	Eat 'n' Street product developed to only run at profitable times, EFT options introduced to confectionery and bar sales	Eat 'n' Street consistently returning 10-17% net profit during operating periods.
6.2 Grants programs that: * Facilitate a range of arts and cultural activities and that * Protects and promotes heritage	Provision of useful, accessible and timely information to guide funding decisions	Grants are acquitted to time and to budget	✓	Community and Arts Grants; 14 community organisations received \$171,326. Club Grants; 13 Licensed Clubs provided 44 organisations with \$450,057; Toyota Grants; 10 organisations received grants of \$40k	
	Administer heritage building grants and heritage publication grants	no. Heritage Buildings grants and no. Heritage Publications grants	✓	Grants program completed with ten heritage grants awarded with a combined value of \$29,819	

*indicates a multi-year project

Achieved/acceptable (>90%)
Alarmed/unacceptable (<50%)Alert/review conditions (50-89%)
Not commenced/cancelled (0%)

*Indicates a multi-year project

Achieved/acceptable (>90%)
 Alarm/unacceptable (<50%)



Alert/review conditions (50-89%)
 Not commenced/cancelled (0%)



Four Year Delivery Program 2013/14 - 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
6.3 Support for community based arts and cultural activities	Assist community groups and organisations conducting community cultural events	no. of community groups and organisations assisted to conduct community cultural events	✓	Harmony Day celebrated: over 500 interactions 2017 Seniors Festival: 20 events Home Made Expo 300 attendees Aged Care Expo 44 community organisations and 600 attendees Be Healthy Seniors Seminar: 100 attendees Seniors Christmas Concert Youth Week - Beach to the Burbs Music Festival: 3500 attendees Schools Soccer Tournament 120 competitors Skate Competition 48 competitors Circus Skills Workshop 18 participants and Police Youth Expo approx. 2500 attendees Support for NAIDOC Week and Reconciliation week	Events across the Shire continue to thrive with a mix of Council coordinated activities, community managed events and commercial providers engaging in the public domain

A photograph of two call center workers in a control room. In the foreground, a man with grey hair, wearing a headset and a dark pinstriped jacket over a light-colored checkered shirt, is seen from the back. In the background, a woman with dark hair, also wearing a headset and a light blue top, is seated at a desk with a computer monitor. The room has light green walls. A large, dark, semi-transparent graphic element is overlaid on the bottom left and center of the image, containing the text.

STRATEGY 7: CIVIC LIFE AND CORPORATE PERFORMANCE

Essential to carrying out this Delivery Program and Operational Plan is having efficient and effective Council operations that are underpinned by good corporate governance. Sutherland Shire Council has made a number of commitments to the community its staff. These commitments are translated into our everyday work in a number of ways, whether it is through ensuring ethical and transparent decision-making, engaging in meaningful dialogue with our community or managing Council's finances in a sustainable way to ensure the long term viability of the organisation.

*Indicates a multi-year project

Achieved/acceptable (>90%)
 Alarm/unacceptable (<50%)

Audit/review conditions (50-89%)
 Not commenced/cancelled (0%)



Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
7.1 Strategic Delivery: Outstanding community outcomes that fulfil local needs and expectations (Cont'd)	Manage the development, review and coordination of Council's integrated planning and strategic documents, that includes community consultation and effective engagement processes in accordance with legislation	100% compliance with IP&R planning, monitoring and reporting requirements. Implementation of	✓	100% compliance with IP&R requirements.	New suite of IP&R documents adopted by Council in June 2017 for commencement on 1 July 2017
		Review of Council's existing engagement policies, frameworks and methodologies	✓	Engagement Policy review is ongoing.	Community Engagement Strategy implemented during development of IP&R documents
		Performance Management Framework within Council	✓	Planning commenced, project initiation brief developed.	The Performance Management Framework will be developed following commencement of the new IP&R plans.
(Cont'd) 7.1 Strategic Delivery: Outstanding community outcomes that fulfil local needs and expectations	Providing digital solutions to the community and the Council	Enhancing the Customer Experience - Increased Customer Interactions (%) through visits to the website (Baseline 2015/16)	✓	1,308,627	up from 1,228,188
		Increasing the Value-Add to our Customers - Reducing Financial Expenditure – providing services at a lower price point than the local Government average (Local Government Average 3.6%)	✓	3.4%	
		Maximising accessibility and connectivity to data and information through network resources (Baseline 2015/16 - Network Uptime 99.5%)	✓	99.5%	

Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
7.2 Strategic Delivery: Outstanding community outcomes that fulfil local needs and expectations	Produce six 'Our Shire' Council newsletters annually	At least 90% annual readership amongst newsletter recipients (as measured by Community Satisfaction Survey)	✓	Four editions 'Our Shire' produced and delivered	Review of 'Our Shire' publication schedule to be quarterly from 2016/17. The 2016 Sutherland Shire Community research survey did not collect data on readership.
7.3 Informed Decisions: Decisions and actions based on fact, community engagement and sound judgement	Utilise social media tools to enhance Council's communication with the community	Social Media Policy reviewed and Social Media Strategy developed	✓	Social Media Policy reviewed and Social Media Strategy development commenced	Social Media strategy commenced and will be finalised in line with consolidated Strategy and Engagement team structure.
	The provision of useful and accessible information to guide decision making delivered in a professional and timely manner	% of Council decisions deferred (baseline 2016/17)	✓	2.4%	
		% of reports to Council referred back for further information or amendments (baseline 2016/17)	✓	1.5%	

*Indicates a multi-year project

Achieved/acceptable (>90%)
Alert/review conditions (50-89%)
Not commenced/cancelled (0%)Alert/review conditions (50-89%)
Not commenced/cancelled (0%)

*Indicates a multi-year project

Achieved/acceptable (>90%)
 Alarm/unacceptable (<50%)



At/Review conditions (50-89%)
 Not commenced/cancelled (0%)



Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
7.4 Service Excellence: Contemporary, responsive and competitive quality service delivery	Develop business improvement plan that is informed by research into industry best practice and alignment with regional and state plans	Business improvement plan developed	✓	Business Unit Plans have been reviewed and are continuing to be improved in line with industry best practice	
	Implement a staff cultural change program that will establish a culture of constructive and collaborative behaviours	% of scheduled actions completed from cultural change program action plan	✓	The actions set out in Council's Cultural Change Program have been completed and the program is continuing to evolve	
	Maintain a financially sustainable organisation	Equal or exceed industry financial benchmarks – unrestricted current ratio and debt service ratio	✓	As at 30 June 2017: Unrestricted Current Ratio 2.56:1 (benchmark > 1.50:1) Debt Service Cover Ratio 21.17 times (benchmark > 2.0 times)	Ratio exceeds industry benchmark indicating Council can adequately service outstanding debts.
		Cash Expense Cover Ratio	✓	As at 30 June 2017: Cash Expense Current Ratio 6.10 months (benchmark > 3 months)	Ratio exceeds industry benchmark indicating Council can meet its commitments for 6.1 months without additional revenue.
	Maintain a financially sustainable organisation	% Ratio of rates, annual interest and extra charges outstanding	✓	As at 30 June 2017: Unrestricted Current Ratio 3.59% (benchmark < 5.0%)	Ratio is well below the industry benchmark. Council does not pursue eligible pensioners and arrangements under hardship. Excluding these figures from the calculation reduces the ratio to 2.38% which is even further below the benchmark.

Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
7.5 Service Excellence: Contemporary, responsive and competitive quality service delivery (Cont'd)	Provide customer service at Council's front counter and over the telephone in a timely manner	Customer Service by telephone Average telephone waiting time ≤ 15 secs % answered within 15 secs is ≥ 70%. Abandonment rate < 2% (baseline measure 2014/15)	✓	82% of calls answered in less than 10 seconds. 99.6% of calls answered in less than 30 seconds. Abandonment rate = 0.6%	
		Multi-occupancy cleanups (within 2 days ≥95% complete) Online animal registration applications (within 2 days ≥ 95%) Email (within 5 days ≥ 95% complete) (baseline measure 2014/15)	✓	Multi-occupancy within 2 days: 98%. Animal registrations within 2 days: 98% Email within 5 days: 100%	
	Councillor requests are responded to in a timely, efficient and professional manner	% of Councillor requests (no.) resolved within agreed time frames (Baseline 16/17)	✓	72.2%	
	Implement workshop/ training initiatives to improve knowledge and skills of staff in general governance	% of staff completing training in general governance	✓	89% of staff completed Code of Conduct training by 30 June 2017	
	Continue to provide reliable and efficient recruitment and payroll services	Elapsed weeks to fill open positions compared to sector average (2013 baseline)	✓	44.64 days to fill positions Current industry median not available	From commencement of staff requisition to acceptance by candidate

*indicates a multi-year project

Achieved/acceptable (>90%)
Alarm/unacceptable (<50%)Alert/review conditions (50-89%)
Not commenced/cancelled (0%)

*Indicates a multi-year project


Achieved/acceptable (>90%)
 At risk/unacceptable (<50%)




Audited/conditions (50-89%)
 Not commenced/cancelled (0%)




Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
(Cont'd) 7.5 Service Excellence: Contemporary, responsive and competitive quality service delivery (Cont'd)	Ensure a safe workplace	5% reduction in incidents linked to Lost Time Injury claims frequency rate (LTIFR) per 1 million hours worked (Baseline 2014/15)	✓	Lost time injuries have increased from 41 to 46 - an increase of 12.5% in Claims Frequency Rate (LTIFR) per 1 million hours worked for the current reporting period compared to the same period in the previous year	Whilst this outcome has not met the stated measure, there is only a slight increase in the raw figures between reporting periods. The new 17/18 Operational Plan includes revised WHS and IM Performance Measures, which together with improved quarterly senior management reporting will provide a solid foundation to proactively enhance and improve our Health and Safety and Injury Management outcomes.
		5% reduction in reported work health and safety incidents frequency rate (FR) per 1 million hours worked (Baseline 2014/15)	✓	Incidents with or without injury (including Near Miss) have decreased from 474 to 302 leading to a 36 % decrease in safety incidents frequency rate (FR) per 1 million hours worked for the current reporting period compared to the same period in the previous year	
	Review and update Equal Employment Opportunity Management Plan in alignment with Workforce Management Plan	Equal Employment Opportunity Plan adopted	-	EEO Plan reviewed and incorporated in the 2017-2020 Workforce Strategy which was adopted in June 2017	

Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
(Cont'd) 7.5 Service Excellence: Contemporary, responsive and competitive quality service delivery	Provide programs which promote Equal Employment Opportunity for women, youth under 25, people with disability, and Aboriginal and Torres Strait Islander people	% of scheduled actions completed from Equal Employment Opportunity Plan		2 Aboriginal traineeships completed and subsequently permanently employed, Finance Trainee completed, Civil trainees completed, School Based Trainees Completed, Disability volunteer program continued, Disability Inclusion training completed, 17 participants in the Women’s Personal Development Program.	
7.24 Ethical Practice – Open, honourable and legal practice (Cont'd)	Undertake Internal Audit program in accordance with Internal Audit Committee’s requirements	100% of program completed	-	Not currently relevant; the Audit Program was suspended pending the establishment of a risk framework for the organisation during 2016/17	The Audit Program 2013-2016 was completed in July 2016. A new 3 year Internal Audit Program was not developed at that time due to pending changes to the legislation, establishment of a newly configured Audit Committee and a re-setting of the internal audit function. These measures were completed during the reporting period and on 24 May 2017, the newly formed Audit Risk and Improvement Committee approved a new three year Internal Audit Program.

*indicates a multi-year project

Achieved/acceptable (>90%)


 Alarm/unacceptable (<50%)


Alert/review conditions (50-89%)


 Not commenced/cancelled (0%)




Four Year Delivery Program 2013/14 – 2016/17	Annual Operational Plan actions 2016/2017 - Activities, programs, projects and works	Performance Measures 2016/17	Status	Achieved at 30 June 2017	Commentary
(Cont'd) 7.24 Ethical Practice – Open, honourable and legal practice	Coordinate and support Internal Audit Committee (IAC)	Increase in number of independent Internal Audit Committee (IAC) members to 3 members	✓	Achieved	The number of independent members on the Audit, Risk and Improvement Committee (ARIC) increased to 3 (of the 5 committee members) effective from the ARIC meeting on 24 May 2017.
	Uphold and enforce our local planning laws and regulations through legal action where required	no. of legal actions % of successful prosecutions	✓	182 legal actions 75 successful prosecutions 2 matters negotiated by consent 12 matters withdrawn or dismissed by Courts 36 active legal actions	
	Uphold and enforce our local planning laws and regulations through legal action where required	no. of Investigations, Notices and Orders	✓	4040 Compliance investigations, 65 x s124 LGA, 116 x s121 EPA, 363 x Pool Safety Notices	
	Undertake to provide legal advice in an efficient manner	no. of matters completed no. of matters received no. of matters outstanding	✓	492 matters completed 340 matters received 139 active matters	

OTHER STATUTORY INFORMATION

This section contains information required under various legislation and which is not covered elsewhere. A complete index for all statutory information in this report is on page 189.

COUNCILLORS' EXPENSES AND PROVISION OF FACILITIES 2016/17

	\$	\$
Allowances		
Mayoral allowance (excluding Councillor allowance)	63,196.39	
Deputy Mayoral allowance (excluding Councillor allowance)	9,546.00	
Councillor allowance (per Councillor) - \$22,800 ea per annum (x15)	347,649.46	
Total allowances for all Councillors		420,391.85
Additional expenses (total for all Councillors):		
Telephone and Data Expenses	13,126.83	
Child care	0	
Postage allowance	0	
Printing	582.76	
South Sydney Planning Panel (formerly known as Joint Regional Planning Panel)	8,100.00	
Travel expenses	17,824.04	
Dedicated home office equipment, computer and fax machine (including consumables)	7,526.21	
Attendance at conferences/seminars	12,751.33	
Overseas visits	0	
Total expenses for Councillors		59,911.17
Total cost (allowances + expenditure) for all Councillors		480,303.02

SECTION 356 GRANTS

General subsidies program	\$13,877.53
Sutherland Entertainment Centre hire subsidies	\$121,870.25
Community services, Seniors, and Cultural planning and events grants	\$570,240.45
Annual hall hire subsidies	\$78,819.67
Heritage grants	\$47,567.90
Total	\$832,375.80

RATES AND CHARGES WRITTEN OFF

Rates and charges written off (2016/17 year)	\$
Pensioner Rebates – mandatory (Section 575 of the Local Government Act)	-\$3,246,976.34
Pensioner Rebates – voluntary (Section 582 of the Local Government Act)	-\$1,329,721.70
Rates – other	-\$48,734.80
Interest	-\$1,080.46
Legal costs	-\$28,384.00
Waste	-\$72.18
Total	-\$4,654,969.48

INFORMATION REQUESTS UNDER GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009 (GIPA ACT)

GIPA request types		
Customer service		
Open applications – GIPA Act		223
Governance		
Open applications – GIPA Act	1,561	
Informal applications – GIPA Act	76	
Formal applications – GIPA Act	22	
Internal review – GIPA Act	6	
Review by Information Commissioner - GIPA Act	2	
Review by NCAT – GIPA Act	0	
Council as a Third Party – GIPA Act	4	
Applications - other legislation	2	
Other applications	1	
Subpoenas/Notice to Produce	20	
Total governance		1,691
TOTAL APPLICATIONS		1,914

PUBLIC INTEREST DISCLOSURES (PID) INTERNAL REPORTING POLICY

PID Information Category	July to Dec 2016	Jan to June 2017
2 (a) Total number of disclosures made	0	0
2 (b) Total number of disclosures received	0	0
2 (b) (i) Disclosure re corrupt conduct	0	0
2 (b) (ii) Disclosure re maladministration	0	0
2 (b) (iii) Disclosure re waste of public money	0	0
2 (b) (iv) Disclosure re government information contraventions	0	0
2 (b) (v) Disclosure re pecuniary interest conventions	0	0
2 (c) Number of disclosures finalised	0	0
2 (d) PID Policy in place	Yes, since 10 October 2011	Yes, since 10 October 2011
2 (e) Action taken by GM to ensure awareness	PID Policy available to all staff on intranet.	PID Policy available to all staff on intranet.

COMPANION ANIMALS ACT AND REGULATION

Statement on activities relating to enforcing and ensuring compliance with the Companion Animals Act and Regulation cl 217 (1) (f).

Lodgement of data with the Office of Local Government 2016/17

Pound data returns			
COUNCIL SEIZE ACTIVITY	Cats	Dogs	Total
Seized	5	342	347
Returned to owner	0	237	237
Transferred to Council's facility	5	105	110
COUNCIL ANIMAL CARE FACILITY ACTIVITY			
Animals in and arriving at Council's facility	Cats	Dogs	Total
Animals in Council's facility	345	137	482
From seizures	5	105	110
Dumped	335	24	359
Surrendered by owners	5	8	13
Animals leaving Council's facility	Cats	Dogs	Total
Released to owners	1	86	87
Euthanased - illness/temperament	44	1	45
Euthanased - dangerous	0	3	3
Sold	254	36	290
Released to organisation to re-home	6	6	12
Died at Council facility	6	0	6
Stolen from Council facility	0	0	0
Escaped from Council facility	0	0	0

Data relating to dog attacks			
Status	Incidents entered	Attacking dogs	Victims (human and animal)
Commenced	12	15	15
Finalised	124	154	160
Under investigation	17	25	19
Total	153	194	194

Data relating to Dangerous/Menacing/Restricted/Nuisance Animals			
2016/2017	Cats	Dogs	Total
Dangerous	0	6	6
Menacing	0	5	5
Restricted	0	14	14
Nuisance	0	38	38

Data relating to Identification and registration			
	Cats	Dogs	Total
Identified 16/17	1,187	2,032	3,219
Identified Total	2,613	3,097	5,710
Registered 16/17	1,103	2,143	3,246
Registered Total	18,741	47,473	66,214
Total animals in LGA	21,354	50,570	71,924

AMOUNT OF FUNDING SPENT RELATING TO COMPANION ANIMAL MANAGEMENT AND ACTIVITIES

The total amount of salaries and expenses associated with Council's companion animal management and activities is \$708,710 of which \$471,083 is the operational cost of the animal shelter and veterinary services.

COMPANION ANIMAL COMMUNITY EDUCATION PROGRAMS CARRIED OUT

Each year Council provides community education in the form of general information through means such as newspaper articles, Council's website, and social media including a dedicated Animal Shelter Facebook page. Periodically general publications are provided to all households, local businesses and schools throughout the Local Government Area. Council has, in conjunction with, local businesses through their social media outlets sought to advertise the adoption of animals from the shelter and responsible pet ownership. During the year there has been collaboration between various Council departments that has allowed for the promotion of various services provided by Council including responsible pet ownership, the adoption of animals from the shelter facility and other community services and facilities that Council provides throughout its Local Government Area such as beachfront amenities. Council also runs open days and discount microchipping days at its animal shelter facility. Shelter staff attended many local community events over the course of the year including visits to local schools, conducting seminars at local libraries which included education presentations to school aged children during school holiday periods. Staff and volunteers have also attended community events throughout the year including community fairs and charity events.

STRATEGIES COUNCIL HAS IN PLACE TO PROMOTE AND ASSIST THE DE-SEXING OF DOGS AND CATS

Each and every month Council contacts all identified companion animal owners whose animals have reached six months of age during that monthly period that provides information on the companion animal owner's requirement to have their companion animals micro-chipped and registered. This is endorsed by the sending of SMS messages to the listed mobile phone numbers of the identified companion animal owners reminding them of their requirement.

This information reminds companion animal owners that their pets must be registered at six months of age. The advantage for owners is that once micro-chipped, companion animals that stray or become lost can be returned to their owners. It also reminds them of the benefits of desexing and the reduced financial implication for registration in doing so.

In addition, every three months, Council identifies those who own companion animals that are over six months of age and have still not been registered. The information provided in mail out covers the de-sexing, advising the difference in fees for an unsexed versus a de-sexed animal. Council also offers the option to pay for registration online. The online service includes information on de-sexing and an option to provide a de-sexing certificate as part of the payment process.

To this end Office of Local Government reports that over 95% of identified companion animals recorded as being on the Companion Animal Registry within Sutherland Shire Local Government Area are registered which is reported as 'best practice' in NSW.

As part of Council's open days a veterinary consultant assists in providing advice on the benefits of desexing an animal including information on hygiene and behavioural matters.

Council seeks to rehouse the dogs and cats at its Animal Shelter. All dogs and cats rehoused are de-sexed, lifetime registered, vaccinated and micro chipped. All animals leave the shelter with a collar and Council made tag. Council participates in the promotion of National De-sexing Month held in August of each year with the National De-sexing Network.

STRATEGIES IN PLACE TO COMPLY WITH THE REQUIREMENT UNDER SECTION 64 (COMPANION ANIMALS ACT) TO SEEK AN ALTERNATIVE TO EUTHANASIA FOR UNCLAIMED ANIMALS

The shelter operates under a 'low euthanasia' policy, whereby only those dogs or cats assessed to be either dangerous/restricted or as having an illness that would affect its quality of life are euthanased.

In some circumstances dogs that have been declared 'dangerous' are euthanased at the request of their owners as the shelter is unable to rehome or sell them. Many shelters experienced the virus Panleukopaenia spread through NSW throughout the year causing widespread death amongst cats. Many animal housing facilities suffered and were required to close for quarantine purposes. Given this only 45 animals were euthanased at Sutherland Shire Animal Shelter throughout the year due to illness/disease or deemed as feral out of the 472 animals that entered and were impounded at the shelter facility.

Council's animal shelter staff worked with rescue organisations that resulted in the rehousing of 12 companion animals to new homes. Council continues to work with animal welfare and re-homing organisations in order to provide greater exposure for the animals in finding new owners. This has included footage of animals, whilst at Council's shelter facility, being taken and used as promotion on some animal welfare organisations social media outlets specifically for the purpose of encouraging a greater audience to adopt.

Council's animal shelter advertises for sale and provides information on all animals housed at the shelter through Council's website and its face book page which includes photographs and a narrative on each animal. Each week an animal of the week is selected and advertised through newspapers, local businesses and on face book to further profile an animal's need for rehousing.

The Manager of the Council's Public Safety and Lifeguard Service was invited by Minister for Local Government to sit on The Companion Animals Reference Group set up by NSW Government. This was in response to the 38 recommendations raised by The Companion Animals Taskforce report. The Group first meet in September 2015 and continues to meet on a regular basis in order to provide advice on Companion Animals Management issues including, but not limited, to euthanasia and re-homing as well as desexing and education on responsible pet ownership.

Council provides a number of specialised locations throughout the Local Government Area to assist owners with their animals.

Specialized off and on leash areas provided in the Council area

1. Wanda Beach, Wanda
2. Wanda Reserve, Wanda
3. Greenhills, Wanda
4. Gunyah Beach, Bundeena
5. Horderns Beach - Bundeena
6. Carina Bay Reserve - Tivoli Esplanade, Como
7. Helena Street Reserve - Helena Street, Kirrawee
8. Silver Beach - Kurnell

Council continues to patrol these areas as well as reserves and public areas in order to further educate the public on the requirements of a companion animal owner.

Council is also reviewing additional locations with the view to increasing specialised off leash areas. The latest being at a location in the suburb of Barden Ridge which would provide an additional facility for those who reside in the western suburbs of Council's Local Government Area.

OVERSEAS VISITS REPRESENTING COUNCIL

Council's Manager Governance and Customer Services visited the USA on an international study tour in January/February 2017, as recipient of a scholarship program organised by LG Professionals NSW which covered most the costs for the trip. Total cost to Council was \$816.84.

Council's Manager Hazelhurst Regional Gallery & Arts Centre attended a study tour 8-17 May 2017 including the United Cities Local Government (UCLG) Culture Summit in South Korea, and participated in meetings with Jeju Culture and Arts Foundation. The majority of the costs were covered by a travel grant from the Gordon Darling Foundation (\$3,000). Cost to Council: \$630.85.

CAPITAL EXPENDITURE REPORTING

Council has no projects for infrastructure facilities to report for 2016/17 under the NSW Government's Capital Expenditure Reporting Guidelines.

SPECIAL VARIATION EXPENDITURE

There was no special variation expenditure in 2016/17.

CONTRACTS

Information about Council's contracts is available on the Register of Council Contracts, which is on our website at sutherlandshire.nsw.gov.au/Council/Accessing-Information/Contracts-Register. In this register, Class 1 contracts are those that have, or are likely to have, a value of \$150,000.

COASTAL PROTECTION SERVICES

No annual charge was levied for coastal protection services in 2016/17.

EXTERNAL BODIES THAT EXERCISED FUNCTIONS DELEGATED BY COUNCIL

Council does not have any external bodies such as county Councils exercising functions delegated by Council. Community management committees manage many Council functions such as halls, but report through Council's own standing committee system.

CORPORATIONS AND OTHER BODIES IN WHICH COUNCIL HELD A CONTROLLING INTEREST and CORPORATIONS AND OTHER BODIES IN WHICH COUNCIL PARTICIPATED

There were no corporations or other bodies in which Council held a controlling interest in 2016/17. See also Note 19: in the Financial Statements on page 133.

WORK ON PRIVATE LAND

No work was undertaken by Council in 2016/17 on private land under Section 67(3) of the Local Government Act.

FISHERIES MANAGEMENT ACT 1994 AND THREATENED SPECIES CONSERVATION ACT 1995

Council is not identified in any Recovery or Threat Abatement Plan under the Fisheries Management Act 1994. Under the Threatened Species Conservation Act, Recovery Plans are no longer developed and have been replaced by Priority Action Statements. Council has some responsibilities under older Recovery Plans:

- The Recovery Plan for *Acacia pubescens* states that public authorities must not undertake actions that are inconsistent with the recovery plan. The population of *Acacia pubescens* at Menai identified as Council's responsibility under the plan is zoned and managed for conservation, consistent with the Recovery Plan.
- Council is also identified within the Draft Recovery Plan for the Green and Golden Bell Frog as a public authority that manages lands containing habitat for the Green and Golden Bell Frog. The lands and habitat at Kurnell are zoned both for conservation and public recreation (with restricted access to areas of habitat) and managed for conservation in accordance with the plan.
- In terms of Threat Abatement Plans under the Threatened Species Conservation Act, Council has not been specifically identified in any of the plans.

VOLUNTARY PLANNING AGREEMENTS

The following agreements were in force in 2016/17:

Land	Parties to the Agreement	Agreement	Status
<p>The land to which the agreement applies is some or all of the following:</p> <p>Lot 3 in DP 1032102</p> <p>Lots 101 in DP 1009354</p> <p>Lot 2 in DP 605077</p> <p>Lot 1 in DP 233333</p> <p>Lot 111 in DP 1050235</p> <p>Lot 102 in DP 1009354</p>	<p>Sutherland Shire Council and SUEZ Recycling & Recovery Pty Ltd, SUEZ Recycling & Recovery (NSW) Pty Ltd & SUEZ Recycling & Recovery Holdings Pty Ltd</p>	<p>The agreement was entered into on 17 March 2017. This VPA was entered into between Council and various Suez companies and relates to the expansion of the Lucas Heights Resource Recovery Park, while detailing public benefits flowing to Council.</p>	<p>Ongoing</p>
<p>The land to which the agreement applies is some or all of the following (up to 5,300m²):</p> <p>Willow Place Kirrawee (475m²)</p> <p>184 Oak Road Kirrawee Lot 29 DP 351150 (595m²)</p> <p>32 Kirrawee Avenue Kirrawee Lot 13 DP 27731 (1,320m²)</p> <p>Bowie Park (2R Hotham Road) Lot 25 DP 20858 (1,235m²)</p> <p>459R President Avenue, Kirrawee Part Lot 104 DP 1159806 (590m²)</p> <p>10R Laurel Grove Menai Lot 74 DP 814374 (1,000m²)</p> <p>2 Alison Crescent Menai Lot 978 DP 817633 (1,200m²)</p> <p>29R Alison Crescent Menai Lot 554 DP 841841 (1,000m²)</p>	<p>Sutherland Shire Council and South Village Pty Ltd ACN 164771224 as trustee for South Village Trust</p>	<p>The agreement was entered into on 31 July 2015. The planning agreement sets out the provision and maintenance of a Biodiversity Offset Package being planting and maintenance of compensatory 5,300m² of Sydney Turpentine Ironbark Forest (STIF)</p>	<p>Ongoing</p>
<p>The land to which the agreement applies comprises: lot 1 in DP1101922; lot 111 in DP 777967; proposed lot 1 of the Consolidated Development Pty Ltd lots as identified in plan 2 in Schedule 1; proposed lot 1059 of the Australand Kurnell Pty Ltd lots in plan 2 in Schedule 1; proposed lot 2 of the Consolidated Development Pty Ltd lots in plan 2 in Schedule 1; lot 1122 in DP 794114; proposed lots 3 and 4 of the Consolidated Development Pty Ltd lots in plan 2 in Schedule 1. The land is currently identified as: Lot 1122 DP 794114, Lot 22 DP 226424, Lot C DP 370539, Lot 111 DP 777967, Lot 116 DP 777967, Lot 1123 DP 794114, Lot 2 DP 1101922, Lot 1 DP 1101922, Lot 1054 DP 1140838, Lot 1055 DP 1140838, Lot 1056 DP 1140838, Lot 1057 DP 1140838, Lot 1058 DP 1140838, Lot 1059 DP 1140838.</p>	<p>Sutherland Shire Council, Australand Kurnell Pty Ltd, Breen Holdings Pty Ltd.</p>	<p>The agreement was entered into on 3 June 2010. The planning agreement sets out provisions for how approximately 91 hectares of open space will be embellished with playing fields, associated amenities, and landscaping and then dedicated to Council.</p>	<p>Ongoing</p>

STORMWATER MANAGEMENT

Council levies an annual charge for its storm water management services. Under the Local Government Regulation 2005, the annual report must include statement detailing the storm water management services provided by the Council during that year.

Stormwater Management 2016/17	Total budget estimate \$	Actual expenditure \$	
Drainage construction	1,100,061.00	559,831.28	excludes overheads
Drainage studies	197,555.00	61,683.29	
Stormwater maintenance	1,066,345.00	981,889.43	excludes overheads
Stormwater reuse			
Water quality	184,620.00	82,307.65	excludes overheads
TOTAL	2,548,581.00	1,685,711.65	

ENVIRONMENTAL UPGRADE AGREEMENTS

No environmental upgrade agreements were entered into (under Section 406) in 2016/17.

SENIOR STAFF REMUNERATION 2015/16

Annual remuneration as at 30 June 2017.

Name	Total Remuneration	Salary Component	Non Cash Benefits	Running Cost of Vehicle	Total Non cash benefits	Superannuation inclusive of salary sacrifice	FBT Payable
General Manager	\$420,250	\$400,201	nil	\$4,556	nil	\$25,000	\$8,729
Directors	\$1,136,294	\$1,054,096	\$1,738	\$0	nil	\$97,052	\$0

COMPLIANCE WITH THE NSW CARERS (RECOGNITION) ACT 2010

The Carers (Recognition) Act 2010 was promoted on our intranet to staff and information on the Act was distributed through our online Managers Portal. The information explains the definition of a carer and the Council policies and employment benefits that exist to support carers.

Council has many flexible working options already existing in policies and procedures to assist staff with carers responsibilities. These include:

- the use of flexi time
- the ability to alter start and finish times
- access to personal, annual, long service leave and leave without pay
- the ability to work part time or a compact week
- the ability to work from home.

FAIR WORKPLACE AND EQUAL EMPLOYMENT OPPORTUNITY (EEO)

In 2017 Council adopted its 2017-2021 Workforce Strategy. This strategy incorporates the EEO Management Plan. Actions in the Strategy include:

- deliver Disability Inclusion Action Plan recommendations to enhance access and inclusion across workforce practices
- develop a flexible workplace guide
- develop and implement solutions to support new ways of working
- embed our values throughout all workplace strategies and documents.

In our Workforce Strategy one of our eight principles states: 'WE EMBRACE DIVERSITY: we are a large workforce providing many different services to our community. Each employee is their own person and brings different talents, skills and experiences to the table. By employing a diverse workforce, it can help to foster creativity and offer a range of perspectives and ideas.'

Council remains committed to its EEO commitments. In 2016/17 examples included:

- seven females successfully completing Springboard, a women's development program, supported by 7 internal female managers
- our People & Culture team were trained on DIAP - Disability Inclusion Action Plan
- NAIDOC was celebrated and Aboriginal employees invited and attended NAIDOC celebrations
- two Aboriginal trainees whom completed traineeships in 2017 were employed permanently at Council
- workplace behaviours continue to be trained and applied at Council
- a disability support volunteer was supported and relocated internally
- Council's values continue to be embedded across Council creating an environment that embraces respect, collaboration, active and evolution
- distribution of iPads for the purpose of increasing accessibility across multiple locations

SWIMMING POOL INSPECTIONS

(Swimming Pools Regulation 2018 (18BC))

During 2016/17, Council carried out a total of 1,061 pool barrier inspections.

LEGAL REPORTING (LOCAL GOVERNMENT ACT CLAUSE 217(1)(A3))

LOCAL COURT FINALISED CASES ANNUAL REPORT STATISTICS 1/07/2016 - 30/06/2017

Type of Case	Negotiated by Consent	Successful	Undetermined	Unsuccessful	Withdrawn	Withdrawn and Dismissed	Withdrawn by Consent	Total
Companion Animals Act, 1998	1	11				3		15
Environmental Planning and Assessment Act, 1979		7	1			4		12
Environmental Planning and Assessment Regulation 2000		2				1		3
Food Act, 2003		8						8
Local Government Act, 1993		15	1		3	2	1	22
Protection of the Environment Operations Act, 1997		3				1		4
Road Rules 2014		77	2	2		19	1	101
Road Transport (Safety & Traffic Management) (Road Rules) Regulation, 1999		2						2
Total	1	125	4	2	3	30	2	167

LAND AND ENVIRONMENT COURT CASES FOR THE PERIOD 01/07/2016 TO 30/06/2017

Type of Case	Upheld	Dismissed	Settled after Amendments	Discontinued	Undetermined	Total
Class 1	10	1	5	1	5	22
Class 4					1	1
Class 5		3				3

RISK AND AUDIT LEGAL MATTERS

Legal costs for 2016/17	
This does not include settlement monies or disbursements.	\$110,838.89

INDUSTRIAL STAFF LEGAL MATTERS

Legal costs for 2015/16	
Legal costs for staff matters	\$39,665.00

SUTHERLAND SHIRE

Financial Statements

for year ended 30 June 2017

General Purpose, Special Purpose
and associated Special Schedules

25 October 2017

(**Note:** page references within the financial statements refer to the **separate page numbering within that section** which is in black at the bottom of each page, above the footer line.)



Sutherland Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017



*“Sutherland Shire, in Sydney’s south, shaped by
bays, rivers, beaches and national parks...”*

Sutherland Shire Council

General Purpose Financial Statements

for the year ended 30 June 2017

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for Sutherland Shire Council.
- (ii) Sutherland Shire Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the *Local Government Act 1993* (LGA).

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by the Council on 16 October 2017. Council has the power to amend and reissue these financial statements.
-

Sutherland Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

Understanding Council's financial statements

Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2017.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

The Income Statement summarises Council's financial performance for the year, listing all income and expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

3. The Statement of Financial Position

A 30 June 2017 snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

This statement indicates overall change for the year (in dollars) of Council's "net wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the financial statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Sutherland Shire Council

General Purpose Financial Statements

for the year ended 30 June 2017

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the *Local Government Act 1993 (NSW)* (as amended)

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

- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

- present fairly the Council's operating result and financial position 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.

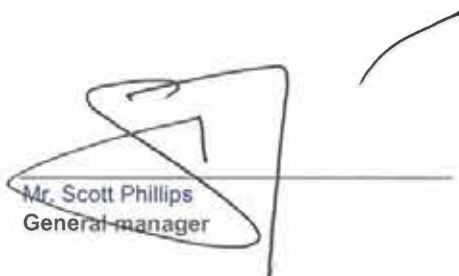
Signed in accordance with a resolution of Council made on 16 October 2017.



Councillor Carmelo Pesce
Mayor



Councillor Peter Scaysbrook
Deputy Mayor



Mr. Scott Phillips
General manager



Mr. Greg Hayes
Responsible accounting officer

Sutherland Shire Council

Income Statement

for the year ended 30 June 2017

Budget ¹ 2017	\$ '000	Notes	Actual 2017	Actual 2016
Income from continuing operations				
Revenue:				
149,593	Rates and annual charges	3a	150,158	147,632
41,174	User charges and fees	3b	34,274	32,953
2,858	Interest and investment revenue	3c	3,710	6,024
12,480	Other revenues	3d	18,720	20,001
11,196	Grants and contributions provided for operating purposes	3e,f	21,324	17,605
20,928	Grants and contributions provided for capital purposes	3e,f	41,623	17,220
238,229	Total income from continuing operations		269,809	241,435
Expenses from continuing operations				
99,104	Employee benefits and on-costs	4a	99,438	98,472
434	Borrowing costs	4b	339	469
36,309	Materials and contracts	4c	37,691	39,035
27,383	Depreciation and amortisation	4d	30,579	30,105
49,226	Other expenses	4e	36,094	37,320
500	Net losses from the disposal of assets	5	959	567
212,956	Total expenses from continuing operations		205,100	205,968
25,273	Operating result from continuing operations		64,709	35,467
25,273	Net operating result for the year		64,709	35,467
25,273	Net operating result attributable to Council		64,709	35,467
–	Net operating result attributable to non-controlling interests		–	–
4,345	Net operating result for the year before grants and contributions provided for capital purposes		23,086	18,247

¹ Original budget as approved by Council – refer Note 16

Sutherland Shire Council

Statement of Comprehensive Income
for the year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
Net operating result for the year (as per Income Statement)		64,709	35,467
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	304,664	20,980
Total items which will not be reclassified subsequently to the operating result		304,664	20,980
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
Total other comprehensive income for the year		304,664	20,980
Total comprehensive income for the year		369,373	56,447
Total comprehensive income attributable to Council		369,373	56,447
Total comprehensive income attributable to non-controlling interests		—	—

This statement should be read in conjunction with the accompanying notes.

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Sutherland Shire Council

Statement of Financial Position
as at 30 June 2017

\$ '000	Notes	Actual 2017	Restated 2016	Restated 2015
ASSETS				
Current assets				
Cash and cash equivalents	6a	9,184	16,341	25,357
Investments	6b	107,959	64,210	30,534
Receivables	7	16,006	16,229	12,408
Inventories	8	7,403	7,411	7,469
Other	8	2,480	1,516	1,401
Total current assets		143,032	105,707	77,169
Non-current assets				
Investments	6b	2,000	2,000	8,000
Receivables	7	1,149	917	882
Infrastructure, property, plant and equipment	9	2,224,485	1,896,567	1,866,102
Investment properties	14	55,075	51,445	48,187
Total non-current assets		2,282,709	1,950,929	1,923,171
TOTAL ASSETS		2,425,741	2,056,636	2,000,340
LIABILITIES				
Current liabilities				
Payables	10	22,997	20,473	17,231
Income received in advance	10	944	1,120	843
Borrowings	10	2,064	1,734	4,134
Provisions	10	34,269	36,009	35,499
Total current liabilities		60,274	59,336	57,707
Non-current liabilities				
Borrowings	10	6,571	7,869	9,276
Provisions	10	3,998	3,906	4,279
Total non-current liabilities		10,569	11,775	13,555
TOTAL LIABILITIES		70,843	71,111	71,262
Net assets		2,354,898	1,985,525	1,929,078
EQUITY				
Retained earnings	20	1,355,811	1,291,102	1,255,635
Revaluation reserves	20	999,087	694,423	673,443
Council equity interest		2,354,898	1,985,525	1,929,078
Non-controlling equity interests		-	-	-
Total equity		2,354,898	1,985,525	1,929,078

This Statement should be read in conjunction with the accompanying Notes.

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Sutherland Shire Council

Statement of Changes in Equity

for the year ended 30 June 2017

	Notes	2017					2016					
		Retained earnings	Asset revaluation reserve (Refer. 20b)	Council interest	Non-controlling interest	Total equity	Retained earnings	Asset revaluation reserve (Refer. 20b)	Council interest	Non-controlling interest	Total equity	
\$ '000												
Opening balance (as per last year's audited accounts)		1,291,102	694,423	1,985,525	-	1,985,525	677,050	2,012,779	-	2,012,779		
a. Correction of prior period errors	20 (c)	-	-	-	-	(80,094)	(3,607)	(83,701)	-	(83,701)		
b. Changes in accounting policies (prior year effects)	20 (d)	-	-	-	-	-	-	-	-	-		
Revised opening balance		1,291,102	694,423	1,985,525	-	1,985,525	673,443	1,929,078	-	1,929,078		
c. Net operating result for the year		64,709	-	64,709	-	35,467	-	35,467	-	35,467		
d. Other comprehensive income												
- Revaluations: IPP&E asset revaluation rsve	20b (ii)	-	304,664	304,664	-	-	20,980	20,980	-	20,980		
Other comprehensive income		-	304,664	304,664	-	-	20,980	20,980	-	20,980		
Total comprehensive income (c&d)		64,709	304,664	369,373	-	35,467	20,980	56,447	-	56,447		
e. Distributions to/(contributions from) non-controlling interests		-	-	-	-	-	-	-	-	-		
f. Transfers between equity		-	-	-	-	-	-	-	-	-		
Equity – balance at end of the reporting period		1,355,811	999,087	2,354,898	-	1,291,102	694,423	1,985,525	-	1,985,525		

This statement should be read in conjunction with the accompanying notes.

Sutherland Shire Council

Statement of Cash Flows

for the year ended 30 June 2017

Budget 2017	\$ '000	Notes	Actual 2017	Actual 2016
Cash flows from operating activities				
Receipts:				
149,422	Rates and annual charges		150,197	148,099
41,048	User charges and fees		34,098	33,230
2,819	Investment and interest revenue received		2,774	5,982
31,202	Grants and contributions		62,208	34,189
12,481	Other		16,395	13,170
Payments:				
(102,245)	Employee benefits and on-costs		(99,709)	(98,388)
(36,150)	Materials and contracts		(38,751)	(38,905)
(434)	Borrowing costs		(339)	(469)
(49,195)	Other		(34,846)	(34,218)
48,948	Net cash provided (or used in) operating activities	11b	92,027	62,690
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		72,750	70,500
1,000	Sale of infrastructure, property, plant and equipment		1,275	1,751
–	Deferred debtors receipts		–	13
Payments:				
(3,875)	Purchase of investment securities		(116,300)	(78,250)
–	Purchase of investment property		–	(57)
(47,745)	Purchase of infrastructure, property, plant and equipment		(55,764)	(41,856)
–	Deferred debtors and advances made		(177)	–
(50,620)	Net cash provided (or used in) investing activities		(98,216)	(47,899)
Cash flows from financing activities				
Receipts:				
400	Proceeds from finance leases		1,137	390
Payments:				
(1,353)	Repayment of borrowings and advances		(1,386)	(3,376)
(375)	Repayment of finance lease liabilities		(719)	(500)
(1,328)	Net cash flow provided (used in) financing activities		(968)	(3,486)
(3,000)	Net (decrease)/increase in cash and cash equivalents		(7,157)	11,305
26,413	Plus: cash and cash equivalents – beginning of year	11a	16,341	5,036
23,413	Cash and cash equivalents – end of the year	11a	9,184	16,341
Additional Information:				
	plus: Investments on hand – end of year	6b	109,959	66,210
Total cash, cash equivalents and investments			119,143	82,551

Please refer to Note 11 for additional cash flow information

This statement should be read in conjunction with the accompanying notes.

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Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

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	n/a – not applicable	

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

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 Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Sutherland Shire Council (the "Council") is a not for-profit entity for the purpose of preparing these financial statements.

(i) New and amended standards adopted by Council

AASB 124 Related Party Disclosures was adopted during the year, the impact of this standard had no impact on reporting financial position or performance, however note 28 has been added.

(ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

(iii) Historical cost convention

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

(iv) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that

are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment,
- (iii) Estimated tip remediation provisions.
- (iv) Estimated future liabilities of workers compensation provision using actuarial advice provided by David G. Hart Consulting Pty Ltd.

Significant judgements in applying the Council's accounting policies

- (i) Impairment of Receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below.

Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

(i) Rates, annual charges, grants and contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

revenue when the Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

Control over granted assets/ contributed assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

(ii) User charges and fees

User charges and fees (including parking fees and fines) are recognised as revenue when the service has been provided or when the penalty has been applied, whichever first occurs.

(iii) Sale of infrastructure, property, plant and equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

(iv) Interest

Interest income is recognised using the effective interest rate at the date that interest is earned.

(v) Rent

Rental income is accounted for on a straight-line basis over the lease term.

(vi) Other income

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

(c) Principles of consolidation

(i) 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.

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

- General Purpose Operations
- Hazelhurst Regional Art Gallery
- Cronulla Plaza Management and Promotions
- Sutherland, Engadine and Caringbah Leisure Centres
- Sutherland Entertainment Centre
- Commercial (Business) Waste
- Long Day Care Centres
- Operational Property
- Domestic Waste Management

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

- Como School of Arts
- Gymea Community Hall
- Loftus Community Hall
- Maianbar Community Hall
- Marton Hall Community
- Oyster Bay Oval
- Sandy Point Community Hall

The (i) total income and expenditure from continuing operations and (ii) net assets held by these excluded committees and operations is as follows:

Total income from continuing operations	\$93,775
--	-----------------

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

**Total expenditure
from continuing operations** \$83,803

Total net assets held (i.e. equity) \$212,163

Note:

Where actual figures are not known, best estimates have been applied.

(ii) 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. Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but not subject to the control of Council have been excluded from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) County Councils

Council is not a member of any county councils.

(iv) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries.

Joint arrangements

Council has no interest in any joint arrangements.

(d) Leases

All leases entered into by Council are reviewed and classified on inception date as either a finance lease or an operating lease.

Finance Lease

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where Council is a lessor is recognised as income on a straight-line basis over the lease term.

(e) Cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

(f) Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

(iii) Land held for resale/capitalisation of borrowing costs

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

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

(g) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets; assets arising from employee benefits; financial assets; and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Council has not classified any non-current assets (or disposal groups) held for sale and discontinued operations.

(h) Investments and other financial assets

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which that are classified as non-current assets.

Loans and receivables are included in receivables and other receivables (note 7) in the Statement of Financial Position.

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.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, that are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category

or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the

allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its representatives, exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order (the Order) arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed; however, they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

(i) Fair value estimation – financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

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

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government. At reporting date, the following classes of IPPE were stated at their fair value:

Externally valued:

- Operational land

Internally valued:

- Community land
- Buildings
- Roads assets including roads, bridges and footpaths
- Bulk earthworks
- Stormwater drainage
- Swimming pools

As approximated by depreciated historical cost:

- Plant and equipment
- Land improvements
- Other structures
- Other open space/recreational assets
- Other infrastructure
- Other assets

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For all other asset classes, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalue the asset to that amount. Full revaluations are undertaken for all assets on a five-year cycle.

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

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.

Depreciation

Land is not depreciated.

Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant & Equipment	
- Office Equipment	15 years
- Office furniture	15 years
- Computer Equipment	3 years
- Light Vehicles	3 years
- Heavy Vehicles	4 to 7 years
- Heavy Plant/Road Making equip.	5 to 8 years
- Other plant and equipment	3 to 15 years

Other Equipment	
- Playground equipment	15 years
- Benches, seats etc	40 years

Buildings	
- Buildings	75 years

Stormwater Drainage	
- Drains	100 years
- Culverts	100 years
- Headwalls	59 years
- Water Quality Devices	30 years

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

Transportation Assets

- Sealed Roads: Surface	40 years
- Sealed Roads: Structure Base	125 years
- Sealed Roads: Structure Sub-Base	130 years
- Bridges: Foot	70 years
- Bridges: Road	150 years

- Road Pavements Carpark	55 years
- Kerb & Gutter	120 years
- Footpaths on Roads	100 years
- Pathways not on Road	80 years

Land Improvements

- Land Improvements	5 - 100 years
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Other Infrastructure Assets

- Bulk earthworks	Infinite
- Swimming Pools	>5 years
- Other Open Space/ Recreational Assets	>5 years

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(k) Investment properties

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

Investment properties is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets, or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of other income.

Properties that are under construction for future use as investment properties are regarded as investment properties. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value

becomes reliably determinable or construction is complete.

(l) Payables

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

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(n) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(o) Provisions

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 interest expense.

(p) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

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.

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the Statement of Financial Position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. However, when this

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

information is not reliably available, 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.

Defined Contribution Plans

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

(q) Land under roads

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

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

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

Council has elected to discount its Land Under Roads using the Englobo Methodology commencing with the 2016-17 Financial Statements.

Prior year's values have been restated to take into account the change. The total value of the adjustment is (\$83.7m). Council's total Land Under Roads is disclosed in Note 9a.

(r) Self-insurance

Council has decided to self-insure for various risks, including public liability and professional indemnity.

A provision for self-insurance has been made to recognise outstanding claims, the amount of which is detailed in Note 10. Council also maintains cash and investments to meet expected future claims; these are detailed in Note 6(c).

(s) Intangible assets

Council has not classified any assets as intangible.

(t) 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.

(u) Rural fire service assets

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

Council does not recognise fire fighting equipment.

Council does recognise the buildings as these have been constructed by Council.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 1. Summary of significant accounting policies (continued)

financing activities which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

(w) New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

(i) AASB 9 – Financial Instruments

AASB 9 Financial Instruments addresses the classification, measurement and de recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. At this stage the Council have not fully made a detailed assessment of its financial instruments and its impact to the financial statements. But the Council is of the view there will not be any significant material impact to its financial statement. The Council has chosen not to adopt the new standard before its effective date. The new standard is mandatory for financial years commencing on or after 1 January 2018.

(ii) AASB 15 – Revenue from Contracts and Customers (AASB 1058 – Income for Not-For-Profit Entities)

AASB 15 Revenue from Contracts with Customers addresses the recognition of revenue and replaces AASB 118 covering contracts for goods and services. The new standard allows revenue to be recognised when control of a good or service transfers to a customer and adopts a 5 step model approach. The Council is of the view there will not be any significant material impact on accounting revenue and has chosen not to adopt AASB15 early. The new standard is mandatory for financial years commencing on or after 1 January 2018.

(iii) AASB 16 – Leases

The AASB issued AASB 16 Leases to remove the balance sheet distinction between operating and finance leases. Changes under AASB 16 will predominantly affect lessees with the requirement to recognise a right-of-use asset and lease liability on the balance sheet for both operating and finance

leases. The new standard will affect the accounting and presentation of the Council's operating leases. As at the reporting date, the Council has not yet determined the extent of its commitments in the recognition of asset and liabilities, its effect on profit and classification of cash flow. The Council has chosen not to adopt the new standard before its effective date. The standard is mandatory for financial years commencing on or after 1 January 2019.

Council has not adopted any of these standards early.

(x) Rounding of amounts

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

(y) Comparative figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(z) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Sutherland Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 2(a). Council functions/activities – financial information

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current and non-current)	
	Original budget	Actual	Actual	Original budget	Actual	Actual	Original budget	Actual	Actual	Actual	Actual	Actual	
	2017	2017	2016	2017	2017	2016	2017	2017	2016	2017	2016	2017	
Governance	-	297	174	-	6,877	7,019	-	(6,580)	(6,845)	-	-	21,016	-
Administration	4,009	5,540	4,378	44,625	38,233	36,654	(40,616)	(32,693)	(32,276)	-	-	188,986	136,993
Public order and safety	7,900	7,421	7,398	13,971	15,584	14,954	(6,071)	(8,163)	(7,556)	-	-	22,472	17,721
Health	-	107	358	37	913	946	(37)	(806)	(588)	-	-	2,204	1,603
Environment	-	45,619	43,208	-	49,466	53,256	-	(3,847)	(10,048)	1,048	473	-	-
Community services and education	13,339	16,294	15,339	18,463	17,017	17,992	(5,124)	(723)	(2,653)	6,359	5,704	69,252	53,766
Housing and community amenities	42,131	1,058	952	62,640	7,052	7,433	(20,509)	(5,994)	(6,481)	367	360	478,639	366,453
Recreation and culture	30,364	47,404	27,597	46,355	47,218	45,804	(15,991)	186	(18,207)	1,176	-	527,048	452,680
Mining, manufacturing and construction	4,161	3,890	4,308	7,431	7,361	7,470	(3,270)	(3,471)	(3,162)	-	1,070	228	603
Transport and communication	8,076	10,837	9,368	15,708	10,753	10,421	(7,632)	84	(1,053)	5,388	6,034	1,042,807	958,622
Economic affairs	10,151	6,794	6,715	3,726	4,626	4,019	6,425	2,168	2,696	-	-	73,089	68,195
Total functions and activities	120,131	145,261	119,795	212,956	205,100	205,968	(92,825)	(59,839)	(86,173)	14,338	13,641	2,425,741	2,056,636
Share of gains/(losses) in associates and joint ventures (using the equity method)	-	-	-	-	-	-	-	-	-	-	-	-	-
General purpose income ¹	118,098	124,548	121,640	-	-	-	118,098	124,548	121,640	11,615	8,399	-	-
Operating result from continuing operations	238,229	269,809	241,435	212,956	205,100	205,968	25,273	64,709	35,467	25,953	22,040	2,425,741	2,056,636

1. Includes: rates and annual charges (incl. ex-gratia), unified general purpose grants and unrestricted interest and investment income.

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 2(b). Council functions/activities – component descriptions

Details relating to the Council's functions/activities as reported in Note 2(a) are as follows:

GOVERNANCE

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

ADMINISTRATION

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

PUBLIC ORDER AND SAFETY

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

HEALTH

Includes food control, health centres etc.

ENVIRONMENT

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

COMMUNITY SERVICES AND EDUCATION

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

HOUSING AND COMMUNITY AMENITIES

Includes public conveniences; street lighting; town planning; other community amenities, aged persons, disabled persons.

RECREATION AND CULTURE

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

MINING, MANUFACTURING AND CONSTRUCTION

Includes building control.

TRANSPORT AND COMMUNICATION

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

ECONOMIC AFFAIRS

Includes tourism and area promotion; industrial development promotion; real estate development; commercial nurseries; and other business undertakings.

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 3. Income from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Rates and annual charges			
Ordinary rates			
Residential		94,816	92,878
Business		15,806	15,527
Total ordinary rates		110,622	108,405
Special rates			
Cronulla beach CBD		555	537
Total special rates		555	537
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services		36,868	36,580
Stormwater management services		2,028	2,020
Section 611 charges		85	90
Total annual charges		38,981	38,690
TOTAL RATES AND ANNUAL CHARGES		150,158	147,632

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

Note (1) : Pensioner rebates granted under provisions of the Local Government Act 1993 has been netted off against Residential Rates and Domestic Waste Charges as follows:

Residential rates			
Gross residential rates		98,028	96,261
Less: rebates under Section 575		(2,277)	(2,398)
Less: rebates under Section 582		(935)	(985)
Net residential rates		94,816	92,878
Domestic waste management charges			
Gross domestic waste management		38,233	38,027
Less: rebates under Section 575		(970)	(1,028)
Less: rebates under Section 582		(395)	(419)
Net Domestic Waste Management Charges		36,868	36,580

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(b) User charges and fees			
Specific user charges (per s.502 – specific 'actual use' charges)			
Waste management services (non-domestic)		1,200	1,157
Total user charges		1,200	1,157
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building control		3,488	3,566
Lifetime registrations		355	451
Regulatory/ statutory fees		1,237	1,173
Town planning		53	9
Other		333	460
Total fees and charges – statutory/regulatory		5,466	5,659
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Administration and inspection – health		357	334
Beach control		59	59
Building control		1,512	1,259
Building cleaning		44	50
Business undertakings		211	93
Child care		7,097	7,142
Community centres		933	858
Engineering works		1,230	1,141
Family day care		256	222
Leisure facilities		9,145	8,541
Libraries		232	222
Other cultural activities		842	827
Other family and children		539	419
Parks and gardens		51	78
Public halls		1,030	1,012
Restoration charges		696	832
Sport and recreation		2,625	1,906
Sporting grounds		386	758
Other		363	384
Total fees and charges – other		27,608	26,137
TOTAL USER CHARGES AND FEES		34,274	32,953

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Interest and investment revenue (including losses)			
Interest			
– Interest on overdue rates and annual charges (incl. special purpose rates)		449	396
– Interest earned on investments (interest and coupon payment income)		2,988	2,338
Investment loss recoveries		60	3,357
Fair value adjustments			
– Fair valuation movements in investments (at fair value or held for trading)		199	(74)
Other		14	7
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>		<u>3,710</u>	<u>6,024</u>
Interest revenue is attributable to:			
Unrestricted investments/financial assets:			
Overdue rates and annual charges (general fund)		449	396
General Council cash and investments		1,808	4,386
Restricted investments/funds – external:			
Development contributions			
– Section 94		1,453	1,242
Total interest and investment revenue recognised		<u>3,710</u>	<u>6,024</u>
(d) Other revenues			
Fair value increments – investment properties	14	3,030	3,201
Fair value increments – investment properties S94 see Note 17	14	600	–
Rental income – investment properties	14	4,030	3,638
Ex gratia rates		54	54
Fines		5,504	5,264
Legal fees recovery – rates and charges (extra charges)		469	272
Legal fees recovery – other		93	242
Art gallery merchandise		282	152
Bonus pool		72	79
Business undertakings		98	106
Bus shelters		777	718
Commissions and agency fees		257	141
Cronulla beach CBD festivals casual leasing		146	179
Diesel rebate		174	169
Geographical information		34	31
Insurance claim recoveries		255	500
Lease rentals		1,940	2,675
Other carbon tax refund		–	1,256
Reimbursements		265	124
Sales – general		407	325
Sponsorships		168	78
Other		65	797
<u>TOTAL OTHER REVENUE</u>		<u>18,720</u>	<u>20,001</u>

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(e) Grants				
General purpose (untied)				
Financial assistance – general component	6,867	4,563	–	–
Financial assistance – local roads component	2,925	1,952	–	–
Pensioners' rates subsidies – general component	1,823	1,884	–	–
Total general purpose	11,615	8,399	–	–
Specific purpose				
Bushfire and emergency services	80	–	–	–
Child care	5,389	5,118	–	–
Engineering and works	62	70	–	–
Environmental protection	22	–	–	–
Family day care	670	586	–	–
Library – per capita	552	549	–	–
Parks and gardens	259	231	7	90
RMS works	–	–	3,194	1,552
Sporting grounds	–	–	–	200
Street lighting	367	360	–	–
Transport (roads to recovery)	–	–	2,015	3,041
Transport (other roads and bridges funding)	120	128	–	–
Urban stormwater drainage	–	–	16	6
Waste and sustainability	468	410	(4)	57
Other	549	981	572	262
Total specific purpose	8,538	8,433	5,800	5,208
Total grants	20,153	16,832	5,800	5,208
Grant revenue is attributable to:				
– Commonwealth funding	15,445	11,604	2,015	2,991
– State funding	4,571	5,133	3,785	2,217
– Other funding	137	95	–	–
	20,153	16,832	5,800	5,208

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
(f) Contributions				
Developer contributions:				
(s93 & s94 – EP&A Act, s64 of the LGA):				
S 94 – contributions towards amenities/services	–	–	13,680	8,452
Total developer contributions	–	–	13,680	8,452
Other contributions:				
Building Infrastructure Bate Bay Depot	–	–	663	–
Contributions to works	46	46	–	–
Drainage	–	–	5,393	2,056
Emergency services	–	–	368	–
Kurnell VPA	320	–	28	–
Land dedications (other than by s94)	–	–	1,195	46
Lucas Heights Resource Recovery Park (Refer Note 6)	–	–	10,000	–
Parks and gardens	16	18	–	–
Sporting grounds	85	4	2,001	(168)
Tipping of bulk fill at ridge	270	276	–	–
Urban roads	–	–	2,026	835
Other	434	429	469	791
Total other contributions	1,171	773	22,143	3,560
Total contributions	1,171	773	35,823	12,012
TOTAL GRANTS AND CONTRIBUTIONS	21,324	17,605	41,623	17,220

\$ '000	Actual 2017	Actual 2016
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(g) Unspent grants and contributions**Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:**

Unexpended at the close of the previous reporting period	44,399	30,809
Add: grants and contributions recognised in the current period but not yet spent:	25,344	20,533
Less: grants and contributions recognised in a previous reporting period now spent:	(3,322)	(6,943)
Net increase (decrease) in restricted assets during the period	22,022	13,590
Unexpended and held as restricted assets	66,421	44,399
Comprising:		
– Specific purpose unexpended grants	28	(4,720)
– Developer contributions	46,399	37,859
– Other contributions	25,344	11,260
	71,771	44,399

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
(a) Employee benefits and on-costs			
Salaries and wages		76,391	74,156
Employee termination costs – redundancies		917	973
Travel expenses		33	69
Employee leave entitlements (ELE)		16,480	18,106
Superannuation		9,150	8,955
Workers' compensation insurance		1,333	1,687
Fringe benefit tax (FBT)		65	193
Training costs (other than salaries and wages)		604	498
Protective clothing		180	130
Total employee costs		105,152	104,767
Less: capitalised costs		(5,714)	(6,295)
TOTAL EMPLOYEE COSTS EXPENSED		99,438	98,472
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		294	435
Charges relating to finance leases		45	34
Total interest bearing liability costs expensed		339	469
(ii) Other borrowing costs			
Nil			
TOTAL BORROWING COSTS EXPENSED		339	469

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Materials and contracts			
Raw materials and consumables		19,379	10,822
Contractor and consultancy costs		13,055	22,844
Auditors remuneration ⁽¹⁾		135	117
Legal expenses:			
– Legal expenses: planning and development		84	69
– Legal expenses: debt recovery		478	147
– Legal expenses: other		592	903
Operating leases:			
– Operating lease rentals: minimum lease payments ⁽²⁾		3,969	4,133
TOTAL MATERIALS AND CONTRACTS		37,691	39,035
1. Auditor remuneration			
a. During the year, the following fees were incurred for services provided by the Auditor-General:			
(i) Audit and other assurance services			
– Audit and review of financial statements: Auditor-General		135	–
Total Auditor-General remuneration		135	–
b. During the year, the following fees were incurred for services provided by the other Council's Auditors:			
(i) Audit and other assurance services			
– Audit and review of financial statements: Council's Auditor		–	117
Remuneration for audit and other assurance services		–	117
Total remuneration of other Council's Auditors		–	117
Total Auditor remuneration		135	117
2. Operating lease payments are attributable to:			
Computers		(33)	35
Motor vehicles		709	–
Heavy plant		2,977	3,818
Other		316	280
		3,969	4,133

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(d) Depreciation, amortisation and impairment			
Depreciation and amortisation			
Plant and equipment		1,550	1,929
Office equipment		154	153
Furniture and fittings		396	404
Property, plant and equipment – leased		670	487
Land improvements (depreciable)		911	3,870
Infrastructure:			
– Buildings		4,490	2,614
– Roads		10,998	10,751
– Bridges		114	109
– Footpaths		1,032	1,006
– Stormwater drainage		6,281	6,195
– Swimming pools		67	–
– Swimming pools (buildings)		–	446
– Swimming pools (land improvements)		–	(12)
– Other land structures		320	–
– Other Open space/recreational and sporting		2,461	–
– Other open space/recreational assets (bldgs)		–	1,321
– Other open space/recreational assets (land imp'mts)		–	216
– Other infrastructure		510	–
Other assets			
– Library books		859	860
Total gross depreciation and amortisation costs		30,813	30,349
Less: capitalised costs		(234)	(244)
Total depreciation and amortisation costs		30,579	30,105
<u>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</u>		<u>30,579</u>	<u>30,105</u>

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(e) Other expenses			
Advertising		491	505
Artist fees – Hazelhurst		403	297
Bad and doubtful debts		33	187
Bank charges		464	434
Building maintenance		47	78
Companion animals payments		238	232
Computer operations		2,760	2,533
Contributions/levies to other levels of government			
– Department of planning		415	404
– NSW Fire and Rescue		3,023	2,996
– NSW Rural Fire Service levy		650	610
– NSW State Emergency Services		408	374
– Waste levy section 88		8,088	8,005
Councillor expenses – mayoral fee		63	62
Councillor expenses – councillors' fees		356	347
Councillors' expenses (incl. mayor) – other (excluding fees above)		43	45
Donations, contributions and assistance to other organisations (Section 356)		806	891
Entertainment hire / service		498	552
Family day care payments		660	592
Hire of plant, vehicles and equipment		441	487
Insurance		2,749	2,908
Labour hire		1,948	2,218
Office expenses (including computer expenses)		226	227
Property management		308	308
Postage		499	417
Printing and stationery		349	452
Sponsorships		79	131
Street lighting		3,517	3,724
State debt recovery office payments		648	608
Statutory fees		8	102
Subscriptions and publications		686	576
Telephone and communications		533	440
Utilities – water		1,097	1,134
Utilities – gas		629	800
Utilities – Electricity		1,668	1,721
Valuation fees – land and property management		375	375
Valuations other than government		12	5
Other		876	1,543
<u>TOTAL OTHER EXPENSES</u>		<u>36,094</u>	<u>37,320</u>

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	Actual 2017	Actual 2016
Property (excl. investment property)			
Proceeds from disposal – property		–	–
Less: carrying amount of property assets sold/written off		(431)	(520)
Net gain/(loss) on disposal		(431)	(520)
Plant and equipment			
Proceeds from disposal – plant and equipment		1,272	1,587
Less: carrying amount of plant and equipment assets sold/written off		(1,800)	(1,767)
Net gain/(loss) on disposal		(528)	(180)
Financial assets *			
Proceeds from disposal/redemptions/maturities – financial assets		72,750	70,500
Less: carrying amount of financial assets sold/redeemed/matured		(72,750)	(70,500)
Net gain/(loss) on disposal		–	–
Other operational land			
Proceeds from disposal – other operational land		–	152
Less: carrying amount of other operational land assets sold/written off		–	(25)
Net gain/(loss) on disposal		–	127
Other land under roads			
Proceeds from disposal – other land under roads		–	6
Net gain/(loss) on disposal		–	6
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(959)	(567)

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	2017 Actual Current	2017 Actual Non-current	2016 Actual Current	2016 Actual Non-current
Cash and cash equivalents (Note 6a)					
Cash on hand and at bank		134	–	1,391	–
Cash-equivalent assets ¹					
– Deposits at call		9,050	–	14,950	–
Total cash and cash equivalents		9,184	–	16,341	–
Investments (Note 6b)					
– Long term deposits		78,200	2,000	48,250	2,000
– NCD's, FRN's (with maturities > 3 months)		29,759	–	15,960	–
Total investments		107,959	2,000	64,210	2,000
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS		117,143	2,000	80,551	2,000

¹ Those investments where time to maturity (from date of purchase) is < 3 mths.

Investments**a. 'At fair value through the profit and loss'**

– 'Held for trading'	29,759	–	15,960	–
b. 'Held to maturity'	78,200	2,000	48,250	2,000
Investments	107,959	2,000	64,210	2,000

Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 6c. Restricted cash, cash equivalents and investments – details

\$ '000	2017 Actual Current	2017 Actual Non-current	2016 Actual Current	2016 Actual Non-current
Total cash, cash equivalents and investments	117,143	2,000	80,551	2,000
attributable to:				
External restrictions (refer below)	64,421	2,000	42,399	2,000
Internal restrictions (refer below)	46,306	–	37,721	–
Unrestricted	6,416	–	431	–
	117,143	2,000	80,551	2,000

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
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Details of restrictions

External restrictions – included in liabilities

Nil

External restrictions – other

Developer contributions – general (A)	33,109	15,134	(7,194)	41,049
Specific purpose unexpended grants (B)	30	–	(2)	28
Domestic waste management (C)	10,544	7,711	(350)	17,905
Stormwater management (C)	716	2,034	(1,942)	808
Lucas Heights Resource Recovery (SITA/SUEZ) (C1)	–	10,039	(3,408)	6,631
External restrictions – other	44,399	34,918	(12,896)	66,421
Total external restrictions	44,399	34,918	(12,896)	66,421

A Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

B Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))

C Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for, for the purpose for which they are raised.

C1 Monies from a Voluntary Planning Agreement with Suez.

External Restrictions arise pursuant to section 409(3) of the Local Government Act, the Local Government (Financial Management) Regulation 1999 and other applicable legislation. Further information relating to Developer Contributions is provided in Note 17 and Unexpended Grants in Note 3. Amounts raised by special rates for Domestic Waste Management may only be used for those purposes.

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 6c. Restricted cash, cash equivalents and investments – details (continued)

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
Internal restrictions				
Anzac Youth and Recreation Centre fund (D)	50	–	–	50
Before and after school care (E)	239	–	(239)	–
Building damage deposits (F)	9,800	6,766	(3,059)	13,507
Business accelerator IT and furniture (G)	189	–	(119)	70
Capital works reserve (H)	4,068	1,247	(1,961)	3,354
Community facilities fund (I)	594	365	(454)	505
Cronulla plaza refurbishment (J)	104	449	(19)	534
Cronulla wastewater reuse scheme (K)	90	20	–	110
Elections (L)	702	–	(702)	–
Emergency services infrastructure (AG)	301	41	(47)	295
Employees leave entitlement (M)	4,552	19,650	(18,003)	6,199
Energy audit upgrade (N)	2,150	1,006	(99)	3,057
Entertainment centre audio visual system (O)	72	–	(72)	–
Family day care (P)	7	–	(7)	–
Future budgets reserve (Q)	2,601	240	(2,309)	532
Hazelhurst gallery upgrade (X)	55	100	–	155
Kareela oval upgrade works (Y)	2	–	(2)	–
Kindergarten upgrades (Z)	166	–	–	166
Land acquisitions/ easements (AA)	100	–	(15)	85
Leisure facilities (AB)	892	1,099	–	1,991
Library improvement (R)	945	358	–	1,303
Long day care maternity leave (AC)	383	–	(383)	–
Long day care operations (S)	1,798	1,947	(658)	3,087
Office automation (AD)	1,364	400	–	1,764
Parks capital (T)	44	–	–	44
Plant replacement reserve (AK)	765	961	–	1,726
Property fund (AE)	1,730	1,670	(759)	2,641
Sporting facilities development fund (AH)	1,000	8	(185)	823
Surf club infrastructure works (AJ)	65	148	–	213
Sutherland entertainment centre redevelopment (U)	257	–	–	257
Tennis facilities (V)	170	–	–	170
Vacation care (AI)	4	–	(4)	–
Works in progress/unspent allocations (W)	2,462	5,668	(4,462)	3,668
Total internal restrictions	37,721	42,143	(33,558)	46,306
TOTAL RESTRICTIONS	86,870	77,661	(46,454)	118,077

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 6c. Restricted cash, cash equivalents and investments – details (continued)

D	Funds are set aside for Anzac Youth & Recreation Centre to assist in future upgrades & maintenance of community halls.
E	Conditions tied to grant funding commits any surplus to be reserved to meet future centre upgrades, improvements or major maintenance: Before and After School Care
F	Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
G	A proportion of the rent paid by SSHED tenants is taken to reserve to assist with the future IT upgrades & furniture at the facility.
H	Reserve established BDS057-14 to set aside the general revenue component from periodic Capital Capacity Reviews for inclusion in future budgets or for utilisation on other capital works for which the priority has increased.
I	Funds are set aside from community management committees to assist in future upgrades & maintenance of community halls.
J	Reserve established for the ongoing minor upgrades at Cronulla Plaza until a major upgrade is undertaken.
K	Reserve established for future capital works and replacements in relation to the Cronulla Wastewater Reuse Scheme.
L	An amount is set aside each year for 4 years to raise sufficient funds for the quadrennial Council elections.
M	Council policy to maintain in reserve at least 10% of ELE liability for a future "buffer".
N	Funds for the purpose of undertaking energy audit upgrades to reduce energy consumption across the organisation.
O	Reserve established (EHR038-14) to establish a reserve for the replacement of the Audio Visual system at Sutherland Entertainment Centre.
P	Conditions tied to grant funding commits any surplus to be reserved to meet future centre upgrades, improvements or major maintenance.: Family Day Care
Q	The surplus funds from the 2009/10 financial year are reserved to assist in meeting future budget shortfalls or specific project funding.
R	Reserve established (LRS024-14) for library refurbishments. The purpose of these works is to increase visitor capacity at the Central Library.
S	Conditions tied to grant funding commits any surplus to be reserved to meet future centre upgrades, improvements or major maintenance: Long Day Care
T	Reserve established from unspent allocations for specific parks capital works that can only be undertaken under specific circumstances or at a particular time.
U	Reserve established from unexpended funds for the upgrade of the Sutherland Entertainment Centre.
V	Reserve established for future upgrade works at Tennis facilities upon the determination of the future use and arrangement of the Tennis Facilities.
W	The General Revenue funded portion of works in progress & unspent allocations is reserved each year & released in the next year for continuation of works.
X	Excess funds from sponsorship are reserved each year to assist funding ongoing equipment replacement at Hazelhurst Gallery.
Y	Reserve created from unspent funds set aside for oval drainage & irrigation works at Kareela Oval to commence in September 2012.
Z	Council decision to reserve the insurance proceeds from Talara Rd Scout Hall fire to assist in funding 3 kindergarten upgrades across the shire.
AA	Balance reserved for funding recreation space land acquisitions and unidentified drainage easements when required.
AB	Council decision to set aside any surplus to budget for the Leisure Centre for future capital works/renewals to be financed from funds derived from the facilities.
AC	The Long Day Care budgets are framed to allow for probable excessive maternity leave occurrences and this amount is set aside for future impacts.
AD	Funds from IM&T Operations and IM&T projects uncompleted are set aside to meet future technology upgrades.
AE	Funds from the Property Fund have been utilised to refinance an external debt. Payment timeframe 20 years (including interest).
AF	These funds relate to loans taken out for specific projects as part of normal funding. No restriction has been placed on these funds by the finance provider.
AG	Reserve created from savings in the construction of Rural Fire Service buildings for future building works.
AH	Reserve established (MM04/14-15) for the purpose of providing sporting groups low interest loans for the development of sporting facilities within the Shire.
AI	The surplus funds from operations which must be spent only on respective programs.
AJ	Reserve for the provision of infrastructure works at Surf Clubs
AK	Reserve for the provision of Plant Replacement.

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 7. Receivables

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Purpose					
Rates and annual charges		4,049	992	4,155	917
Interest and extra charges		794	–	626	–
Accrued revenues					
– Interest on investments		1,614	–	1,045	–
Deferred debtors		20	157	–	–
Government grants and subsidies		1,944	–	1,505	–
Net GST receivable		1,644	–	1,010	–
NSW public works		–	–	255	–
Section 611 (AGL/Telstra/Optus)		130	–	45	–
Sundry debtors		6,537	–	8,844	–
Sydney coastal councils		–	–	9	–
Other debtors		89	–	82	–
Total		16,821	1,149	17,576	917
Less: provision for impairment					
Rates and annual charges		(209)	–	(201)	–
Other debtors		(606)	–	(1,146)	–
Total provision for impairment – receivables		(815)	–	(1,347)	–
TOTAL NET RECEIVABLES		16,006	1,149	16,229	917
Externally restricted receivables					
Domestic waste management		1,220	–	1,186	–
Stormwater management		81	–	76	–
Other					
– Cronulla plaza special rate		4	–	4	–
Total external restrictions		1,305	–	1,266	–
Internally restricted receivables					
Nil					
Unrestricted receivables		14,701	1,149	14,963	917
TOTAL NET RECEIVABLES		16,006	1,149	16,229	917

Notes on debtors above:

- (i) Rates and annual charges outstanding are secured against the property.
- (ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.00% (2016 8.50%).
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 8. Inventories and other assets

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
(a) Inventories					
(i) Inventories at cost					
Real estate for resale (refer below)		7,232	–	7,235	–
Stores and materials		171	–	173	–
Trading stock		–	–	3	–
Total inventories at cost		7,403	–	7,411	–
<u>TOTAL INVENTORIES</u>		<u>7,403</u>	<u>–</u>	<u>7,411</u>	<u>–</u>
(b) Other assets					
Prepayments		2,480	–	1,516	–
<u>TOTAL OTHER ASSETS</u>		<u>2,480</u>	<u>–</u>	<u>1,516</u>	<u>–</u>
Externally restricted assets					
Domestic waste management					
Prepayments		367	–	263	–
Total domestic waste management		367	–	263	–
Total externally restricted assets		367	–	263	–
Total unrestricted assets		9,516	–	8,664	–
TOTAL INVENTORIES AND OTHER ASSETS		<u>9,883</u>	<u>–</u>	<u>8,927</u>	<u>–</u>

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 8. Inventories and other assets (continued)

\$ '000	2017		2016	
	Current	Non-current	Current	Non-current
(i) Other disclosures				
(a) Details for real estate development				
Residential	593	–	597	–
Industrial/commercial	6,479	–	6,479	–
Other properties	160	–	159	–
Total real estate for resale	7,232	–	7,235	–
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	6,643	–	6,647	–
Development costs	429	–	429	–
Other properties – book value	160	–	159	–
Total costs	7,232	–	7,235	–
Total real estate for resale	7,232	–	7,235	–
Movements:				
Real estate assets at beginning of the year	7,235	–	7,241	–
– Purchases and other costs	(3)	–	(6)	–
Total real estate for resale	7,232	–	7,235	–

(b) Current assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

	2017	2016
Real estate for resale	7,232	7,235
	7,232	7,235

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 9a. Infrastructure, property, plant and equipment

Asset class	as at 30/6/2016			Asset movements during the reporting period							as at 30/6/2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments, transfers and reclassifications (group carrying amount)	Transfers and reclassifications (accum. deprec.)	Revaluation increments to equity	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	2,448	–	2,448	1,467	167	–	–	(1,954)	–	–	2,128	–	2,128
Plant and equipment	34,257	20,897	13,360	2,600	38	(1,153)	(1,550)	14	–	–	34,727	21,419	13,308
Office equipment	3,959	3,065	894	60	–	–	(154)	–	–	–	3,985	3,185	800
Furniture and fittings	11,721	9,151	2,570	490	20	–	(396)	–	–	–	12,231	9,548	2,683
Plant and equipment (under finance lease)	1,947	1,035	912	1,137	–	–	(670)	–	–	–	2,510	1,130	1,380
Land:													
– Operational land	108,183	–	108,183	–	29	–	–	–	–	–	108,213	–	108,213
– Community land	221,235	–	221,235	–	716	–	–	57	–	–	222,008	–	222,008
– Land under roads (post 30/6/08)	12,554	–	12,554	–	–	–	–	–	–	–	12,554	–	12,554
Land improvements – non-depreciable	14,430	–	14,430	112	44	–	–	(12,140)	–	–	2,446	–	2,446
Land improvements – depreciable	166,658	84,885	81,773	1,238	631	(647)	(911)	(154,946)	(80,736)	–	12,473	4,600	7,873
Infrastructure:													
– Buildings	247,359	112,218	135,141	1,180	2,851	(431)	(4,490)	153,567	64,261	116,688	502,258	162,013	340,245
– Other structures	–	–	–	99	561	–	(320)	11,404	8,239	–	12,064	8,559	3,505
– Roads	852,742	236,151	616,591	8,598	9,888	–	(10,998)	20,241	12,521	83,565	970,678	255,315	715,363
– Bridges	14,468	6,496	7,972	–	1,248	–	(114)	–	–	(2,302)	14,324	7,520	6,804
– Footpaths	90,072	19,669	70,403	312	3,104	–	(1,032)	419	227	(849)	97,654	25,522	72,132
– Bulk earthworks (non-depreciable)	151,876	–	151,876	–	221	–	–	–	–	–	152,097	–	152,097
– Stormwater drainage	581,720	224,732	356,988	223	6,874	–	(6,281)	3,452	975	104,708	714,995	250,005	464,990
– Swimming pools	37,954	17,757	20,197	–	2	–	(67)	(34,605)	(16,229)	2,854	16,667	12,057	4,610
– Other open space/recreational and sport	129,333	52,924	76,409	4,725	5,955	–	(2,461)	(13,407)	(1,510)	–	126,606	53,876	72,730
– Other infrastructure	–	–	–	–	794	–	(510)	27,898	12,252	–	28,692	12,762	15,930
Other assets:													
– Heritage collections	310	–	310	–	42	–	–	–	–	–	353	–	353
– Library books	9,162	7,016	2,146	–	871	–	(859)	–	–	–	10,032	7,874	2,158
– Other	182	7	175	–	–	–	–	–	–	–	182	7	175
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	2,692,570	796,003	1,896,567	22,241	34,056	(2,231)	(30,813)	–	–	304,664	3,059,877	835,392	2,224,485

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

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 9b. Externally restricted infrastructure, property, plant and equipment

\$ '000 Class of asset	Actual 2017			Actual 2016		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Domestic waste management						
Plant and equipment	7,373	6,686	687	7,155	6,599	556
Furniture and fittings	22	22	–	22	22	–
Other assets	8	2	6	8	2	6
Total DWM	7,403	6,710	693	7,185	6,623	562
TOTAL RESTRICTED I,PP&E	7,403	6,710	693	7,185	6,623	562

Note 9c. Infrastructure, property, plant and equipment – current year
impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
Payables					
Goods and services		9,044	–	10,109	–
Accrued expenses:					
– Other expenditure accruals		223	–	256	–
Security bonds, deposits and retentions (>12 months)		9,640	–	6,857	–
Security bonds, deposits and retentions (<12 months)		3,873	–	3,069	–
Other		217	–	182	–
Total payables		22,997	–	20,473	–
Income received in advance					
Payments received in advance		944	–	1,120	–
Total income received in advance		944	–	1,120	–
Borrowings					
Loans – secured ¹		1,362	5,997	1,387	7,358
Finance lease liabilities		702	574	347	511
Total borrowings		2,064	6,571	1,734	7,869
Provisions					
Employee benefits:					
Annual leave		10,158	–	9,914	–
Sick leave		1,835	–	2,066	–
Long service leave		19,560	1,249	20,706	423
Gratuities		1,176	–	1,140	–
Sub-total – aggregate employee benefits		32,729	1,249	33,826	423
Self insurance – workers compensation ²		1,322	2,506	1,474	3,418
Self insurance – public liability		82	243	351	65
Other – audit		136	–	57	–
Other – motor vehicles		–	–	61	–
Other – legal costs		–	–	240	–
Total provisions		34,269	3,998	36,009	3,906
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		60,274	10,569	59,336	11,775
(i) Liabilities relating to restricted assets					
		2017		2016	
		Current	Non-current	Current	Non-current
Externally restricted assets					
Domestic waste management		2,692	700	2,607	700
Liabilities relating to externally restricted assets		2,692	700	2,607	700
Internally restricted assets					
Nil					
Total liabilities relating to restricted assets		2,692	700	2,607	700
Total liabilities relating to unrestricted assets		57,582	9,869	56,729	11,075
TOTAL PAYABLES, BORROWINGS AND PROVISIONS		60,274	10,569	59,336	11,775

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

². Workers compensation information is provided by David G. Hart Consulting Pty Ltd.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

Sutherland Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions (continued)

\$ '000	Actual 2017	Actual 2016
(ii) Current liabilities not anticipated to be settled within the next twelve months		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	20,688	20,543
Payables – security bonds, deposits and retentions	9,640	6,857
	30,328	27,400

Note 10b. Description of and movements in provisions

Class of provision	2016		2017			
	Opening balance as at 1/7/16	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	Closing balance as at 30/6/17
Annual leave	9,914	8,326	(8,008)	(74)	–	10,158
Sick leave	2,066	190	(321)	(100)	–	1,835
Long service leave	21,129	3,128	(2,490)	(958)	–	20,809
Gratuities	1,140	349	(261)	(52)	–	1,176
Self insurance	5,308	274	(1,429)	–	–	4,153
Other	358	79	(301)	–	–	136
TOTAL	39,915	12,346	(12,810)	(1,184)	–	38,267

- a. Employees leave entitlements and on-costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Self insurance provisions represent both (i) claims incurred but not reported and (ii) claims reported and estimated as a result of Council's being a self insurer up to certain levels of excess.

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2017	Actual 2016
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	9,184	16,341
Less bank overdraft	10	–	–
Balance as per the Statement of Cash Flows		9,184	16,341
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		64,709	35,467
Adjust for non-cash items:			
Depreciation and amortisation		30,579	30,105
Net losses on disposal of assets		959	567
Non-cash capital grants and contributions		(300)	(46)
Gains/(losses) recognised on fair value re-measurements through the P&L:			
– Investments classified as 'at fair value' or 'held for trading'		(199)	74
– Investment properties		(3,630)	(3,201)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		700	(4,023)
(Decrease)/increase in provision for doubtful debts		(532)	154
Decrease in inventories		5	52
(Increase) in other assets		(964)	(115)
(Decrease)/increase in payables		(1,065)	2,715
(Decrease) in other accrued expenses payable		(33)	(14)
Increase in other liabilities		3,446	818
(Decrease)/increase in employee leave entitlements		(271)	84
(Decrease)/increase in other provisions		(1,377)	53
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		92,027	62,690

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 11. Statement of cash flows – additional information (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Non-cash investing and financing activities			
Acquisition of plant and equipment by means of finance lease		1,137	390
Land dedications (other than s94)		300	46
Total non-cash investing and financing activities		1,437	436
(d) Financing arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank overdraft facilities ⁽¹⁾		750	750
Credit cards/purchase cards		120	105
Total financing arrangements		870	855

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

(ii) Secured loan liabilities

Loans are secured by a mortgage over future years rate revenue only.

(e) Bank guaranteesState Insurance Regulatory Authority (SIRA) - previously known as Workcover

In accordance with requirements of SIRA NSW, Council as a self insurer for workers compensation is required to lodge a cash deposit or a bank guarantee as security against potential claims upon Council. As at 30 June 2017 the bank guarantee held by SIRA NSW was in the amount of \$4,300,000.

Elouera Surf Life Saving Club

As at 30 June 2017 a security deposit was held by National Australia Bank Ltd \$600,000 on behalf of Elouera Surf Life Saving Club for a loan to undertake Club building improvements.

Wanda Surf Life Saving Club

As at 30 June 2017 a security deposit was held by ANZ Ltd \$1,500,000 on behalf of Wanda Surf Life Saving Club for a loan to undertake Club building improvements.

(f) Net cash flows attributable to discontinued operations

Please refer to Note 24 for details of cash flows that relate to discontinued operations

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 12. Commitments for expenditure

\$ '000	Notes	Actual 2017	Actual 2016
(a) Capital commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, plant and equipment			
Buildings		68	50
Plant and equipment		721	1,165
Other – incl. works/construction of public amenities		4,753	3,247
Total commitments		5,542	4,462
These expenditures are payable as follows:			
Within the next year		5,542	4,462
Total payable		5,542	4,462
Sources for funding of capital commitments:			
Unrestricted general funds		5,542	4,462
Total sources of funding		5,542	4,462

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 12. Commitments for expenditure (continued)

\$ '000	Notes	Actual 2017	Actual 2016		
(b) Finance lease commitments					
(i) Commitments under finance leases at the reporting date are payable as follows:					
Within the next year		729	371		
Later than one year and not later than 5 years		583	527		
Later than 5 years		–	–		
Total minimum lease payments		1,312	898		
Less: future finance charges		(36)	(40)		
Amount recognised as a liability		1,276	858		
(ii) Finance lease liability recognised represent;					
Current liabilities		1,011	347		
Non-current liabilities		265	511		
Total finance lease liabilities disclosed		1,276	858		
(iii) General details					
Council leases the following property, plant and equipment under finance leases:					
	Term (years)	Option to purchase	Contingent rent clauses		
Computers – carrying value		Y/N	Y/N	1,166	530
Other equipment/assets		Y/N	Y/N	110	328
Total carrying value at year end				1,276	858

(c) Operating lease commitments (non-cancellable)**a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:**

Within the next year	3,196	3,852
Later than one year and not later than 5 years	5,803	4,648
Total non-cancellable operating lease commitments	8,999	8,500

b. Non-cancellable operating leases include the following assets:

Garbage Compactors, Tractors, Road Sweepers, Leisure Centre Equipment & other Plant & Equipment. Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

Conditions relating to finance and operating leases:

- All finance and operating lease agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

(d) Investment property commitments

Nil

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts 2017	Indicator 2017	Prior periods 2016	2015	Benchmark
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	<u>20,816</u>	9.25%	7.10%	2.33%	>0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>224,957</u>				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>203,633</u>	76.39%	85.39%	85.09%	>60.00%
Total continuing operating revenue ⁽¹⁾	<u>266,580</u>				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	<u>64,357</u>	2.36x	1.70x	1.66x	>1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	<u>27,254</u>				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>51,734</u>	21.17x	10.65x	6.48x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>2,444</u>				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	<u>5,626</u>	3.59%	3.56%	4.16%	< 5% Metro <10% Rural
Rates, annual and extra charges collectible	<u>156,573</u>				
5a. Rates, annual charges, interest and extra charges outstanding percentage					
The Rates and Annual Charges outstanding includes an amount of \$1,908,187.45 due but not pursued under recovery due Council policies. This amount can be split between Eligible Pensioners and Arrangements under financial hardship. If Council policies were discounted from the outstanding then the Outstanding Percentage Ratio would be:					
Rates, annual and extra charges outstanding	<u>3,726</u>	2.38%	2.31%	2.91%	
Rates, annual and extra charges collectible	<u>156,573</u>				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	<u>89,384</u>	6.10 mths	4.5 mths	3.3 mths	> 3 mths
Payments from cash flow of operating and financing activities	<u>14,646</u>				

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000

Notes on the ratios from the previous page

- (1) Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.
- (2) Refer Notes 6-8 inclusive.
Also excludes any real estate and land for resale not expected to be sold in the next 12 months.
- (3) Refer to Note 10(a).
- (4) Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

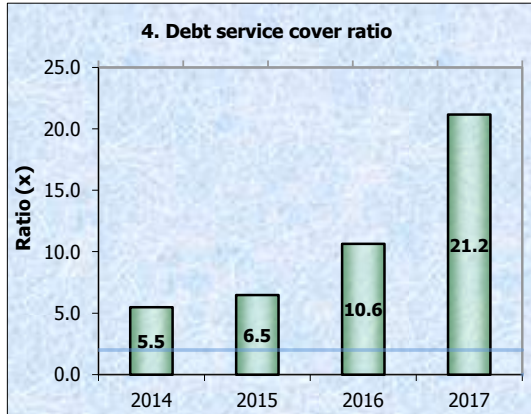
Note 13a(ii). Local government industry indicators – graphs (consolidated)

<p>1. Operating performance ratio</p> <p>Benchmark: — Minimum $\geq 0.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Purpose of operating performance ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p>Commentary on 2016/17 result</p> <p>2016/17 ratio 9.25%</p> <p>This ratio is better than the industry benchmark, highlighting Council achieving an operating surplus (revenue greater than expenditure).</p>
<p>2. Own source operating revenue ratio</p> <p>Benchmark: — Minimum $\geq 60.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Purpose of own source operating revenue ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p>	<p>Commentary on 2016/17 result</p> <p>2016/17 ratio 76.39%</p> <p>This ratio is better than the industry recognised benchmark of $>60\%$.</p>
<p>3. Unrestricted current ratio</p> <p>Benchmark: — Minimum ≥ 1.50 Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Purpose of unrestricted current ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2016/17 result</p> <p>2016/17 ratio 2.36x</p> <p>This ratio is better than the industry recognised benchmark of 1.50:1 and clearly demonstrates Council's ability to meet short term obligations.</p>

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 13a(ii). Local government industry indicators – graphs (consolidated)



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 2016/17 result

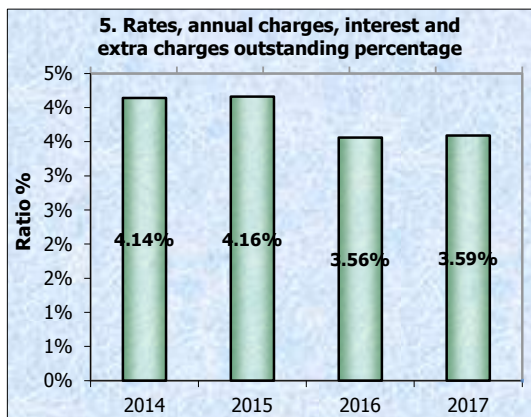
2016/17 ratio 21.17x

This result provides an indication that Council can adequately service the outstanding debt. This ratio is in excess of the industry benchmark 2x. This increasing ratio is due to the Council's Ongoing Debt Reduction Strategy.

Benchmark: ——— Minimum >=2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
 Ratio is outside benchmark



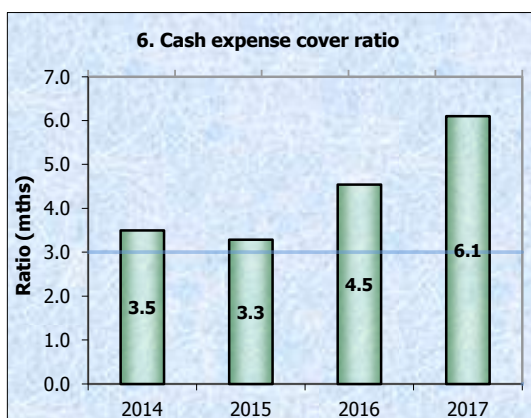
Purpose of rates and annual charges outstanding ratio

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

Commentary on 2016/17 result

2016/17 ratio 3.59%

This ratio is better than the industry benchmark of 5%. Council does not pursue eligible pensioners and arrangements under hardship. These debtors are included in the figures presented. If these debts were excluded from this calculation the outstanding ratio would be 2.38%.



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 2016/17 result

2016/17 ratio 6.10 mths

This ratio is better than the benchmark of 3 months. This indicates that Council has the ability to continue to meet its immediate commitments for 6.1 months without additional cashflows.

Benchmark: ——— Minimum >=3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
 Ratio is outside benchmark

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 14. Investment properties

\$ '000	Notes	Actual 2017	Actual 2016
(a) Investment properties at fair value			
Investment properties on hand		55,075	51,445
Reconciliation of annual movement:			
Opening balance		51,445	48,187
– Capitalised expenditure – this year		–	57
– Net gain/(loss) from fair value adjustments		3,630	3,201
CLOSING BALANCE – INVESTMENT PROPERTIES		55,075	51,445
Externally Restricted Investment Properties (included above)			
Section 94		5,350	4,750
(b) Valuation basis			
The basis of valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.			
The 2017 revaluations were based on independent assessments made by: Robert Randall Registered Practicing Valuer AAPI 67869 McLennan Steege Smith & Associates.			
(c) Leasing arrangements – Council as lessor			
Details of leased investment properties are as follows;			
Future minimum lease payments receivable under non-cancellable investment property operating leases not recognised in the financial statements are receivable as follows:			
Within 1 year		3,362	2,467
Later than 1 year but less than 5 years		8,926	5,963
Later than 5 years		96,460	94,472
Total minimum lease payments receivable		108,748	102,902
(d) Investment property income and expenditure – summary			
Rental income from investment properties:			
– Minimum lease payments		4,030	3,638
Direct operating expenses on investment properties:			
– that generated rental income		(183)	(435)
Net revenue contribution from investment properties		3,847	3,203
plus:			
Fair value movement for year		3,630	3,201
Total income attributable to investment properties		7,477	6,404

Refer to Note 27. Fair value measurement for information regarding the fair value of investment properties held.

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 15. Financial risk management

\$ '000

Risk management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

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

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

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

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

	Carrying value		Fair value	
	2017	2016	2017	2016
Financial assets				
Cash and cash equivalents	9,184	16,341	35,884	36,341
Investments				
– 'Held for trading'	29,759	15,960	29,759	15,960
– 'Held to maturity'	80,200	50,250	53,500	30,250
Receivables	17,155	17,146	16,136	17,146
Total financial assets	136,298	99,697	135,279	99,697
Financial liabilities				
Payables	22,997	20,473	22,985	20,473
Loans/advances	7,359	8,745	7,359	8,746
Lease liabilities	1,276	858	1,431	858
Total financial liabilities	31,632	30,076	31,775	30,077

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through profit and loss**' or (ii) '**available-for-sale**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.

Sutherland Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) 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 funds in cash equivalents and investments.

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

The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2017				
Possible impact of a 10% movement in market values	2,976	2,976	(2,976)	(2,976)
Possible impact of a 1% movement in interest rates	893	893	(893)	(893)
2016				
Possible impact of a 10% movement in market values	1,596	1,596	(1,596)	(1,596)
Possible impact of a 1% movement in interest rates	632	632	(632)	(632)

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

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

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

A profile of Council's receivables credit risk at balance date follows:

	2017 Rates and annual charges	2017 Other receivables	2016 Rates and annual charges	2016 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	0%	86%	0%	85%
Overdue	100%	14%	100%	15%
	100%	100%	100%	100%
(ii) Ageing of receivables – value				
Rates and annual charges	Rates and annual charges	Other receivables	Rates and annual charges	Other receivables
Current	5,041	2,005	5,072	789
< 1 year overdue	–	9,140	–	10,678
1 – 2 years overdue	–	685	–	539
2 – 5 years overdue	–	155	–	78
> 5 years overdue	–	944	–	1,337
	5,041	12,929	5,072	13,421
(iii) Movement in provision for impairment of receivables			2017	2016
Balance at the beginning of the year			1,347	1,193
+ new provisions recognised during the year			25	154
– amounts already provided for and written off this year			(22)	–
– previous impairment losses reversed			(535)	–
Balance at the end of the year			815	1,347

Sutherland Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
		≤ 1 Year	1-5 Yrs	> 5 Yrs		
2017						
Trade/other payables	–	22,985	–	–	22,985	22,985
Loans and advances	–	1,617	6,184	323	8,124	7,359
Lease liabilities	–	729	583	–	1,312	1,276
Total financial liabilities	–	25,331	6,767	323	32,421	31,620
2016						
Trade/other payables	–	20,473	–	–	20,473	20,473
Loans and advances	–	1,697	6,469	1,655	9,821	8,745
Lease liabilities	–	347	551	–	898	858
Total financial liabilities	–	22,517	7,020	1,655	31,192	30,076

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

The following interest rates were applicable to Council's borrowings at balance date:

	2017		2016	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	22,985	0.00%	20,473	0.00%
Loans and advances – fixed interest rate	7,359	3.68%	8,745	3.67%
Lease liabilities	1,276	2.60%	858	3.14%
	31,620		30,076	

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 16. Material budget variations

\$ '000

Council's original financial budget for 16/17 was adopted by the Council on 20 June 2016.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Note that for variations* of budget to actual :

Material variations represent those variances that amount to **10%** or more of the original budgeted figure.

F = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2017 Budget	2017 Actual	2017 Variance*	-----	-----
REVENUES					
Rates and annual charges	149,593	150,158	565	0%	F
User charges and fees	41,174	34,274	(6,900)	(17%)	U
The major contributors to the lower than expected user charges and fees received compared to budget were fees for Development Application fees and charges for use of the Sutherland Entertainment Centre. There was a categorisation change of user charges and other income in the adopted budget.					
Interest and investment revenue	2,858	3,710	852	30%	F
Actual interest received on investments, both income and coupon payments, were higher than anticipated and combined with a positive fair value increment on investments saw a favourable position compared to the original budget.					
Other revenues	12,480	18,720	6,240	50%	F
There was a greater positive fair value adjustment to investment properties as at 30 June which accounted for the majority of the difference to the adopted budget for other revenues. Any movement in fair value is difficult to estimate and is based on prevailing market conditions. There was a categorisation change of user charges and other income in the adopted budget for Child Care income as well.					
Operating grants and contributions	11,196	21,324	10,128	90%	F
In many instances, the actual amount of grants received depends on decisions made by the State and Commonwealth Government, after the original budget has been adopted. Of note were additional instalments of the Financial Assistance grant funds received in the 2016/17 financial year that relate to the 2017/18 financial year.					
Capital grants and contributions	20,928	41,623	20,695	99%	F
In many instances, the actual amount of grants received depends on decisions made by the State and Commonwealth Government, after the original budget has been adopted. In the current year, Council has received capital funding from various additional sources.					

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 ----- Variance* -----		
EXPENSES					
Employee benefits and on-costs	99,104	99,438	(334)	(0%)	U
Borrowing costs	434	339	95	22%	F
There has been a reduction in borrowing costs due to a number of factors. During the financial year the prevailing interest rates were lower with a further interest rate cut during the financial year.					
Materials and contracts	36,309	37,691	(1,382)	(4%)	U
Depreciation and amortisation	27,383	30,579	(3,196)	(12%)	U
For the 2016/17 Financial Year, all Infrastructure asset classes have been revalued. This includes, buildings, roads, bridges, footpaths, aquatic centres, drainage and other recreational assets. These factors are the main reason for the impact on the depreciation expense.					
Other expenses	49,226	36,094	13,132	27%	F
The categorisation of Materials and Contracts together with Other Expenses is sometimes difficult during the budget process. This favourable result is partially offset with an unfavourable result in Materials and Contracts. The main contributor to the variance is the under expenditure on Waste Services in regard to tipping fees for greenwaste and recycling.					
Net losses from disposal of assets	500	959	(459)	(92%)	U
There is only a general allocation for the Net Loss from Disposal of Assets in the original budget every year as it is difficult to ascertain the level of sales and acquisitions of fixed assets during the financial year.					
Budget variations relating to Council's Cash Flow Statement include:					
Cash flows from operating activities	48,948	92,027	43,079	88.0%	F
The combination of higher grants and contributions, the categorisation of user fees and charges and the under expenditure in the area of other expenses all contribute to the difference of actuals to the original estimate. Reference is also made to the User Fees and Charges, Grants and Contributions and Other Expenses variations detailed above.					
Cash flows from investing activities	(50,620)	(98,216)	(47,596)	94.0%	U
The sale and purchase of investment securities is difficult to estimate and therefore only a notional amount is included in the original cash flow budget.					
Cash flows from financing activities	(1,328)	(968)	360	(27.1%)	F
The proceeds from finance leases were significantly higher than the original adopted budget. These were only partially offset with additional payments on finance leases compared to budget.					

Note 16 The Budgetted figures are not audited.

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 17. Statement of developer contributions

\$ '000

Council recovers contributions, raises levies and enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions and levies and the value of all remaining funds which are 'restricted' in their future use.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Transfers (to)/from plans	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash						
Open space	22,046	11,208	–	5,889	1,206	(6,801)	–	33,548	–
Community facilities	2,532	1,452	–	–	91	(47)	–	4,028	–
Contributions (investment property)	4,750	–	–	–	600	–	–	5,350	–
S94 contributions – under a plan	29,328	12,660	–	5,889	1,897	(6,848)	–	42,926	–
S94A levies – under a plan	4,936	1,020	–	(3,585)	88	(345)	–	2,114	–
Total S94 revenue under plans	34,264	13,680	–	2,304	1,985	(7,193)	–	45,040	–
S94 not under plans	3,595	–	–	(2,304)	68	–	–	1,359	–
Total contributions	37,859	13,680	–	–	2,053	(7,193)	–	46,399	–

Sutherland Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN

CONTRIBUTION PLAN - SHIRE WIDE PLAN (2005)

PURPOSE	Opening balance	Contributions received during the year		Transfers (to)/from plans	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash						
Open space	21,573	9,816	–	–	1,082	(6,696)	–	25,775	–
Contributions (investment property) **	4,750	–	–	–	600	–	–	5,350	–
Total	26,323	9,816	–	–	1,682	(6,696)	–	31,125	–

** Increase in Valuation of Investment Property (see Note 3d)

CONTRIBUTION PLAN NUMBER 3 - COMMUNITY FACILITIES MENAI DISTRICT & WORONORA HEIGHTS (1993)

PURPOSE	Opening balance	Contributions received during the year		Transfers (to)/from plans	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash						
Community facilities	2,532	1,452	–	–	91	(47)	–	4,028	–
Total	2,532	1,452	–	–	91	(47)	–	4,028	–

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – UNDER A PLAN**CONTRIBUTION PLAN - CARINGBAH CENTRE (1997)**

Transferred to Contribution Plan : 2016 Plan (2016)

PURPOSE	Opening balance	Contributions received during the year		Transfers (to)/from plans	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash						
Open space	304	-	-	(308)	4	-	-	-	-
Total	304	-	-	(308)	4	-	-	-	-

CONTRIBUTION PLAN - SUTHERLAND CENTRE (2006)

Transferred to Contribution Plan : 2016 Plan (2016)

PURPOSE	Opening balance	Contributions received during the year		Transfers (to)/from plans	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash						
Open space	169	307	-	(478)	3	(1)	-	-	-
Total	169	307	-	(478)	3	(1)	-	-	-

Section 94 2016 Plans (2016)

PURPOSE	Opening balance	Contributions received during the year		Transfers (to)/from plans	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash						
Open space	-	1,085	-	6,675	117	(104)	-	7,773	-
Total	-	1,085	-	6,675	117	(104)	-	7,773	-

Sutherland Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94A LEVIES – UNDER A PLAN

Employment Zone (2007) : Miranda Centre (2007) ; Menai (2008)

Transferred to Contribution Plan : Section 94A 2016 Plan

PURPOSE	Opening balance	Contributions received during the year		Transfers (to)/from plans	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash						
Open space	1,439	81	–	(1,393)	18	(145)	–	–	–
Total	1,439	81	–	(1,393)	18	(145)	–	–	–

Miranda Centre (2007); Cronulla, Engadine, Sutherland Centre (2008)

Transferred to Contribution Plan : Section 94A 2016 Plan

PURPOSE	Opening balance	Contributions received during the year		Transfers (to)/from plans	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash						
Open space	3,497	44	–	(3,585)	45	(1)	–	–	–
Total	3,497	44	–	(3,585)	45	(1)	–	–	–

CONTRIBUTION PLAN : 2016 PLANS (2016)

PURPOSE	Opening balance	Contributions received during the year		Transfers (to)/from plans	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash						
Open space	–	895	–	1,393	25	(199)	–	2,114	–
Total	–	895	–	1,393	25	(199)	–	2,114	–

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – NOT UNDER A PLAN

Parking and Other Transferred to Section 94 2016 Plan

PURPOSE	Opening balance	Contributions received during the year		Transfers (to)/from plans	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash						
Parking	1,973	–	–	(1,999)	26	–	–	–	–
Other	301	–	–	(305)	4	–	–	–	–
Total	2,274	–	–	(2,304)	30	–	–	–	–

Pre 1993 Woronora Northern Access Road

PURPOSE	Opening balance	Contributions received during the year		Transfers (to)/from plans	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash						
Roads	1,321	–	–	–	38	–	–	1,359	–
Total	1,321	–	–	–	38	–	–	1,359	–

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

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

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) State Insurance Regulatory Authority (SIRA)

In accordance with requirements of State Insurance, Regulatory Authority (SIRA) Council as a self insurer for workers compensation is required to lodge a cash deposit or a bank guarantee as security against potential claims upon Council. In previous years a cash deposit was lodged, however, in 1998/99 Council changed this for a bank guarantee.

As at 30 June 2016 the bank guarantee held by State Insurance Regulatory Authority (SIRA) was in the amount of \$4,300,000.

At 30 June 2017, Council's actuarial assessment has recommended a security of \$3,140,000 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 banker.

Council's actuary is David G Hart Consulting Pty Ltd.

(ii) Elouera Surf Life Saving Club

As at 30 June 2017, a security deposit was held by National Australia Bank Ltd totalling \$600,000 on behalf of Elouera Surf Life Saving Club for a loan to undertake Club building improvements.

No loss is anticipated.

(iii) Wanda Surf Life Saving Club

As at 30 June 2017, a loan guarantee was held by ANZ Ltd totalling \$1,500,000 on behalf of Wanda Surf Life Saving Club for a loan to undertake Club. No loss is anticipated.

(iv) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its Defined Benefit Scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

1. Guarantees (continued)

(v) 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 30/6 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.

(vi) StateCover Limited

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

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

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

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

(vii) Other Guarantees

Council has provided no other Guarantees other than those listed above.

2. Other Liabilities

(i) Third Party Claims

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

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

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Council's intention to spend funds in the manner and timing set out in those Plans.

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

2. Other Liabilities (continued)

(iii) 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 (& subsequent land asset) from such potential acquisitions has not been possible.

(iv) Tip Remediation - Ferntree Reserve Restrictions imposed by Council

Council has identified requirements for remediation of an old tip site at Ferntree Reserve Engadine.

A risk analysis has been completed and discussions are being held between Council, its consultants and Sydney Water 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 old tip.

As at the date of reporting, negotiations are still underway and it is not possible to finalise the cost of works required.

ASSETS NOT RECOGNISED:

(i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

(ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

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

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 19. Interests in other entities

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities and operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other councils, bodies and other outside organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of council's (i) interest and (ii) control and the type (form) of entity/operation, as follows;

Unconsolidated structured entities

Unconsolidated structured entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a subsidiary, joint arrangement or associate. Attributes of structured entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

Unconsolidated structured entities

Council did not consolidate the following structured entities:

SSROC : Southern Sydney Regional Organisation of Councils

SSROC is an association of sixteen (16) Sydney Councils serving large and diverse communities that face all the challenges of metropolitan living.

The role of SSROC is undertake projects that cross council boundaries achieving results that will contribute to the sustainability of member councils and their communities.

The focus includes the environment, transport, procurement, waste, library services and planning.

Nature of risks relating to the Unconsolidated Structured Entity

The primary risk to the Council is that projects and programs may not be able to be delivered and Council would incur increased expenditure for the projects and programs.

	2017	2016
Losses (or expenses) incurred by Council relating to the Structured Entity	64	63

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2017	Actual 2016
(a) Retained earnings			
Movements in retained earnings were as follows:			
Balance at beginning of year (from previous years audited accounts)		1,291,102	1,335,729
a. Correction of prior period errors	20 (c)	–	(80,094)
b. Net operating result for the year		64,709	35,467
Balance at end of the reporting period		<u>1,355,811</u>	<u>1,291,102</u>
(b) Revaluation reserves			
(i) Reserves are represented by:			
– Infrastructure, property, plant and equipment revaluation reserve		999,087	694,423
Total		<u>999,087</u>	<u>694,423</u>
(ii) Reconciliation of movements in reserves:			
Infrastructure, property, plant and equipment revaluation reserve			
– Opening balance		694,423	677,050
– Revaluations for the year	9(a)	304,664	20,980
– Correction of prior period errors	20(c)	–	(3,607)
– Balance at end of year		<u>999,087</u>	<u>694,423</u>
TOTAL VALUE OF RESERVES		<u>999,087</u>	<u>694,423</u>
(iii) Nature and purpose of reserves			
Infrastructure, property, plant and equipment revaluation reserve			
– The infrastructure, property, plant and equipment revaluation reserve is used to record increments/decrements of non-current asset values due to their revaluation.			

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Notes	Actual 2017	Actual 2016
(c) Correction of error/s relating to a previous reporting period			
In accordance with AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors, the below prior period errors have been recognised retrospectively.			
Land Under Roads (LUR) valuation was adjusted to allow for a discounted rate of 90% due to restrictions associated with this land. As at 30 June 2015, Council valuation of total LUR was at the average unit value of land contained within its area of control without any discounting. Due to a change in the valuation basis, the discount factor (90%) needs to be applied to reflect restrictions placed on Land Under Roads. As part of this change in the valuation basis for Land Under Roads, Council also adjusted the revaluation of this asset for 2016/17 to reflect the discount factor (90%).			
These amounted to the following adjustments:			
Asset Revaluation Reserve			
– Adjustments to opening equity – 1/7/15 (relating to adjustments for the 30/6/15 reporting year end and prior periods)		–	(3,607)
Total prior period adjustments – prior period errors		–	(3,607)
Retained Earnings			
– Adjustments to opening equity – 1/7/15 (relating to adjustments for the 30/6/15 reporting year end and prior periods)		–	(80,094)
Total prior period adjustments – prior period errors		–	(80,094)
Equity			
– Adjustments to opening equity – 1/7/15 (relating to adjustments for the 30/6/15 reporting year end and prior periods)		–	(83,701)
Total prior period adjustments – prior period errors		–	(83,701)

(d) Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

Note 21. Financial result and financial position by fund

Council utilises only a general fund for its operations.

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 22. 'Held for sale' non-current assets and disposal groups

\$ '000

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

Note 23. Events occurring after the reporting date

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

Note 24. Discontinued operations

Council has not classified any of its operations as 'discontinued'.

Note 25. Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

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

Note 26. Reinstatement, rehabilitation and restoration liabilities

Council has identified requirements for remediation of an old tip site at Ferntree Reserve Engadine. As at the date of reporting negotiations are still underway with Sydney Water and it is not possible to finalise the cost of works required at Ferntree Reserve Tip.

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values: (continued)

2016	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Investment properties					
Various	30/06/16	–	–	51,445	51,445
Total investment properties		–	–	51,445	51,445
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/16	–	–	13,360	13,360
Office equipment	30/06/16	–	–	894	894
Furniture and fittings	30/06/16	–	–	2,570	2,570
Plant and equipment under finance lease	30/06/16	–	–	912	912
Library books	30/06/16	–	–	2,146	2,146
Operational land	30/06/16	–	–	108,183	108,183
Community land	30/06/16	–	–	221,235	221,235
Land improvements (depreciable)	30/06/16	–	–	81,773	81,773
Buildings	30/06/16	–	–	135,141	135,141
Roads	30/06/16	–	–	616,591	616,591
Bridges	30/06/16	–	–	7,972	7,972
Footpaths	30/06/16	–	–	70,403	70,403
Stormwater drainage	30/06/16	–	–	356,988	356,988
Swimming pools (buildings)	30/06/16	–	–	18,269	18,269
Swimming pools (land improvements)	30/06/16	–	–	1,928	1,928
Other open space/recreational (buildings)	30/06/16	–	–	71,669	71,669
Other open space/recreational (land improvmt)	30/06/16	–	–	4,740	4,740
Heritage collection	30/06/16	–	–	311	311
Other assets	30/06/16	–	–	175	175
Land under roads	30/06/16	–	–	12,554	12,554
Land improvements (non depreciable)	30/06/16	–	–	14,430	14,430
Bulk earthworks non depreciable	30/06/16	–	–	151,876	151,876
Total infrastructure, property, plant and equipment		–	–	1,894,120	1,894,120

(2) Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

Sutherland Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

(3) Valuation techniques used to derive level 2 and level 3 fair values

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).

Level 2 valuation process for some asset classes where the basis was Cost Approach under level 2 input which were determined based on, whereby maximising observable inputs and minimising unobservable inputs as below:

- ❖ Quoted prices for similar asset in active markets
- ❖ Current replacement cost concept
- ❖ Purchase price
- ❖ Useful life

Level 3 valuation process for some asset classes where the basis was Cost Approach. The inputs used for this technique were:

- ❖ Pattern of consumption
- ❖ Residual Value
- ❖ Asset Condition
- ❖ Unit rates
- ❖ Useful life

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Investment Properties

Sutherland Council holds several investment properties.

Council obtains an independent valuation of its portfolio on an annual basis for reporting in the annual financial statements - Note 14. The Fair market value measurement was assessed by capitalisation having regard to the commercial and retail sales of commercial buildings.

The investment properties have been valued by Robert Randall (Registered Practicing Valuer AAPI 2246) for McLennan Steege Smith and Associates.

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Infrastructure, Property, Plant and Equipment

Plant and Equipment, Office Equipment and Furniture and Fittings

Council's Plant and Equipment, Office Equipment and Furniture and Fittings incorporate:

- Major plant such as Trucks, tractors, street sweepers
- Fleet Vehicles such as Cars, vans, utes .
- Minor Plant such as Chainsaws, brush cutters, mowers, concrete mixers.

Council's Office Equipment incorporate

- Furniture & Fittings such as Desks, chairs, display systems

Council's Plant and Equipment, Office Equipment and Furniture and Fittings incorporate

- Office Equipment such as Computers, monitors, PABX, Projectors etc.

Plant equipment, office equipment and furniture and fittings are valued at cost but are disclosed at fair value in the notes.

Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items as shown above.

The unobservable Level 3 inputs used include:

- ❖ Pattern of Consumption
- ❖ Useful life
- ❖ Asset Condition
- ❖ Residual Value
- ❖ Gross replacement cost.

There has been no change to the valuation process during the reporting period.

Sutherland Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Library Books and Heritage Collection

Council's Library Books include books, publication reference materials, CD's , DVD's and periodicals. Council's Heritage collection contains publications that are of historical nature and cannot be replaced.

Council library books are disclosed at fair value in the notes.

Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items.

The unobservable Level 3 inputs used include:

- ❖ Pattern of Consumption
- ❖ Useful life
- ❖ Asset Condition
- ❖ Residual Value
- ❖ Gross replacement cost.

There has been no change to the valuation process during the reporting period.

Infrastructure – Roads

This asset class comprises the Road Carriageway, Bus Shelters, Car parks, Guardrails, Kerb and Guttering, Retaining walls, Suburb Markers, and Traffic Facilities.

The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter, and would include any paved markers parking places along roadside.

Council's pavement Management System (PMS) contains detailed dimensions and specification for all Council roads. Valuations for the road carriageway, comprising surface, pavement and formation were based on calculations carried out in 2014 utilising the in house SMEC Asset management system for detailed pavement information residing in Council's Pavement Management System -

Council fair values, road infrastructure assets using, Level 3 inputs at a component level.

Sutherland Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

The 'Cost Approach' is used to value roads by componentising the assets into significant parts and then rolling up these component values to provide an overall road valuation (for each road segment) within Council's Asset System.

The level of componentisation adopted by Council is in accordance with AASB 116, OLG Circular 09-09 and the Institute of Public Works Engineers International Infrastructure Management Manual (IIMM).

The unobservable Level 3 inputs used include:

- ❖ Pattern of Consumption
- ❖ Useful life
- ❖ Asset Condition
- ❖ Residual Value
- ❖ Remaining life of carriageway
- ❖ Gross replacement cost.

The 'Cost Approach' is used to value roads assets. There were no changes in valuation technique from prior year.

Infrastructure – Bridges

Bridges are defined as all structures which convey a road, footpath or cycleway across another physical feature (including waterways and other roads).

Council's pavement Management System (PMS) contains detailed dimensions and specification for all Council roads. Valuations for the road carriageway, comprising surface, pavement and formation were based on calculations carried out in 2010 utilising the in house SMEG Asset management system for detailed pavement information residing in Council's Pavement Management System -

Council fair values, road infrastructure assets using, Level 3 inputs at a component level.

The 'Cost Approach' is used to value roads by componentising the assets into significant parts and then rolling up these component values to provide an overall road valuation (for each road segment) within Council's Asset System.

The level of componentisation adopted by Council is in accordance with AASB 116, OLG Circular 09-09 and the Institute of Public Works Engineers International Infrastructure Management Manual (IIMM).

Sutherland Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

The unobservable Level 3 inputs used include:

- ❖ Pattern of Consumption
- ❖ Useful life
- ❖ Asset Condition
- ❖ Residual Value
- ❖ Remaining life of carriageway
- ❖ Gross replacement cost.

The 'Cost Approach' is used to value roads assets. There were no changes in valuation technique from prior year.

Infrastructure – Footpaths

A footpath is defined as all footways (including those shared with a cycleway) sealed or non-sealed. Council Pavement Management Systems (PMS) contains detailed dimensions and specifications for all Council footpaths. Council fair values, footpaths, (non-componentised) using Level 3 inputs.

The unobservable Level 3 inputs used include:

- ❖ Pattern of Consumption
- ❖ Useful life
- ❖ Asset Condition
- ❖ Residual Value
- ❖ Gross replacement cost.

The 'Cost Approach' is used to value footpaths. There has been no change to the valuation during the reporting period.

Infrastructure – Other infrastructure

Other infrastructure comprises: Traffic islands, Refuge Islands, Bus Shelters etc.

Council other infrastructure (non-componentised) using Level 3 inputs.

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

The unobservable Level 3 inputs used include:

- ❖ Pattern of Consumption
- ❖ Residual value
- ❖ Asset Condition
- ❖ Gross replacement cost
- ❖ Remaining useful life

The 'Cost Approach' is used to value other infrastructure assets. . The cost approach was utilised and while the unit rates based on square metres, linear metres or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

There has been no change to the valuation during the reporting period.

Infrastructure - Stormwater Drainage

Council's Drainage Assets comprises pits, pipes, culverts, open channels, headwalls and various type of water quality device used to collect, store and remove stormwater.

Council carries fair values drainages assets (non-componentised) using Level 3 inputs.

The unobservable Level 3 inputs used include:

- ❖ Pattern of Consumption
- ❖ Useful life
- ❖ Asset Condition
- ❖ Residual Value
- ❖ Gross replacement cost.

The 'Cost Approach' is used to value drainage assets. There has been no change to the valuation during the reporting period.

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

Property - Operational Land

Council's "Operational" land by definition has no special restriction other than those that may apply to any piece of land.

Council obtains its fair values for operational land from an external valuer every 5 years (last valuation being 2012) using Level 3 inputs. (This is on the square metre of the property and not the recent sales).

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset and cash flows from the future use and disposal

The unobservable Level 3 inputs used include:

- ❖ Rate per square Metre
- ❖ Description of Land

The 'Market Approach' is used to value Operational Land. There has been no change to the valuation process during the reporting period.

Property - Community Land

Council's "Community" land (including owned by Council, the Crown and various other Government Agencies that is managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, dedication under section 94 of the Environment Planning and Assessment Act 1979) This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community Land:

- ❖ Cannot be sold
- ❖ Cannot be leased, licensed, or any other estate granted over the land for more than 21 years and
- ❖ Must have a plan of management for it.

In relation to Community Land the Division of Local Government has reviewed its positions on the use of the Valuer General's Valuations of community land and in association with the Local Government Accounting Advisory Group; the Division has determined that community land may be valued as follows:

Sutherland Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

- ❖ The NSW Valuer General's valuations may be used under the revaluation model to represent fair value for the revaluation of community land under clause 31 of AASB 116.

Council fair values community land using unbearable Level 3 inputs based on inputs on either the UCV(Unimproved Capital Value) provided by the valuer General or an average unit rate based on the UCV and allocated by Council against those properties where the Valuer General did not provide a UCV.

The 'Market Approach' is used to value Community land. There has been no change to the valuation process during the reporting period.

Land Improvements

Council's Land improvements incorporates: Land reserves, Wetlands, Gardens, Major Earthworks, Land (non depreciable), Land Under Roads, Bulk earthworks (non depreciable) and Grass/turf mulch.

Council carries fair values of land reserves using level 3 inputs.

The unobservable Level 3 inputs used include:

- ❖ Gross replacement cost
- ❖ Asset Condition
- ❖ Residual value
- ❖ Remaining useful life

Land Under Roads have used a valuation technique using the 90% discount (see Note 20).

Property- Buildings (Specialised and non-Specialised)

Council Buildings incorporates Libraries, Public Amenities, Sporting Club Houses, Kiosks and Amenities, Depot Buildings and workshops, Community Centres, Rural Fire, Aquatic Centres and Other Open Space Recreational buildings.

Council carries fair values building using level 3 inputs.

Sutherland Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

This approach estimates the replacement cost for each building by componentising the building (for complex structures) into significant parts with different useful life and taking in to account a range of factors. Buildings are physically inspected and unit although rates based on square meters could be supported from the market evidence, extensive professional judgement, and condition and consumption rates etc. impact significantly on the final value determination of fair value.

As such these assets are classified as having being valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- ❖ Consumption rate
- ❖ Future Economic Benefits
- ❖ Condition
- ❖ Useful life of an Asset

The 'Cost Approach' is used to value specialised buildings. There has been no change to the valuation process during the reporting period

Other Assets:

Council's Other Assets comprises bush reserves, solar panel systems, irrigation systems, accessible shelters signage etc.

Council carries fair values of other assets using level 3 inputs.

The unobservable Level 3 inputs used include:

- ❖ Pattern of Consumption
- ❖ Asset Condition
- ❖ Residual value
- ❖ Useful life

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3)

a. The following tables present the changes in level 3 fair value asset classes.

	Plant and equipment	Office equipment	Furniture and fittings	Plant and equipment leased	Total
Opening balance – 1/7/15	12,140	1,007	2,509	1,008	16,664
Purchases (GBV)	2,371	40	465	391	3,267
Disposals (WDV)	(1,742)	–	–	–	(1,742)
Depreciation and impairment	(1,929)	(153)	(404)	(487)	(2,973)
Transfers/Adjustments	2,520	–	–	–	2,520
Closing balance – 30/6/16	13,360	894	2,570	912	17,736
Purchases (GBV)	2,637	60	509	1,138	4,344
Disposals (WDV)	(1,153)	–	–	–	(1,153)
Depreciation and impairment	(1,550)	(154)	(396)	(670)	(2,770)
Transfers/Adjustments	14	–	–	–	14
Closing balance – 30/6/17	13,308	800	2,683	1,380	18,171

	Library books	Operational land	Community land	Land Improvem't Deprec.	Total
Opening balance – 1/7/15	2,100	108,303	198,143	79,210	387,756
Purchases (GBV)	906	–	2,298	6,171	9,375
Disposals (WDV)	(860)	(525)	–	(17)	(1,402)
Depreciation and impairment	–	–	–	(3,870)	(3,870)
FV gains – other comprehensive income	–	406	(297)	281	390
Revaluation	–	–	21,091	–	21,091
Transfer to Real Estate	–	–	–	(2)	(2)
Closing balance – 30/6/16	2,146	108,184	221,235	81,773	413,338
Purchases (GBV)	871	29	716	2,025	3,641
Depreciation and impairment	(859)	–	–	(911)	(1,770)
Transfers/Adjustments(incl amalgamations)	–	–	57	(75,014)	(74,957)
Closing balance – 30/6/17	2,158	108,213	222,008	7,873	340,252

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3) (continued)**a. The following tables present the changes in level 3 fair value asset classes.** (continued)

	Buildings	Roads	Bridges	Footpaths	Total
Opening balance – 1/7/15	135,393	610,527	7,892	69,788	823,600
Purchases (GBV)	2,105	16,815	189	1,621	20,730
Disposals (WDV)	(3)	(10,751)	(109)	(1,006)	(11,869)
Depreciation and impairment	(2,614)	–	–	–	(2,614)
Transfers/adjustments	260	–	–	–	260
Closing balance – 30/6/16	135,141	616,591	7,972	70,403	830,107
Purchases (GBV)	4,031	18,486	1,248	3,416	27,181
Disposals (WDV)	(431)	–	–	–	(431)
Depreciation and impairment	(4,490)	(10,998)	(114)	(1,032)	(16,634)
Transfers/adjustments	89,306	7,719	–	194	97,219
Revaluation Increments to Equity	116,688	83,565	(2,302)	(849)	197,102
Closing balance – 30/6/17	340,245	715,363	6,804	72,132	1,134,544

	Stormwater drainage	Swimming Pools Buildings	Swimming Pools : Land Impr & Bldg	Open space rec. Land Impr & Bldg	Total
Opening balance – 1/7/15	358,939	–	20,313	76,014	455,266
Purchases (GBV)	4,244	–	316	2,098	6,658
Depreciation and impairment	(6,195)	–	(434)	(1,537)	(8,166)
Transfers/adjustments	–	–	–	(165)	(165)
Closing balance – 30/6/16	356,988	–	20,195	76,410	453,593
Purchases (GBV)	7,097	2	–	–	7,099
Depreciation and impairment	(6,281)	(67)	–	–	(6,348)
Transfers/adjustments	2,478	852	(20,195)	(76,410)	(93,275)
Revaluation Increments to Equity	104,708	3,823	–	–	108,531
Closing balance – 30/6/17	464,990	4,610	–	–	469,600

Sutherland Shire Council

Notes to the Financial Statements
for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3) (continued)

a. The following tables present the changes in level 3 fair value asset classes. (continued)

	Open space rec.	Heritage Collection	Land Under Roads	Land Improvem't Non Dep.	Total
Opening balance – 1/7/15	–	296	12,554	13,799	26,649
Purchases (GBV)	–	14	–	588	602
Transfers/adjustments	–	–	–	43	43
Closing balance – 30/6/16	–	310	12,554	14,430	27,294
Transfers from/(to) another asset class	76,409	42	–	–	76,451
Purchases (GBV)	10,680	–	–	–	10,680
Transfers/adjustments	(13,390)	–	–	(11,984)	(25,374)
Revaluation Increments to Equity	(969)	–	–	–	(969)
Closing balance – 30/6/17	72,730	352	12,554	2,446	88,082
	Other Infrastructure	Bulk Earthworks Non Deprec	Other Assets	Investment properties	Total
Opening balance – 1/7/15	–	151,727	301	48,187	200,215
Purchases (GBV)	–	149	9	57	215
Disposals (WDV)	–	–	(24)	–	(24)
FV gains – other comprehensive income	–	–	–	3,201	3,201
Revaluation	–	–	(111)	–	(111)
Closing balance – 30/6/16	–	151,876	175	51,445	203,496
Purchases (GBV)	794	221	–	–	1,015
Depreciation and impairment	(510)	–	–	–	(510)
Revaluation	–	–	–	3,630	3,630
Transfers/adjustments	15,646	–	–	–	15,646
Closing balance – 30/6/17	15,930	152,097	175	55,075	223,277
				Other Structures	Total
Opening balance – 1/7/15				–	–
Closing balance – 30/6/16				–	–
Transfers from/(to) another asset class				3,165	3,165
Purchases (GBV)				660	660
Depreciation and impairment				(320)	(320)
Closing balance – 30/6/17				3,505	3,505

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

(4). Fair value measurements using significant unobservable inputs (level 3)

b. The Valuation Process for Level 3 Fair Value Measurements

Fair Value- Valuation techniques

The valuation techniques prescribed by AASB 13 can be summarised as:

'Cost Approach': A valuation technique that reflects the amount what would be required to replace the service capacity of an asset (current replacement cost)

Income Approach: Valuation technique that converts future amounts (cash flows inflows/outflows) to signal the current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

Market Approach: A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

(5). Highest and best use

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

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 28. Related party disclosures

\$ '000

a. Key management personnel

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.

KMP are the Mayor, Deputy Mayor, Councillors, General Manager and Directors.
The aggregate amount of KMP compensation included in the Income Statement is:

	Actual 2017
Compensation:	
Short-term benefits	2,007
Post-employment benefits	14
Other long-term benefits	93
Total	<u>2,114</u>

b. Other transactions with KMP and their related parties

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

c. Other related party transactions

Nil

Sutherland Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 29. 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

Opening hours:

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

Telephone: 02 9710 0333

Facsimile: 02 9710 0265

Internet: <http://www.sutherland.nsw.gov.au>

Email: ssc@ssc.nsw.gov.au

Officers

GENERAL MANAGER

Mr. Scott Phillips

RESPONSIBLE ACCOUNTING OFFICER

Mr. Greg Hayes

PUBLIC OFFICER

Mr. Anton Usher

AUDITORS

Audit Office of New South Wales
15/1 Margaret Street
SYDNEY NSW 2000

Other information

ABN: 52 018 204 808

Elected members

MAYOR

Councillor Carmelo Pesce

COUNCILLORS

Clr Jack Boyd
Clr Barry Collier
Clr Tom Croucher
Clr Michael Forshaw
Clr Kent Johns
Clr Greg McLean
Clr Daniel Nicholls
Clr Ray Plibersek
Clr Carole Provan
Clr John Riad
Clr Peter Scaysbrook
Clr Marie Simone
Clr Steve Simpson
Clr Deidree Steinwall



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Sutherland Shire Council

To the Councillors of the Sutherland Shire Council

Opinion

I have audited the accompanying financial statements of Sutherland Shire Council (the Council), which comprise the statement of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

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 presented, 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 2017, 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' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with 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 believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Matter

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on that financial statement on 17 October 2016.

The Councillors' Responsibility 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 must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility 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/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* 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, Note 2(a) and Note 16 budget variation explanations
- on the attached Special Schedules
- 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.



Caroline Karakatsanis
Director, Financial Audit Services

24 October 2017
SYDNEY

Cr Carmelo Pesce
Mayor
Sutherland Shire Council
4-20 Eton Street
SUTHERLAND NSW 2232

Contact: Caroline Karakatsanis
Phone no: 9275 7134
Our ref: D1728530/1790

30 October 2017

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2017
Sutherland Shire Council**

I have audited the general purpose financial statements of the Sutherland Shire Council (the Council) for the year ended 30 June 2017 as required by s415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2017 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

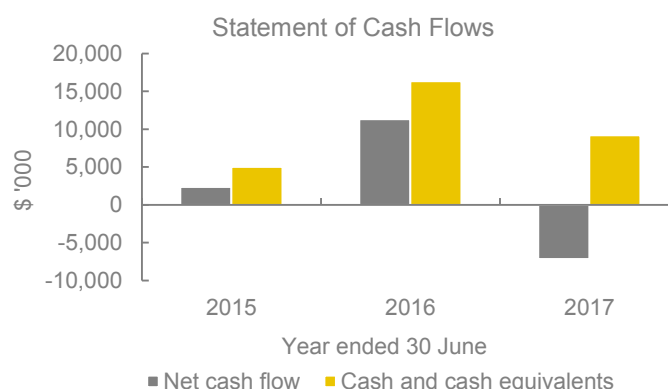
	2017	2016	Variance
	\$m	\$m	%
Rates and annual charges revenue	150.2	147.6	1.7 ↑
Grants and contributions revenue	62.9	34.8	80.7 ↑
Operating result for the year	64.7	35.5	82.3 ↑
Net operating result before capital amounts	23.1	18.2	26.9 ↑

- The rates increase is in line with the annual rate increase percentage prescribed by IPART.
- The significant increase in grants and contribution is due to i) increase in developer contribution by \$5.2million reflecting increased development activity in the council area, ii) voluntary planning agreement of \$10 million in relation to Lucus Height Resource Recovery Park, iii) \$8.8 million increase in other contributions e.g. drainage, land dedications, sporting grounds, and the receipt of the advance payment of the Financial Assistance Grants which meant an additional \$3.3 million was received in 2016-17.
- The operating result for the year increased by 82.3 per cent. This is mainly a result of the increase in grants and contributions with no corresponding increase in costs and expenses. There was no significant change in the depreciation figure.
- The net operating result before capital amounts increased by 26.9 per cent as a result of the increase in operational grants and user charges and fees.

STATEMENT OF CASH FLOWS

The decrease in cash and cash equivalents in 2017 is due to:

- Net operating cash inflow amounted to \$92 million, an increase of \$29.3 million which was mainly due to higher receipts of grants and contributions; netted off by:
- the net purchase (cash outflow) of investments of \$43.6 million, and
- purchase of PP&E totalling \$55.8 million, an increase of \$13.9 million.



FINANCIAL POSITION

Cash and Investments

Restricted Cash and Investments	2017	2016	Commentary
	\$m	\$m	
External restrictions	66.4	44.4	○ The increase in external restrictions was due to additional developer contributions and domestic waste management
Internal restrictions	46.3	37.7	○ Internal restrictions have also increased in a number of funding areas
Unrestricted	6.4	0.5	○ Council's unrestricted funds have increased \$5.9 million to \$6.4million as at 30 June 2017.
Cash and investments	119.1	82.6	

Debt

Outstanding borrowings at 30 June 2017 included \$7.4 million of secured loans (down from \$8.7million in 2016) and \$1.3 million of finance lease liabilities.

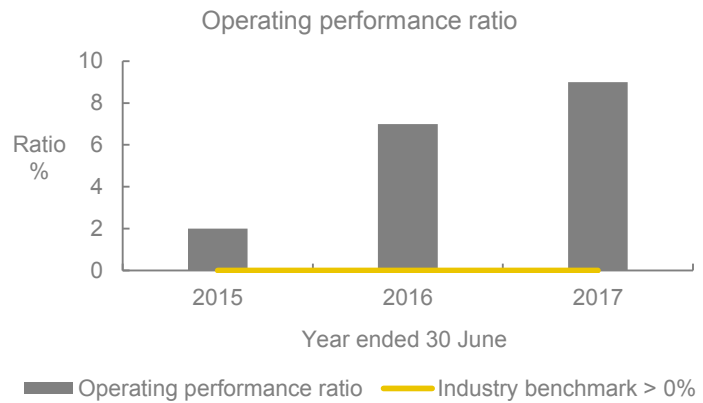
PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 13 of the Council's audited general purpose financial statements.

Operating performance ratio

- Council exceeded the benchmark due to the council's ability to contain operating expenditure below operating revenue.
- The improvement in the ratio from 2016 was due to the higher operating result (before capital items) noted earlier.

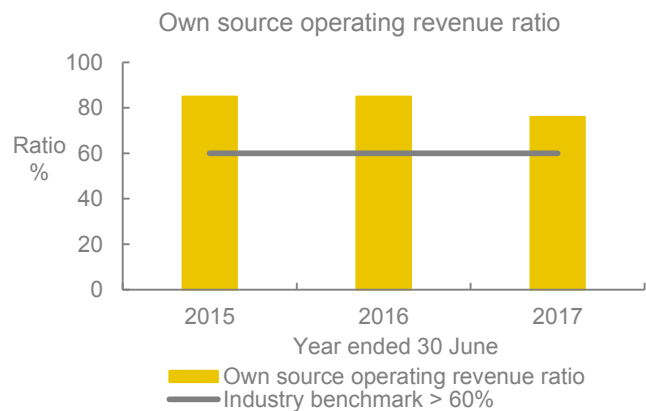
The 'operating performances ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than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



Own source operating revenue ratio

- The council met the own source benchmark of 60 per cent due to increase in revenue from rates and charges.
- The slight decrease in 2016-17 is due to the increase in receipt of grants and contributions.

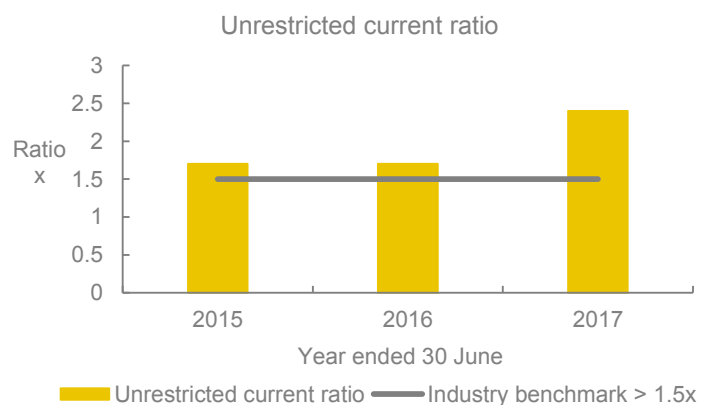
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

- Council continues to exceed the benchmark due to the cash reserves accumulated over the years.
- The Unrestricted Current Ratio increased due to the positive operating cash flow that has not been fully utilised in 2016-17.

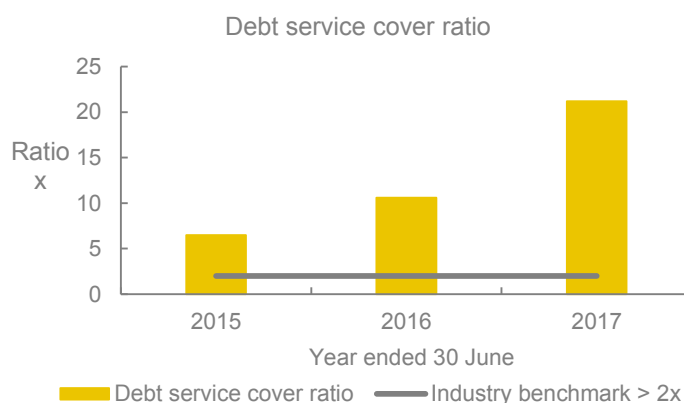
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

- the Council continuously met the debt service cover ratio due to the significant operating cash inflows over the years.
- The significant increase in 2016-17 is due to the increase in operating results.

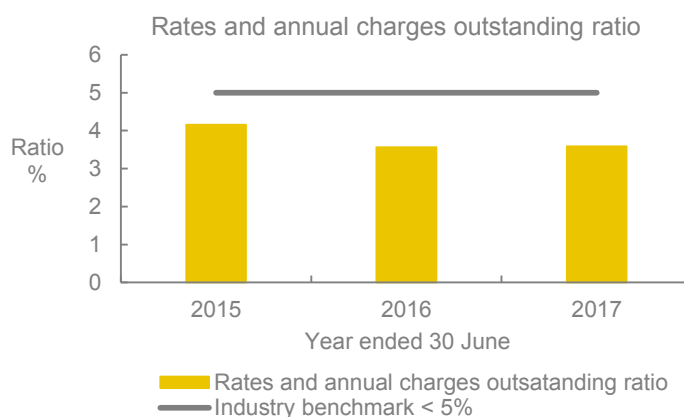
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding ratio

- The rates and annual charges outstanding ratio has been consistent over the last two years and better than benchmark indicating that the Council's rate recovery measures continue to be effective in collecting and reducing outstanding debts.

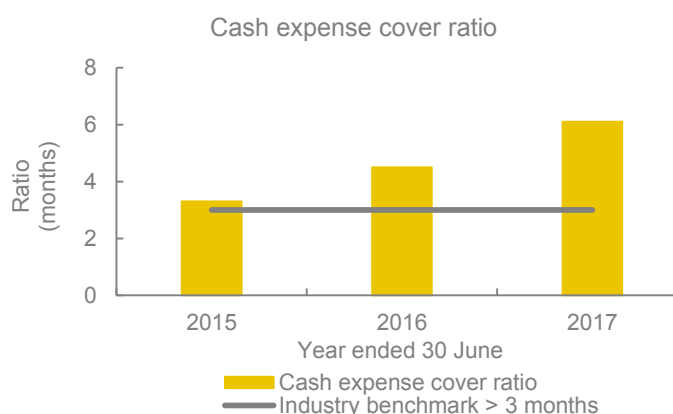
The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metro councils.



Cash expense cover ratio

- Due to the significant cash and investment balance as at 30 June 2017, the Council had the capacity to cover 6.1 months of cash expenditure without additional cash inflows. This is in excess of the industry benchmark minimum of 3 months.
- The increase in the ratio over the years was mainly due to significant developer contributions.

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.



OTHER MATTERS

Council Entities

The Council has no Council entities.

New accounting standards implemented

AASB 124 'Related Party Disclosures'

Effective for annual reporting periods beginning on or 1 July 2016

AASB 2015-6 extended the scope of AASB 124 to include not-for-profit public sector entities. As a result, Council's financial statements disclosed the:

- compensation paid to their key management personnel
- nature of their related party relationships
- amount and nature of their related party transactions, outstanding balances and commitments and outstanding balances (including commitments).

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial reports.

The Council's:

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



Caroline Karakatsanis
Director, Financial Audit Services

30 October 2017
SYDNEY

cc: Scott Phillips, General Manager
Cliff Haynes, Chair of Audit and Risk Committee
Tim Hurst, Acting Chief Executive of the Office of Local Government

Sutherland Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017



*“Sutherland Shire, in Sydney’s south, shaped by
bays, rivers, beaches and national parks...”*

Sutherland Shire Council

Special Purpose Financial Statements for the year ended 30 June 2017

Contents	Page
1. Statement by Councillors and Management	2
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Income Statement – Other Business Activities	3
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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.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
 - (iv) In preparing these financial statements for Council’s self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council’s borrowing position by comparison with commercial rates).
-

Sutherland Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2017

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 financial statements:

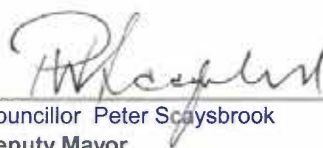
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

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 16 October 2017.



Councillor Carmelo Pesce
Mayor



Councillor Peter Scaysbrook
Deputy Mayor



Mr. Scott Phillips
General manager



Mr. Greg Hayes
Responsible accounting officer

Sutherland Shire Council

Income Statement of Council's Other Business Activities

for the year ended 30 June 2017

\$ '000	Long Day Care		Operational Property	
	Category 1		Category 1	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
Income from continuing operations				
Access charges	–	–	–	–
User charges	7,067	7,132	–	–
Fees	–	–	730	827
Interest	–	11	–	–
Grants and contributions provided for non-capital purposes	5,509	4,573	–	–
Profit from the sale of assets	–	–	435	374
Other income	51	14	5,797	5,771
Total income from continuing operations	12,627	11,730	6,962	6,972
Expenses from continuing operations				
Employee benefits and on-costs	8,447	8,859	93	95
Materials and contracts	1,270	401	79	1,057
Depreciation, amortisation and impairment	52	106	105	171
Calculated taxation equivalents	442	414	966	936
Internal rent	1,339	1,344	–	–
Other notional internal expenses	1,725	1,342	171	166
Other expenses	2,025	1,816	1,175	1,327
Total expenses from continuing operations	15,300	14,282	2,589	3,752
Surplus (deficit) from continuing operations before capital amounts	(2,673)	(2,552)	4,373	3,220
Grants and contributions provided for capital purposes	–	–	–	–
Surplus (deficit) from continuing operations after capital amounts	(2,673)	(2,552)	4,373	3,220
Surplus (deficit) from discontinued operations	–	–	–	–
Surplus (deficit) from all operations before tax	(2,673)	(2,552)	4,373	3,220
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–	(1,312)	(966)
SURPLUS (DEFICIT) AFTER TAX	(2,673)	(2,552)	3,061	2,254
Plus opening retained profits	3,380	2,832	50,999	51,970
Plus/less: prior period adjustments	–	–	–	–
Plus adjustments for amounts unpaid:				
– Taxation equivalent payments	442	414	966	936
– Internal rent	1,339	1,344	–	–
– Other notional internal expenses	1,725	1,342	171	166
– Debt guarantee fees	–	–	–	–
– Corporate taxation equivalent	–	–	1,312	966
Add:				
– Subsidy paid/contribution to operations	–	–	–	–
Less:				
– TER dividend paid	–	–	–	–
– Dividend paid	–	–	(5,630)	(5,293)
Closing retained profits	4,213	3,380	50,879	50,999
Return on capital %	-492.3%	-209.4%	5.9%	4.6%
Subsidy from Council	2,686	2,576	–	–

Sutherland Shire Council

Income Statement of Council's Other Business Activities

for the year ended 30 June 2017

\$ '000	Entertainment Centre Category 2		Commercial Waste Category 2	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
	Income from continuing operations			
Access charges	–	–	–	–
User charges	1,036	972	1,182	1,135
Fees	–	–	–	–
Interest	–	–	–	–
Grants and contributions provided for non-capital purposes	–	2	–	–
Profit from the sale of assets	–	–	–	–
Other income	407	350	51	43
Total income from continuing operations	1,443	1,324	1,233	1,178
Expenses from continuing operations				
Employee benefits and on-costs	1,309	1,280	52	57
Materials and contracts	355	354	525	313
Depreciation, amortisation and impairment	112	111	–	–
Calculated taxation equivalents	30	29	–	–
Internal rent	958	1,015	1	1
Other notional internal expenses	267	290	110	37
Other expenses	657	417	11	163
Total expenses from continuing operations	3,688	3,496	699	571
Surplus (deficit) from continuing operations before capital amounts	(2,245)	(2,172)	534	607
Grants and contributions provided for capital purposes	–	–	–	–
Surplus (deficit) from continuing operations after capital amounts	(2,245)	(2,172)	534	607
Surplus (deficit) from discontinued operations	–	–	–	–
Surplus (deficit) from all operations before tax	(2,245)	(2,172)	534	607
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–	(160)	(182)
SURPLUS (DEFICIT) AFTER TAX	(2,245)	(2,172)	374	425
Plus opening retained profits	(5,504)	(4,666)	3,940	3,295
Plus/less: prior period adjustments	–	–	–	–
Plus adjustments for amounts unpaid:				
– Taxation equivalent payments	30	29	–	–
– Internal rent	958	1,015	1	1
– Other notional internal expenses	267	290	110	37
– Debt guarantee fees	–	–	–	–
– Corporate taxation equivalent	–	–	160	182
Add:				
– Subsidy paid/contribution to operations	–	–	–	–
Less:				
– TER dividend paid	–	–	–	–
– Dividend paid	–	–	–	–
Closing retained profits	(6,494)	(5,504)	4,585	3,940
Return on capital %	-542.3%	-574.6%	n/a	n/a
Subsidy from Council	2,255	2,180	–	–

Sutherland Shire Council

Statement of Financial Position – Council's Other Business Activities
as at 30 June 2017

\$ '000	Long Day Care		Operational Property	
	Category 1		Category 1	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
ASSETS				
Current assets				
Cash and cash equivalents	2	2	2,641	1,730
Investments	2,644	2,169	616	570
Receivables	198	215	–	–
Non-current assets classified as held for sale	–	–	7,232	7,235
Total Current Assets	2,844	2,386	10,489	9,535
Non-current assets				
Receivables	–	–	10,639	11,469
Infrastructure, property, plant and equipment	543	1,219	74,483	70,012
Other	2,810	1,995	–	–
Total non-current assets	3,353	3,214	85,122	81,481
TOTAL ASSETS	6,197	5,600	95,611	91,016
LIABILITIES				
Current liabilities				
Payables	260	261	20	20
Provisions	1,635	1,874	–	–
Total current liabilities	1,895	2,135	20	20
Non-current liabilities				
Provisions	89	85	–	–
Other Liabilities	–	–	44,712	39,996
Total non-current liabilities	89	85	44,712	39,996
TOTAL LIABILITIES	1,984	2,220	44,732	40,016
NET ASSETS	4,213	3,380	50,879	51,000
EQUITY				
Retained earnings	4,213	3,380	50,879	51,000
Revaluation reserves	–	–	–	–
Other reserves	–	–	–	–
Council equity interest	4,213	3,380	50,879	51,000
Non-controlling equity interest	–	–	–	–
TOTAL EQUITY	4,213	3,380	50,879	51,000

Sutherland Shire Council

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2017

\$ '000	Entertainment Centre		Commercial Waste	
	Category 2		Category 2	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
ASSETS				
Current assets				
Cash and cash equivalents	4	4	–	–
Investments	–	72	–	–
Receivables	14	45	–	7
Total Current Assets	18	121	–	7
Non-current assets				
Infrastructure, property, plant and equipment	414	378	–	–
Other	–	–	4,659	4,010
Total non-current assets	414	378	4,659	4,010
TOTAL ASSETS	432	499	4,659	4,017
LIABILITIES				
Current liabilities				
Payables	125	137	37	42
Provisions	187	170	37	35
Total current liabilities	312	307	74	77
Non-current liabilities				
Provisions	4	9	–	–
Other Liabilities	6,610	5,687	–	–
Total non-current liabilities	6,614	5,696	–	–
TOTAL LIABILITIES	6,926	6,003	74	77
NET ASSETS	(6,494)	(5,504)	4,585	3,940
EQUITY				
Retained earnings	(6,494)	(5,504)	4,585	3,940
Revaluation reserves	–	–	–	–
Other reserves	–	–	–	–
Council equity interest	(6,494)	(5,504)	4,585	3,940
Non-controlling equity interest	–	–	–	–
TOTAL EQUITY	(6,494)	(5,504)	4,585	3,940

Sutherland Shire Council

Special Purpose Financial Statements for the year ended 30 June 2017

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	8
2	Water Supply Business Best-Practice Management disclosure requirements	n/a
3	Sewerage Business Best-Practice Management disclosure requirements	n/a

Sutherland Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies

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 (NSW), the Local Government (General) 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, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

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, return 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)

a. Long Day Care Centres

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

b. Operational Property

Council maintains a large portfolio of operational and commercial property in order to develop and maintain an alternative income stream to fund essential community works and services. Annual activity includes buying and selling of property as well as managing existing rental properties.

Category 2

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

a. Sutherland Entertainment Centre

Provision of high quality multi-functional and performing arts facility which responds to the diverse needs of the community.

b. Commercial Waste

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

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars.

Sutherland Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

(i) 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 – 30%

Land tax – the first \$549,000 of combined land values attracts 0%. For the combined land values in excess of \$549,001 up to \$3,357,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$3,357,000 a premium marginal rate of 2.0% applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$750,000.

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, currently 30%..

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to 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 30% is/is not 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 payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when 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.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

Sutherland Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 1. Significant accounting policies (continued)

(iii) 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'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective 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 2.38% at 30/6/17.

(iv) Dividends

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



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Sutherland Shire Council

To the Councillors of the 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 of financial position of each Declared Business Activity as at 30 June 2017, the income statement of each Declared Business Activity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Long Day Care Centres
- Operational Property
- Sutherland Entertainment Centre
- Commercial Waste.

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 2017, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report and in particular, the Emphasis of Matter referring to the basis of accounting.

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' (APES 110).

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note (1) to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Matter

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on that financial statement on 17 October 2016.

The Councillors' Responsibility 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 Note 1 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 must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting, as it affects the Council's Declared Business Activities.

Auditor's Responsibility 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:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

The description forms part of my auditor's report.

My opinion does not 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.



Caroline Karakatsanis
Director, Financial Audit Services

24 October 2017
SYDNEY

Sutherland Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2017



*“Sutherland Shire, in Sydney’s south, shaped by
bays, rivers, beaches and national parks...”*

Sutherland Shire Council

Special Schedules

for the year ended 30 June 2017

Contents		Page
Special Schedules¹		
Special Schedule 1	Net Cost of Services	2
Special Schedule 2(a)	Statement of Long Term Debt (all purposes)	4
Special Schedule 7	Report on Infrastructure Assets	5
Special Schedule 8	Permissible Income Calculation	10

¹ Special Schedules are not audited (with the exception of Special Schedule 8).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Sutherland Shire Council

Special Schedule 1 – Net Cost of Services
for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	6,877	297	–	(6,580)
Administration	38,233	5,540	–	(32,693)
Public order and safety				
Fire service levy, fire protection, emergency services	5,558	303	368	(4,887)
Beach control	1,549	140	–	(1,409)
Enforcement of local government regulations	6,692	6,332	–	(360)
Animal control	776	107	–	(669)
Other	1,009	171	–	(838)
Total public order and safety	15,584	7,053	368	(8,163)
Health	913	107	–	(806)
Environment				
Noxious plants and insect/vermin control	565	262	–	(303)
Other environmental protection	1,129	23	–	(1,106)
Solid waste management	39,382	39,068	–	(314)
Street cleaning	5,037	164	–	(4,873)
Drainage	1,911	11	5,977	4,077
Stormwater management	1,442	114	–	(1,328)
Total environment	49,466	39,642	5,977	(3,847)
Community services and education				
Administration and education	120	17	–	(103)
Social protection (welfare)	488	234	–	(254)
Children's services	16,409	16,043	–	(366)
Total community services and education	17,017	16,294	–	(723)
Housing and community amenities				
Public conveniences	2,071	–	–	(2,071)
Street lighting	3,517	373	–	(3,144)
Town planning	1,464	685	–	(779)
Total housing and community amenities	7,052	1,058	–	(5,994)
Water supplies	–	–	–	–
Sewerage services	–	–	–	–

Sutherland Shire Council

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	6,646	878	–	(5,768)
Art galleries	2,853	1,518	–	(1,335)
Community centres and halls	1,238	1,239	–	1
Performing arts venues	152	11	–	(141)
Other performing arts	2,370	1,443	–	(927)
Other cultural services	2,521	299	–	(2,222)
Sporting grounds and venues	5,176	3,197	18,036	16,057
Swimming pools	10,606	10,135	–	(471)
Parks and gardens (lakes)	13,097	330	10,007	(2,760)
Other sport and recreation	2,559	311	–	(2,248)
Total recreation and culture	47,218	19,361	28,043	186
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	7,361	3,890	–	(3,471)
Other mining, manufacturing and construction	–	–	–	–
Total mining, manufacturing and const.	7,361	3,890	–	(3,471)
Transport and communication				
Urban roads (UR) – local	8,393	3,472	7,235	2,314
Parking areas	219	129	–	(90)
Footpaths	2,073	1	–	(2,072)
Other transport and communication	68	–	–	(68)
Total transport and communication	10,753	3,602	7,235	84
Economic affairs				
Other economic affairs	4,626	6,794	–	2,168
Total economic affairs	4,626	6,794	–	2,168
Totals – functions	205,100	103,638	41,623	(59,839)
General purpose revenues ⁽¹⁾		124,548		124,548
Share of interests – joint ventures and associates using the equity method	–	–		–
NET OPERATING RESULT ⁽²⁾	205,100	228,186	41,623	64,709

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges

(2) As reported in the Income Statement

Sutherland Shire Council

Special Schedule 2(a) – Statement of Long Term Debt (all purpose)
for the year ended 30 June 2017

\$'000

Classification of debt	Principal outstanding at beginning of the year			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
NSW Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public subscription	-	-	-	-	-	-	-	-	-	-	-
Financial institutions	1,387	7,358	8,745	-	1,386	-	-	294	1,362	5,997	7,359
Other	-	-	-	-	-	-	-	-	-	-	-
Total loans	1,387	7,358	8,745	-	1,386	-	-	294	1,362	5,997	7,359
Other long term debt											
Ratepayers advances	-	-	-	-	-	-	-	-	-	-	-
Government advances	-	-	-	-	-	-	-	-	-	-	-
Finance leases	347	511	858	1,137	719	-	-	45	703	573	1,276
Deferred payments	-	-	-	-	-	-	-	-	-	-	-
Total long term debt	347	511	858	1,137	719	-	-	45	703	573	1,276
Total debt	1,734	7,869	9,603	1,137	2,105	-	-	339	2,065	6,570	8,635

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.

This schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Sutherland Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Council	–	–	526	747	22,539	35,065	0%	100%	0%	0%	0%
	Council Works Depot	24	–	338	451	15,565	22,557	3%	88%	9%	1%	0%
	Council Public Halls	–	–	650	949	29,787	43,352	0%	88%	12%	0%	0%
	Libraries	–	–	278	427	14,189	18,524	16%	84%	0%	0%	0%
	Cultural Facilities	–	–	481	486	21,414	32,049	0%	100%	0%	0%	0%
	Other Buildings	114	–	3,350	2,165	146,601	223,331	5%	59%	35%	0%	0%
	Specialised Buildings (incl Swim Pools)	77	–	1,876	2,638	88,771	127,380	19%	62%	18%	0%	0%
	Sub-total	215	–	7,499	7,863	340,245	502,258	7.8%	70.0%	21.6%	0.0%	0.0%
Other structures	Fencing, Memorials											
	Flagpoles	785	483	181	–	3,505	12,064	4%	24%	44%	24%	4%
	Sub-total	785	483	181	–	3,505	12,064	4.0%	24.0%	44.0%	24.0%	4.0%
Roads	Sealed Roads Surfaces	651	3,720	1,597	1,806	137,456	159,675	15%	62%	21%	2%	0%
	Sealed Roads Pavement	12,062	7,922	1,036	318	309,080	406,344	2%	27%	59%	10%	2%
	Bridges	995	3,527	72	–	6,804	14,324	0%	74%	2%	18%	6%
	Footpaths	1,429	2,676	1,953	755	72,132	97,654	64%	23%	10%	0%	3%
	Cycleways	–	–	127	–	5,212	6,345	93%	6%	1%	0%	0%
	Pathways	3,596	8,488	420	–	10,385	21,016	5%	15%	39%	15%	26%
	Kerb & Gutter	3,159	16,524	1,455	271	200,268	290,918	18%	65%	11%	6%	0%
	Carpark Pavement	3,654	12,141	379	–	12,168	37,939	2%	36%	29%	22%	11%
	Other Roads Assets	943	4,130	598	4,698	42,053	49,598	31%	38%	20%	9%	2%
	Seats	29	120	3	–	35	137	0%	1%	11%	74%	14%
	Bulk Earthworks	–	–	–	–	150,803	150,803	100%	0%	0%	0%	0%
	Sub-total	26,518	59,248	7,640	7,848	946,396	1,234,753	26.0%	37.8%	27.9%	6.5%	1.8%

Sutherland Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Box Culvert	–	–	187	–	24,269	37,337	71%	29%	0%	0%	0%
	Earth Lined Creek (Watercourse)	2,065	9,112	147	358	29,395	29,395	18%	21%	30%	27%	4%
	Open Channel	56	138	198	–	25,293	39,520	59%	41%	0%	0%	0%
	Pipe (Stormwater Pipe)	772	1,912	2,732	1,422	349,647	546,323	59%	41%	0%	0%	0%
	Pits (Stormwater Pits)	8	23	232	–	29,206	46,359	55%	45%	0%	0%	0%
	Stormwater Quality Devices	1,740	4,427	149	85	6,465	14,920	48%	18%	4%	13%	17%
	Headwalls	1	2	6	–	715	1,141	57%	43%	0%	0%	0%
	Sub-total	4,642	15,614	3,651	1,865	464,990	714,995	57.4%	39.3%	1.3%	1.4%	0.5%
Open space/recreational assets	Swimming Pool Shells	1,051	6,008	333	–	4,610	16,667	0%	28%	36%	36%	0%
	Sports Assets	716	4,089	2,921	2,724	32,685	62,680	5%	48%	40%	7%	0%
	Irrigation Dam	–	–	133	18	6,216	6,891	0%	100%	0%	0%	0%
	Playgrounds	1,024	4,413	2,101	250	1,310	9,075	8%	16%	55%	18%	3%
	Open Space Assets	–	–	3,353	8,006	32,519	47,960	0%	75%	25%	0%	0%
	Sub-total	2,791	14,510	8,841	10,998	77,340	143,273	2.7%	55.2%	33.5%	8.4%	0.2%
Other infrastructure assets	Boating facilities	764	–	582	109	6,138	8,166	21%	33%	31%	15%	0%
	Other	–	–	–	–	9,793	20,526	0%	0%	0%	0%	100%
	Sub-total	764	–	582	109	15,931	28,692	6.0%	9.4%	8.8%	4.3%	71.5%

Sutherland Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
	TOTAL – ALL ASSETS	35,715	89,855	28,394	28,683	1,848,407	2,636,035	29.5%	44.9%	19.7%	4.0%	1.8%

Notes:

a Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Sutherland Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2017

\$ '000	Amounts	Indicator	Benchmark	Prior periods	
	2017	2017		2016	2015
Infrastructure asset performance indicators * consolidated					
1. Infrastructure renewals ratio					
Asset renewals ⁽¹⁾	<u>15,137</u>	57.61%	>= 100%	112.42%	198.20%
Depreciation, amortisation and impairment	<u>26,273</u>				
2. Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	<u>35,715</u>	1.93%	< 2%	2.38%	3.14%
Net carrying amount of infrastructure assets	<u>1,848,407</u>				
3. Asset maintenance ratio					
Actual asset maintenance	<u>28,683</u>	1.01	> 1.00	0.93	1.20
Required asset maintenance	<u>28,394</u>				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	<u>89,855</u>	3.41%		0.00%	
Gross replacement cost	<u>2,636,035</u>				

Notes

* All asset performance indicators are calculated using the asset 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

Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2017

<p>1. Infrastructure renewals ratio</p> <p>Benchmark: — Minimum $\geq 100.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Purpose of asset renewals ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on 2016/17 result</p> <p>2016/17 Ratio 57.61%</p> <p>This ratio shows renewals are underfunded. Council's Long Term Financial Plan is looking at strategies to address this underfunding in conjunction with community engagement.</p>
<p>2. Infrastructure backlog ratio</p> <p>Benchmark: — Maximum $< 2.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Purpose of infrastructure backlog ratio</p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p>Commentary on 2016/17 result</p> <p>2016/17 Ratio 1.93%</p> <p>An independent review of Special Schedule 7 was undertaken, with the BTS methodology applied in 16/17. Revaluation of assets has assisted the further decline of the backlog. Performance is not inconsistent with the trend forecast in 2015.</p>
<p>3. Asset maintenance ratio</p> <p>Benchmark: — Minimum > 1.00 Source for benchmark: Code of Accounting Practice and Financial Reporting #25</p>	<p>Purpose of asset maintenance ratio</p> <p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.</p>	<p>Commentary on 2016/17 result</p> <p>2016/17 Ratio 1.01 x</p> <p>This ratio reflects a point in time, however projections show this rate will not be sustained. Utility costs were included in the 2016/17 ratio for the first time, and energy costs in particular are increasing.</p>
<p>4. Cost to bring assets to agreed service level</p>	<p>Purpose of agreed service level ratio</p> <p>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.</p>	<p>Commentary on 2016/17 result</p> <p>2016/17 Ratio 3.41%</p> <p>This ratio reflects a premium road pavement treatment method, while Council is utilising more cost effective methods where appropriate. The inputs to this indicator will be refined through community engagement on service levels.</p>

Sutherland Shire Council

Special Schedule 8 – Permissible Income Calculation
for the year ended 30 June 2018

\$'000		Calculation 2016/17	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	112,398	114,463
Plus or minus adjustments ⁽²⁾	b	124	692
Notional general income	c = (a + b)	112,522	115,155
Permissible income calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
Or rate peg percentage	e	1.80%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	–	–
Plus special variation amount	h = d x (c – g)	–	–
Or plus rate peg amount	i = c x e	2,025	1,727
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	114,547	116,882
Plus (or minus) last year's carry forward total	l	(2)	1
Less valuation objections claimed in the previous year	m	(82)	–
Sub-total	n = (l + m)	(84)	1
Total permissible income	o = k + n	114,464	116,883
Less notional general income yield	p	114,463	116,883
Catch-up or (excess) result	q = o – p	1	(0)
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	–	–
Less unused catch-up ⁽⁵⁾	s	–	–
Carry forward to next year	t = q + r – s	1	(0)

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*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (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.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future 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 *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 8 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule No. 8

Sutherland Shire Council

To the Councillors of Sutherland Shire Council

Opinion

I have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Sutherland Shire Council (the Council) for the year ending 30 June 2018.

In my opinion, Special Schedule No. 8 of Sutherland Shire Council for 30 June 2018 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), 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, and in particular the Emphasis of Matter paragraph, which describes the basis of accounting.

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 Special Schedule No.8' section of my report.

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

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

I have fulfilled my other ethical responsibilities in accordance with 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 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 notes and explanations in Special Schedule No. 8 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule No. 8 may not be suitable for another purpose.

Other Matter

Special Schedule No.8 of the Council for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on Special Schedule No. 8 on 17 October 2016.

Councillors' Responsibility for Special Schedule No. 8

The Councillors of the Council are responsible for the preparation of Special Schedule No. 8 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 Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error.

In preparing Special Schedule No.8, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of Special Schedule No. 8

My objectives are to:

- obtain reasonable assurance whether Special Schedule No. 8 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 Special Schedule No.8.

A description of my responsibilities for the audit of Special Schedule No.8 is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does not 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 Special Schedule No.8 on any website where they may be presented
- about any other information which may have been hyperlinked to/from Special Schedule No 8.



Caroline Karakatsanis
Director, Financial Audit Services

24 October 2017
SYDNEY

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