



EXTRAORDINARY MEETING OF COUNCIL

To be held at 4pm on

Thursday 31 October 2024

Council Chambers

11 Manning Street, KIAMA NSW 2533

Order of Business

- 1 Opening of Meeting
- 2 Webcasting Statement
- 3 Acknowledgement of Country
- 4 Statement of Ethical Obligations
- 5 Apologies
- 6 Confirmation of Minutes of Previous Meeting
- 7 Disclosure of Interest
- 8 Public Forum Summary
- 9 Report of the Chief Operating Officer
- 10 Confidential Summary
- 11 Confidential Reports
- 12 Closure

Members

Mayor
Councillor C McDonald
Deputy Mayor
Councillor M Matters
Councillor M Brown
Councillor M Cains
Councillor I Draisma
Councillor S Larkins
Councillor M Lawton
Councillor Y Tatrai
Councillor E Warren

28 October 2024

To the Chairman and Councillors:

NOTICE OF EXTRAORDINARY MEETING

You are respectfully requested to attend an **Extraordinary Meeting** of the Council of Kiama, to be held in the **Council Chambers, 11 Manning Street, KIAMA NSW 2533** on **Thursday 31 October 2024** commencing at **4pm** for the consideration of the undermentioned business.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Jane Stroud', written in a cursive style.

Jane Stroud

Chief Executive Officer

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**AGENDA FOR THE
EXTRAORDINARY MEETING OF KIAMA MUNICIPAL COUNCIL
HELD ON THURSDAY 31 OCTOBER 2024 AT 4PM**

1 OPENING OF MEETING

2 WEBCASTING STATEMENT

This meeting is being recorded and made publicly available on the Council website and persons attending the meeting should refrain from making any defamatory statements.

3 ACKNOWLEDGEMENT OF COUNTRY

Kiama Municipal Council acknowledges the Traditional Custodians of Dharawal Country, the Wodi Wodi people and recognises their continued connection to the land. We pay our respects to elders past, present and emerging and the contribution that they make to our community.

4 STATEMENT OF ETHICAL OBLIGATIONS

Councillors are reminded of their oaths or affirmations of office under section 233A of the Act and their obligations under the Code of Conduct to disclose and appropriately manage any conflicts of interest.

5 APOLOGIES

6 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

6.1 Ordinary Council on 13 August 2024

Attachments

- 1 Minutes: Ordinary Council meeting - 13 August 2024 [↓](#)
- 2 Minutes attachment - Ordinary Council - 13 August 2024 [↓](#)

Enclosures

Nil

RECOMMENDED

That the Minutes and associated attachments of the Ordinary Council meeting held on 13 August 2024 be received and accepted.



MINUTES OF THE ORDINARY MEETING OF COUNCIL

commencing at 5.00pm on

TUESDAY 13 AUGUST 2024

Council Chambers
11 Manning Street, KIAMA NSW 2533

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

**MINUTES OF THE ORDINARY MEETING OF
THE COUNCIL OF THE MUNICIPALITY OF KIAMA
HELD IN THE COUNCIL CHAMBERS
ON TUESDAY 13 AUGUST 2024 AT 5.00PM**

PRESENT: Mayor – Councillor N Reilly
Deputy Mayor – Councillor I Draisma
Councillors M Brown, K Rice, W Steel, J Keast, S Larkins,
K Renkema-Lang and M Croxford

IN ATTENDANCE: Jane Stroud – Chief Executive Officer
Jessica Rippon – Director Planning, Environment and Communities
Michael Malone – Director Infrastructure and Liveability
Joe Gaudiosi – Chief Operating Officer
Olena Tulubinska – Chief Financial Officer
Stephanie Salviejo - Public officer

1 OPENING OF MEETING

The Chair opened the meeting at 5pm.

2 WEBCASTING STATEMENT

The Chair advised the meeting was being livestreamed and recorded and would be made publicly available on the Council website. Persons attending the meeting should refrain from making any defamatory statements.

3 ACKNOWLEDGEMENT OF COUNTRY

The Chair acknowledged the traditional owners.

4 STATEMENT OF ETHICAL OBLIGATIONS

The Chair reminded Councillors of their oaths or affirmations of office under section 233A of the Local Government Act 1993 and their obligations under the Code of Conduct to disclose and appropriately manage any conflicts of interest.

5 APOLOGIES

Nil.

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

Procedural Motion: Councillor excused from standing

24/250OC

Resolved that Councillor Steel is excused from the requirement to stand when speaking.

(Councillors Keast and Draisma)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

6 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

6.1 Ordinary Council meeting on 16 July 2024

24/251OC

Resolved that the Minutes of the Ordinary Committee meeting held on 16 July 2024 be received and accepted subject to the following:

1. The vote for item 12.2 Minutes: Sustainable Communities Committee – 2 July 2024 be amended to include Councillor Draisma’s vote “for”.
2. The title for Item 20.3 Notice of Motion: The Bugle’s adherence to journalistic standards be changed to “Notice of Motion: Refer The Bugle to the Australian Press Council”.

(Councillors Draisma and Croxford)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

7 BUSINESS ARISING FROM THE MINUTES

Nil.

8 DISCLOSURE OF INTEREST

Disclosure of Interest - Councillor Renkema-Lang

Councillor Renkema-Lang declared a pecuniary interest in Item 13.2 *Current legal matters - status update as at 30 June 2024* as a person involved in the Vortex Development case contributed to Councillor Renkema-Lang’s legal defence fund. Councillor Renkema-Lang proposed to leave the chamber and not vote on this matter.

MINUTES OF THE ORDINARY MEETING**13 AUGUST 2024****Disclosure of Interest - Councillor Renkema-Lang**

Councillor Renkema-Lang declared a pecuniary interest in Item 18.2 *Updated attachment for Item 13.2 - Current legal matters - status updated as at 30 June 2024* as a person involved in the Vortex Development case contribute to Councillor Renkema-Lang's legal defence fund. Councillor Renkema-Lang proposed to leave the chamber and not vote on this matter.

Disclosure of Interest - Councillor Renkema-Lang

Councillor Renkema-Lang declared a pecuniary interest in Item 20.2 *Notice of Motion: Gerroa Landcare Group* as a relative of a person who spoke at public access contributed to Councillor Renkema-Lang's legal defence fund. Councillor Renkema-Lang proposed to leave the chamber and not vote on this matter.

Disclosure of Interest - Councillor Renkema-Lang

Councillor Renkema-Lang declared a pecuniary interest in Item 20.3 *Notice of Motion: NSW Biodiversity Crisis* a person who spoke at public access contributed to Councillor Renkema-Lang's legal defence fund. Councillor Renkema-Lang proposed to leave the chamber and not vote on this matter.

Disclosure of Interest - Councillor Renkema-Lang

Councillor Renkema-Lang declared a less than significant non-pecuniary interest in Item 22.4 *Opportunity to acquire land in Kiama* as Councillor Renkema-Lang is a member of the Lions Club that rents an adjacent property to the subject land. Councillor Renkema-Lang proposed to disclose and vote on this matter.

Disclosure of Interest - Councillor Draisma

Councillor Draisma declared a less than significant non-pecuniary interest in Item 20.3 *Notice of Motion: NSW Biodiversity Crisis* as Councillor Draisma is an employee of a specified person in the motion. Councillor Draisma proposed to disclose and vote on this matter

Disclosure of Interest - Councillor Larkins

Councillor Larkins declared a less than significant non-pecuniary interest in Item 13.3 *Destination Event Funding Program – Round 1 Assessment* as Councillor Larkins occasionally volunteers for the Red Cross Fun Run event as a marshall. Councillor Larkins proposed to disclose and vote on this matter.

Disclosure of Interest - Councillor Larkins

Councillor Larkins declared a less than significant non-pecuniary interest in Item 22.4 *Opportunity to acquire land in Kiama* as Councillor Larkins regularly volunteers for the Lions Club that rents an adjacent property to the subject land. Councillor Larkins proposed to disclose and vote on this matter.

Disclosure of Interest - Councillor Brown

Councillor Brown declared a less than significant non-pecuniary interest in Item 12.4 *Minutes: Tourism and Economic Advsiory Committee meeting on 18 July 2024* as Councillor Brown is a member of a body specified in the report. Councillor Brown proposed to disclose and vote on this matter.

MINUTES OF THE ORDINARY MEETING**13 AUGUST 2024****9 TABLING OF PETITIONS AND OTHER DOCUMENTS****9.1 Tabling of letter by Councillor Rice**

Councillor Rice tabled the following letter:

Attachments

- A Letter from Council to The Hon. Stephen Kamper MP, Minister for Lands and Property dated 29 July 2024 in relation to Council-managed Crown Land Plan of Management designation of the category of Park.

9.2 Tabling of letter by Councillor Keast

Councillor Keast tabled the following letter:

Attachments

- A Letter from The Hon John Hatzistergo AM, Chief Commissioner of the Independent Commission Against Corruption to Council dated 8 August 2024 regarding integrity issues relating to the 2024 NSW Local Government Elections.

10 PUBLIC FORUM SUMMARY

Name	Item No.	Subject
Ian Backhouse	12.4	Minutes: Tourism and Economic Advisory Committee meeting on 18 July 2024
Derek McMahon John Trevenar	16.5	Request for funding assistance: Gerringong District All Sports Inc for Gerry Emery clubhouse embellishments
Stephen Brazier	20.2	Notice of Motion: Gerroa Landcare Group
Jacqueline Forst	20.3	Notice of Motion: NSW Biodiversity Crisis

11 MAYORAL MINUTE**11.1 Mayoral Minute: Local Government Week Awards****24/252OC**

Resolved that Council formally congratulate the following winners of the Local Government Week Awards:

- Citizen of the Year – Michael Gleeson
- Senior Citizen of the Year – Rhonda Bailey
- Community Group of the Year – CWA Kiama Evening Branch
- Arts Honour Roll – Tamara Campbell
- Sport Honour Roll – Grace Stewart
- Sports Achievement Award – Nardia Guillaumier

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

- Sports Volunteer Award – Karon Dawson
- Robert East Memorial Award – Berbel Franse
- Megan Dalley Award – Hallie Le Maitre

in recognition of their service to Council and the community.

(Councillor Reilly)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

Procedural motion: In globo

24/253OC

Resolved that Council move in globo and adopt the recommendations contained within the report for items 14.1, 16.4, 17.3, 17.4, 17.5 and 17.6.

(Councillors Draisma and Larkins)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

12 MINUTES OF COMMITTEES

12.1 Minutes: Audit, Risk and Improvement Committee meeting - 30 July 2024

24/254OC

Resolved that the Minutes of the Audit, Risk and Improvement Committee meeting held on 30 July 2024 be received and accepted, subject to:

1. updating the wording on page 45 of the Council papers, under section 6.8 to read:

“Noted: The CFO asked the Committee to note that the investment portfolio was over the policy level for ING but was brought back within the required level within a couple of days.”

2. the following recommendation on the Akuna Street legal matter being endorsed:

24/024ARIC

Resolved that the Audit, Risk and Improvement Committee:

1. Notes and receives this report which finalises the Federal Court matter of Nicolas Daoud and Co Pty Ltd v The Council of the Municipality of Kiama.

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

2. Recommends that Council delegate to the Chief Executive Officer to use the Council seal to execute the Deed of Release.

(Councillors Keast and Larkins)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

Procedural motion

24/255OC

Resolved that Item 12.2 Minutes: Blue Haven Advisory Committee – 3 July 2024 be moved to confidential closed session under the provisions of Section 10A(2) of the Local Government Act 1993.

(Councillors Renkema-Lang and Draisma)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

12.3 Minutes: Infrastructure and Liveability Advisory Committee meeting – 9 July 2024

24/256OC

Resolved that Council:

1. Receive and note the Minutes of the Infrastructure & Liveability Advisory Committee meeting held on 9 July 2024.
2. Note that the minutes refer to two submission papers from the Advisory Committee (Kiama Leisure Centre facilities and Town Centre Traffic & Parking) that were inadvertently not included in the business paper and these papers will now be reported to the new Council.

(Councillors Larkins and Croxford)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

12.4 Minutes: Tourism and Economic Advisory Committee meeting on 18 July 2024

Councillor Brown declared a less than significant non-pecuniary interest in this matter, disclosed and voted.

24/257OC

Resolved that the minutes of the Tourism and Economic Advisory Committee meeting held on 18 July 2024 be received and noted, and the following recommendation on the Kiama New Year's Eve Sky Show be endorsed:

That Destination Kiama coordinate the 'Kiama New Year's Eve Sky Show' on 31 December 2024 within the allocated budget and that Kiama Surf Lifesaving Club be added to the event program to allow for the collection of donations and that other not-for-profit organisations also be considered to the event program by Destination Kiama.

(Councillors Brown and Steel)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

Procedural motion: movement of late items

24/258OC

Resolved that the following late items be moved as follows:

Item 18.1 *CEO note: 2021/2024 Council term ends* be moved to be the first item under the heading Report of the Chief Executive Officer.

Item 18.2 *Updated attachment for Item 13.2 – Current legal matters – status updated as at 30 June 2024* be moved to replace item 13.2.

Item 18.3 *Updated Notice of Motion Item 20.3: NSW Biodiversity Crisis* be moved to replace item 20.3.

(Councillors Reilly and Steel)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

13 REPORT OF THE CHIEF EXECUTIVE OFFICER

18.1 CEO note: 2021/2024 Council term ends

Report for noting only.

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

13.1 Bi-monthly Strategic Finance & Governance Improvement Plan Update Report: July 2024

24/259OC

Resolved that Council:

1. Receive the Strategic Finance & Governance Improvement Plan – Implementation Status Update – July 2024,
2. Note that actions 1.1, 1.2 and 8.11 have been completed, and
3. Note that the Chief Executive Officer, through the Implementation Team, will:
 - a. provided a copy of the Implementation Status Update - July 2024 to the NSW Office of Local Government, and
 - b. place a copy of the Implementation Status Update - July on Council's website.

(Councillors Renkema-Lang and Brown)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

13.2 Current legal matters - status update as at 30 June 2024

Councillor Renkema-Lang declared a pecuniary interest in this matter, disclosed and left the chamber.

Councillor K Renkema-Lang left the meeting at 05:40 pm.

This item has been replaced by the update provided by item 18.2 below.

18.2 Updated attachment for Item 13.2 - Current legal matters - status updated as at 30 June 2024

Councillor Renkema-Lang declared a pecuniary interest in this matter, disclosed and left the Chamber at 5:40pm.

It was moved by Councillor Keast and seconded by Councillor Rice that Council receive this report and note that:

1. the following approximate amounts were expended on legal matters generally as at 30 June 2024:
 - NSW Land & Environment Court = \$639,324
 - NSW Civil & Administrative Tribunal matters = \$5,803
 - Federal Court matters = \$3,547,719
 - Supreme Court matters = \$55,508
 - General legal/Probity advice = \$182,914
 - Anti-discrimination matters = \$47,176

MINUTES OF THE ORDINARY MEETING

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- Councillor Code of Conduct related matters = \$23,474.
- 2. legal matters finalised since the last report to Council (made in May 2024) have been included in the attachment to the August 2024 report, noting total costs to Council as specified in the table headed 'Completed Matters'.
- 3. all reference to Councillor Code of Conduct related matters be consolidated from this report in future.

On being put the **amendment was lost**.

For: Councillors Keast and Rice

Against: Councillors Brown, Croxford, Draisma, Larkins, Reilly and Steel

At the request of the Chair, Councillor Croxford withdrew his comment that referenced some information was misleading.

24/2600C

Resolved that Council receive this report and note that:

1. the following approximate amounts were expended on legal matters generally as at 30 June 2024:
 - NSW Land & Environment Court = \$639,324
 - NSW Civil & Administrative Tribunal matters = \$5,803
 - Federal Court matters = \$3,547,719
 - Supreme Court matters = \$55,508
 - General legal/Probity advice = \$182,914
 - Anti-discrimination matters = \$47,176
 - Councillor Code of Conduct related matters = \$23,474.
2. Legal matters finalised since the last report to Council (made in May 2024) have been included in the attachment to the August 2024 report, noting total costs to Council as specified in the table headed 'Completed Matters'.

(Councillors Croxford and Draisma)

For: Councillors Brown, Croxford, Draisma, Larkins, Reilly and Steel

Against: Councillors Keast and Rice

Councillor K Renkema-Lang returned to the meeting at 06:08 pm.

13.3 Destination Event Funding Program - Round 1 Assessment

Councillor Larkins declared a less than significant non-pecuniary interest in this matter, disclosed and voted.

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

24/261OC

Resolved that Council review the summary of applications received for round one of the Destination Event Funding Program and endorse Council's support for all eligible events to the value listed in the below table:

Event	Funding amount
Kiama Red Cross Fun Run	\$1,220.00
2025 Winter Wine Festival presented by Crooked River Estate	\$10,220.00
Kiama Coastal Classic	\$3,000.00
Kiama Sevens 2025	\$12,500.00
Clearly Music, Arts & Wellness Festival 2.0	\$7,522.00
Sydney FC Football Festival	\$5,000.00
177 th Kiama Show - 2025	\$8,000.00
Total allocation:	\$47,462.00

(Councillors Brown and Steel)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

13.4 Endorse for public exhibition: Customer Service Charter

24/262OC

Resolved that Council:

- Place the Kiama Municipal Council Customer Service Charter on public exhibition, after the completion of the 2024 NSW Local Government Caretaker period, for a period of 28 days calling for submissions and that the results of the consultation be reported to the newly elected Council.
- The newly elected council will receive a further report for consideration, if any relevant submissions are received or if any substantial changes are proposed for any other reason, detailing the public exhibition outcomes and proposed changes with further recommendations regarding adoption.
- On the day after completion of the public exhibition period, adopt the Kiama Municipal Council Customer Service Charter, if there are no relevant submissions received and there are no substantial changes proposed for any other reasons.

(Councillors Brown and Rice)

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly,
Renkema-Lang, Rice and Steel

Against: Nil

14 REPORT OF THE CHIEF OPERATING OFFICER

14.1 Post review endorsement: Child Safe Policy

This item was moved as part of the in globo recommendation – refer 24/253OC.

24/263OC

Resolved that Council adopt the updated Child Safe Policy.

(Councillors Draisma and Larkins)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly,
Renkema Lang, Rice and Steel

Against: Nil

14.2 Monthly Financial Report June 2024 and Quarterly Budget Review (QBR4)

Councillor Renkema-Lang moved an amendment which lapsed due to there being no seconder.

24/264OC

Resolved that Council:

1. Receive and adopt the quarterly budget review statement and budget changes for the quarter ending 30 June 2024.
2. Note the budget carry forwards of \$189,000 into the 2024-25 budget capital program due to existing commitments and already underway projects.

(Councillors Draisma and Brown)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Rice and Steel

Against: Councillor Renkema-Lang

14.3 Statement of Investments: July 2024

24/265OC

Resolved that Council notes the information relating to the Statement of Investments as at 31 July 2024.

(Councillors Brown and Croxford)

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly,
Renkema-Lang, Rice and Steel

Against: Nil

15 REPORT OF THE DIRECTOR PLANNING, ENVIRONMENT AND COMMUNITIES

Nil.

16 REPORT OF THE DIRECTOR INFRASTRUCTURE AND LIVEABILITY

16.1 Access to Seven Mile Beach for beach haul fishing

24/266OC

Resolved that Council:

1. Approve a licence agreement to Seeking Fisheries for access to Seven Mile Beach Gerroa for a period of five (5) year term;
2. Terminate the licence agreement once the applicant is no longer approved to undertake commercial fishing activities through the Department of Primary Industries (NSW Fisheries).

(Councillors Draisma and Brown)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly,
Renkema-Lang, Rice and Steel

Against: Nil

16.2 Endorse for public exhibition: Kiama Council Waste Strategy

24/267OC

Resolved that Council:

1. Place the Kiama Municipal Council Waste and Sustainable Materials Strategy 2024 – 2030 on public exhibition, after the completion of the 2024 NSW Local Government Caretaker period, for a period of 28 days calling for submissions and that the results of the consultation program be reported to the newly elected Council.
2. Note that a report on the results of the consultation program and the final draft Kiama Municipal Council Waste and Sustainable Materials Strategy 2024 – 2030 will be presented to the newly elected Council for consideration for decision making purposes.

(Councillors Larkins and Draisma)

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13 AUGUST 2024

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly,
Renkema-Lang, Rice and Steel

Against: Nil

16.3 Proposed formation of the Jerrara Dam Working Group and Terms of Reference

24/268OC

Resolved that Council receive and note the draft Terms of Reference for a future Jerrara Dam Working Group.

(Councillors Draisma and Brown)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly,
Renkema-Lang, Rice and Steel

Against: Nil

16.4 Proposed road closure: Brown Street, Kiama

This item was moved as part of the in globo recommendation – refer 24/253OC.

24/269OC

Resolved that Council;

1. Note the submission received during the advertising period and that an easement for electricity purposes will be created prior to the formal road closure.
2. Continue with the formal road closure process for the surplus road reserve located on Brown Street, Kiama under the Roads Act 1993, as shown on the diagram in the body of this report.

(Councillors Draisma and Larkins)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly,
Renkema-Lang, Rice and Steel

Against: Nil

16.5 Request for funding assistance: Gerringong District All Sports Inc for Gerry Emery clubhouse embellishments

24/270OC

Resolved that Council:

1. Acknowledges the efforts of the Gerringong District All Sports Inc to fund and undertake this significant building enhancement project.

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

2. Approves the allocation of \$75,000 to the Capital Budget – Building & Facilities funded from the Development Contributions Reserve.
3. Delegates to the Chief Executive Officer the authority to negotiate and execute a funding agreement, to a maximum amount of \$75,000, with the Club including payments being made on a cost incurred basis.

(Councillors Brown and Croxford)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

17 REPORTS FOR INFORMATION

These items were moved as part of the in globo recommendation – refer 24/253OC.

24/271OC

Resolved that the following Reports for Information listed for Councillors' consideration are noted:

- 17.3 Conference Report: Councillor Brown - Destination and Visitor Economy Conference 2024
- 17.4 Post event reporting: Kiama Coastal Classic - Destination Event funding
- 17.5 Post event reporting: Kiama Winter Street Festival 2024
- 17.6 Regional Energy Strategy

(Councillors Draisma and Larkins)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

The following Reports for Information listed for Councillors' consideration are noted:

- 17.2 Compliance Officer activities - June and July 2024
- 17.7 Resolution Register - April 2024 to June 2024 and update on previous periods.

Councillor I Draisma left the meeting at 06:53 pm.

Councillor I Draisma returned to the meeting at 06:55 pm.

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

17.1 Biennial review: Alcohol & Other Drugs Policy for Councillors

24/272OC

Resolved that Council

1. place the draft Alcohol & Other Drugs Policy for Councillors on exhibition, after the completion of the 2024 NSW Local Government Caretaker period, for a period of 28 days calling for submissions.
2. Note that a report on the results of the consultation program and the final draft Alcohol & Other Drugs Policy for Councillors will be presented to the newly elected Council for consideration for decision making purposes.

(Councillors Renkema-Lang and Draisma)

For: Councillors Brown, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Councillor Croxford

18 LATE ITEMS

Items 18.1 *CEO note: 2021/2024 Council term ends*, 18.2 *Updated attachment for Item 13.2 – Current legal matters – status updated as at 30 June 2024* and 18.3 *Updated Notice of Motion Item 20.3: NSW Biodiversity Crisis* have been moved as per minute 24/258OC.

19 QUESTIONS WITH NOTICE

19.1 Response to Cr Larkin's question with notice: Feasibility of a memorial plaque at Kiama Harbour Rock Pool

Report for noting only.

19.2 Response to Cr Rice's question with notice: Council's Code of Meeting Practice

Report for noting only.

19.3 Response to Cr Rice's question with notice: Crown Lands categorisation

Report for noting only.

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

20 NOTICE OF MOTION**20.1 Notice of Motion: Decommissioned Residential Aged Care Facility**

The Chair requested that Councillor Croxford withdraw his remarks about Labour Councillors and to apologise to his colleagues. Councillor Croxford apologised for the quote.

It was **moved** by Councillor Draisma and seconded by Councillor Larkins that Council:

1. Notes the difficulties that key workers, individuals and families in the Kiama local government area face in accessing affordable housing, which is defined as equivalent to or more than 30% of total household income.
2. Following the subdivision of 1 Havilah Place as per the Performance Improvement Order (PIO), commit to the further investigation of the redevelopment of the former of Residential Aged Care Facility (RACF) on the site.
3. Receive a report on the options that can be considered for a public/private partnership to deliver a mixed-development on the site of the RACF, which would include at least 25% social and affordable housing.
4. As part of the report, receive examples of other mixed development projects which have been delivered on a similar site.

The Chair requested that Councillor Draisma withdraw her remark regarding the Liberal standing on affordable housing. Councillor Draisma withdrew her remarks.

24/2730C

At the request of Councillor Rice and by consent the **motion was varied and resolved** that Council:

1. Notes the difficulties that key workers, individuals and families in the Kiama local government area face in accessing affordable housing, which is defined as equivalent to or less than 30% of total household income.
2. Following the subdivision of 1 Havilah Place as per the Performance Improvement Order (PIO), commit to the further investigation of the redevelopment of the former of Residential Aged Care Facility (RACF) on the site.
3. Receive a report on the options that can be considered for this site including a public/private partnership to deliver a mixed-development on the site of the RACF, which would include at least 25% social and affordable housing.
4. As part of the report, receive examples of other mixed development projects which have been delivered on a similar site.

(Councillors Draisma and Larkins)

For: Councillors Brown, Draisma, Keast, Larkins, Reilly, Rice and Steel

Against: Councillor Croxford and Renkema-Lang

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

20.2 Notice of Motion: Gerroa Landcare Group

Councillor Renkema-Lang declared a pecuniary interest in this matter, disclosed and left the chamber.

Councillor K Renkema-Lang left the meeting at 07:32 pm.

24/274OC

Resolved that Council:

1. As a matter of priority meet with the Seven Mile Beach Landcare group to:
 - a. discuss the provision of a commercial provider to assist the group with undertaking the immediate weed management required at Seven Mile Beach.
 - b. discuss budget adjustments that will assist further management of weed growth throughout this financial year.
2. During the preparation of the 2025/26 budget, considers the allocation of an annual budget for this purpose, including the possibility of funding from specific reserves.
3. Continue seeking grant opportunities for funding the maintenance of the Seven Mile Beach Crown Reserve and other natural areas in the municipality.

(Councillors Rice and Larkins)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Rice and Steel

Against: Nil

20.3 Notice of Motion: NSW Biodiversity Crisis

Councillor Renkema-Lang declared a pecuniary interest in this matter, disclosed and left the chamber at 7:32pm.

This item has been replaced by the update provided by item 18.3 below.

18.3 Updated Notice of Motion Item 20.3: NSW Biodiversity Crisis

Councillor Renkema-Lang declared a pecuniary interest in this matter, disclosed and left the chamber at 7:32pm.

Councillor Renkema-Lang had requested, prior to leaving the Chamber, that the Chair put the motion on her behalf.

Councillor Croxford raised a point of order that the notice of motion did not comply with section 10.10 of the Code of Meeting Practice in that it did not identify a funding source for the motion. The Chair overruled the point of order as there were no actions within the motion requiring funding.

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

24/275OC

Resolved that Council

1. Write to The Hon. Penelope Gail Sharpe, NSW Minister for the Environment and The Hon Tara Moriarty MLC Minister for Agriculture
 - (a) expressing thanks for the advice provided by Minister Sharpe on the planning controls and other legislative arrangements that may be applied to strengthen protections of the Minnamurra River biodiversity and surrounding eco-systems, and
 - (b) congratulate both Ministers on the development of the *NSW Plan for Nature* in response to the Biodiversity Crisis across NSW
2. Write to the Premier The Hon. Christopher John Minns, MP and The Hon Paul Scully MP, Minister for Planning and Public Spaces
 - (a) noting that Council shares the NSW Government's grave concerns about the Biodiversity Crisis across NSW and acknowledging that urgent action is required to put nature on a path to recovery
 - (b) expressing Council's support for the NSW Plan for Nature released in July 2024
 - (c) requesting advice on the extent to which the *NSW Plan for Nature* recommendations (or any other legislative instruments) will be applied to protect, preserve and restore the fragile eco-systems of the river catchments and wetlands contained within the Kiama local government area as development is 'fast-tracked' in line with the NSW Government's planning reforms.
3. Provide a copy of the correspondence referred to in 2) above be provided to the Hon. Ryan John Park, Minister for the Illawarra and South Coast, The Hon. Penelope Gail Sharpe NSW Minister for the Environment, The Hon Tara Moriarty MLC Minister for Agriculture, the Minnamurra Progress Association and the Jamberoo Valley Ratepayers and Residents Association.

(Councillors Reilly and Keast)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Rice and Steel

Against: Nil

Councillor K Renkema-Lang returned to the meeting at 07.50pm.

21 CONFIDENTIAL SUMMARY

Procedural motion: extension of time

24/276OC

Resolved that at this time, 7:51pm, in accordance with section 18.2 of the Code of Meeting Practice the meeting be extended to close at 8:15pm.

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

(Councillors Reilly and Larkins)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

24/277OC

Resolved that at this time, 7:51pm, Council form itself into a Confidential Committee of the Whole to deal with matters listed in the recommendations as set out below subject to the consideration of any representations relating to such action.

(Councillors Reilly and Larkins)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

Public Representations:

The Mayor called for representations regarding issues which had been proposed to be disclosed in Confidential Committee of the Whole. No such representations were received.

21.1 Exclusion Of Press And Public:

24/278OC

Committee recommendation that in accordance with Sections 10 and 10A of the Local Government Act, 1993 as amended, Council close the meeting of the Confidential Committee of the Whole to the Press and Public to deal with the following matters on the grounds as detailed below.

22.1 BLUE HAVEN UPDATE - AUGUST 2024

Reason for Confidentiality: This matter deals with information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business as per Section 10A(2)(c) of the Local Government Act and information that would, if disclosed, confer a commercial advantage on a competitor of the council as per Section 10A(2)(dii) of the Local Government Act.

22.2 WOOLWORTHS - EASEMENT FOR CARPARKING

Reason for Confidentiality: This matter deals with commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it as per Section 10A(2)(di) of the Local Government Act.

22.3 PROPOSAL FOR RE-MODELLED SALARY SYSTEM

Reason for Confidentiality: This matter deals with personnel matters concerning particular individuals (other than councillors) as per Section 10A(2)(a) of the Local Government Act.

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

22.4 OPPORTUNITY TO ACQUIRE LAND IN KIAMA

Reason for Confidentiality: This matter deals with information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business as per Section 10A(2)(c) of the Local Government Act.

(Councillors Draisma and Larkins)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

22 CONFIDENTIAL REPORTS

Procedural motion: in globo

24/279OC

Committee recommendation that Council move in globo and adopt the recommendations contained within the report for items 12.2 and 22.1.

(Councillors Draisma and Larkins)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

12.2 Minutes: Blue Haven Advisory Committee 3 July 2024

This item was moved as part of the in globo recommendation – refer minute 24/279OC.

24/280OC

Committee recommendation that the Minutes of the Blue Haven Advisory Committee meeting held on 3 July 2024 be received and accepted.

(Councillors Draisma and Larkins)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

22.1 Blue Haven Update - August 2024

This item was moved as part of the in globo recommendation – refer minute 24/279OC.

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

24/281OC

Committee recommendation that Council note the information provided in the Blue Haven update report for August 2024.

(Councillors Draisma and Larkins)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

22.2 Woolworths - Easement for Carparking

24/282OC

Committee recommendation that Council

1. Enter into the Variation of Easement to allow Woolworths (Fabcot Pty Ltd) to implement a car park management system on the lot burdened, which involves the installation of a boom gate at the entrance of the lot and impose charges for the use of the carpark being part on the burdened lot.
2. Enter into a Car Park Management Deed with Woolworths (Fabcot Pty Ltd) for the operation of a paid and timed car park in which Council will receive a share of the net profit, with the timed component aligning with the current on-street parking limitations.
3. Delegate to the Mayor and CEO authority to execute any necessary documents in relation to the car park management system including the application of the Council seal if required.
4. Note Woolworths (Fabcot Pty Limited) would not purchase the easement site from Council in line with the valuation ascertained by Walsh & Monaghan Valuers.
5. Note if an agreement is not entered into, the carparking easement would remain untimed and unmetered which incentivises all day parking within the easement area only. This would restrict regular car movements within the precinct and additionally Council would forgo any revenue for a burden that was refused to be purchased.

(Councillors Brown and Larkins)

For: Councillors Brown, Croxford, Draisma, Larkins, Reilly and Steel

Against: Councillors Keast, Renkema-Lang and Rice

22.3 Proposal for re-modelled Salary System

24/283OC

Committee recommendation that Council:

1. Endorse the proposed re-modelled salary system for all staff designed to improve fairness, competitive remuneration and recognition for excellent

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

performance as outlined in the report as Option (1) at an additional cost of \$350,000 per annum.

2. Note the quarter 1 budget review for 2024-25 will include an increase to employee costs of \$155,000 due to the mid-year implementation timeframe and existing budget inclusions.
3. Note the proposed re-modelled salary system aims to replace the existing outdated 20+ year system that has been a major issue affecting employee engagement and organisational culture at Council.

(Councillors Brown and Steel)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

Procedural motion: extension of time

24/284OC

Committee recommendation that at this time, 8.08pm, in accordance with section 18.2 of the Code of Meeting Practice the meeting be extended to close at 8:30pm.

(Councillors Reilly and Larkins)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

22.4 Opportunity to acquire land in Kiama

Councillor Renkema-Lang declared a less than significant non-pecuniary interest in this matter, disclosed and voted.

Councillor Larkins declared a less than significant non-pecuniary interest in this matter, disclosed and voted.

It was moved by Councillor Brown and seconded by Councillor Steel that Council:

1. Submit an offer to acquire the property as detailed within the report.
2. Give the CEO delegated authority to negotiate within the range, + or – 10% and any other relevant special conditions as per the report.
3. Give the Mayor and/or CEO delegated authority to execute any documentation associated with the acquisition of the property including the Common Seal of Council if required.
4. Upon acquisition, classify the land as “Operational Land”.
5. Expedite additional planned divestment opportunities within 18 months to fund and facilitate the acquisition.

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

24/285OC

At the request of Councillor Keast and by consent the **recommendation was varied and the Committee recommended** that Council:

1. Submit an offer to acquire the property as detailed within the report.
2. Give the CEO delegated authority to negotiate within the range, + or – 10% and any other relevant special conditions as per the report.
3. Give the Mayor and/or CEO delegated authority to execute any documentation associated with the acquisition of the property including the Common Seal of Council if required.
4. Upon acquisition, classify the land as “Operational Land”.
5. Expedite additional planned divestment opportunities within 18 months to fund and facilitate the acquisition.
6. Urgently update the long-term financial plan and cashflow to assess the impact of this potential property acquisition and present it to the first Council meeting after the September 2024 Local Government election
7. Provide a detailed report on what the ‘additional’ planned divestment opportunities will be and the timeframe for these divestments.

(Councillors Brown and Steel)

For: Councillors Brown, Croxford, Draisma, Larkins, Reilly and Steel

Against: Councillors Keast, Renkema-Lang and Rice

Close of Confidential Committee of the Whole:

24/286OC

Committee recommendation that at this time, 8.13pm, the Confidential Committee of the Whole revert to Open Council.

(Councillors Reilly and Draisma)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

Adoption of Report

The Chief Executive Officer formally reported the recommendations of the Confidential Committee of the Whole for items 12.1, 22.1, 22.2 and 22.3.

A point of order was raised by Councillor Brown that the recommendation for Item 22.4 should not be formally reported by the Chief Executive Officer due to the confidential nature of the recommendation. The Chair agreed to return to closed committee to discuss the issue.

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

24/287OC

Resolved that that the Confidential Committee of the Whole recommendations numbered 24/278OC to 24/286OC, excluding 24/285OC, be confirmed and adopted.

(Councillors Reilly and Larkins)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

24/288OC

Resolved that at this time, 8.22pm, Council form itself into a Confidential Committee of the Whole to deal with Item 22.4.

(Councillors Reilly and Steel)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

24/289OC

Committee recommendation that at this time, 8.28pm, the Confidential Committee of the Whole revert to Open Council.

(Councillors Steel and Brown)

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel

Against: Nil

Adoption of Report

The Chief Executive Officer formally reported the recommendations of the Confidential Committee of the Whole for item 22.4.

24/290OC

Resolved that the Confidential Committee of the Whole recommendations numbered 24/285OC and 24/289OC be confirmed and adopted.

(Councillors Draisma and Croxford)

MINUTES OF THE ORDINARY MEETING

13 AUGUST 2024

For: Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly,
Renkema-Lang, Rice and Steel

Against: Nil

23 CLOSURE

There being no further business the meeting closed at 8.30pm.

These Minutes were confirmed at the Ordinary Meeting of Council held on 15 October 2024.

.....
Mayor

Item 6.1

Attachment 1



ORDINARY MEETING OF COUNCIL

MINUTE ITEM ATTACHMENTS

Tuesday 13 August 2024

**ORDINARY MEETING OF COUNCIL MINUTE ITEM ATTACHMENTS
13 AUGUST 2024**

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1	Letter from The Hon John Hatzistergo AM, Chief Commissioner of the Independent Commission Against Corruption to Council dated 8 August 2024 regarding integrity issues relating to the 2024 NSW Local Government Elections.....	4

Item 9.1 - New Item (9.1) Tabling of letter by Councillor Rice

01 - Letter from Council to The Hon.
Stephen Kamper MP, Minister for
Lands and Property dated 29/07/2024



Phone enquiries:
(02) 4232 0444

Reference:
24/76312

29 July 2024

The Hon. Stephen Kamper MP
Minister for Lands and Property
GPO Box 5341
SYDNEY NSW 2001

Via online portal

Dear Minister

Kiama Municipal Council Managed Crown Land Plan of Management

At its meeting of 21 May 2024 Council adopted the *Council Managed Crown Land Plan of Management 2024*, following the endorsement of the draft by the Minister's delegate dated 4 April 2024. Council has formally advised the Department of the adoption and provided a copy of the final document under a separate letter.

At the same meeting Council also resolved to seek clarity from the Minister on some matters in the Crown Land Plan of Management (PoM). At that meeting Council resolved, in part:

3. Delegate to the CEO to prepare correspondence to the Minister for Lands and Property seeking clarity on the application of the designation of the category of Park specifically for the reserves at Seven Mile Beach, Warri Beach, Easts Beach and Bombo, as well as noting one potential anomaly relating to Reserve Purpose at Minnamurra Headland so that Council can understand the process for any future amendment.

Council received correspondence from the Department dated 26 April 2021 which outlined Council's application of "park" to the beach areas as consistent with the direction from the Minister. The draft PoM was prepared based on those directions and, following public exhibition and community consultation, Council narrowed the strips/areas of "park" to a small area along the beaches, which was subsequently endorsed by the Minister.

It would be appreciated if the Minister could provide clarity on the application of categorisation of "park" for the reserves at Seven Mile, Warri, Easts and Bombo Beaches in the endorsed PoM.

Our Councillors would also appreciate some guidance and advice from the Minister on whether it is possible to maintain the adjacent natural area categories instead of "park". Perhaps by utilising S46 subsections (1)(b)(i) and (4) of the *NSW Local Government Act, 1993* to accommodate leases for existing surf schools and other commercial activities on these beaches.

Additionally, Council seeks clarification on Reserve 90992 (Minnamurra Headland – Lot 68 DP 243062) purpose. Our research during preparation of the draft PoM found that the reserve has two purposes; the first - Reserve 90992 Public Recreation (notified in Government Gazette 16 December 1977) and the second - Reserve 90992 for Filming Event (notified in Government Gazette 17 November 2017).

All correspondence Chief Executive Officer PO Box 75 Kiama NSW 2533

Contacts P (02) 4232 0444

E council@kiama.nsw.gov.au

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11 Manning Street Kiama NSW 2533

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Item 9.1 - New Item (9.1) Tabling of letter by Councillor Rice

01 - Letter from Council to The Hon.
Stephen Kamper MP, Minister for
Lands and Property dated 29/07/2024

24/76312

Page 2

It would also be appreciated if the Minister could advise are currency and validity of these purposes.

If you need additional information to provide clarity on these issues, please contact Council's Manager Property & Recreation, Donna Flanagan on 4232 0444.

Yours faithfully


Jane Stroud
Chief Executive Officer

Item 6.1

Attachment 2

Item 9.2 - New Item (9.2) Tabling of letter by Councillor Keast

01 - Letter from The Hon John Hatzistergo AM, Chief Commissioner of ICAC to Council dated 08/08/2024.



8 August 2024

Our Ref: Z22/0095

Dear Councillor

Integrity issues relating to the 2024 NSW Local Government Elections

As the September 2024 Local Government elections fast approach, I am writing to current local government councillors, registered political parties and registered candidates to highlight some important integrity related matters.

"Weaponisation" of the Commission

In the past, particularly in the context of campaigning, individuals have 'weaponised' the Independent Commission Against Corruption (the Commission) by directing allegations of corruption against their political rivals. These allegations may be accompanied by public statements that the matter has been referred to the Commission. Doing so, irrespective of whether there is a reasonable basis for such allegations, may cause political damage, and such allegations should not be used as a weapon to level at a political rival.

The weaponisation of the Commission for political advantage, whether it be via a referral or some other means, is inappropriate. This type of conduct, particularly when undertaken during an election campaign, leaves the Commission with little time to adequately assess and then investigate the allegation. It may also jeopardise the Commission's investigation opportunities, where evidence may be destroyed. Timely and unpublicised reporting assists the Commission to deal effectively with an allegation.

If any person holds a genuine suspicion of corrupt conduct, it should be reported to the Commission in the usual manner. Reporting suspected corruption allegations to the Commission, actively contributes to a NSW public sector that is more resistant to corruption.

Although the Commission typically refrains from confirming or denying the existence of any allegation or investigation, if it becomes apparent that the Commission's functions are being weaponised, the Commission may determine that it is in the public interest to clarify the status of its involvement in a matter.

Ongoing obligations

Some councillors will not be contesting the local government election, while others may be successful or unsuccessful in their campaign for re-election. For those councillors currently in office, they should be aware of important obligations, including during the caretaker period (16th August to 3rd September 2024).

- The exercise of certain council functions are restricted during caretaker period. Some of these restrictions include entering or receipting of certain valued contracts or

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Item 9.2 - New Item (9.2) Tabling of letter by Councillor Keast

01 - Letter from The Hon John Hatzistergo AM, Chief Commissioner of ICAC to Council dated 08/08/2024.

undertakings, determining controversial development applications, and the appointment, reappointment, or removal of the general manager. It is important that councillors adhere to these restrictions.

- Councillors may have access to **commercial-in-confidence** or other confidential information during their time in office. It is imperative that this information not be **misused** while in or transitioning out of office. Councillors must not seek to personally benefit from such information in any way.
- Transitioning out of office does not negate a councillor's obligation to disclose their pecuniary interests and non-pecuniary conflicts of interests. This also extends to current councillors, including those campaigning for re-election.

Engaging in any of the above conduct could result in a breach the relevant code of conduct, the law, and may amount to corrupt conduct.

Other obligations

a. Councillors

When considering their fundraising activities, candidates for local council should be aware that as a general rule, councillors cannot vote on matters in which their reportable donors have an interest. This requirement, set out in each council's code of conduct, is intended to ensure that councillors cannot be improperly influenced by their donors.

Councillors must not misuse council resources, including council staff, or council facilities to assist their election campaign or that of others. Further, they must not use such resources for private purposes. This requirement is available in each council's code of conduct.

b. Candidates

Once elected, local councillors become public officials and are expected to act in the public interest at all times. While the "public interest" is multi-faceted and can involve a degree of political judgment, it is important for all candidates to understand that public office cannot be used for the purpose of conferring personal benefits on individuals and groups.

In addition, candidates should understand that councillors' accountability requirements entail disclosing details about their income, assets, and other financial interests in regular pecuniary interest returns. Although minor redactions can be made to protect privacy, these returns are public documents and are an important mechanism for managing risks that arise from conflicts of interest.

Registered candidates campaigning to become a local government councillor should be aware of their obligations in the lead up to the election. This includes issues around campaigning, political donations, and payments for electoral-related expenditure. The NSW Electoral Commission provides guidance material on its website (www.elections.nsw.gov.au) to assist election participants to meet their obligations.

It is imperative that all candidates be mindful of their actions both publicly and in a private capacity. Candidates, whether campaigning for office or re-election, should always act with integrity and observe the highest standards of probity. Candidates must not attempt to circumvent electoral funding laws or be involved in improper arrangements surrounding political donations to their campaign, as donations may be used as a mechanism to exert improper influence to secure favourable decisions.

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Item 6.1

Attachment 2

Item 9.2 - New Item (9.2) Tabling of letter by Councillor Keast

01 - Letter from The Hon John Hatzistergo AM, Chief Commissioner of ICAC to Council dated 08/08/2024.

Next steps

The Commission takes a proactive approach to the education of elected officials and encourages councils to reach out to the Commission to discuss training opportunities for their councillors. The Commission would be happy to work with NSW local councils to uplift their education programs.

Should you have any questions about the matters raised in this letter, please contact the Commission at education@icac.nsw.gov.au.

Yours sincerely



The Hon John Hatzistergos AM
Chief Commissioner

OFFICIAL

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7 DISCLOSURE OF INTEREST

8 PUBLIC FORUM SUMMARY

9 REPORT OF THE CHIEF OPERATING OFFICER

9.1 2023-24 Annual Financial Statements

CSP Objective: Outcome 5.1: Public funds and assets are managed strategically, transparently and efficiently

CSP Strategy: 5.1.1 Public funds are managed in accordance with Financial Management Standards and the Local Government Act.

Delivery Program: 5.1.1.1 Improved financial reporting and legislative compliance through reporting, scrutiny oversight and processes.

Item 9.1

Summary

To advise Council that the preparation of the Annual Financial Statements for the year ended 30 June 2024 has been completed, were considered by Council's Audit, Risk and Improvement Committee, and are presented to Council for authorising the Statement by Councillors and Management to be signed.

Financial implication

There are no financial implications because of this report, as this report is simply endorsing the 2023-24 Financial Statements and authorising the Statement by Councillors and Management to be signed.

Risk implication

Not applicable.

Policy

Section 413(1) of the Local Government Act, 1993 requires that "a Council must prepare financial reports for each year and must refer them for audit as soon as practicable". Council must also prepare a Statement by Councillors and Management as to their opinion on the general purpose and the special purpose financial statements.

The 2023-24 Annual Financial Statements have been prepared in accordance with:

- Local Government Act 1993 (NSW)
- Local Government (General) Regulation 2021 (NSW)
- Local Government Code of Accounting Practice and Financial Reporting

Consultation (internal)

Audit Risk and Improvement Committee

Communication/Community engagement

Section 420(1) of the Local Government Act 1993 allows any person to make submissions to Council with respect to Council's audited financial statements or with respect to the auditor's reports.

Attachments

- 1 2023-24 Draft Annual Financial Statements [↓](#)

Supplementary Reports

9.1 2023-24 Annual Financial Statements (cont)

Enclosures

Nil

RECOMMENDATION

That Council:

1. Authorises the Statement by Councillors and Management to be signed by the Chief Executive Officer, the Responsible Accounting Officer, the Mayor and a Councillor as required by the Local Government Act 1993.
2. Notes the financial result for the year ending 30 June 2024.
3. Notes the governance role played by Council's Audit, Risk and Improvement Committee in overseeing the preparation and finalisation of the audited 2023-24 financial statements.

Background

This report is to advise Council that the 2023-24 Annual Financial Statements have been completed and endorsed by Council's Audit, Risk and Improvement Committee at its meeting held on 23 October 2024. A copy of the financial statements is attached to this report.

Council's Financial Statements for the year ended 30 June 2024 have been prepared and informally referred for audit.

The audit of the draft Financial Statements has been reviewed and discussed with the Audit Office of NSW and all adjustments recommended by the audit team are reflected in the current draft.

In accordance with Section 413 of the Local Government Act 1993, Council must now formally refer these statements for audit. Prior to the completion of the audit, Council is required to give its opinion on the Financial Statements. As part of this process, Council is required to present a signed statement on its opinion on the reports.

The statements required to be signed are contained on page 3 of the General Purpose Financial Statements and page 3 of the Special Purpose Financial Statements and must be signed by the Mayor, a Councillor, the Chief Executive Officer and the Responsible Accounting Officer. It is reasonably standard practice that the Deputy Mayor sign the financial statements as the accompanying Councillor in addition to the Mayor.

Overview of 2023-24 Financial Statements

The draft 2023-24 Financial Statements (General Purpose and Special Purpose) have been reviewed by the auditors, all material changes noted during the audit have been discussed with Council's CFO and COO, and incorporated. The review by the auditors is based not only on appropriate compliance with accounting standards but also an understanding and review of underlying systems and processes regarding financial management, documentation and internal controls within Council broadly and specifically within the Finance team.

Supplementary Reports

9.1 2023-24 Annual Financial Statements (cont)

Councillors are aware of the Audit Office of NSW's disclaimer of opinion on the 2020-21, 2021-22 and 2022-23 financial statements. The qualified opinion in these statements has steadily improved starting from inadequate records and reconciliations, systems and internal controls allowing for an opinion to be formed, concerns with reported balances of key reserves, to more recently obtaining and performing asset revaluations being the last significant matter.

To address the last remaining revaluation issue, Management worked closely with auditors in recent weeks to develop a detailed plan of additional procedures to satisfy verification and audit requirements.

The significant concern highlighted by the Audit Office in prior financial statements regarding Restricted and Allocated cash was also addressed during the year. The prior year issue with the opening balances (previously disclaimed) for two external reserves, Domestic Waste and Crown Land Reserve balances was fully verified. Management was able to provide sufficient audit evidence to support all movements for 2020-21, 2021-22, 2022-23 and 2023-24 financial years.

As a result of the above, the Audit Office have indicated that the qualification will be lifted, and an unmodified audit opinion will be issued for the 2023-24 Financial Statements.

The attached financial statements present fairly the Council's operating result and financial position for the year; in accordance with Council's accounting and other records and have been prepared in accordance with:

- the Local Government Act 1993 and its regulations,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board,
- the Local Government Code of Accounting Practice and Financial Reporting.

General comment

The 2024 Financial Statements are the fourth set of Financial Statements presented to Council in an 18-month period since the 2021 Financial Statements were signed in April 2023. The Management Letter at that point contained a long list of items and concerns that resulted in a Qualified Audit Opinion.

Significant attention has been given to the systems and processes within the Finance Team and across Council to improve financial reporting. The ensuing Financial Statements have reflected the improvement and the 2024 Financial Statements with the unmodified audit opinion confirm the improvement.

Supplementary Reports

9.1 2023-24 Annual Financial Statements (cont)

Financial performance summary

Council's net operating result indicates a loss of \$12.8M.

Income Statement is presented below:

\$'000	2024	2023 Restated	Movement: fav/(unfav)	%
Income from continuing operations				
Rates and annual charges	27,686	26,933	753	3%
User charges and fees	23,373	22,760	613	3%
Other revenues	7,006	6,367	639	9%
Grants and contributions provided for operating purposes	19,577	17,718	1,859	9%
Grants and contributions provided for capital purposes	13,809	3,539	10,270	74%
Interest and investment income	2,357	1,859	498	21%
Other income	286	-	286	100%
Net gain from the disposal of assets	-	7,835	(7,835)	-100%
Total income	94,094	87,011	7,083	8%
Expenses from continuing operations				
Employee benefits and on-costs	40,403	35,638	(4,765)	-12%
Materials and services	41,031	34,047	(6,984)	-17%
Borrowing costs	942	1,264	322	34%
Depreciation	11,185	11,253	68	1%
Other expenses	10,013	1,010	(9,003)	-90%
Net loss from the disposal of assets	3,334	-	(3,334)	-100%
Total expenses	106,908	83,212	(23,696)	-22%
Operating result	(12,814)	3,799	(16,613)	-130%
Net operating result before capital grants and contributions	(26,623)	260	(26,883)	-101%
Adjustment – Extraordinary items (loss on sale and fair value)	12,442	(7,835)		
Exclude fair value movements and gain/loss on disposals - LOSS	(14,181)	(7,575)	(6,606)	-87%

Excluding one-off extraordinary items such as movement in fair value of investment properties and asset write offs because of year end asset condition assessments/stocktakes, Council generated a \$14.2M loss in 2023-24 financial year comparing to \$7.6M loss in 2022-23.

Main reasons for this unfavourable variance are summarised below:

- \$1.8M increase in Blue Haven employee costs because of mandatory FWC 15% pay increase for aged care workers. This increase had a flow on impact on agency hire costs – they increased by \$1.6M being a combination of increased prices but also increased usage (including employees) due to increased occupancy. This unfavourable variance was partially offset by increased revenue through subsidy and fees.

Supplementary Reports

9.1 2023-24 Annual Financial Statements (cont)

-
- \$1M increase in general fund employee costs because of 3.5% plus \$1000 annual award increase (Local Government Award)
 - \$1.4M increase in legal expenses in 2024 due to significant litigations, outside of Council's control.
 - \$1.5M of additional expenses associated with disaster recovery (storm events) that are not capital in nature.
 - \$0.7M of additional expenses associated with preparation and facilitation of the Blue Haven Bonaira sale including EOI, RFT, contract preparation and negotiation and the underlying probity requirements.
 - \$0.5M increase in maintenance expenses for Terralong Independent Living Units, including work involving asset and facilities management along with backlog of maintenance activities.

Unfavourable variances listed above were only partially offset by increase in rates income (\$0.8M) and investment revenue (\$0.5M).

The loss of \$14,181K includes depreciation of \$11,185K resulting in a smaller operating cash loss. The statement of cash flows on page 8 of the Financial Statements provides a full reconciliation of the cash position.

The cash, cash equivalents and investments balance increased from \$46.8M (2023) to \$49.4M (June 2024). This is mainly due to an increase in capital grant funding and other balance sheet movements.

As at 30 June 2024 Council's unrestricted cash balance is \$3.2M.

Council has spent \$4.9M on landslide repair emergency works and as at 30 June 2024 Transport for NSW has not reimbursed Council for these works under Disaster Recovery Funding Agreement (DRFA), and effectively these expenses were funded by Council's internal reserves.

Please refer to the attached *2023-24 Annual Financial Statements* for further details.

A structural deficit is a well-known challenge faced by Councils across NSW and Kiama Council is no exception. This issue became prominent in mid to late 2022 with interventions by the Audit Office of NSW raising concerns about Council's solvency and then Office of Local Government issuing a Notice of Intention to Issue a Performance Improvement Order. Strategic Improvement Plan and Financial Sustainability & Cash Flow Strategy were implemented to address the challenge.

Much improvement has occurred since but while acknowledging the improvement, Council received the varied Performance Improvement Order (PIO) from the Hon. Ron Hoenig MP, Minister for Local Government in May 2024. The varied PIO will cover 2 years to May 2026 and has a strong finance and governance focus, particularly regarding becoming financially sustainable by 2026-2027. In issuing the varied PIO, the Minister concluded that Council's previous inability to produce reliable financial reports, including the issuing of a disclaimer from the NSW Audit Office on Council's 2020-21 Financial Statement, was one of the reasons for issuing the PIO. Council has now addressed this concern with the completion of three sets of Financial Statements during the 2023-24 Financial Year which enables Council to now have real time financial data.

Supplementary Reports

9.1 2023-24 Annual Financial Statements (cont)

As required by the varied PIO, Council adopted its Strategic Finance & Governance Improvement Plan at their extraordinary meeting in June 2024. This Improvement Plan establishes several actions Council will undertake to achieve financial sustainability by 2026-27. Council has identified the following eight (8) strategic levers to help get to where we need to be and guide Council's direction over the following two to three years to achieve financial sustainability:

- Strategic Lever 1: Sustainable cash reserves and responsible borrowing
- Strategic Lever 2: Optimised revenue opportunities
- Strategic Lever 3: Well planned assets
- Strategic Lever 4: Reviewed and efficient service landscape
- Strategic Lever 5: Investment in transformation
- Strategic Lever 6: Robust financial management
- Strategic Lever 7: Prioritising advocacy and partnerships
- Strategic Lever 8: Ensure good governance

Actions for year 1 are clear and well understood. Council will continue to identify and refine actions and has committed to review the Improvement Plan every six months.

Audit, Risk and Improvement Committee

The Audit, Risk and Improvement Committee (ARIC) reviewed and endorsed the draft Financial Statements on 23 October 2024. Michael Kharzoo, Director – Financial Audit of the Audit Office NSW attended the meeting and provided updates on the progress of the audit to the ARIC members.



KIAMA MUNICIPAL COUNCIL
your council, your community



Kiama Municipal Council
General Purpose Financial Statements
for the year ended 30 June 2024



Item 9.1

Attachment 1

Kiama Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Kiama Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2024

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 31 October 2024.

Cameron McDonald
Mayor
31 October 2024

Melissa Matters
Deputy Mayor
31 October 2024

Jane Stroud
Chief Executive Officer
31 October 2024

Olena Tulubinska
Responsible Accounting Officer
31 October 2024

Kiama Municipal Council | Income Statement | for the year ended 30 June 2024

Kiama Municipal Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Income from continuing operations				
27,920		B2-1	27,686	26,933
22,929		B2-2	23,373	22,760
6,257		B2-3	7,006	6,367
15,826		B2-4	19,577	17,718
11,445		B2-4	13,809	3,539
2,387		B2-5	2,357	1,859
1,493		B2-6	286	-
31,218		B4-1	-	7,835
119,475			94,094	87,011
Expenses from continuing operations				
37,110		B3-1	40,403	35,638
35,132		B3-2	41,031	34,047
387		B3-3	942	1,264
14,608		B3-4	11,185	11,253
2,272		B3-5	10,013	1,010
-		B4-1	3,334	-
89,509			106,908	83,212
29,966			(12,814)	3,799
29,966			(12,814)	3,799
Net operating result for the year attributable to Council				
18,522			(26,623)	260
Net operating result for the year before grants and contributions provided for capital purposes				

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

Kiama Municipal Council | Statement of Comprehensive Income | for the year ended 30 June 2024

Kiama Municipal Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Net operating result for the year – from Income Statement		(12,814)	3,799
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<u>27,636</u>	42,940
Total items which will not be reclassified subsequently to the operating result		<u>27,636</u>	42,940
Total other comprehensive income for the year		<u>27,636</u>	42,940
Total comprehensive income for the year attributable to Council		<u>14,822</u>	46,739

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

Kiama Municipal Council | Statement of Financial Position | as at 30 June 2024

Kiama Municipal Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	19,051	43,058
Investments	C1-2	21,000	3,000
Receivables	C1-4	3,304	3,618
Inventories	C1-5	329	307
Contract assets and contract cost assets	C1-6	1,488	871
Current assets classified as held for sale	C1-7	95,138	5,461
Prepayments		771	580
Total current assets		141,081	56,895
Non-current assets			
Investments	C1-2	9,373	837
Receivables	C1-4	205	197
Infrastructure, property, plant and equipment (IPPE)	C1-8	553,121	585,368
Investment property	C1-9	80,200	124,950
Right of use assets	C2-1a	395	121
Total non-current assets		643,294	711,473
Total assets		784,375	768,368
LIABILITIES			
Current liabilities			
Payables	C3-1	143,910	139,953
Contract liabilities	C3-2	4,365	7,017
Lease liabilities	C2-1b	114	36
Borrowings	C3-3	675	801
Employee benefit provisions	C3-4	7,008	6,741
Total current liabilities		156,072	154,548
Non-current liabilities			
Lease liabilities	C2-1b	290	6
Borrowings	C3-3	19,844	20,494
Employee benefit provisions	C3-4	645	618
Total non-current liabilities		20,779	21,118
Total liabilities		176,851	175,666
Net assets		607,524	592,702
EQUITY			
Accumulated surplus		160,908	173,722
IPPE revaluation reserve		446,616	418,980
Council equity interest		607,524	592,702
Total equity		607,524	592,702

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

Kiama Municipal Council | Statement of Changes in Equity | for the year ended 30 June 2024

Kiama Municipal Council
Statement of Changes in Equity
 for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		173,722	418,980	592,702	187,229	376,040	563,269
Correction of prior period errors		-	-	-	(17,306)	-	(17,306)
Restated opening balance		173,722	418,980	592,702	169,923	376,040	545,963
Net operating result for the year		(12,814)	-	(12,814)	3,799	-	3,799
Restated net operating result for the period		(12,814)	-	(12,814)	3,799	-	3,799
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	-	27,636	27,636	-	42,940	42,940
Other comprehensive income		-	27,636	27,636	-	42,940	42,940
Total comprehensive income		(12,814)	27,636	14,822	3,799	42,940	46,739
Closing balance at 30 June		160,908	446,616	607,524	173,722	418,980	592,702

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

Kiama Municipal Council | Statement of Cash Flows | for the year ended 30 June 2024

Kiama Municipal Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Cash flows from operating activities				
<i>Receipts:</i>				
27,920	Rates and annual charges		27,597	26,358
22,929	User charges and fees		25,674	25,862
2,387	Interest received		2,579	1,047
27,271	Grants and contributions		30,954	23,915
-	Bonds, deposits and retentions received		240	69
7,750	Other		2,733	2,073
<i>Payments:</i>				
(37,110)	Payments to employees		(39,498)	(37,124)
(35,132)	Payments for materials and services		(45,105)	(38,284)
(387)	Borrowing costs		(995)	(1,838)
(2,272)	Other		-	(883)
<u>13,356</u>	Net cash flows from operating activities	F1-1	<u>4,179</u>	<u>1,195</u>
Cash flows from investing activities				
<i>Receipts:</i>				
-	Redemption of term deposits		-	34,750
35,513	Proceeds from sale of IPPE		7,419	28,408
<i>Payments:</i>				
-	Acquisition of term deposits		(26,250)	-
(13,900)	Payments for IPPE		(15,966)	(11,772)
<u>21,613</u>	Net cash flows from investing activities		<u>(34,797)</u>	<u>51,386</u>
Cash flows from financing activities				
<i>Receipts:</i>				
-	Proceeds from retirement villages and residential aged care bonds		7,427	6,176
<i>Payments:</i>				
(15,801)	Repayment of borrowings		(801)	(30,923)
-	Principal component of lease payments		(15)	-
<u>(15,801)</u>	Net cash flows from financing activities		<u>6,611</u>	<u>(24,747)</u>
<u>19,168</u>	Net change in cash and cash equivalents		<u>(24,007)</u>	<u>27,834</u>
45,167	Cash and cash equivalents at beginning of year		43,058	15,224
<u>64,335</u>	Cash and cash equivalents at end of year	C1-1	<u>19,051</u>	<u>43,058</u>
-	plus: Investments on hand at end of year	C1-2	30,373	3,837
<u>64,335</u>	Total cash, cash equivalents and investments		<u>49,424</u>	<u>46,895</u>

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

Kiama Municipal Council

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Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

Kiama Municipal Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 31 October 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the Office of Local Government (OLG) directs Council to amend the financial statements.

The material accounting policy information related to these consolidated financial statements are set out below.

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Council is a not for-profit entity.

The financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Historical cost convention

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

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

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

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables (refer Note C1-4)
- (ii) Revenue recognition (AASB 15 and AASB 1058)

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

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

- General purpose operations
- Holiday Parks
- Pavilion function centre operations
- Blue Haven Aged Care and Retirement Village operations

continued on next page ...

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A1-1 Basis of preparation (continued)

Volunteer services

Council has not accounted for the volunteer services received in the income statement on the basis that the volunteer services were not material, not be purchased if not donated or could not be reliably measured during the reporting year.

New accounting standards and interpretations issued but not yet effective

Certain new interpretations have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2024 reporting period.

As at the date of authorisation of these financial statements Council considers *AASB 18 Presentation and Disclosure in Financial Statements* to impact presentation of financial statements, effective 1 January 2028. The standard replaces AASB 101 and changes the structure of the income statement and related disclosures. It also renames AASB 108 as "Basis of Preparation of Financial Statements" and makes a range of consequential amendments to most other standards.

Another upcoming standard, with no material impact to Council, is *AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*. This Standard amends AASB 13, including adding authoritative implementation guidance and providing related illustrative examples, for application by not-for-profit public sector entities.

In particular, this standard provides guidance on:

- (a) highest and best use
- (b) financially feasible uses
- (c) use of assumptions
- (d) nature of costs to include in the replacement cost of a reference asset and on the identification of economic obsolescence when using the cost approach.

The standard applies prospectively to annual periods beginning on or after 1 January 2024; i.e. Council's financial statements for the year ended 30 June 2025, with earlier application not permitted.

New accounting standards adopted during the year

For this period, Council adopted *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*. The most significant change introduced by these standards is to remove the requirement to disclose significant accounting policies and instead require disclosure of material accounting policy information.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

B Financial Performance
B1 Functions or activities
B1-1 Functions or activities – income, expenses and assets

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
Office of Chief Executive Officer *	1,345	1,247	7,792	4,750	(6,447)	(3,503)	50	217	–	–
Office of Chief Operating Officer **	52,042	55,028	64,951	45,757	(12,909)	9,271	17,883	16,069	63,813	62,511
Planning, Environment and Communities	34,021	25,264	25,996	25,115	8,025	149	12,628	3,612	112,499	110,203
Infrastructure and Liveability	6,686	5,472	8,169	7,590	(1,483)	(2,118)	2,825	1,359	608,063	595,654
Other	–	–	–	–	–	–	–	–	–	90
Total functions and activities	94,094	87,011	106,908	83,212	(12,814)	3,799	33,386	21,257	784,375	768,458

(*) Operating loss due to Office of Chief Executive Officer responsible for Performance Improvement Order Implementation team and legal expenses.

(**) Operating loss due to Office of Chief Operating Officer responsible for all end of year accounting entries e.g. impairment, asset write-off, and fair value adjustments.

B1-2 Components of functions or activities

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

Office of Chief Executive Officer

Governance costs relating to Council's role as a component of democratic government; including elections, meetings of council and policy making committees, members' fees and expenses, subscriptions to local authority associations, area representation and public disclosure, tourism and communication.

Office of Chief Operating Officer

Corporate and other support services, human resources, finance, information technology, governance, member services, risk management, aged care and retirement village operations.

Planning, Environment and Communities

Animal control, building control, compliance, enforcement of local government regulations, food control, public conveniences, public halls, immunisation, town planning, environmental protection, community centre, youth services, family history centre, public libraries other community services.

Infrastructure and Liveability

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, parking areas, bus shelters, fire protection, RTA works, street lighting, emergency services, street cleaning, public cemeteries, swimming pools, sporting grounds, parks and gardens, private works, stormwater drainage, engineering support services, holiday and caravan parks, real estate development, indoor sports complex, leisure centre, waste unit and waste management, property maintenance and beach control.

The functions are based on the Council's structure as at the date of authorisation of financial statements.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

B2 Sources of income**B2-1 Rates and annual charges**

\$ '000	2024	2023
Ordinary rates		
Residential	18,315	17,430
Business	1,600	1,543
Farmland	771	741
Less: pensioner rebates (Council policy)	(87)	(30)
Less: pensioner rebates (mandatory)	(256)	(309)
Rates levied to ratepayers	20,343	19,375
Pensioner rate subsidies received	160	170
Total ordinary rates	20,503	19,545
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	6,618	6,508
Commercial waste management services	389	714
Stormwater management services	230	228
Less: pensioner rebates (Council policy)	(32)	(11)
Less: pensioner rebates (mandatory)	(91)	(113)
Annual charges levied	7,114	7,326
Pensioner annual charges subsidies received:		
– Domestic waste management	69	62
Total annual charges	7,183	7,388
Total rates and annual charges	27,686	26,933

Council has used 2022 year valuations provided by the NSW Valuer General in calculating its rates and 4.2% rates increase.

Material accounting policy information

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

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

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

B2-2 User charges and fees

\$ '000	2024	2023
User charges		
Domestic waste management services	49	81
Contract plant and truck hire	1,479	1,454
Waste management services (non-domestic)	6	24
Total user charges	1,534	1,559
Other user charges and fees		
Planning and building regulation	718	683
Building services – other	167	134
Registration fees	96	76
Inspection services	61	31
Section 603 certificates	46	39
Holiday parks	10,880	11,129
Blue Haven aged care	5,455	4,983
Leisure centre	2,423	2,390
Council properties	1,102	947
Public cemeteries	453	371
Waste disposal tipping fees	126	123
Engineering services	114	93
Saddleback mountain tower	89	97
Blue Haven care – in home support packages	23	24
Cemeteries	13	7
Library and family history centre	13	9
Footpath Dining	1	–
Other	59	65
Total other user charges and fees	21,839	21,201
Total user charges and fees	23,373	22,760

B2-3 Other revenues

Deferred Management Fees	4,789	4,344
Visitor Information Centre	394	348
Motor vehicle leaseback	184	194
Fines – other	124	120
Recycling income (non-domestic)	143	141
Insurance claims recoveries	15	92
Diesel fuel rebate	85	60
Legal Settlements	8	57
Rental income	271	347
Commissions and agency fees	5	4
Return & Earn	19	10
Other	562	429
Workers Compensation Rebate	110	106
Sales – general	297	115
Total other revenue	7,006	6,367

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

B2-4 Grants and contributions

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)				
Current year allocation				
Financial assistance	108	559	-	-
Payment in advance - future year allocation				
Financial assistance	2,029	2,159	-	-
Amount recognised as income during current year	2,137	2,718	-	-
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Residential Aged Care and Home Care Funding (HCP)	14,124	11,161	-	-
Commonwealth Home Support Program (CHSP)	1,272	1,190	-	-
Transport for NSW contributions (regional roads, block grant)	-	1,163	-	-
Transport (roads to recovery)	269	305	104	-
Community transport	350	324	-	-
Bushfire and emergency services	139	131	-	-
Tourism	25	193	-	-
Library	123	115	-	-
Youth opportunities	71	81	-	(4)
Road safety program	53	43	62	166
Environmental programs	113	17	-	-
LIRS subsidy	-	10	-	-
Cultural development	-	53	-	-
Recreation and culture	52	-	1,910	649
Community centres	-	-	11	-
Storm/flood damage	83	-	5,945	-
Restart – infrastructure	-	-	391	-
Traffic facilities/black spot program	-	-	143	-
Other specific grants	47	122	-	(128)
Transport (other roads and bridges funding)	719	92	1,357	786
Showground Stimulus Funding	-	-	114	102
Stronger Countries Community Fund	-	-	718	912
Flood Study	-	-	571	65
Total special purpose grants and non-developer contributions (tied)	17,440	15,000	11,326	2,548
Total grants and non-developer contributions	19,577	17,718	11,326	2,548
Comprising:				
- Commonwealth funding	16,015	13,019	695	366
- State funding	3,539	4,670	10,631	2,182
- Other funding	23	29	-	-
	19,577	17,718	11,326	2,548

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Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions: (s7.4 & s7.11 & s7.12 - EP&A Act):					
s7.11 & s7.12 contributions	F4	-	-	2,462	979
Other developer contributions		-	-	21	12
Total developer contributions		-	-	2,483	991
Total grants and contributions		19,577	17,718	13,809	3,539

Unspent grants and contributions

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

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent grants and contributions				
Unspent funds at 1 July	8	3,074	6,870	543
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	-	-
Add: Funds received and not recognised as revenue in the current year	93	-	-	6,327
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	-	(3,066)	(2,684)	-
Less: Funds received in prior year but revenue recognised and funds spent in current year	-	-	-	-
Unspent funds at 30 June	101	8	4,186	6,870
Funds relate to unspent capital grants. These funds are externally restricted.				
Contributions				
Unspent funds at 1 July	-	-	10,545	10,477
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	2,474	979
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	(328)	(911)
Unspent contributions at 30 June	-	-	12,691	10,545

Unspent developer contributions were restricted as required by legislation.

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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B2-4 Grants and contributions (continued)

The performance obligations vary according to the agreement but include performance obligations within AASB 15 grants such as completion of milestones. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Cash and investments	2,308	1,823
– Overdue rates and annual charges (incl. special purpose rates)	49	36
Total interest and investment income (losses)	2,357	1,859
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
General Council cash and investments	1,672	1,577
Overdue rates and annual charges (general fund)	49	36
Restricted investments/funds – external:		
Developer contributions		
– Section 7.11 & 7.12	636	246
Total interest and investment income	2,357	1,859

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

B2-6 Other income

\$ '000	2024	2023
Fair value increment on investments		
Fair value increment on investments through profit and loss (Civic Risk Mutual)	286	–
Total Fair value increment on investments	286	–
Total other income	286	–

B3 Costs of providing services**B3-1 Employee benefits and on-costs**

\$ '000	2024	2023
Salaries and wages	29,823	26,540
Employee leave entitlements (ELE)	5,499	4,579
Superannuation	3,540	3,029
Workers' compensation insurance	1,091	763
Training costs (other than salaries and wages)	529	691
Fringe benefit tax (FBT)	95	139
Other	71	158
Total employee costs	40,648	35,899
Less: capitalised costs	(245)	(261)
Total employee costs expensed	40,403	35,638
Number of 'full-time equivalent' employees (FTE) at year end	345	352

Material accounting policy information

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note D3-1 for more information.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		16,390	14,817
Contractor costs		6,514	4,732
Agency Staff - Blue Haven Aged Care Operations		5,778	4,216
Computer software charges		2,178	1,836
Insurance		1,483	1,424
Electricity and heating		1,437	1,222
Other expenses		361	217
Audit Fees	E2-1	426	382
Telephone and communications		529	587
Subscriptions and publications		571	407
Street lighting		310	404
Cleaning		354	319
Advertising		460	462
Councillor and Mayoral fees and associated expenses	E1-2	343	302
Election expenses		3	-
Bank charges		226	187
Postage		68	59
Printing and stationery		116	97
Valuation fees		-	68
Cost of sales		69	348
Travel expenses		17	3
Waste Disposal		29	-
Legal expenses:			
- Legal expenses: planning and development		49	36
- Legal expenses: other		3,296	1,897
- Legal expenses: debt recovery		24	25
Total materials and services		41,031	34,047

B3-3 Borrowing costs**(i) Interest bearing liability costs**

Interest on loans	829	1,466
Interest on leases	21	6
Other debts	67	1
Total interest bearing liability costs	917	1,473

Total interest bearing liability costs expensed

917	1,473
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(ii) Other borrowing costs

Fair value adjustment on loans (to Council)	25	(209)
Total other borrowing costs	25	(209)

Total borrowing costs expensed

942	1,264
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Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Plant and equipment		2,031	2,230
Office equipment		239	417
Furniture and fittings		143	157
Land improvements (depreciable)		106	106
Infrastructure:			
– Roads	C1-8	3,819	3,754
– Stormwater drainage		478	477
– Bridges		648	369
– Footpaths		287	333
– Other open space/recreational assets		201	194
– Other structures		205	213
– Swimming pools		34	34
– Buildings		2,322	2,765
Right of use assets		103	–
Other assets:			
– Other		103	110
– Library books		45	94
Total gross depreciation and amortisation costs		10,764	11,253
Total depreciation and amortisation costs		10,764	11,253
Impairment / revaluation decrement of IPPE			
Plant and equipment		419	–
Furniture and fittings		2	–
Total gross IPPE impairment / revaluation decrement costs		421	–
Total IPPE impairment / revaluation decrement costs charged to Income Statement		421	–
Total depreciation, amortisation and impairment for non-financial assets		11,185	11,253

Material accounting policy information**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-8 for IPPE assets.

Impairment of non-financial assets

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

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

B3-5 Other expenses

\$ '000	Notes	2024	2023
Impairment of receivables			
User charges and fees		–	90
Reversal of Prior Year Doubtful Debt		(6)	(89)
Total impairment of receivables	C1-4	(6)	1
Fair value decrement on investment properties			
Fair value decrement on investment properties		9,108	–
Total fair value decrement on investment properties	C1-9	9,108	–
Other			
Contributions/levies to other levels of government			
– Crown reserve levy		353	406
– Emergency services levy (includes FRNSW, SES, and RFS levies)		482	428
Fines and Penalties		–	2
Donations, contributions and assistance to other organisations (Section 356)		76	173
Total other		911	1,009
Total other expenses		10,013	1,010

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

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of plant and equipment			
Proceeds from disposal – plant and equipment	C1-8	761	408
Less: carrying amount of plant and equipment assets sold/written off		(1,709)	(395)
Gain (or loss) on disposal		(948)	13
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property ¹		6,658	28,000
Less: carrying amount of property assets sold/written off ²		(9,044)	(20,178)
Gain (or loss) on disposal		(2,386)	7,822
Net gain (or loss) from disposal of assets		(3,334)	7,835

(1) Akuna St. carpark and 22B Irvine Street.

(2) Concerns the sale of properties and the write-off of Gerringong Surf Club and Hindmarsh Park structures following their demolition.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 29 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
Operating grants and contributions	15,826	19,577	3,751	24% F
Operating grants and contributions show favourable variances due to increases in federal funding for aged care, HCP subsidy rates, and residential aged care subsidies, which became effective after the original budget was adopted.				
Capital grants and contributions	11,445	13,809	2,364	21% F
Capital grants and contributions are favourable to budget due to additional income from developer contributions and the Disaster Recovery Funding Arrangements, confirmed as post original budget adoption variations.				
Net gains from disposal of assets	31,218	-	(31,218)	(100)% U
Net gains from disposal of assets have an unfavourable variance, which primarily relates to the deferral of the divestment of Blue Haven Bonaira, Gray Street, South Kiama Drive (Marsden Street) and O'Connell Place to the 2024-25 financial year. Excluding the matters above, the budget variance is immaterial.				
Other income	1,493	286	(1,207)	(81)% U
The unfavourable variance is due to original budget including internal revenue. This error was subsequently corrected in quarterly budget reviews.				
Expenses				
Materials and services	35,132	41,031	(5,899)	(17)% U
Several factors have contributed to this unfavorable variance, including an increase in legal expenses, disaster recovery expenses that did not meet capital expenditure criteria, and a heavy reliance on agency-provided aged care staff at the Blue Haven Aged Care facility to meet the increased care minutes standards.				
Borrowing costs	387	942	(555)	(143)% U
Borrowing costs are unfavourable to budget due to a shift in the expected timing of the sale of Blue Haven Bonaira from 2023-24 into 2024-25, leading to a continuation of interest payments on the T-Corp loan above original budget estimates.				
Depreciation, amortisation and impairment of non-financial assets	14,608	11,185	3,423	23% F
Depreciation is favourable to budget due to the original adopted budget containing depreciation for Blue Haven Bonaira ILU and Aged Care Facility assets, which in August 2023 were reclassified as assets held for sale under AASB 5 - Non-current Assets Held for Sale, therefore no longer requiring depreciation to be applied. In addition, Terralong ILU are depreciated for management reporting purposes, yet, classified as Investment Property in financial statements creating a variance between management and financial accounting.				
Other expenses	2,272	10,013	(7,741)	(341)% U
Other expenses are unfavourable due to fair value movement in investment properties (loss this year) not included in the original budget, as this movement cannot be accurately estimated.				

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Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
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Statement of cash flows

Cash flows from operating activities 13,356 4,179 (9,177) (69)% **U**
Cash flow from operating activities is unfavourable comparing to the original budget due to unfavourable variances in materials and contracts and borrowing costs, noted above. In addition, anticipated movements in Refundable Accommodation deposits (RAD) and Independent Living Units (ILU) deposits were included in operating cash flow in the original budget yet classified as investing activities in financial statements. This inconsistency was rectified in 2024-25 budget.

Cash flows from investing activities 21,613 (34,797) (56,410) (261)% **U**
Net gains from disposal of assets have an unfavourable variance, which primarily relates to the deferral of the divestment of Blue Haven Bonaira, Gray Street, South Kiama Drive (Marsden Street) and O'Connell Place to the 2024-25 financial year. In addition, the budget did not include an acquisition of term deposits in anticipation of sale of Blue Haven. Excluding the matters above, the budget variance is immaterial.

Cash flows from financing activities (15,801) 6,611 22,412 (142)% **F**
The main reason for a favourable variance in cashflows from financing activities is the deferral of the repayment of the \$15M T-Corp loan repayment associated with Blue Haven Bonaira. The sale was deferred until 2024-25 at which point the cash outflow will occur.

C Financial position**C1 Assets we manage****C1-1 Cash and cash equivalents**

\$ '000	2024	2023
Cash on hand and at bank	11,301	3,058
Cash equivalent assets		
– Short-term deposits	7,750	40,000
Total cash and cash equivalents	19,051	43,058

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	19,051	43,058
Balance as per the Statement of Cash Flows	19,051	43,058

C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Debt securities at amortised cost				
Long term deposits	21,000	9,000	3,000	750
Total	21,000	9,000	3,000	750
Other financial assets				
Interest in CivicRisk Mutual	–	373	–	87
Total	–	373	–	87
Total financial investments	21,000	9,373	3,000	837

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Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

C1-2 Financial investments (continued)

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Total cash assets, cash equivalents and investments	40,051	9,373	46,058	837

Material accounting policy information

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

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

Council's investment in CivicRisk Mutual Limited is valued at fair value through profit and loss. Its value of \$373,000 in the Statement of Financial Position by comparison with the face value of \$881,000 in CivicRisk Mutual Limited's accounts at 30 June 2024. The valuation of CivicRisk Mutual Limited investment was undertaken by Alycia Jeffrey FIAA and Mark Hurst FIAA from Finity Consulting.

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

\$ '000	2024	2023
		Restated
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	49,424	46,895
Less: External restrictions	(39,532)	(38,507)
Cash, cash equivalents and investments not subject to external restrictions	9,892	8,388

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

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Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

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

\$ '000	2024	2023 Restated
Specific purpose unexpended loans – general	500	500
Specific purpose unexpended grants – general fund	4,287	6,878
External restrictions – included in liabilities	4,787	7,378
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions - general	13,618	10,835
Stormwater Levy Management	230	3
Security bonds, Deposits & Retentions	2,185	1,972
Crown Land Reserve	4,837	5,149
Blue Haven aged in-home care unspent client fund	117	194
Domestic waste management	6,665	5,557
Blue Haven - ILU Maintenance Levy carried forward surplus (Terralong)	1,798	2,023
Blue Haven - ILU Maintenance Levy carried forward surplus (Bonaira)	395	396
Blue Haven - Residential aged care prudential standards	4,900	5,000
External restrictions – other	34,745	31,129
Total external restrictions	39,532	38,507

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

\$ '000	2024	2023 Restated
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(b) Internal allocations

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

Council Elections	50	50
Employees leave entitlement	3,444	4,000
Land development	747	5,002
Temporary Funding of Disaster Recovery Funding Agreement Works *	(4,925)	(5,002)
Blue Haven ILU Prudential Cover	4,100	4,300
Waste Business Unit	–	865
Plant replacement	1,700	176
Risk Improvement Incentive	99	93
Waste and sustainability	1,423	558
Total internal allocations	6,638	10,042

* At 30 June 2024, Council has spent \$4.9m in advance for Disaster Recovery Funding Agreement and has used internal reserves to fund this spend.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

C1-4 Receivables

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Rates and annual charges	724	–	596	–
User charges and fees	347	–	533	–
Accrued revenues				
– Interest on investments	994	–	986	–
– Other income accruals	318	–	433	–
Government grants and subsidies	409	–	205	–
Net GST receivable	512	–	506	–
Other – advances to public	–	205	–	197
Other – holiday park charges	–	–	359	–
Total	3,304	205	3,618	197
Total net receivables	3,304	205	3,618	197

\$ '000	2024	2023
Movement in provision for impairment of receivables		
Balance at the beginning of the year	90	90
+ new provisions recognised during the year	8	–
Balance at the end of the year	98	90

Material accounting policy information

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

Impairment

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

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

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

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

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

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 2 years past due, whichever occurs first.

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

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Inventories at cost				
Stores and materials	226	-	207	-
Trading stock	103	-	100	-
Total inventories at cost	329	-	307	-
Total inventories	329	-	307	-

C1-6 Contract assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Grants	1,488	-	871	-
Total contract assets	1,488	-	871	-

Material accounting policy information

Contract assets

A contract asset is the equivalent of work in progress or accrued income. A contract asset is recognised in relation to grants when Council has performed the work and believes that the costs expended are recoverable, however an invoice has not yet been raised. Therefore, the amounts cannot be classified as a receivable, although it is assessed for impairment using the Expected Credit Loss model in AASB 9.

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

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Land and Building ^{1,2}	95,138	-	5,461	-
Total non-current assets classified as held for sale	95,138	-	5,461	-

(1) The closing balance of assets held for sale includes Blue Haven Bonaira Business and Lot 100 South Kiama Drive. Net gain/or loss recognised on assets held for sale above is disclosed in notes C1-9 and B3-5.

(2) Council resolved in October 2022 to begin the sale process of its Blue Haven Bonaira Aged Care and Retirement Living services. This was confirmed at a follow up meeting in February 2023. The sale process for Bonaira Aged Care assets and operations has involved expression of interest, request for tender and direct negotiation phases during 2023/24 with settlement expected in 2024/25. The sale contract with Hall & Prior Aged Care Group was signed on 17 July 2024 for a gross value of \$95M with settlement to occur early 2025. Divestment or assignment processes have also commenced for the significantly smaller Community Transport operations which will not involve any monetary value.

Material accounting policy information

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 continued use and are measured at the lower of their carrying amount and fair value less costs to sell.

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.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	Asset movements during the reporting period										At 30 June 2024				
	At 1 July 2023	Impairment								loss /					
\$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ⁽¹⁾	Additions new assets	Carrying value of disposals	Depreciation expense	Revaluation decrements (recognised in P/L)	Capitalised WIP	Transferred to held for sale	Reclassification (ARR)	Revaluation to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	9,500	-	9,500	13,083	2,509	-	-	-	(4,562)	-	-	-	20,530	-	20,530
Plant and equipment	29,336	(18,551)	10,785	2,822	-	(1,259)	(2,031)	(419)	-	(1,484)	(22)	-	26,539	(18,147)	8,392
Office equipment	5,401	(5,157)	244	443	-	-	(239)	-	-	-	(14)	-	5,705	(5,271)	434
Furniture and fittings	3,845	(3,193)	652	-	-	(1)	(143)	(2)	-	(8)	-	-	3,277	(2,779)	498
Land:															
- Operational land	57,266	-	57,266	-	-	-	-	-	-	(10,229)	2,300	850	50,187	-	50,187
- Community land	109,954	-	109,954	-	-	-	-	-	-	(909)	(2,300)	909	107,654	-	107,654
- Land under roads (post 30/6/08)	28	-	28	-	-	-	-	-	-	-	-	-	28	-	28
Land improvements - non-depreciable	4,728	-	4,728	-	-	(1)	-	-	-	(1,053)	-	(295)	3,379	-	3,379
Land improvements - depreciable	3,102	(1,874)	1,228	-	1	-	(106)	-	-	-	-	-	3,103	(1,980)	1,123
Infrastructure:															
- Bridges	64,431	(25,419)	39,012	-	-	-	(648)	-	-	-	-	2,058	67,887	(27,465)	40,422
- Bulk earthworks (non-depreciable)	24,345	-	24,345	-	-	-	-	-	-	(3,661)	-	22	20,707	(1)	20,706
- Footpaths	15,107	(5,609)	9,498	62	19	-	(287)	-	-	(12)	-	489	15,981	(6,212)	9,769
- Buildings	206,632	(46,602)	160,030	706	-	(2,467)	(2,322)	-	-	(43,254)	(152)	(5,252)	153,601	(46,312)	107,289
- Other structures	13,047	(6,285)	6,762	-	-	-	(205)	-	-	(18)	(4,780)	519	4,889	(2,611)	2,278
- Stormwater drainage	57,051	(16,746)	40,305	-	1	-	(478)	-	-	-	4,972	20,079	97,902	(33,023)	64,879
- Swimming pools	1,208	(375)	833	-	-	-	(34)	-	-	-	-	-	1,208	(409)	799
- Other open space/recreational assets	6,821	(3,658)	3,163	167	-	-	(201)	-	-	-	-	2,786	10,895	(4,980)	5,915
- Roads	183,512	(77,985)	105,527	751	-	(447)	(3,819)	-	-	-	-	5,471	193,374	(85,891)	107,483
Other assets:															
- Library books	2,148	(1,899)	249	-	-	-	(45)	-	-	-	-	-	2,148	(1,944)	204
- Other	1,751	(492)	1,259	-	-	-	(103)	-	-	-	(4)	-	1,746	(594)	1,152
Total infrastructure, property, plant and equipment	799,213	(213,845)	585,368	18,034	2,530	(4,175)	(10,661)	(421)	(4,562)	(60,628)	-	27,636	790,740	(237,619)	553,121

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

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Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

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

By aggregated asset class	At 1 July 2022						Asset movements during the reporting period						At 30 June 2023	
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renews	Carrying value of disposals	Depreciation expense	WIP transfers	Transferred to held for sale	Reclassification	Revaluation to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	
Capital work in progress	7,939	-	7,939	11,784	-	-	(9,872)	-	-	(351)	9,500	-	9,500	
Plant and equipment	28,592	(16,555)	12,037	-	(251)	(2,230)	1,229	-	-	-	29,336	(18,551)	10,785	
Office equipment	5,400	(4,739)	661	-	-	(417)	-	-	-	-	5,401	(5,157)	244	
Furniture and fittings	3,816	(3,037)	779	-	-	(157)	30	-	-	-	3,845	(3,193)	652	
Land:														
- Operational land	45,026	-	45,026	-	-	-	-	(5,461)	4,444	13,257	57,266	-	57,266	
- Community land	85,360	-	85,360	-	-	-	-	(4,444)	29,038	29,038	109,954	-	109,954	
- Land under roads (post 30/6/08)	28	-	28	-	-	-	-	-	-	-	28	-	28	
Land improvements - non-depreciable	4,728	-	4,728	-	-	-	-	-	-	-	4,728	-	4,728	
Land improvements - depreciable	3,102	(1,768)	1,334	-	-	(106)	-	-	-	-	3,102	(1,874)	1,228	
Infrastructure:														
- Buildings	-	-	-	-	-	(2,765)	786	-	151,287	10,722	206,632	(46,602)	160,030	
- Buildings - non-specialised	22,960	(5,563)	17,397	-	-	-	-	-	(17,397)	-	-	-	-	
- Buildings - specialised	169,101	(35,211)	133,890	-	-	-	-	-	(133,890)	-	-	-	-	
- Other structures	13,042	(6,072)	6,970	-	-	(213)	5	-	-	-	13,047	(6,285)	6,762	
- Roads	194,112	(62,608)	131,504	-	(144)	(3,754)	6,162	-	(28,241)	-	183,512	(77,985)	105,527	
- Bridges	36,744	(13,529)	23,215	-	-	(369)	-	-	16,166	-	64,431	(25,419)	39,012	
- Footpaths	14,431	(5,830)	8,601	-	-	(333)	144	-	1,086	-	15,107	(5,609)	9,498	
- Bulk earthworks (non-depreciable)	22,324	-	22,324	-	-	-	758	-	1,263	-	24,345	-	24,345	
- Stormwater drainage	56,571	(16,268)	40,303	-	-	(477)	479	-	-	-	57,051	(16,746)	40,305	
- Swimming pools	1,208	(341)	867	-	-	(34)	-	-	-	-	1,208	(375)	833	
- Other open space/recreational assets	6,542	(3,464)	3,078	-	-	(194)	279	-	-	-	6,821	(3,658)	3,163	
Other assets:														
- Library books	2,149	(1,806)	343	-	-	(94)	-	-	-	-	2,148	(1,899)	249	
- Other	1,751	(382)	1,369	-	-	(110)	-	-	-	-	1,751	(492)	1,259	
Total infrastructure, property, plant and equipment	724,926	(177,173)	547,753	11,784	(395)	(11,253)	-	(5,461)	-	42,940	799,213	(213,845)	585,368	

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

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

Material accounting policy information

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value. As in previous years, the accounting policy hasn't changed.

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

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

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

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 and equipment	Years	Other equipment	Years
Office equipment	2 to 35	Playground equipment	5 to 15
Furniture & fittings	3 to 50	Benches, seats etc.	10 to 25
Computer equipment	3 to 5		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings	50 to 117
Other plant and equipment	5 to 40		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 60	Bulk earthworks	infinite
Sealed roads: structure	80 to 120	Swimming pools	50 to 100
Road traffic control devices	25 to 80	Other open space/recreational assets	10
Traffic management assets	20 to 80	Other infrastructure	15 to 95
Bridge: concrete	80 to 100		
Bridge: other	60 to 100		
Kerb, gutter and footpaths	25 to 60		
Stormwater assets			
Drains	80 to 120		
Culverts	50 to 100		
Flood control structures	20 to 120		

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

Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

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

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

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Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

C1-8 Infrastructure, property, plant and equipment (continued)**Rural Fire Service assets**

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

Council has performed an assessment of its Rural Fire Service "red fleet assets" and concluded that they are not material. On this basis, Council has elected not to recognise the red fleet assets. Buildings however continue to be recognised.

C1-9 Investment properties

\$ '000	Notes	2024	2023
At fair value			
Opening balance at 1 July		124,950	124,950
Classified as held for sale ¹		(35,642)	-
Net gain/(loss) from fair value adjustments	B3-5	(9,108)	-
Closing balance at 30 June		80,200	124,950

(1) Blue Haven Bonaira ILU was reclassified from investment property to assets held for sale.

Material accounting policy information

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as part of other income or other expenses.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

C2 Leasing activities**C2-1 Council as a lessee****(a) Right of use assets**

\$ '000	Plant & Equipment	Property	Total
2024			
Opening balance at 1 July	106	15	121
Additions to right-of-use assets	94	375	469
Depreciation charge	(72)	(31)	(103)
Other movement	(76)	(16)	(92)
Balance at 30 June	52	343	395
2023			
Opening balance at 1 July	106	15	121
Balance at 30 June	106	15	121

(b) Lease liabilities

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Lease liabilities	114	290	36	6
Total lease liabilities	114	290	36	6

Material accounting policy information

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

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

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

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

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

Exceptions to lease accounting

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

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

C3 Liabilities of Council**C3-1 Payables**

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Payables				
Prepaid rates	452	-	413	-
Goods and services	3,149	-	1,974	-
Accrued expenses:				
– Borrowings	105	-	183	-
– Salaries and wages	1,041	-	430	-
– Other expenditure accruals	3,745	-	4,271	-
Residential aged care accommodation bonds	39,041	-	30,475	-
Retirement village loan licence agreement	93,791	-	99,719	-
Security bonds, deposits and retentions	2,410	-	2,170	-
In-home aged care unspent client funds	117	-	198	-
Other	59	-	120	-
Total payables	143,910	-	139,953	-

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

\$ '000	2024	2023
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – residential aged care residential bonds and retirement village loan licence agreement	103,933	106,000
Total payables	103,933	106,000

Material accounting policy information

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

C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Unexpended capital grants (to construct Council controlled assets)	(i)	4,287	-	6,877	-
Other user fees and charges	(ii)	78	-	140	-
Total contract liabilities		4,365	-	7,017	-

Notes

(i) Council has received funding to construct assets including sporting facilities and playgrounds, Hindmarsh park upgrade, Kiama showground upgrades, various footpaths and carparks, and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) Deposits received in advance for the Holiday Parks do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue in the following financial year.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

C3-3 Borrowings

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Loans – secured	675	19,844	801	20,494
Total borrowings	675	19,844	801	20,494

(a) Changes in liabilities arising from financing activities

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	21,295	(776)	–	–	–	–	20,519
Lease liability	42	362	–	–	–	–	404
Total liabilities from financing activities	21,337	(414)	–	–	–	–	20,923

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	52,427	(31,132)	–	–	–	–	21,295
Lease liability	42	–	–	–	–	–	42
Total liabilities from financing activities	52,469	(31,132)	–	–	–	–	21,337

(b) Financing arrangements

\$ '000	2024	2023
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Total facilities

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

Bank overdraft facilities ¹	2,000	2,000
Credit cards/purchase cards	400	400
Total financing arrangements	2,400	2,400

Drawn facilities

Financing facilities drawn down at the reporting date are:

Undrawn facilities

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

Bank overdraft facilities	2,000	2,000
Credit cards/purchase cards	359	400
Total undrawn financing arrangements	2,359	2,400

Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

Security over loans

Loans secured over future cash flows

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

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

C3-4 Employee benefit provisions

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Annual leave	2,271	-	2,047	-
Sick leave	230	-	301	-
Long service leave	3,232	570	3,106	548
TOIL Leave	474	-	549	-
ELE on-costs	801	75	738	70
Total employee benefit provisions	7,008	645	6,741	618

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	5,256	5,056
Other	484	464
	5,740	5,520

Description of and movements in provisions**Material accounting policy information**

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.

C4 Reserves**C4-1 Nature and purpose of reserves****IPPE Revaluation reserve**

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

Fair value through other comprehensive income reserve (FVOCI)

Changes in the fair value of financial assets are taken through the fair value through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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.

\$ '000	Carrying value 2024	Carrying value 2023	Fair value 2024	Fair value 2023
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	19,051	43,058	19,051	43,058
Receivables	3,509	3,815	3,509	3,815
Investments				
– Debt securities at amortised cost	30,000	3,750	30,000	3,750
Fair value through other comprehensive income				
Investments				
– Equity securities at fair value through other comprehensive income	373	87	373	87
Total financial assets	52,933	50,710	52,933	50,710
Financial liabilities				
Payables	143,910	139,953	143,910	139,953
Loans/advances	20,519	21,295	20,519	21,295
Total financial liabilities	164,429	161,248	164,429	161,248

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 measure at amortised cost investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified **at fair value through other comprehensive income** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

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 625. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether the 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.

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D1-1 Risks relating to financial instruments held (continued)

- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that 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 – interest rate and price risk

\$ '000	2024	2023
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	494	469
Impact of a 10% movement in price of investments		
– Equity / Income Statement	4,942	4,690

(b) Credit risk

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

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

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

There are no significant concentrations of credit risk, 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.

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges			Total
		1 - 2 years	2 - 5 years	≥ 5 years	
2024					
Gross carrying amount	–	632	53	39	724
2023					
Gross carrying amount	–	520	44	32	596

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D1-1 Risks relating to financial instruments held (continued)**Receivables - non-rates and annual charges and contract assets**

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2024						
Gross carrying amount	1,508	1,991	26	323	425	4,273
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	6.90%	0.69%
ECL provision	-	-	-	-	29	29
2023						
Gross carrying amount	306	2,377	72	36	1,299	4,090
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	6.90%	2.19%
ECL provision	-	-	-	-	90	90

(c) Liquidity risk

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

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

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

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2024							
Payables	0.00%	2,410	52,063	89,437	-	143,910	143,910
Borrowings	3.22%	-	675	17,618	2,226	20,519	20,519
Total financial liabilities		2,410	52,738	107,055	2,226	164,429	164,429
2023							
Payables	0.00%	2,170	43,095	95,365	-	140,630	139,953
Borrowings	3.80%	-	801	17,947	2,547	21,295	21,295
Total financial liabilities		2,170	43,896	113,312	2,547	161,925	161,248

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D2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets and liabilities

During the reporting period, Council has also fair value measured the following assets on a non-recurring basis:

- Non-current assets classified as 'held for sale'

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

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

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

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

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

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D2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2024	2023
		2024	2023	2024	2023	2024	2023
Recurring fair value measurements							
Financial assets							
Other financial assets (Civic Risk Mutual)		373	87	-	-	373	87
Total financial assets		373	87	-	-	373	87
Investment property							
Blue Haven ILU	C1-9	80,200	124,950	-	-	80,200	124,950
Total investment property		80,200	124,950	-	-	80,200	124,950
Infrastructure, property, plant and equipment							
Operational land	C1-8	47,226	57,266	-	-	47,226	57,266
Community land		-	-	107,654	109,954	107,654	109,954
Land under roads		-	-	28	28	28	28
Land improvements – non-depreciable		-	-	3,379	4,728	3,379	4,728
Land improvements – depreciable		-	-	1,123	1,228	1,123	1,228
Buildings		107,289	160,029	-	-	107,289	160,029
Roads bridges footpaths		-	-	157,674	154,036	157,674	154,036
Stormwater drainage		-	-	64,879	40,305	64,879	40,305
Bulk earthworks – non depreciable		-	-	20,706	24,345	20,706	24,345
Other Open Space Recreation Assets & Swimming Pools		-	-	6,714	3,996	6,714	3,996
Other structures		-	-	2,278	6,762	2,278	6,762
Other		-	-	1,152	1,259	1,152	1,259
Total infrastructure, property, plant and equipment		154,515	217,295	395,645	368,070	550,160	585,365
Non-recurring fair value measurements							
Non-current assets classified as held for sale							
Land and Building	C1-7	95,138	5,461	-	-	95,138	5,461
Total NCA's classified as held for sale		95,138	5,461	-	-	95,138	5,461

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D2-1 Fair value measurement (continued)

Valuation techniques

Pre-amble

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

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

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

Income Approach – Valuation technique that converts future amounts (cash flow 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.

Investment property

As at 30 June 2022 the valuation of Blue Haven Independent Living Units was performed by Nelson Partners Australia. The valuation has been prepared on the basis of market value and realisation by the owners in a willing seller/willing purchaser situation, given appropriate marketing and on the basis of there being no financial pressure or a Receivership situation.

Management conducted an in-house valuation for the financial year 2024, and concluded that there was no material change to the 2022 valuation.

Infrastructure, property, plant and equipment (IPPE)

Operational Land

This asset class comprises all Council's land classified as Operational Land under the NSW Local Government Act 1993. Operational land was revalued on 30 June 2022 based land values provided by Valuer General. Along with the application of market approach, the key unobservable input into the valuation is the price per square metre. Operational Land experienced a 3.34% increase in indexation on 30 June 2024 based on analysis of the Greater Sydney Land market provided by land specialists, CoreLogic.

Community Land

All Council's Community Land and Council managed land under the NSW Local Government Act 1993 were listed under this asset category. The "Market Approach" has been utilised whereby the primary unobservable factors considered in the valuation are level of restriction, land area and land value. The asset class of Community Land was revalued as of 30 June 2023 by using data obtained from the NSW Valuer-General.

Land under Roads

Council has elected to recognise Land under Roads where the road was acquired on or after 1 July 2008. 'Land under Roads' have been valued using the square metre rates applicable for nearby or adjacent Community Land, having regard to the highest and best use for this land. There has been no change to the valuation process during the reporting period.

Land Improvements – non depreciable

Non depreciable land improvements are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking into account the pattern of consumption, estimated useful life and the residual value. There has been no change to the valuation process during the reporting period.

Land Improvements – depreciable

This asset class comprises land improvements such as playgrounds. These assets may be located on parks, reserves and also within road reserves. Last year, 'Land Improvements' were valued in-house using the cost approach by experienced Council engineers and asset management staff.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. 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. As such these assets were all classified as having been valued using level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

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D2-1 Fair value measurement (continued)

Buildings – Specialised and Non Specialised

The 2023/24 financial year experienced an increase of approximately 6.95% in indexation for building as per Australian Bureau of Statistics data for non-residential building construction in New South Wales.

The APV, an independent valuer, performed valuation for buildings on 30 June 2022 with the approach of componentising each building into significant parts with different useful lives and took into account a range of factors. For example, a pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets are classified as being valued using Level 2 valuation inputs.

Open Space/Recreational Assets

Assets within this class include playground equipment, BBQs and outdoor fitness facilities. The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. 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. In the 2023/24 financial year a cumulative index (from 2021-2024) was applied provided by Australian Bureau of Statistics data for non-residential construction in New South Wales resulting in a total 24.68% increase.

Other Structures

This asset class includes sporting facilities, park furniture, signs, skate facilities etc. The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. 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. As such these assets were classified as having been valued using Level 3 valuation inputs. In the 2023/24 financial year a cumulative index (from 2021-2024) was applied provided by Australian Bureau of Statistics data for non-residential construction in New South Wales resulting in a total 24.68% increase.

Roads, Bridges, Footpaths

This asset class for the 2023/24 financial year experienced an increase of approximately 5.37% in indexation as per Australian Bureau of Statistics data for road and bridge construction in New South Wales.

AssetVal (Mercer), an independent valuer, performed valuation for Roads, Bridges, Footpaths on 30 June 2023 with the 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's, International Infrastructure Management Manual (IIMM). As such, these assets are classified as being valued using Level 3 valuation inputs.

Bulk Earthworks – non depreciable

Bulk Earthworks experienced an increase of approximately 5.37% from indexation as per Australian Bureau of Statistics data for road and bridge construction in New South Wales. On June 2023, AssetVal (Mercer), an independent valuer, performed valuation based on the 'Cost Approach' which estimated the replacement cost for each asset. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Additionally, due to limitations in the historical records of very long lived assets, there is uncertainty regarding the actual design, specifications and dimensions of some assets.

Stormwater Drainage

Stormwater drainage refers to the system for the collection, storage and removal of stormwater. These assets include pipelines, pits, headwalls and other drainage structures. The full revaluation of Stormwater drainage assets was undertaken on June 2024 by independent valuers, Australis.

The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers, Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value.

Other

Assets within this class mainly comprise playground base structures. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. There has been no change to the valuation process during the reporting period.

Non-current assets classified as 'held for sale'

This asset class comprises of standalone parcels of land and a combination of land with buildings, both classified as "held for sale" and valued at fair market value.

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Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

D2-1 Fair value measurement (continued)

Highest and best use

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

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a ‘multi-employer fund’ for purposes of AASB119 Employee Benefits for the following reasons:

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

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

As such we do not believe that there is sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

We have set out below the disclosure requirements under paragraph 148 of the Standard for each sponsoring employer.

Description of the funding arrangements, including the method used to determine the entity’s rate of contributions and any minimum funding requirements.

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

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

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

* For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members’ accumulation accounts, which are paid in addition to members’ defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer’s share of the accrued liabilities as at 30 June 2023. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

However, there is no relief under the Fund’s trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment

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D3-1 Contingencies (continued)

of outstanding past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

Description of any agreed allocation of a deficit or surplus on:

(i) Wind-up of the plan

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

(ii) The entity's withdrawal from the plan

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

Given the entity accounts for that plan as if it were a defined contribution plan in accordance with paragraph 34, the following information:

(i) the fact that the plan is a defined benefit plan

We confirm the plan is a defined benefit plan

(ii) the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan
See earlier section on "AASB119 accounting observations"

(iii) information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity.

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2024 was \$124,420.42. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2023.

Council's expected contribution to the plan for the next annual reporting period is \$117,810.80.

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

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

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

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

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

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2024.

(iv) an indication of the level of participation of the entity in the plan compared with other participating entities

An employer's past service contribution per annum as a percentage of the total past service contributions for all Pooled Employers (\$20m for each year from 1 January 2022 to 31 December 2024) provides an indication of the level of participation of that employer compared with other employers in the Pooled Employer sub-group.

(ii) CivicRisk Mutual Limited

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D3-1 Contingencies (continued)

Council is a member of CivicRisk Mutual Limited, 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.

(iii) StateCover Limited

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

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

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

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

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

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

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

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

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 and including 30/6/08.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's 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.

E People and relationships
E1 Related party disclosures
E1-1 Key management personnel (KMP)

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

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

\$ '000	2024	2023
Compensation:		
Short-term benefits	1,624	1,541
Other long-term benefits	129	136
Termination benefits	-	306
Total	1,753	1,983

Other transactions with KMP and their related parties

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

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	51	42
Councillors' fees	212	193
Other Councillors' expenses (including Mayor)	80	67
Total	343	302

E2 Other relationships

E2-1 Audit fees

\$ '000	2024	2023
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
Audit and review of financial statements	341	347
Total Auditor-General remuneration	341	347
Non NSW Auditor-General audit firms		
Other audit and assurance services	85	35
Total remuneration of non NSW Auditor-General audit firms	85	35
Total audit fees	426	382

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	(12,814)	3,799
Add / (less) non-cash items:		
Depreciation and amortisation	10,764	11,253
(Gain) / loss on disposal of assets	3,334	(7,835)
Non-cash capital grants and contributions	(21)	(12)
Deferred Management Fees	(4,789)	(4,344)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(286)	–
– Investment property	9,108	–
– Fair valuation adjustment (re-measurement) of existing loans to Council	25	(209)
– Revaluation decrements / impairments of IPP&E direct to P&L	421	–
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	306	(1,037)
(Increase) / decrease of inventories	(22)	(5)
(Increase) / decrease of other current assets	(191)	(469)
(Increase) / decrease of contract asset	(617)	(655)
Increase / (decrease) in payables	1,175	53
Increase / (decrease) in accrued interest payable	(78)	(365)
Increase / (decrease) in other accrued expenses payable	85	2,481
Increase / (decrease) in other liabilities	137	(3,387)
Increase / (decrease) in contract liabilities	(2,652)	3,298
Increase / (decrease) in employee benefit provision	294	(1,371)
Net cash flows from operating activities	4,179	1,195

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Footpaths and cycleways	71	41
Plant and equipment	1,411	638
Roads and Bridges	221	1,149
Playgrounds	2,029	54
Open space and recreation	116	131
Investment property		
– Buildings	146	–
Total commitments	3,994	2,013

F3-1 Events occurring after the reporting date

Blue Haven - Bonaira Divestment

Council resolved in October 2022 to begin the sale process of its Blue Haven Bonaira Aged Care and Retirement Living services. This was confirmed at a follow up meeting in February 2023. The sale process for Bonaira Aged Care assets and operations has involved expression of interest, request for tender and direct negotiation phases during 2023/24 with settlement expected in 2024/25. The sale contract with Hall & Prior Aged Care Group was signed on 17 July 2024 for a gross value of \$95M with settlement to occur early 2025.

Divestment or assignment processes have also commenced for the significantly smaller Community Transport operations which will not involve any monetary value.

Legal Matter

As reported in the 2021/22 Financial Statements an unsuccessful tender applicant had taken issue with the fact that the successful tender applicant became the purchaser of a parcel of council land. The Council completed the legislative process and awarded the sale. The sale is complete. These proceedings were brought by the unsuccessful tender applicant in the Federal Court on 30 September 2022 seeking compensation in the amount of \$56,800,000 which is alleged to have been incurred due to the loss of opportunity to complete the development resulting in a loss of profit or to otherwise acquire the land. This matter was submitted and heard in the Federal Court of Australia during 2023/24 and early 2024/25.

The matter was resolved with mutual obligations and releases contained within a Deed of Settlement and Release which was executed by the Applicant and the Council whereby an amount of one million dollars was paid to the Applicant by the Council.

Performance Improvement Order

On 24 May 2024, Council received the varied Performance Improvement Order (PIO) from the Hon. Ron Hoenig MP, Minister for Local Government. While the varied PIO was issued during the 2023-24 Financial Year it is an ongoing matter which Council needs to address in order to become financially sustainable by 2026-2027. In issuing the varied PIO, the Minister concluded that Council's previous inability to produce reliable financial reports, including the issuing of a disclaimer from the NSW Audit Office on Council's 2020/21 Financial Statement, was one of the reasons for issuing the PIO. Council has now addressed this concern with the completion of three sets of Financial Statements during the 2023-24 Financial Year which enables Council to now have real time financial data.

As required by the varied PIO, Council adopted its Strategic Finance & Governance Improvement Plan at their extraordinary meeting in June 2024. This Improvement Plan establishes a number of actions Council will undertake to achieve financial sustainability by 2026-2027. Key financial indicators, disclosed in Note G1-1, including operating performance ratio are expected to improve as a result of implementation of the actions identified in the plan.

Council has identified the following eight (8) strategic levers to help get to where we need to be and guide Council's direction over the following two to three years to achieve financial sustainability:

- Strategic Lever 1: Sustainable cash reserves & responsible borrowing
- Strategic Lever 2: Optimised revenue opportunities
- Strategic Lever 3: Well planned assets
- Strategic Lever 4: Reviewed and efficient service landscape
- Strategic Lever 5: Investment in transformation
- Strategic Lever 6: Robust financial management
- Strategic Lever 7: Prioritising advocacy and partnerships
- Strategic Lever 8: Ensure good governance

Actions for year 1 are clear and well understood. Council will continue to identify and refine actions and has committed to review the Improvement Plan every six months.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

F4 Statement of developer contributions

F4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Transfers and Adjustments	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Traffic facilities	247	70	-	-	6	(323)	-	-	
Community facilities	3,536	801	-	-	80	(4,417)	-	-	
Open Space and Recreation	3,676	742	-	-	82	(4,500)	-	-	
Other	134	34	-	-	3	(171)	-	-	
S7.11 contributions – under a plan	7,593	1,647	-	-	171	(9,411)	-	-	
S7.12 levies – under a plan	3,242	828	-	-	465	(328)	13,618	-	
Total S7.11 and S7.12 revenue under plans	10,835	2,475	-	-	636	(328)	13,618	-	
Total contributions	10,835	2,475	-	-	636	(328)	13,618	-	

Under the *Environmental Planning and Assessment Act 1979*, Council levies development contributions under Section 7.11 and Section 7.12 towards the cost of providing additional infrastructure to meet the needs of the growing population.

The Section 7.11 Contribution Plan No.s 1, 2 and 3 have been repealed, and the balances have been transferred to the Section 7.12 Contributions Plan.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

F4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year		Interest and investment income earned	Amounts expended	Transfers and Adjustments	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land					
CONTRIBUTION PLAN NUMBER 1								
Traffic facilities	217	44	-	5	-	(266)	-	-
Community facilities	3,372	681	-	75	-	(4,128)	-	-
Open Space and Recreation	3,676	742	-	82	-	(4,500)	-	-
Other	125	25	-	3	-	(153)	-	-
Total	7,390	1,492	-	165	-	(9,047)	-	-
CONTRIBUTION PLAN NUMBER 2								
Traffic facilities	25	24	-	1	-	(50)	-	-
Community facilities	106	101	-	3	-	(210)	-	-
Other	9	9	-	-	-	(18)	-	-
Total	140	134	-	4	-	(278)	-	-
CONTRIBUTION PLAN NUMBER 3								
Traffic facilities	5	2	-	-	-	(7)	-	-
Community facilities	58	19	-	2	-	(79)	-	-
Total	63	21	-	2	-	(86)	-	-
S7.12 Levies – under a plan								
CONTRIBUTION PLAN NUMBER A								
Traffic facilities	865	-	-	-	-	-	-	-
Open space	2,377	-	-	-	-	-	-	-
Other	-	828	-	465	(328)	12,653	13,618	-
Total	3,242	828	-	465	(328)	12,653	13,618	-

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

F5 Statement of performance measures**F5-1 Statement of performance measures – consolidated results**

No last year comparatives were provided as prior year financial statements were disclaimed by auditors. Prior year balances have been restated.

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(14,052)	(17.57)%	(10.01)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	79,999			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	60,422	64.41%	73.15%	> 60.00%
Total continuing operating revenue ¹	93,808			
3. Unrestricted current ratio				
Current assets less all external restrictions	110,922	2.63x	0.53x	> 1.50x
Current liabilities less specific purpose liabilities	42,112			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	(2,346)	(1.33)x	0.15x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,758			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	724	2.56%	2.20%	< 10.00%
Rates and annual charges collectable	28,331			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	49,051	6.81	5.15	> 3.00
Monthly payments from cash flow of operating and financing activities	7,201	months	months	months

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

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

End of the audited financial statements

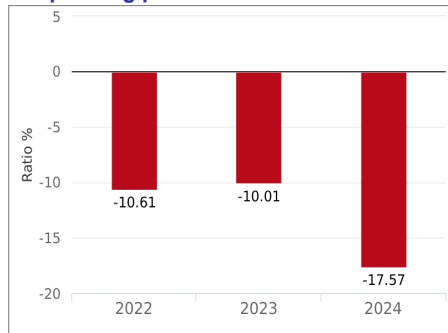
G Additional Council disclosures (unaudited)

G1-1 Statement of performance measures – consolidated results (graphs)

pre-amble

No last year comparatives were provided as prior year financial statements were disclaimed by auditors.

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2023/24 result

2023/24 ratio (17.57)%

The 2023/24 has seen a marginal deterioration mainly due to the impact of gain/loss from sale of assets. Overall, Council's expenses exceeded operational revenue in 2023/24 and in prior years.

As disclosed in Note F3-1, Council has adopted a Strategic Finance & Governance Improvement Plan to achieve financial sustainability by 2026/27. As a result, key performance indicators including operating performance ratio are expected to improve by 2026/27 financial year.

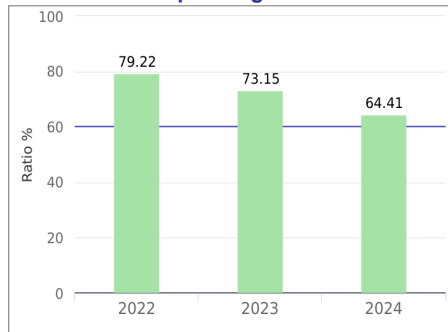
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2023/24 result

2023/24 ratio 64.41%

The ratio was negatively impacted by heavier reliance on federal funding for aged care operations, in line with the increased expenditures in this business unit.

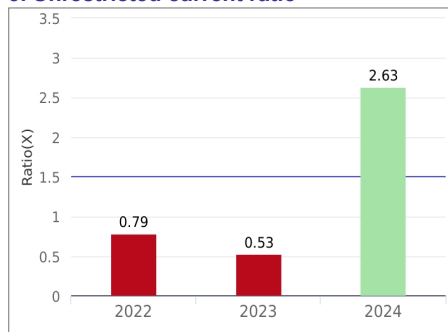
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2023/24 result

2023/24 ratio 2.63x

Council's unrestricted cash balance has improved in 2023/24 and as a result the ratio has improved.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

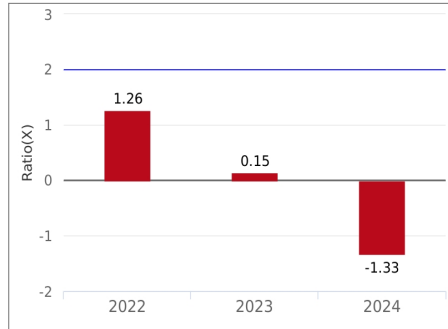
Ratio is outside benchmark

continued on next page ...

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G1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2023/24 result

2023/24 ratio (1.33)x

This ratio has deteriorated in line with the worsening of operating performance ratio.

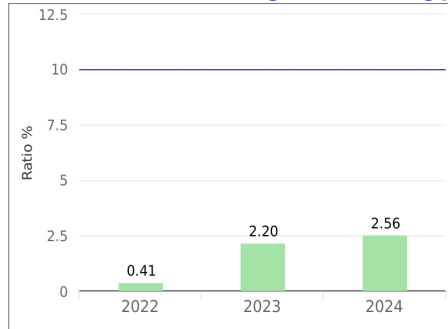
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2023/24 result

2023/24 ratio 2.56%

Rates and annual charges outstanding percentage remains within the benchmark. this demonstrates that Council continues to manage debtors efficiently.

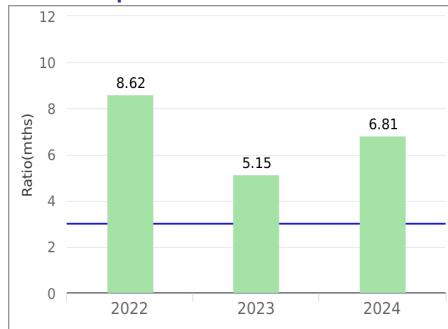
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2023/24 result

2023/24 ratio 6.81 months

Cash expense cover ratio remains above the benchmark and Council has sufficient cash to cover expenditures for 7 months.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-2 Council information and contact details

Principal place of business:

11 Manning Street
Kiama NSW 2533

Contact details

Mailing Address:

PO Box 75
Kiama NSW 2533

Telephone: 02 4232 0444

Facsimile: 02 4232 0555

Opening hours:

8:45am - 4:15pm
Monday to Friday

Internet: www.kiama.nsw.gov.au

Email: council@kiama.nsw.gov.au

Officers

Chief Executive Officer

Jane Stroud

Responsible Accounting Officer

Olena Tulubinska

Auditors

Audit Office of NSW
GPO Box 12, Sydney NSW 2001

Elected members

Mayor

Cameron McDonald

Councillors

Melissa Matters (Deputy Mayor)
Matt Brown
Mike Cains
Imogen Draisma
Stuart Larkins
Melinda Lawton
Yasmin Tatrai
Erica Warren

Other information

ABN: 22 379 679 108

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

Kiama Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2024

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

Kiama Municipal Council | Notes to the Financial Statements 30 June 2024

Kiama Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2024

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).



Kiama Municipal Council
Special Purpose Financial Statements
for the year ended 30 June 2024



Item 9.1

Attachment 1

Kiama Municipal Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of Holiday Parks	4
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Auditor's Report on Special Purpose Financial Statements	14

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 activitie).
- 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).

Kiama Municipal Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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:

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

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year; and
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 31 October 2024.

Cameron McDonald
Mayor
31 October 2024

Melissa Matters
Deputy Mayor
31 October 2024

Jane Stroud
Chief Executive Officer
31 October 2024

Olena Tulubinska
Responsible Accounting Officer
31 October 2024

Kiama Municipal Council | Income Statement of Holiday Parks | for the year ended 30 June 2024

Kiama Municipal Council

Income Statement of Holiday Parks

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
Income from continuing operations		
User charges and Fees	10,921	11,203
Grants, subsidies, contributions and donations - Operating	83	-
Total income from continuing operations	11,004	11,203
Expenses from continuing operations		
Employee benefits and on-costs	359	355
Borrowing costs	73	85
Materials and services	6,031	5,756
Depreciation, amortisation and impairment	694	762
Calculated taxation equivalents	127	130
Other expenses	920	1,011
Total expenses from continuing operations	8,204	8,099
Surplus (deficit) from continuing operations before capital amounts	2,800	3,104
Surplus (deficit) from continuing operations after capital amounts	2,800	3,104
Surplus (deficit) from all operations before tax	2,800	3,104
Less: corporate taxation equivalent [based on result before capital]	(728)	(807)
Surplus (deficit) after tax	2,072	2,297
Plus accumulated surplus	21,162	18,439
Plus adjustments for amounts unpaid:		
- Taxation equivalent payments	127	130
- Corporate taxation equivalent	728	807
Less:		
- Dividend paid (distribution to the general fund)	(759)	(511)
Closing accumulated surplus	23,330	21,162
Return on capital %	8.6%	9.7%

Kiama Municipal Council | Income Statement of Blue Haven | for the year ended 30 June 2024

Kiama Municipal Council

Income Statement of Blue Haven

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
Income from continuing operations		
User charges and fees	5,489	5,015
Grants and contributions provided for operating purposes	15,746	12,675
Interest and investment income	8	409
Other income - deferred management fees (DMF)	4,929	4,487
Total income from continuing operations	26,172	22,586
Expenses from continuing operations		
Employee benefits and on-costs	13,818	12,600
Materials and services	11,837	8,294
Borrowing costs	701	1,077
Depreciation, amortisation and impairment	191	1,064
Other expenses	2,839	2,100
Fair value decrement - investment property	9,108	-
Total expenses from continuing operations	38,494	25,135
Surplus (deficit) from continuing operations before capital amounts	(12,322)	(2,549)
Surplus (deficit) from continuing operations after capital amounts	(12,322)	(2,549)
Surplus (deficit) from all operations before tax	(12,322)	(2,549)
Surplus (deficit) after tax	(12,322)	(2,549)
Plus accumulated surplus	(3,025)	(476)
Plus adjustments for amounts unpaid:		
Add:		
Less:		
Closing accumulated surplus	(15,347)	(3,025)
Return on capital %	0.0%	(2.2)%
Subsidy from Council	11,621	1,472

Kiama Municipal Council | Income Statement of Commercial Waste and Plant Hire Activities | for the year ended 30 June 2024

Kiama Municipal Council

Income Statement of Commercial Waste and Plant Hire Activities

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2 Restated
Income from continuing operations		
User charges	1,840	2,496
Other income	697	835
Total income from continuing operations	2,537	3,331
Expenses from continuing operations		
Employee benefits and on-costs	1,058	1,312
Materials and services	1,574	1,320
Depreciation, amortisation and impairment	339	312
Calculated taxation equivalents	58	72
Total expenses from continuing operations	3,029	3,016
Surplus (deficit) from continuing operations before capital amounts	(492)	315
Surplus (deficit) from continuing operations after capital amounts	(492)	315
Surplus (deficit) from all operations before tax	(492)	315
Less: corporate taxation equivalent [based on result before capital]	-	(82)
Surplus (deficit) after tax	(492)	233
Plus accumulated surplus	1,801	1,414
Plus adjustments for amounts unpaid:		
- Taxation equivalent payments	58	72
- Corporate taxation equivalent	-	82
Less:		
Closing accumulated surplus *	1,367	1,801
Return on capital %	(42.8)%	29.9%
Subsidy from Council	492	-

Kiama Municipal Council | Income Statement of The Pavilion | for the year ended 30 June 2024

Kiama Municipal Council

Income Statement of The Pavilion

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Income from continuing operations		
Fees	783	685
Total income from continuing operations	783	685
Expenses from continuing operations		
Employee benefits and on-costs	238	204
Materials and services	445	431
Depreciation, amortisation and impairment	91	87
Calculated taxation equivalents	22	22
Total expenses from continuing operations	796	744
Surplus (deficit) from continuing operations before capital amounts	(13)	(59)
Surplus (deficit) from continuing operations after capital amounts	(13)	(59)
Surplus (deficit) from all operations before tax	(13)	(59)
Surplus (deficit) after tax	(13)	(59)
Plus accumulated surplus	(239)	(203)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	22	22
Add:		
Less:		
Closing accumulated surplus	(230)	(240)
Return on capital %	(0.2)%	(0.9)%
Subsidy from Council	13	59

Kiama Municipal Council | Statement of Financial Position of Holiday Parks | as at 30 June 2024

Kiama Municipal Council

Statement of Financial Position of Holiday Parks

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1 Restated
ASSETS		
Current assets		
Cash and cash equivalents	4,836	5,149
Receivables	2,003	–
Total current assets	6,839	5,149
Non-current assets		
Infrastructure, property, plant and equipment	33,462	32,712
Total non-current assets	33,462	32,712
Total assets	40,301	37,861
LIABILITIES		
Current liabilities		
Borrowings	500	500
Payables	846	252
Employee benefit provisions	10	31
Total current liabilities	1,356	783
Non-current liabilities		
Borrowings	2,250	2,750
Intercompany Loan	–	1,254
Total non-current liabilities	2,250	4,004
Total liabilities	3,606	4,787
Net assets	36,695	33,074
EQUITY		
Accumulated surplus	23,330	21,162
Revaluation reserves	13,365	11,912
Total equity	36,695	33,074

Kiama Municipal Council | Statement of Financial Position of Blue Haven | as at 30 June 2024

Kiama Municipal Council

Statement of Financial Position of Blue Haven

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1 Restated
ASSETS		
Current assets		
Cash and cash equivalents *	11,928	11,842
Receivables	325	426
Total current assets	12,253	12,268
Non-current assets		
Receivables	205	197
Infrastructure, property, plant and equipment	–	66,604
Investment property	80,200	124,950
Asset held for sale	94,229	–
Total non-current assets	174,634	191,751
Total assets	186,887	204,019
LIABILITIES		
Current liabilities		
Payables	133,841	131,515
Employee benefit provisions	1,462	1,585
Other	–	56
Total current liabilities	135,303	133,156
Non-current liabilities		
Borrowings	14,430	14,406
Intercompany Loan *	34,584	41,554
Employee benefit provisions	135	146
Total non-current liabilities	49,149	56,106
Total liabilities	184,452	189,262
Net assets	2,435	14,757
EQUITY		
Retained earnings	(15,347)	(3,025)
Revaluation reserves	17,782	17,782
Total equity	2,435	14,757

(*) Restated Cash and Cash equivalents to reflect Blue Haven ILU Prudential Cover

Kiama Municipal Council | Statement of Financial Position of Commercial Waste and Plant Hire Activities | as at 30 June 2024

Kiama Municipal Council

Statement of Financial Position of Commercial Waste and Plant Hire Activities
as at 30 June 2024

\$ '000	Notes	2024 Category 2	2023 Category 2
ASSETS			
Current assets			
Receivables		927	1,456
Total current assets		927	1,456
Non-current assets			
Infrastructure, property, plant and equipment		1,150	1,052
Total non-current assets		1,150	1,052
Total assets		2,077	2,508
LIABILITIES			
Current liabilities			
Employee benefit provisions		650	648
Total current liabilities		650	648
Non-current liabilities			
Employee benefit provisions		60	59
Total non-current liabilities		60	59
Total liabilities		710	707
Net assets		1,367	1,801
EQUITY			
Accumulated surplus		1,367	1,801
Total equity		1,367	1,801

Kiama Municipal Council | Statement of Financial Position of The Pavilion | as at 30 June 2024

Kiama Municipal Council

Statement of Financial Position of The Pavilion

as at 30 June 2024

\$ '000	Notes	2024 Category 2	2023 Category 2
ASSETS			
Current assets			
Receivables		32	12
Total current assets		32	12
Non-current assets			
Infrastructure, property, plant and equipment		6,785	6,543
Total non-current assets		6,785	6,543
Total assets		6,817	6,555
LIABILITIES			
Current liabilities			
Payables		19	11
Employee benefit provisions		117	106
Intercompany Loan		2	102
Total current liabilities		138	219
Total liabilities		138	219
Net assets		6,679	6,336
EQUITY			
Retained earnings		(230)	(240)
Revaluation reserves		6,909	6,576
Total equity		6,679	6,336

Note – Material accounting policy information

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Blue Haven

Aged Care and Independent Living Units

b. Holiday Parks

Caravan and Camping Parks

Category 2

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

a. Commercial Waste and Hire Services

Commercial waste services and commercial plant hire

b. The Pavillion

Venue hire

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.

continued on next page ...

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Note – Material accounting policy information (continued)

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – 25%

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 25%.

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.

Local government rates and charges

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

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.

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

Kiama Municipal Council | Special Purpose Financial Statements 2024

Kiama Municipal Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Item 9.1

Attachment 1



KIAMA MUNICIPAL COUNCIL
your council, your community



Kiama Municipal Council
Special Schedules Financial Statements
for the year ended 30 June 2024



Item 9.1

Attachment 1

Kiama Municipal Council

Special Schedules
for the year ended 30 June 2024

Contents	Page
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Report on infrastructure assets as at 30 June 2024	5

Kiama Municipal Council | Permissible income for general rates | for the year ended 30 June 2024

Kiama Municipal Council

Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
Notional general income calculation ¹			
Last year notional general income yield	a	19,891	20,702
Plus or minus adjustments ²	b	37	140
Notional general income	c = a + b	19,928	20,842
Permissible income calculation			
Percentage increase	d	5.10%	4.50%
Less expiring special variation amount	e	(175)	-
Plus percentage increase amount ³	f = d x (c + e)	1,007	938
Sub-total	g = (c + e + f)	20,760	21,780
Plus (or minus) last year's carry forward total	h	(3)	56
Sub-total	j = (h + i)	(3)	56
Total permissible income	o = k + n	20,757	21,836
Less notional general income yield	l	20,702	21,840
Catch-up or (excess) result	m = k - l	56	(4)
Plus income lost due to valuation objections claimed ⁴	n	-	6
Carry forward to next year ⁶	p = m + n + o	56	2

Notes

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

Permissible income for general rates

Permissible income for general rates: PLUS PDF inserted here

Council needs to uplift custom PDF here - please uplift via "PLUS PDF" choice in the Home/TOC screen

Kiama Municipal Council | Report on infrastructure assets as at 30 June 2024

Kiama Municipal Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost			2023/24 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring service set by Council \$ '000	to bring service set by Council \$ '000				1	2	3	4	5
Buildings	Buildings	1,724	1,724	853	107,289	153,601	55.0%	40.0%	5.0%	0.0%	0.0%	0.0%
	Sub-total	1,724	1,724	853	107,289	153,601	55.0%	40.0%	5.0%	0.0%	0.0%	0.0%
Other structures	Other structures	618	618	308	2,278	7,404	38.0%	5.0%	52.0%	3.0%	2.0%	2.0%
	Sub-total	618	618	308	2,278	7,404	38.0%	5.0%	52.0%	3.0%	2.0%	2.0%
Roads	Roads	1,290	12,900	2,204	107,483	193,374	16.0%	69.0%	13.0%	2.0%	0.0%	0.0%
	Bridges	668	668	-	40,422	67,887	3.4%	82.6%	12.9%	1.0%	0.0%	0.0%
	Footpaths	328	328	113	9,769	15,981	16.3%	57.3%	24.3%	2.1%	0.1%	0.1%
	Bulk earthworks	-	-	-	20,706	20,706	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
	Sub-total	2,286	13,896	2,317	178,380	297,948	12.0%	66.7%	12.7%	1.6%	7.0%	7.0%
Stormwater drainage	Stormwater drainage	941	941	163	62,116	94,040	10.9%	69.8%	18.3%	1.1%	0.0%	0.0%
	Sub-total	941	941	163	64,879	94,040	10.9%	69.8%	18.3%	1.1%	0.0%	0.0%
Open space / recreational assets	Swimming pools	-	-	100	3,585	1,208	67.0%	1.0%	32.0%	0.0%	0.0%	0.0%
	Recreation	1,563	1,563	1,955	3,129	6,988	97.0%	1.0%	0.0%	1.0%	1.0%	1.0%
	Sub-total	1,563	1,563	2,055	6,714	8,196	92.6%	1.0%	4.7%	0.9%	0.8%	0.8%
Total – all assets	7,132	18,742	5,696	359,540	561,189	25.1%	58.1%	11.9%	1.1%	3.8%	3.8%	

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

Infrastructure asset condition assessment 'key'

Integrated planning and reporting (IP&R) description

- 1 Excellent/very good
 - 2 Good
 - 3 Satisfactory
 - 4 Poor
 - 5 Very poor
- No work required (normal maintenance)
 - Only minor maintenance work required
 - Maintenance work required
 - Renewal required
 - Urgent renewal/upgrading required

Kiama Municipal Council | Report on infrastructure assets as at 30 June 2024

Kiama Municipal Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ^{1, 2}	17,955	224.61%	144.78%	> 100.00%
Depreciation, amortisation and impairment	7,994			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	7,132	1.88%	2.22%	< 2.00%
Net carrying amount of infrastructure assets	380,070			
Asset maintenance ratio				
Actual asset maintenance	5,718	100.39%	96.69%	> 100.00%
Required asset maintenance	5,696			

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

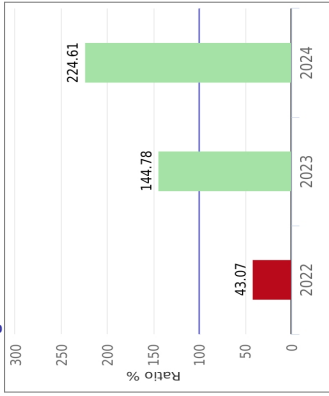
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

(2) The balance of Infrastructure Property Plant and Equipment as at 30 June 2022 and as at 30 June 2021 could not be fully verified by management.

Kiama Municipal Council

Report on infrastructure assets as at 30 June 2024

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

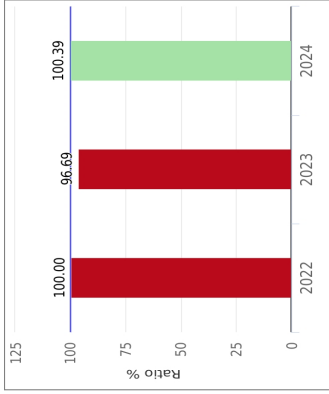
Commentary on result
 23/24 ratio 224.61%

The buildings and infrastructure renewals ratio continued to improve in 2023/24 staying well above the benchmark, however this is mainly due to substantial expenditure and renewal on infrastructure relating to emergency flood damage from the 2022 and subsequent 2024 storm events.

Benchmark: — > 100.00%
 Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
 Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

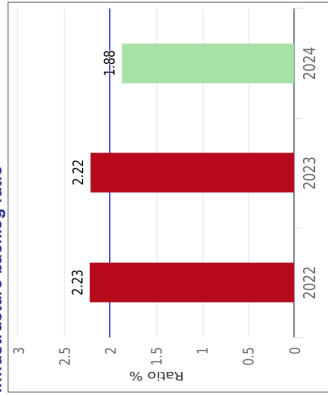
Commentary on result
 23/24 ratio 100.39%

Council continues to invest in asset maintenance to ensure asset conditions remain satisfactory.

Benchmark: — > 100.00%
 Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
 Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result
 23/24 ratio 1.88%

Council's infrastructure backlog was addressed in 2023/24 in conjunction with the amount of renewal works undertaken including the emergency works, as a result the ratio improved achieving the benchmark.

Benchmark: — < 2.00%
 Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
 Ratio is outside benchmark

Kiama Municipal Council | Report on infrastructure assets as at 30 June 2024

Kiama Municipal Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

	General fund		Benchmark
	2024	2023	
\$ '000			
Buildings and infrastructure renewals ratio			
Asset renewals ¹	224.61%	144.78%	> 100.00%
Depreciation, amortisation and impairment			
Infrastructure backlog ratio			
Estimated cost to bring assets to a satisfactory standard	1.88%	2.22%	< 2.00%
Net carrying amount of infrastructure assets			
Asset maintenance ratio			
Actual asset maintenance	100.39%	93.74%	> 100.00%
Required asset maintenance			
Cost to bring assets to agreed service level			
Estimated cost to bring assets to an agreed service level set by Council	3.34%	1.54%	
Gross replacement cost			

(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.

10 CONFIDENTIAL SUMMARY

CONFIDENTIAL COMMITTEE OF THE WHOLE

Submitted to the Ordinary Meeting of Council held on 31 October 2024

PROCEDURE

- Recommendation to go into Closed Committee.
- Mayoral call for Public Representations.
- Consideration of Representations and issues to be removed from Closed Committee.
- Recommendation to exclude Press and Public if required.
- Closed Committee discussions if required.

10.1 Exclusion Of Press And Public:

RECOMMENDATION

That in accordance with Sections 10 and 10A of the Local Government Act, 1993 as amended, Council close the meeting of the Confidential Committee of the Whole to the Press and Public on the grounds detailed under the report headings as detailed below.

11.1 DRAFT PURCHASE PARAMETERS FOR LAND ACQUISITION OPPORTUNITY

Reason for Confidentiality: This matter deals with information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business as per Section 10A(2)(c) of the Local Government Act.

11 CONFIDENTIAL REPORTS

11.1 Draft purchase parameters for land acquisition opportunity

CSP Objective: Outcome 5.1: Public funds and assets are managed strategically, transparently and efficiently

CSP Strategy: 5.1.4 Commercial investments are managed to maximise their value; and in accordance with legislative obligations.

Delivery Program: 5.1.4.1 Commercial investments are managed to maximise their value; and in accordance with legislative obligations.

REASON FOR CONFIDENTIALITY

This item is classified CONFIDENTIAL under the provisions of Section 10A(2) of the Local Government Act 1993, which permits the meeting to be closed to the public for business relating to information that would, if disclosed, confer a commercial

advantage on a person with whom the Council is conducting (or proposes to conduct) business.

12 CLOSURE

Item 11.1 CONFIDENTIAL