



**KIAMA MUNICIPAL COUNCIL**  
your council, your community



# Kiama Municipal Council

## General Purpose Financial Statements

for the year ended 30 June 2024



# 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

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

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

- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards 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

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
<b>Income from continuing operations</b>				
27,920	Rates and annual charges	B2-1	<b>27,686</b>	26,933
22,929	User charges and fees	B2-2	<b>23,373</b>	22,760
6,257	Other revenues	B2-3	<b>7,006</b>	6,367
15,826	Grants and contributions provided for operating purposes	B2-4	<b>19,577</b>	17,718
11,445	Grants and contributions provided for capital purposes	B2-4	<b>13,809</b>	3,539
2,387	Interest and investment income	B2-5	<b>2,357</b>	1,859
1,493	Other income	B2-6	<b>286</b>	–
31,218	Net gain from the disposal of assets	B4-1	<b>–</b>	7,835
119,475	<b>Total income from continuing operations</b>		<b>94,094</b>	87,011
<b>Expenses from continuing operations</b>				
37,110	Employee benefits and on-costs	B3-1	<b>40,403</b>	35,638
35,132	Materials and services	B3-2	<b>41,031</b>	34,047
387	Borrowing costs	B3-3	<b>942</b>	1,264
14,608	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>11,185</b>	11,253
2,272	Other expenses	B3-5	<b>10,013</b>	1,010
–	Net loss from the disposal of assets	B4-1	<b>3,334</b>	–
89,509	<b>Total expenses from continuing operations</b>		<b>106,908</b>	83,212
29,966	<b>Operating result from continuing operations</b>		<b>(12,814)</b>	3,799
29,966	<b>Net operating result for the year attributable to Council</b>		<b>(12,814)</b>	3,799
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>				
18,522			<b>(26,623)</b>	260

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

\$ '000	Notes	2024	2023
<b>Net operating result for the year – from Income Statement</b>		<b>(12,814)</b>	3,799
<b>Other comprehensive income:</b>			
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
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>27,636</b>	42,940
<b>Total other comprehensive income for the year</b>		<b>27,636</b>	42,940
<b>Total comprehensive income for the year attributable to Council</b>		<b>14,822</b>	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

\$ '000	Notes	2024	2023
<b>ASSETS</b>			
<b>Current assets</b>			
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
<b>Total current assets</b>		<b>141,081</b>	<b>56,895</b>
<b>Non-current assets</b>			
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
<b>Total non-current assets</b>		<b>643,294</b>	<b>711,473</b>
<b>Total assets</b>		<b>784,375</b>	<b>768,368</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
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
<b>Total current liabilities</b>		<b>156,072</b>	<b>154,548</b>
<b>Non-current liabilities</b>			
Lease liabilities	C2-1b	290	6
Borrowings	C3-3	19,844	20,494
Employee benefit provisions	C3-4	645	618
<b>Total non-current liabilities</b>		<b>20,779</b>	<b>21,118</b>
<b>Total liabilities</b>		<b>176,851</b>	<b>175,666</b>
<b>Net assets</b>		<b>607,524</b>	<b>592,702</b>
<b>EQUITY</b>			
Accumulated surplus		160,908	173,722
IPPE revaluation reserve		446,616	418,980
<b>Council equity interest</b>		<b>607,524</b>	<b>592,702</b>
<b>Total equity</b>		<b>607,524</b>	<b>592,702</b>

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

\$ '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)
<b>Restated opening balance</b>		<b>173,722</b>	<b>418,980</b>	<b>592,702</b>	<b>169,923</b>	<b>376,040</b>	<b>545,963</b>
Net operating result for the year		(12,814)	-	(12,814)	3,799	-	3,799
<b>Restated net operating result for the period</b>		<b>(12,814)</b>	<b>-</b>	<b>(12,814)</b>	<b>3,799</b>	<b>-</b>	<b>3,799</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	-	27,636	27,636	-	42,940	42,940
<b>Other comprehensive income</b>		<b>-</b>	<b>27,636</b>	<b>27,636</b>	<b>-</b>	<b>42,940</b>	<b>42,940</b>
<b>Total comprehensive income</b>		<b>(12,814)</b>	<b>27,636</b>	<b>14,822</b>	<b>3,799</b>	<b>42,940</b>	<b>46,739</b>
<b>Closing balance at 30 June</b>		<b>160,908</b>	<b>446,616</b>	<b>607,524</b>	<b>173,722</b>	<b>418,980</b>	<b>592,702</b>

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

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
<b>Cash flows from operating activities</b>				
<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)
13,356	<b>Net cash flows from operating activities</b>	F1-1	<b>4,179</b>	1,195
<b>Cash flows from investing activities</b>				
<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)
21,613	<b>Net cash flows from investing activities</b>		<b>(34,797)</b>	51,386
<b>Cash flows from financing activities</b>				
<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)	–
(15,801)	<b>Net cash flows from financing activities</b>		<b>6,611</b>	(24,747)
19,168	<b>Net change in cash and cash equivalents</b>		<b>(24,007)</b>	27,834
45,167	Cash and cash equivalents at beginning of year		43,058	15,224
64,335	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>19,051</b>	43,058
–	plus: Investments on hand at end of year	C1-2	30,373	3,837
64,335	<b>Total cash, cash equivalents and investments</b>		<b>49,424</b>	46,895

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



# Kiama Municipal Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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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

## A1-1 Basis of preparation (continued)

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### **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.

## 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
<b>Functions or activities</b>										
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
<b>Total functions and activities</b>	<b>94,094</b>	<b>87,011</b>	<b>106,908</b>	<b>83,212</b>	<b>(12,814)</b>	<b>3,799</b>	<b>33,386</b>	<b>21,257</b>	<b>784,375</b>	<b>768,368</b>

(\* ) 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

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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.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2024	2023
<b>Ordinary rates</b>		
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)
<b>Rates levied to ratepayers</b>	<b>20,343</b>	<b>19,375</b>
Pensioner rate subsidies received	160	170
<b>Total ordinary rates</b>	<b>20,503</b>	<b>19,545</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
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)
<b>Annual charges levied</b>	<b>7,114</b>	<b>7,326</b>
Pensioner annual charges subsidies received:		
– Domestic waste management	69	62
<b>Total annual charges</b>	<b>7,183</b>	<b>7,388</b>
<b>Total rates and annual charges</b>	<b>27,686</b>	<b>26,933</b>

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.

## B2-2 User charges and fees

\$ '000	2024	2023
<b>User charges</b>		
Domestic waste management services	49	81
Contract plant and truck hire	1,479	1,454
Waste management services (non-domestic)	6	24
<b>Total user charges</b>	<b>1,534</b>	<b>1,559</b>
<b>Other user charges and fees</b>		
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
<b>Total other user charges and fees</b>	<b>21,839</b>	<b>21,201</b>
<b>Total user charges and fees</b>	<b>23,373</b>	<b>22,760</b>

## 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
<b>Total other revenue</b>	<b>7,006</b>	<b>6,367</b>



## B2-4 Grants and contributions

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>General purpose grants and non-developer contributions (untied)</b>				
<b>Current year allocation</b>				
Financial assistance	108	559	-	-
<b>Payment in advance - future year allocation</b>				
Financial assistance	2,029	2,159	-	-
<b>Amount recognised as income during current year</b>	<b>2,137</b>	<b>2,718</b>	<b>-</b>	<b>-</b>
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
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
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>17,440</b>	<b>15,000</b>	<b>11,326</b>	<b>2,548</b>
<b>Total grants and non-developer contributions</b>	<b>19,577</b>	<b>17,718</b>	<b>11,326</b>	<b>2,548</b>
<b>Comprising:</b>				
- Commonwealth funding	16,015	13,019	695	366
- State funding	3,539	4,670	10,631	2,182
- Other funding	23	29	-	-
	<b>19,577</b>	<b>17,718</b>	<b>11,326</b>	<b>2,548</b>

## B2-4 Grants and contributions (continued)

### Developer contributions

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

### 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
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	8	3,074	6,870	543
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	-	-
<b>Add:</b> Funds received and not recognised as revenue in the current year	93	-	-	6,327
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	-	(3,066)	(2,684)	-
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	-	-	-	-
<b>Unspent funds at 30 June</b>	<b>101</b>	<b>8</b>	<b>4,186</b>	<b>6,870</b>

Funds relate to unspent capital grants. These funds are externally restricted.

#### Contributions

Unspent funds at 1 July	-	-	10,545	10,477
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	2,474	979
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	(328)	(911)
<b>Unspent contributions at 30 June</b>	<b>-</b>	<b>-</b>	<b>12,691</b>	<b>10,545</b>

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.

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

## B2-6 Other income

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

## 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
<b>Total employee costs</b>	<b>40,648</b>	<b>35,899</b>
Less: capitalised costs	(245)	(261)
<b>Total employee costs expensed</b>	<b>40,403</b>	<b>35,638</b>
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.

## 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	–
<b>Legal expenses:</b>			
– Legal expenses: planning and development		49	36
– Legal expenses: other		3,296	1,897
– Legal expenses: debt recovery		24	25
<b>Total materials and services</b>		<b>41,031</b>	<b>34,047</b>

## B3-3 Borrowing costs

### (i) Interest bearing liability costs

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

### (ii) Other borrowing costs

Fair value adjustment on loans (to Council)	25	(209)
<b>Total other borrowing costs</b>	<b>25</b>	<b>(209)</b>
<b>Total borrowing costs expensed</b>	<b>942</b>	<b>1,264</b>

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

\$ '000	Notes	2024	2023
<b>Depreciation and amortisation</b>			
Plant and equipment		2,031	2,230
Office equipment		239	417
Furniture and fittings		143	157
Land improvements (depreciable)		106	106
<b>Infrastructure:</b>			
	C1-8		
– Roads		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	–
<b>Other assets:</b>			
– Other		103	110
– Library books		45	94
<b>Total gross depreciation and amortisation costs</b>		<b>10,764</b>	<b>11,253</b>
<b>Total depreciation and amortisation costs</b>		<b>10,764</b>	<b>11,253</b>
<b>Impairment / revaluation decrement of IPPE</b>			
Plant and equipment		419	–
Furniture and fittings		2	–
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>421</b>	<b>–</b>
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>421</b>	<b>–</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>11,185</b>	<b>11,253</b>

### Material accounting policy information

#### Depreciation and amortisation

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

## B3-5 Other expenses

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

## B4 Gains or losses

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

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

(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.

## 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 -----	
<b>Revenues</b>				
<b>Operating grants and contributions</b>	15,826	19,577	3,751	24% <b>F</b>
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.				
<b>Capital grants and contributions</b>	11,445	13,809	2,364	21% <b>F</b>
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.				
<b>Net gains from disposal of assets</b>	31,218	-	(31,218)	(100)% <b>U</b>
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.				
<b>Other income</b>	1,493	286	(1,207)	(81)% <b>U</b>
The unfavourable variance is due to original budget including internal revenue. This error was subsequently corrected in quarterly budget reviews.				
<b>Expenses</b>				
<b>Materials and services</b>	35,132	41,031	(5,899)	(17)% <b>U</b>
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.				
<b>Borrowing costs</b>	387	942	(555)	(143)% <b>U</b>
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.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	14,608	11,185	3,423	23% <b>F</b>
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.				
<b>Other expenses</b>	2,272	10,013	(7,741)	(341)% <b>U</b>
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.				



## B5-1 Material budget variations (continued)

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

<b>Cash flows from operating activities</b>	13,356	4,179	(9,177)	(69)%	U
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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.

<b>Cash flows from investing activities</b>	21,613	(34,797)	(56,410)	(261)%	U
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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.

<b>Cash flows from financing activities</b>	(15,801)	6,611	22,412	(142)%	F
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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
<b>Total cash and cash equivalents</b>	<b>19,051</b>	<b>43,058</b>

#### Reconciliation of cash and cash equivalents

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

#### C1-2 Financial investments

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

## C1-2 Financial investments (continued)

\$ '000	2024	2024	2023	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		
<b>Total cash, cash equivalents and investments</b>	<b>49,424</b>	46,895
Less: External restrictions	<u>(39,532)</u>	<u>(38,507)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>9,892</b>	8,388

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

**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
<b>External restrictions – included in liabilities</b>	<b>4,787</b>	<b>7,378</b>

**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
<b>External restrictions – other</b>	<b>34,745</b>	<b>31,129</b>
<b>Total external restrictions</b>	<b>39,532</b>	<b>38,507</b>

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
<b>Total internal allocations</b>	<b>6,638</b>	<b>10,042</b>

\* 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.

## C1-4 Receivables

\$ '000	2024	2024	2023	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	–
<b>Total</b>	<b>3,304</b>	<b>205</b>	<b>3,618</b>	<b>197</b>
<b>Total net receivables</b>	<b>3,304</b>	<b>205</b>	<b>3,618</b>	<b>197</b>

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

### 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.

## C1-5 Inventories

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

## C1-6 Contract assets

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

### 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 <sup>1,2</sup>	95,138	-	5,461	-
<b>Total non-current assets classified as held for sale</b>	<b>95,138</b>	<b>-</b>	<b>5,461</b>	<b>-</b>

(1) The closing balance of assets held for sale includes Blue Haven Bonaira Business and Lot 100 South Kiama Drive. Net gain/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.

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

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period									At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP Capitalised	Transferred to held for sale	Reclassification	Revaluation to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>															
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
<b>Land:</b>															
– 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
<b>Infrastructure:</b>															
– 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
<b>Other assets:</b>															
– 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
<b>Total infrastructure, property, plant and equipment</b>	<b>799,213</b>	<b>(213,845)</b>	<b>585,368</b>	<b>18,034</b>	<b>2,530</b>	<b>(4,175)</b>	<b>(10,661)</b>	<b>(421)</b>	<b>(4,562)</b>	<b>(60,628)</b>	<b>–</b>	<b>27,636</b>	<b>790,740</b>	<b>(237,619)</b>	<b>553,121</b>

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

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	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
\$ '000													
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
<b>Land:</b>													
– 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	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
<b>Infrastructure:</b>													
– 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
<b>Other assets:</b>													
– 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
<b>Total infrastructure, property, plant and equipment</b>	<b>724,926</b>	<b>(177,173)</b>	<b>547,753</b>	<b>11,784</b>	<b>(395)</b>	<b>(11,253)</b>	<b>–</b>	<b>(5,461)</b>	<b>–</b>	<b>42,940</b>	<b>799,213</b>	<b>(213,845)</b>	<b>585,368</b>

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

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

### Material accounting policy information

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:

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	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	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings	50 to 117
Other plant and equipment	5 to 40		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
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		
<b>Stormwater assets</b>			
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.



## 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
<b>At fair value</b>			
Opening balance at 1 July		124,950	124,950
Classified as held for sale <sup>1</sup>		(35,642)	–
Net gain/(loss) from fair value adjustments	B3-5	(9,108)	–
<b>Closing balance at 30 June</b>		<b>80,200</b>	<b>124,950</b>

(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.

## C2 Leasing activities

### C2-1 Council as a lessee

#### (a) Right of use assets

\$ '000	Plant & Equipment	Property	Total
<b>2024</b>			
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)
<b>Balance at 30 June</b>	<b>52</b>	<b>343</b>	<b>395</b>
<b>2023</b>			
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
<b>Total lease liabilities</b>	<b>114</b>	<b>290</b>	<b>36</b>	<b>6</b>

#### 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.

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Payables</b>				
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	–
<b>Total payables</b>	<b>143,910</b>	<b>–</b>	<b>139,953</b>	<b>–</b>

#### 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
<b>Total payables</b>	<b>103,933</b>	<b>106,000</b>

#### 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	–
<b>Total contract liabilities</b>		<b>4,365</b>	<b>–</b>	<b>7,017</b>	<b>–</b>

#### 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.

## C3-3 Borrowings

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

### (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
<b>Total liabilities from financing activities</b>	<b>21,337</b>	<b>(414)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>20,923</b>

\$ '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
<b>Total liabilities from financing activities</b>	<b>52,469</b>	<b>(31,132)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>21,337</b>

### (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 <sup>1</sup>	2,000	2,000
Credit cards/purchase cards	400	400
<b>Total financing arrangements</b>	<b>2,400</b>	<b>2,400</b>

#### 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
<b>Total undrawn financing arrangements</b>	<b>2,359</b>	<b>2,400</b>

#### 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.

## C3-4 Employee benefit provisions

\$ '000	2024	2024	2023	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
<b>Total employee benefit provisions</b>	<b>7,008</b>	<b>645</b>	<b>6,741</b>	<b>618</b>

### 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
	<b>5,740</b>	<b>5,520</b>

### 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.

## 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
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
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
<b>Fair value through other comprehensive income</b>				
Investments				
– Equity securities at fair value through other comprehensive income	373	87	373	87
<b>Total financial assets</b>	<b>52,933</b>	<b>50,710</b>	<b>52,933</b>	<b>50,710</b>
<b>Financial liabilities</b>				
Payables	143,910	139,953	143,910	139,953
Loans/advances	20,519	21,295	20,519	21,295
<b>Total financial liabilities</b>	<b>164,429</b>	<b>161,248</b>	<b>164,429</b>	<b>161,248</b>

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.

## 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	
<b>2024</b>					
Gross carrying amount	–	632	53	39	724
2023					
Gross carrying amount	–	520	44	32	596

## 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	
<b>2024</b>						
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%
<b>ECL provision</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>29</b>	<b>29</b>
<b>2023</b>						
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%
<b>ECL provision</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>90</b>	<b>90</b>

### (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		
<b>2024</b>							
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
<b>Total financial liabilities</b>		<b>2,410</b>	<b>52,738</b>	<b>107,055</b>	<b>2,226</b>	<b>164,429</b>	<b>164,429</b>
<b>2023</b>							
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
<b>Total financial liabilities</b>		<b>2,170</b>	<b>43,896</b>	<b>113,312</b>	<b>2,547</b>	<b>161,925</b>	<b>161,248</b>



## D2-1 Fair value measurement

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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).

## 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
<b>Recurring fair value measurements</b>							
<b>Financial assets</b>							
Other financial assets (Civic Risk Mutual)		373	87	–	–	373	87
<b>Total financial assets</b>		<b>373</b>	<b>87</b>	<b>–</b>	<b>–</b>	<b>373</b>	<b>87</b>
<b>Investment property</b>							
Blue Haven ILU	C1-9	80,200	124,950	–	–	80,200	124,950
<b>Total investment property</b>		<b>80,200</b>	<b>124,950</b>	<b>–</b>	<b>–</b>	<b>80,200</b>	<b>124,950</b>
<b>Infrastructure, property, plant and equipment</b>							
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
<b>Total infrastructure, property, plant and equipment</b>		<b>154,515</b>	<b>217,295</b>	<b>365,587</b>	<b>368,070</b>	<b>520,102</b>	<b>585,365</b>
<b>Non-recurring fair value measurements</b>							
<b>Non-current assets classified as held for sale</b>							
Land and Building	C1-7	95,138	5,461	–	–	95,138	5,461
<b>Total NCA's classified as held for sale</b>		<b>95,138</b>	<b>5,461</b>	<b>–</b>	<b>–</b>	<b>95,138</b>	<b>5,461</b>

## 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 on 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.

## D2-1 Fair value measurement (continued)

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### **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.

## D2-1 Fair value measurement (continued)

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### 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

## 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:

<b>Defined Benefit Employer reserves only *</b>	<b>\$ (millions)</b>	<b>Asset Coverage</b>
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**

## 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
<b>Compensation:</b>		
Short-term benefits	1,624	1,541
Other long-term benefits	129	136
Termination benefits	–	306
<b>Total</b>	<b>1,753</b>	<b>1,983</b>

#### 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.

## 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
<b>Total</b>	<b>343</b>	<b>302</b>

## 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		
<b>Auditors of the Council - NSW Auditor-General:</b>		
Audit and review of financial statements	341	347
<b>Total Auditor-General remuneration</b>	<b>341</b>	<b>347</b>
<b>Non NSW Auditor-General audit firms</b>		
Other audit and assurance services	85	35
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>85</b>	<b>35</b>
<b>Total audit fees</b>	<b>426</b>	<b>382</b>

## F Other matters

### F1-1 Statement of Cash Flows information

#### Reconciliation of Operating Result

\$ '000	2024	2023
<b>Net operating result from Income Statement</b>	<b>(12,814)</b>	3,799
<b>Add / (less) non-cash items:</b>		
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	–
<b>Movements in operating assets and liabilities and other cash items:</b>		
(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)
<b>Net cash flows from operating activities</b>	<b>4,179</b>	<b>1,195</b>

### 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:		
<b>Property, plant and equipment</b>		
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
<b>Investment property</b>		
– Buildings	146	–
<b>Total commitments</b>	<b>3,994</b>	<b>2,013</b>

## 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.

## 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)	–	–	
<b>S7.11 contributions – under a plan</b>	<b>7,593</b>	<b>1,647</b>	<b>–</b>	<b>–</b>	<b>171</b>	<b>–</b>	<b>(9,411)</b>	<b>–</b>	<b>–</b>	
<b>S7.12 levies – under a plan</b>	<b>3,242</b>	<b>828</b>	<b>–</b>	<b>–</b>	<b>465</b>	<b>(328)</b>	<b>9,411</b>	<b>13,618</b>	<b>–</b>	
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>10,835</b>	<b>2,475</b>	<b>–</b>	<b>–</b>	<b>636</b>	<b>(328)</b>	<b>–</b>	<b>13,618</b>	<b>–</b>	
<b>Total contributions</b>	<b>10,835</b>	<b>2,475</b>	<b>–</b>	<b>–</b>	<b>636</b>	<b>(328)</b>	<b>–</b>	<b>13,618</b>	<b>–</b>	

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.

## 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	Non-cash Other						
<b>CONTRIBUTION PLAN NUMBER 1</b>										
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)	-	-	
<b>Total</b>	<b>7,390</b>	<b>1,492</b>	<b>-</b>	<b>-</b>	<b>165</b>	<b>-</b>	<b>(9,047)</b>	<b>-</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 2</b>										
Traffic facilities	25	24	-	-	1	-	(50)	-	-	
Community facilities	106	101	-	-	3	-	(210)	-	-	
Other	9	9	-	-	-	-	(18)	-	-	
<b>Total</b>	<b>140</b>	<b>134</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>(278)</b>	<b>-</b>	<b>-</b>	
<b>CONTRIBUTION PLAN NUMBER 3</b>										
Traffic facilities	5	2	-	-	-	-	(7)	-	-	
Community facilities	58	19	-	-	2	-	(79)	-	-	
<b>Total</b>	<b>63</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>(86)</b>	<b>-</b>	<b>-</b>	

## S7.12 Levies – under a plan

<b>CONTRIBUTION PLAN NUMBER A</b>										
Traffic facilities	865	-	-	-	-	-	(865)	-	-	
Open space	2,377	-	-	-	-	-	(2,377)	-	-	
Other	-	828	-	-	465	(328)	12,653	13,618	-	
<b>Total</b>	<b>3,242</b>	<b>828</b>	<b>-</b>	<b>-</b>	<b>465</b>	<b>(328)</b>	<b>9,411</b>	<b>13,618</b>	<b>-</b>	

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

(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**

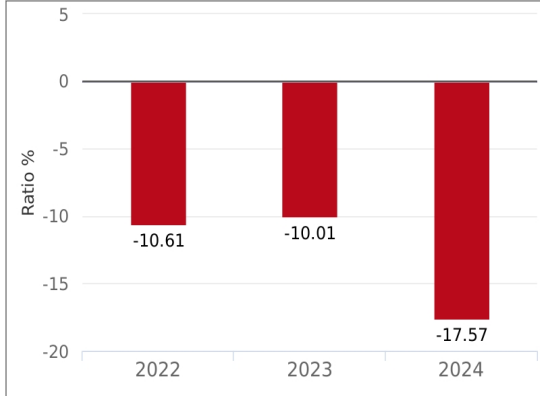
## G Additional Council disclosures (unaudited)

### 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.

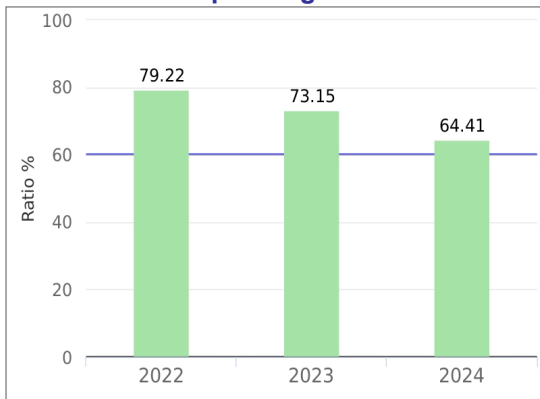
Benchmark: — > 0.00%

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.

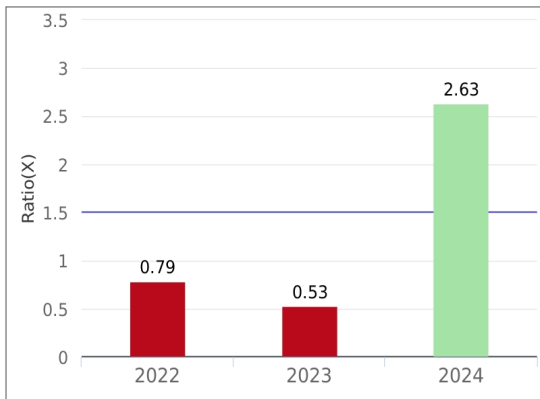
Benchmark: — > 60.00%

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

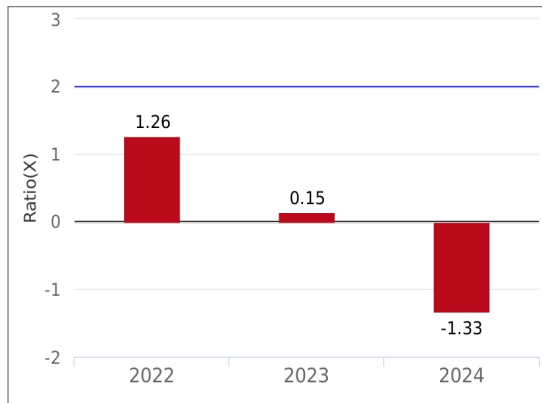
Ratio achieves benchmark

Ratio is outside benchmark



## 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.

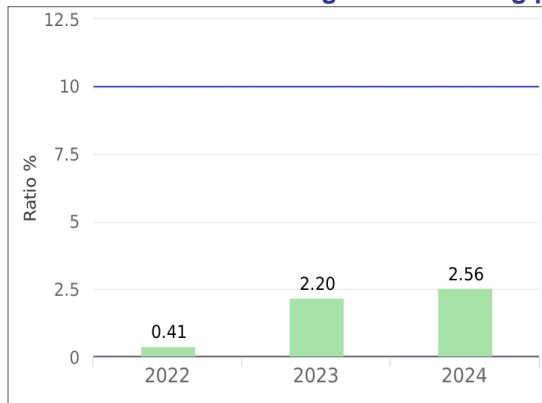
Benchmark: — > 2.00x

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.

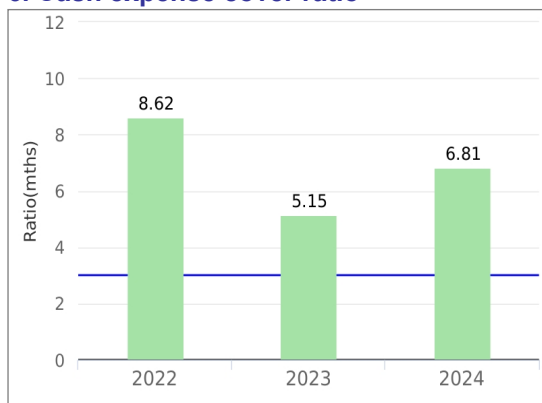
Benchmark: — < 10.00%

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

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**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](http://www.kiama.nsw.gov.au)

**Email:** [council@kiama.nsw.gov.au](mailto: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



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Kiama Municipal Council

To the Councillors of Kiama Municipal Council

### Opinion

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

In my opinion:

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

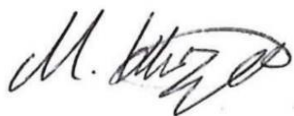
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

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



Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2024  
SYDNEY



Cr Cameron McDonald  
Mayor  
Kiama Municipal Council  
11 Manning Street  
KIAMA NSW 2533

Contact: Michael Kharzoo  
Phone no: 02 9275 7188  
Our ref: FA1747

31 October 2024

Dear Mayor

## Report on the Conduct of the Audit for the year ended 30 June 2024 Kiama Municipal Council

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

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

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

### INCOME STATEMENT

#### Operating result

	2024	2023	Variance
	\$m	\$m	%
Rates and annual charges revenue	27.7	26.9	3.0
Grants and contributions revenue	33.4	21.3	56.8
Operating result from continuing operations	(12.8)	3.8	436.8
Net operating result before capital grants and contributions	(26.6)	0.3	8,967

Rates and annual charges revenue (\$27.7 million) increased by \$0.8 million (3.0 per cent) in 2023–24 due to rate peg increase of 4.5 per cent partially offset by a decrease in commercial waste management services.

Grants and contributions revenue (\$33.4 million) increased by \$12.1 million (56.8 per cent) in 2023–24, which was mainly due to:

- increase of \$6.0 million in grants recognised for storm/flood damage
- increase of \$3.0 million in grants recognised for residential aged care and home care
- increase of \$1.5 million in developer contributions recognised during the year
- increase of \$1.2 million in grants recognised for roads and bridges.

Council’s operating result from continuing operations (-\$12.8 million including depreciation, amortisation and impairment expense of \$11.2 million) was \$16.6 million lower than the 2022–23 result. This was mainly due to a:

- gain on disposal of assets of \$7.8 million in 2022-23
- \$9.1 million fair value decrement on investment properties in 2023-24
- \$4.8 million increase in employee benefits and on-costs
- \$7.0 million increase in materials and services.

This was partially offset by the \$10.3 million increase in grants and contributions for capital purposes.

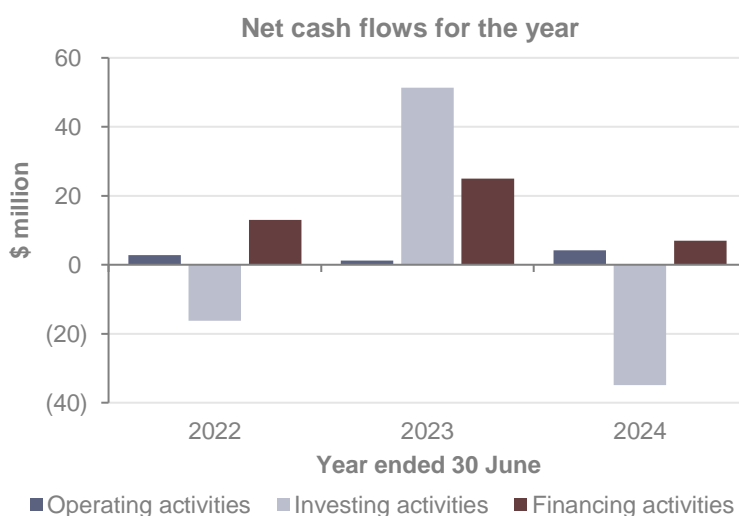
The net operating result before capital grants and contributions (-\$26.6 million) was \$26.9 million lower than the 2022–23 result and can be explained by the analysis above.

## STATEMENT OF CASH FLOWS

Cashflows from operating activities increased by \$3.0 million, mainly due to an increase in receipts from grants and contributions.

Cashflows from investing activities decreased by \$86.2 million, mainly due to acquisition of term deposits of \$26.3 million and payments for infrastructure, property, plant and equipment of \$16.0 million in the current year. In the prior year there were significant cash inflows due to redemption of term deposits and proceeds from sale of assets.

Cashflows from financing activities increased by \$31.4 million, mainly due to repayment of TCorp borrowings of \$30.9 million in the prior year. The final payment of \$15.0 million has been deferred to 2024-25.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>49.4</b>	<b>46.9</b>	Externally restricted cash and investments are restricted in their use by externally imposed requirements.
Restricted and allocated cash, cash equivalents and investments:			Council's externally restricted balances comprise mainly of developer contributions, and funds relating to domestic waste and the aged care facilities.
• External restrictions	39.6	38.5	Internal allocations are determined by council policies or decisions, which are subject to change.
• Internal allocations	6.6	10.0	At 30 June 2024 Council holds \$3.2 million in unrestricted and unallocated cash, cash equivalents and investments.

### Debt

At 30 June 2024, Council had:

- \$20.5 million in secured loans (\$21.3 million in 2022-23)
- \$2.0 million in approved overdraft facility with nil drawn down
- \$400,000 in credit card facility with \$41,000 used.

## PERFORMANCE

### Performance measures

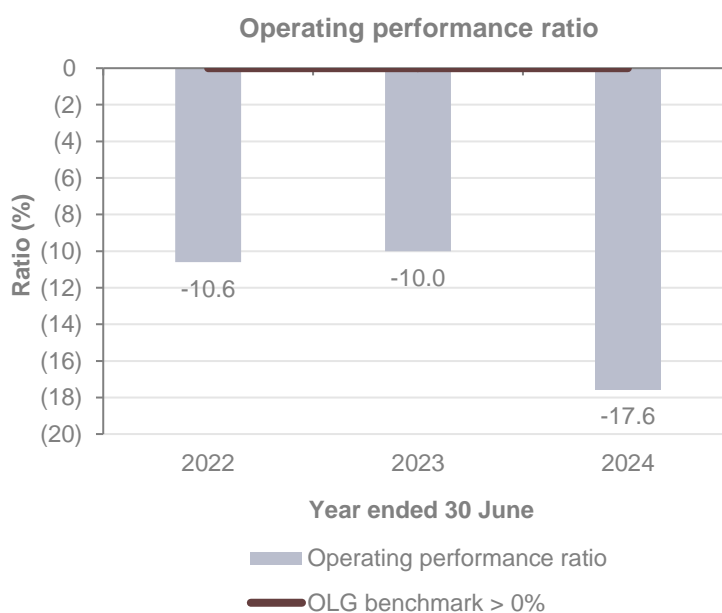
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Housing and Infrastructure.

#### Operating performance ratio

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

Council's ratio of -17.6 per cent did not meet the benchmark for the current reporting period.

The decrease in the ratio compared to the prior year is mainly due to the increase in employee benefits and materials and services in 2023-24.



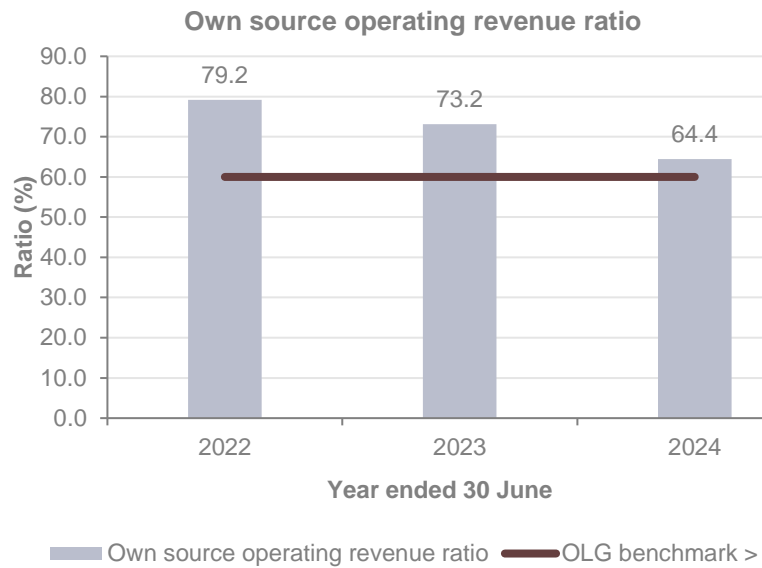


### Own source operating revenue ratio

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

Council's ratio of 64.4 per cent exceeded the benchmark for the current reporting period.

The decrease in the current year is mainly due to the increase in grants and contributions for capital purposes.

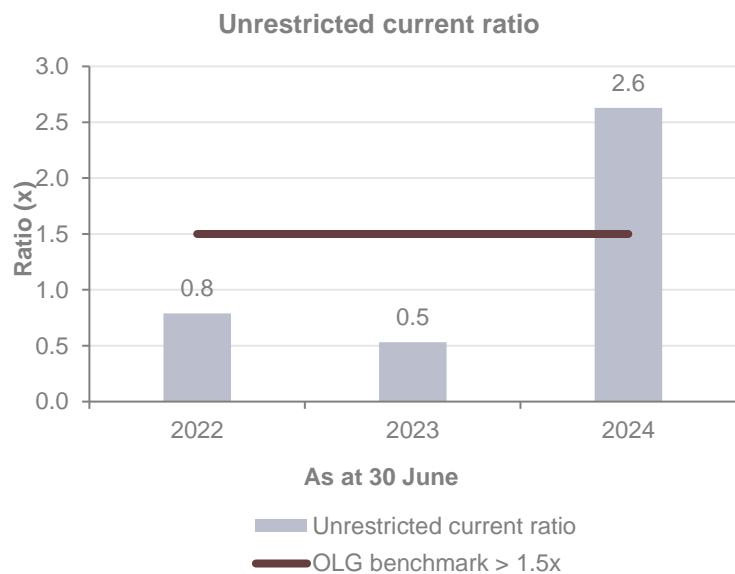


### Unrestricted current ratio

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

Council's ratio of 2.6 exceeded the benchmark for the current reporting period.

The main reason for the increase in the current year is the reclassification of the Bonaira aged care facility to current assets classified as held for sale.

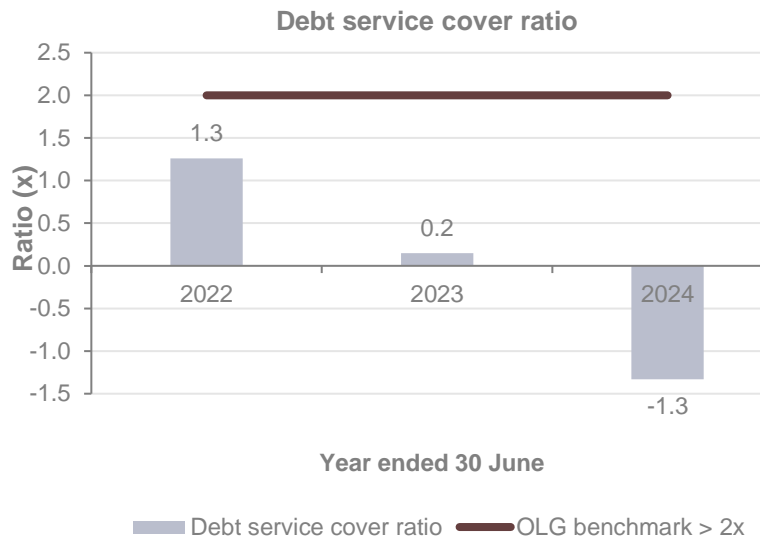


### Debt service cover ratio

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

Council's ratio of -1.4 was below the benchmark for the current reporting period.

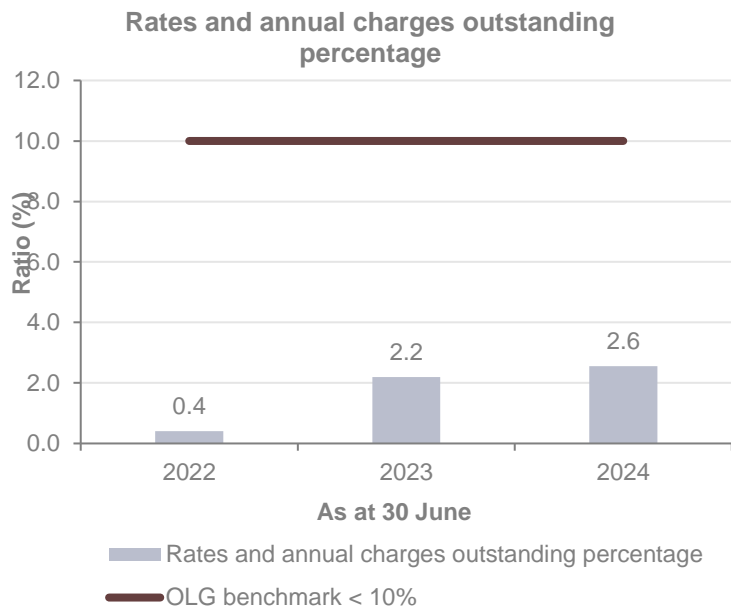
The reason for the decrease in the current year is the worsening of the operating result, which has been explained above.



### Rates and annual charges outstanding percentage

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.

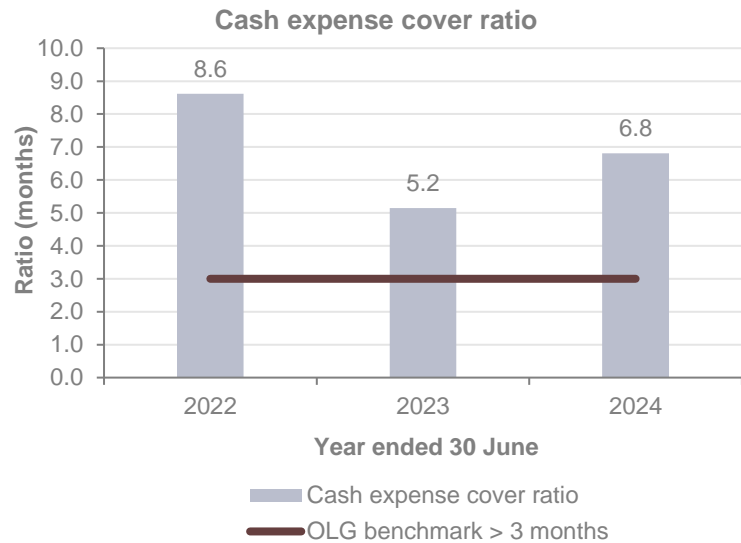
Council's ratio of 2.6 per cent was within the benchmark for the current reporting period.



### Cash expense cover ratio

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

Council's ratio of 6.8 months exceeded the benchmark for the current reporting period.



### Infrastructure, property, plant and equipment renewals

Council renewed \$18.0 million of infrastructure, property, plant and equipment during the 2023-24 financial year. This was mainly spent on roads, repairing assets damaged by natural disasters and purchasing plant and equipment. A further \$2.5 million was spent on new assets.

## OTHER MATTERS

### Legislative compliance

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation or a material deficiency in the Council's accounting records or financial statements. The Council's:

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

Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales



**KIAMA MUNICIPAL COUNCIL**  
your council, your community



# Kiama Municipal Council

## Special Purpose Financial Statements

for the year ended 30 June 2024



# Kiama Municipal Council

## Special Purpose Financial Statements

for the year ended 30 June 2024

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### Background

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

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

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 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



Jane Stroud

Chief Executive Officer

31 October 2024



Melissa Matters

Deputy Mayor

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

\$ '000	2024 Category 1	2023 Category 1
<b>Income from continuing operations</b>		
User charges and Fees	10,921	11,203
Grants, subsidies, contributions and donations - Operating	83	-
<b>Total income from continuing operations</b>	<b>11,004</b>	<b>11,203</b>
<b>Expenses from continuing operations</b>		
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
<b>Total expenses from continuing operations</b>	<b>8,204</b>	<b>8,099</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>2,800</b>	<b>3,104</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>2,800</b>	<b>3,104</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>2,800</b>	<b>3,104</b>
Less: corporate taxation equivalent [based on result before capital]	(728)	(807)
<b>Surplus (deficit) after tax</b>	<b>2,072</b>	<b>2,297</b>
<b>Plus accumulated surplus</b>	<b>21,162</b>	<b>18,439</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	127	130
– Corporate taxation equivalent	728	807
<b>Less:</b>		
– Dividend paid (distribution to the general fund)	(759)	(511)
<b>Closing accumulated surplus</b>	<b>23,330</b>	<b>21,162</b>
<b>Return on capital %</b>	<b>8.6%</b>	<b>9.7%</b>

## Kiama Municipal Council

### Income Statement of Blue Haven

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
<b>Income from continuing operations</b>		
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
<b>Total income from continuing operations</b>	<b>26,172</b>	<b>22,586</b>
<b>Expenses from continuing operations</b>		
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	-
<b>Total expenses from continuing operations</b>	<b>38,494</b>	<b>25,135</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(12,322)</b>	<b>(2,549)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(12,322)</b>	<b>(2,549)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(12,322)</b>	<b>(2,549)</b>
<b>Surplus (deficit) after tax</b>	<b>(12,322)</b>	<b>(2,549)</b>
<b>Plus accumulated surplus</b>	<b>(3,025)</b>	<b>(476)</b>
<b>Plus adjustments for amounts unpaid:</b>		
<b>Add:</b>		
<b>Less:</b>		
<b>Closing accumulated surplus</b>	<b>(15,347)</b>	<b>(3,025)</b>
<b>Return on capital %</b>	<b>0.0%</b>	<b>(2.2)%</b>
<b>Subsidy from Council</b>	<b>11,621</b>	<b>1,472</b>



## 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
<b>Income from continuing operations</b>		
User charges	1,840	2,496
Other income	697	835
<b>Total income from continuing operations</b>	<b>2,537</b>	<b>3,331</b>
<b>Expenses from continuing operations</b>		
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
<b>Total expenses from continuing operations</b>	<b>3,029</b>	<b>3,016</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(492)</b>	<b>315</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(492)</b>	<b>315</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(492)</b>	<b>315</b>
Less: corporate taxation equivalent [based on result before capital]	–	(82)
<b>Surplus (deficit) after tax</b>	<b>(492)</b>	<b>233</b>
<b>Plus accumulated surplus</b>	<b>1,801</b>	<b>1,414</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	58	72
– Corporate taxation equivalent	–	82
<b>Less:</b>		
<b>Closing accumulated surplus <sup>24</sup></b>	<b>1,367</b>	<b>1,801</b>
<b>Return on capital %</b>	<b>(42.8)%</b>	<b>29.9%</b>
<b>Subsidy from Council</b>	<b>492</b>	<b>–</b>

## Kiama Municipal Council

### Income Statement of The Pavilion

for the year ended 30 June 2024

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

## Kiama Municipal Council

### Statement of Financial Position of Holiday Parks

as at 30 June 2024

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

## Kiama Municipal Council

### Statement of Financial Position of Blue Haven

as at 30 June 2024

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

(\*) 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

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

## Kiama Municipal Council

### Statement of Financial Position of The Pavilion

as at 30 June 2024

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

## 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.

## 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.





## INDEPENDENT AUDITOR'S REPORT

### Report on the special purpose financial statements

#### Kiama Municipal Council

To the Councillors of Kiama Municipal Council

### Opinion

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

The Declared Business Activities of the Council are:

- Holiday Parks
- Blue Haven
- Commercial Waste and Plant Hire Activities
- The Pavillion

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### **Emphasis of Matter - Basis of Accounting**

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

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'M. Kharzoo', with a stylized flourish at the end.

Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2024  
SYDNEY



**KIAMA MUNICIPAL COUNCIL**  
your council, your community



# Kiama Municipal Council

## Special Schedules Financial Statements for the year ended 30 June 2024



# Kiama Municipal Council

## Special Schedules

for the year ended 30 June 2024

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## Kiama Municipal Council

### Permissible income for general rates

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

#### Notes

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



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Kiama Municipal Council

To the Councillors of Kiama Municipal Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

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

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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



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

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



Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2024  
SYDNEY

# Kiama Municipal Council

## Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance <sup>a</sup>	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
<b>Buildings</b>	Buildings	1,724	1,724	853	853	107,289	153,601	55.0%	40.0%	5.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>1,724</b>	<b>1,724</b>	<b>853</b>	<b>853</b>	<b>107,289</b>	<b>153,601</b>	<b>55.0%</b>	<b>40.0%</b>	<b>5.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	618	618	308	308	2,278	7,404	38.0%	5.0%	52.0%	3.0%	2.0%
	<b>Sub-total</b>	<b>618</b>	<b>618</b>	<b>308</b>	<b>308</b>	<b>2,278</b>	<b>7,404</b>	<b>38.0%</b>	<b>5.0%</b>	<b>52.0%</b>	<b>3.0%</b>	<b>2.0%</b>
<b>Roads</b>	Roads	1,290	12,900	2,204	2,204	107,483	193,374	16.0%	69.0%	13.0%	2.0%	0.0%
	Bridges	668	668	–	–	40,422	67,887	3.4%	82.6%	12.9%	1.0%	0.0%
	Footpaths	328	328	113	113	9,769	15,981	16.3%	57.3%	24.3%	2.1%	0.1%
	Bulk earthworks	–	–	–	–	20,706	20,706	0.0%	0.0%	0.0%	0.0%	100.0%
	<b>Sub-total</b>	<b>2,286</b>	<b>13,896</b>	<b>2,317</b>	<b>2,317</b>	<b>178,380</b>	<b>297,948</b>	<b>12.0%</b>	<b>66.7%</b>	<b>12.7%</b>	<b>1.6%</b>	<b>7.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	941	941	163	163	62,116	94,040	10.9%	69.8%	18.3%	1.1%	0.0%
	<b>Sub-total</b>	<b>941</b>	<b>941</b>	<b>163</b>	<b>163</b>	<b>64,879</b>	<b>94,040</b>	<b>10.9%</b>	<b>69.8%</b>	<b>18.3%</b>	<b>1.1%</b>	<b>0.0%</b>
<b>Open space / recreational assets</b>	Swimming pools	–	–	100	122	3,585	1,208	67.0%	1.0%	32.0%	0.0%	0.0%
	Recreation	1,563	1,563	1,955	1,955	3,129	6,988	97.0%	1.0%	0.0%	1.0%	1.0%
	<b>Sub-total</b>	<b>1,563</b>	<b>1,563</b>	<b>2,055</b>	<b>2,077</b>	<b>6,714</b>	<b>8,196</b>	<b>92.6%</b>	<b>1.0%</b>	<b>4.7%</b>	<b>0.9%</b>	<b>0.8%</b>
<b>Total – all assets</b>		<b>7,132</b>	<b>18,742</b>	<b>5,696</b>	<b>5,718</b>	<b>359,540</b>	<b>561,189</b>	<b>25.1%</b>	<b>58.1%</b>	<b>11.9%</b>	<b>1.1%</b>	<b>3.8%</b>

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

### Infrastructure asset condition assessment 'key'

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

## 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
<b>Buildings and infrastructure renewals ratio</b>				
Asset renewals <sup>1,2</sup>	<b>17,955</b>	<b>224.61%</b>	144.78%	> 100.00%
Depreciation, amortisation and impairment	<b>7,994</b>			
<b>Infrastructure backlog ratio</b>				
Estimated cost to bring assets to a satisfactory standard	<b>7,132</b>	<b>1.88%</b>	2.22%	< 2.00%
Net carrying amount of infrastructure assets	<b>380,070</b>			
<b>Asset maintenance ratio</b>				
Actual asset maintenance	<b>5,718</b>	<b>100.39%</b>	96.69%	> 100.00%
Required asset maintenance	<b>5,696</b>			

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

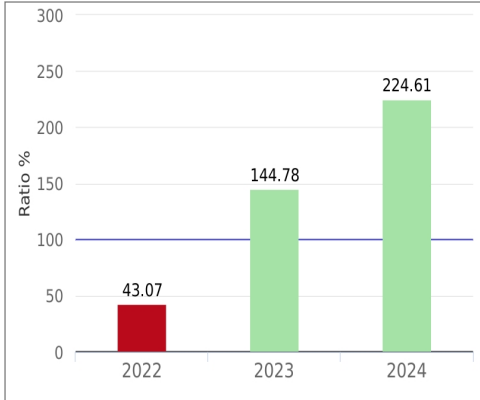
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

(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



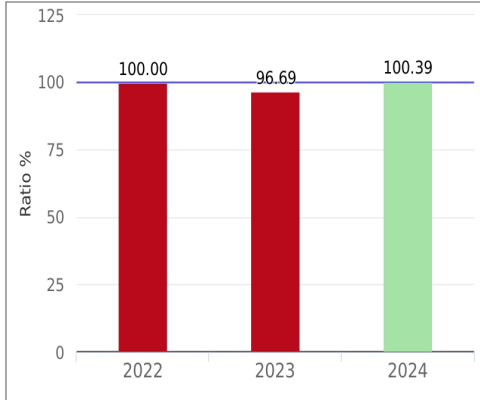
**Buildings and infrastructure renewals ratio**

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% ■ Ratio achieves benchmark  
 Source of benchmark: Code of Accounting Practice and Financial Reporting ■ Ratio is outside benchmark

### Asset maintenance ratio



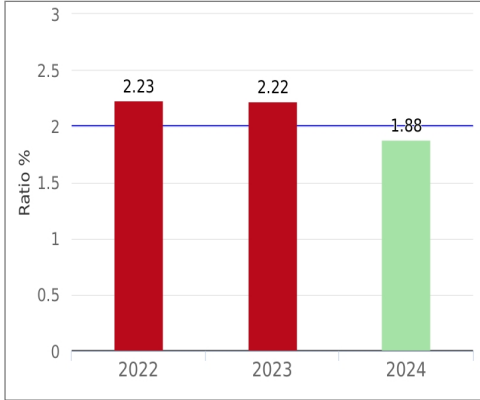
**Asset maintenance ratio**

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

Commentary on result	
23/24 ratio	100.39%
Council continues to invest in asset maintenance to ensure asset conditions remain satisfactory.	

Benchmark: — > 100.00% ■ Ratio achieves benchmark  
 Source of benchmark: Code of Accounting Practice and Financial Reporting ■ Ratio is outside benchmark

### Infrastructure backlog ratio



**Infrastructure backlog ratio**

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

Commentary on result	
23/24 ratio	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% ■ Ratio achieves benchmark  
 Source of benchmark: Code of Accounting Practice and Financial Reporting ■ Ratio is outside benchmark

## Kiama Municipal Council

### Report on infrastructure assets as at 30 June 2024

#### Infrastructure asset performance indicators (by fund)

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

(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.