



# SUTHERLAND SHIRE COUNCIL ANNUAL REPORT 2018/19



# OUR SECOND YEAR

**WE HAVE COMPLETED THE SECOND YEAR OF OUR DELIVERY PROGRAM**

Sutherland Shire has a unique vibrancy. It makes our community a place where many people want to stay and never leave. Our role as Council is to use our community's vision to guide our plans for the future. That's why we created the four-year Delivery Program for 2017-2021, with a one-year Operational Plan and Budget for 2018/19 and have based it on the six key outcome areas you told us were most valuable and needed to maintain your quality of life. The six outcomes we are working to achieve are:

- a community informed and engaged in its future
- a beautiful, protected and healthy natural environment
- a caring and supportive community
- a culturally rich and vibrant community
- a prosperous community for all
- a liveable place with a high quality of life.

Residents have indicated a drive to be better informed and engaged in decision-making and are committed to supporting Council to achieve that. We are proud to report back on the second year of our Delivery Program 2017-2021 and this report outlines our progress on the Operational Plan for 2018/19, including achievements and challenges, as well as the focus for the next Operational Plan.

Take a look at some of the programs and projects we delivered during 2018/19, each of which are contributing to delivering our community's vision for the future.



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# 2018/19 HIGHLIGHTS

- A new amenities building in Bundeena was officially opened, repurposing an existing Council building as a safe and inclusive public facility.
- A first for NSW, a road in Engadine was built with soft plastics and glass, diverted from landfill and repurposed to create 220 tonnes of asphalt for the road construction.
- We implemented the NSW Planning Portal, so that development and related applications can be lodged more conveniently online.
- We donated five semi-trailers full of hay to Rural Aid to help struggling farming communities.
- The upgrade to Cronulla Plaza at Ocean Grove Avenue was completed.
- We prepared a draft Local Strategic Planning Statement for community consultation, setting out a 20-year landuse and planning vision for the Shire.
- We hosted a special sold-out Small Business Breakfast for local businesses in collaboration with the NSW Department of Industry and Small Business Month.
- We hosted an Intergenerational Film-Making Workshop as part of NSW Grandparents Day.
- A new Water Fun Park in Sutherland Leisure Centre was officially opened.
- We held a Carers Competition for residents to submit their stories of caring for another, to acknowledge the important contribution carers make to help strengthen our community.
- We partnered with the Motorcycle Council of NSW and Bayside Council to host the 15th Breakfast Torque event, the biggest motorcycling event in Southern Sydney.
- We came together as a community to stand up and say ‘NO’ to violence against women and children through the White Ribbon Walk from Wanda to Cronulla.
- To mark the Centenary of Armistice, we held simultaneous tree-planting ceremonies, planting a single Gallipoli Aleppo Pine in each of the five Sutherland Shire wards.
- We partnered with local businesses to host the Light Up The Shire competition which encouraged the community to get into the festive spirit and decorate their homes.

## DELIVERY PROGRAM

Operational Plan  
2017/18

1st year

Operational Plan  
2018/19

2nd year

- A new online payment portal was introduced to allow residents to easily and securely pay their Council Rates.
- We celebrated Australia Day with a free two-day community event across three sites that saw more than 40,000 people attend and enjoy live music and entertainment.
- The Meeting of Two Cultures ceremony acknowledged the Gweagal community of the Dharawal Nation's first encounter with Lieutenant Cook and the HM *Endeavour* in 1770.
- Our lifeguards braved heavy rain, strong wind and large swells for the 2019 Lifeguard Challenge to raise more than \$13,000 for the Sydney Children's Hospital Foundation.
- More than 25 events during our Seniors Festival celebrations included a photographic exhibition, expo and a hugely popular luncheon that hosted more than 500 local seniors.
- We worked with local community organisations and businesses to bring a jam-packed program of events to life in celebration of National Youth Week.
- The successful architect was chosen for Sutherland Entertainment Centre's refurbishment, following a community consultation that attracted more than 400 submissions.
- We partnered with The District Singers, Project Youth and Endeavour Sports High School music students to bring young and old together to create an Intergenerational Rap.
- Our libraries were awarded a Metropolitan Public Library Grant that will make items of significance to Sutherland Shire more easily accessible to residents and the general public.
- We released a Filming Toolkit to make it easier for filmmakers and photographers to use the local area for their next shoot.
- A total of 32 young people, from local schools and CIVIC Disabilities, took part in the 43rd Sutherland Shire Mayoral Debutante Charity Ball, raising more than \$20,000 for a worthy local charity.
- Kiewa Playground in Kirrawee, Narnia Reserve at Alford's Point and Friendship Place at Illawong have received upgrades.

# 2017 - 2021

Operational  
Plan  
2019/20

3rd year

Operational  
Plan  
2020/21

4th year

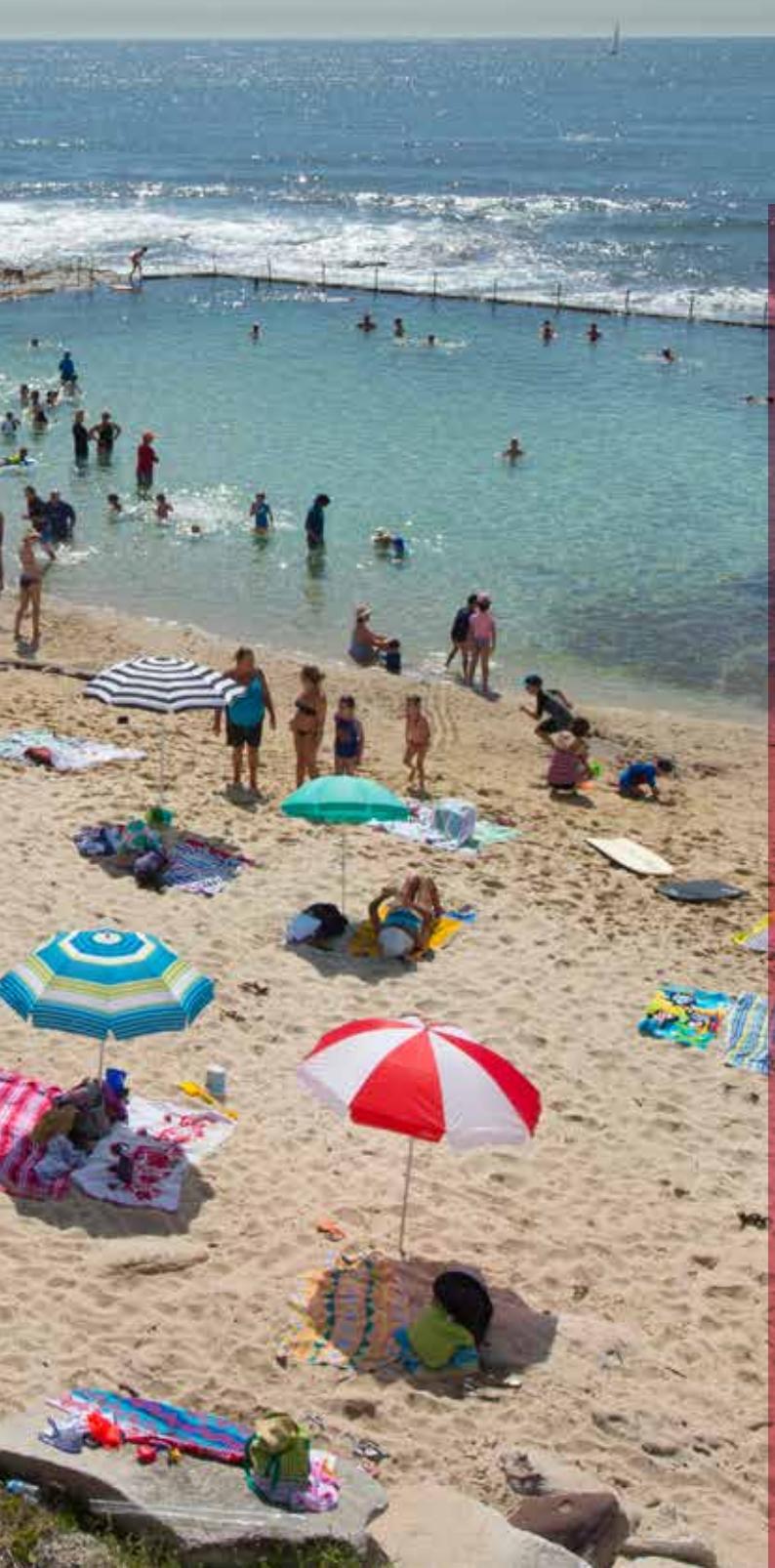
# **OUR VISION**

**A CONNECTED  
AND SAFE  
COMMUNITY  
THAT RESPECTS  
PEOPLE AND  
NATURE, ENJOYING  
ACTIVE LIVES  
IN A STRONG  
LOCAL  
ECONOMY.**



# OUR PURPOSE

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



## OUR VALUES

### EVOLVING

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

### COLLABORATIVE

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

### ACTIVE

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

### RESPECTFUL

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



# MESSAGE FROM THE MAYOR

I feel very privileged to once again represent the Sutherland Shire community following my re-election as Mayor in September 2018. During my third consecutive term as Mayor, we've been delivering great services to the community, and advocating on behalf of our residents so that they continue to have a voice in other levels of government. We aim to fulfill our corporate values in everything we do: Collaborative, Active, Respectful and Evolving.

2018/19 was a busy year for Council and our community. Many of the events and projects we've undertaken are in the Highlights section at the start of this report, but here's a few I'd like to particularly mention.

## COLLABORATIVE

We encourage everyone to share their views on Council projects and proposals a variety of channels, and especially through our [Join The Conversation](#) webpage. This year there's been dozens of opportunities to have a say, on topics ranging from the Sutherland Shire Development Control Plan 2015, the draft Delivery Program and Operational Plan, the draft Open Space and Recreation Strategy, the Code of Meeting Practice, playground upgrades, major works projects, flood plain risk management and much more. Our community engagement has broadened with more avenues to give feedback and get involved, including community workshops, drop-in sessions, pop-ups at local shopping centres, as well as existing channels like telephone, letters and email.

## ACTIVE

We know that for many people loneliness is a serious issue. Our Sutherland Shire Loneliness Project commenced this year, utilising a grant from the NSW Government, to connect lonely and socially isolated older people with regular social contact. We've been working with community partners to combat loneliness and social isolation through participation in social

groups and community services, events and activities. We want to get the word out there that there are so many community support services and networks available to suit everyone, and we can help connect people to one close by. The project is creating a more inclusive community, engender a sense of belonging and facilitate healthy active ageing.

### **RESPECTFUL**

To commemorate the 100th anniversary of the end of World War One, in November 2018 we marked a centenary of Armistice by planting a single Aleppo Pine in each of the five Sutherland Shire Wards, to remember the extraordinary sacrifice of many during the 'Great War'. These living memorials honour the Spirit of Anzac.

### **EVOLVING**

Plans for a major refurbishment of the existing Sutherland Entertainment Centre (SEC) are well underway, transforming a now outdated civic hall into a vibrant centre for the performing arts. Following public consultation on the community's preferred concept plans for the space, an architectural firm has been appointed. The SEC plans aim to provide accessible opportunities for everyone to appreciate and actively participate in the performing arts irrespective of age, background or ability.

### **THE 2019/2020 YEAR**

In 2018/19 we made the difficult decision to apply to the Independent Pricing and Regulatory Tribunal (IPART) for an increase in the minimum rate. This was not undertaken lightly, but followed a thorough examination of our future financial position and what was needed to be able to maintain our many community assets. Council provides more than 300 services and community facilities to benefit our community, whose priorities we listened to when preparing our 2019/20 Capital Works Program. Our focus will be to invest over \$48 million in improving our current assets and delivering desired service levels into the future. This includes parks, playgrounds and open space, buildings, stormwater infrastructure and waterways, transport infrastructure, sporting facilities and libraries.

I want to thank my fellow Councillors, our Council staff for their work throughout a challenging year. And also our amazing community, for their contributions to realising our shared vision. Whether that's by volunteering, through our community consultations, or giving us your feedback, we're grateful for their efforts that help us to continue making this a great place for us all to live.

### **Councillor Carmelo Pesce**

Mayor  
(September 2018 - September 2019)



# **MESSAGE FROM THE CHIEF EXECUTIVE OFFICER**

I'm pleased to report to you on the achievements of the 2018/19 year as we work to meet the needs of our community now and into the future. I commenced as CEO in March of this year, and I would like to thank the former General Manager Scott Phillips for his leadership and commitment which set the foundations for a successful year. I also want acknowledge the collaborative support and significant contribution by the Executive.

As CEO I am committed to leading a Council that lives our values of collaborating, being active and respectful and striving to always evolve and grow. Our organisation's values underpin all that we do, enabling us to achieve the best we can for our people and the future of our community.

Collaboration is a word I hear often and it's one of our anchor values. It's more than group effort. It is a diverse team coming together, challenging individual ideas, arguing the merits of different points of view with the aim of finding creative solutions to challenging problems. We live and breathe collaboration by how we go about our work in Council and with our community. Some of the successes that exemplified this value in 2018/19 include:

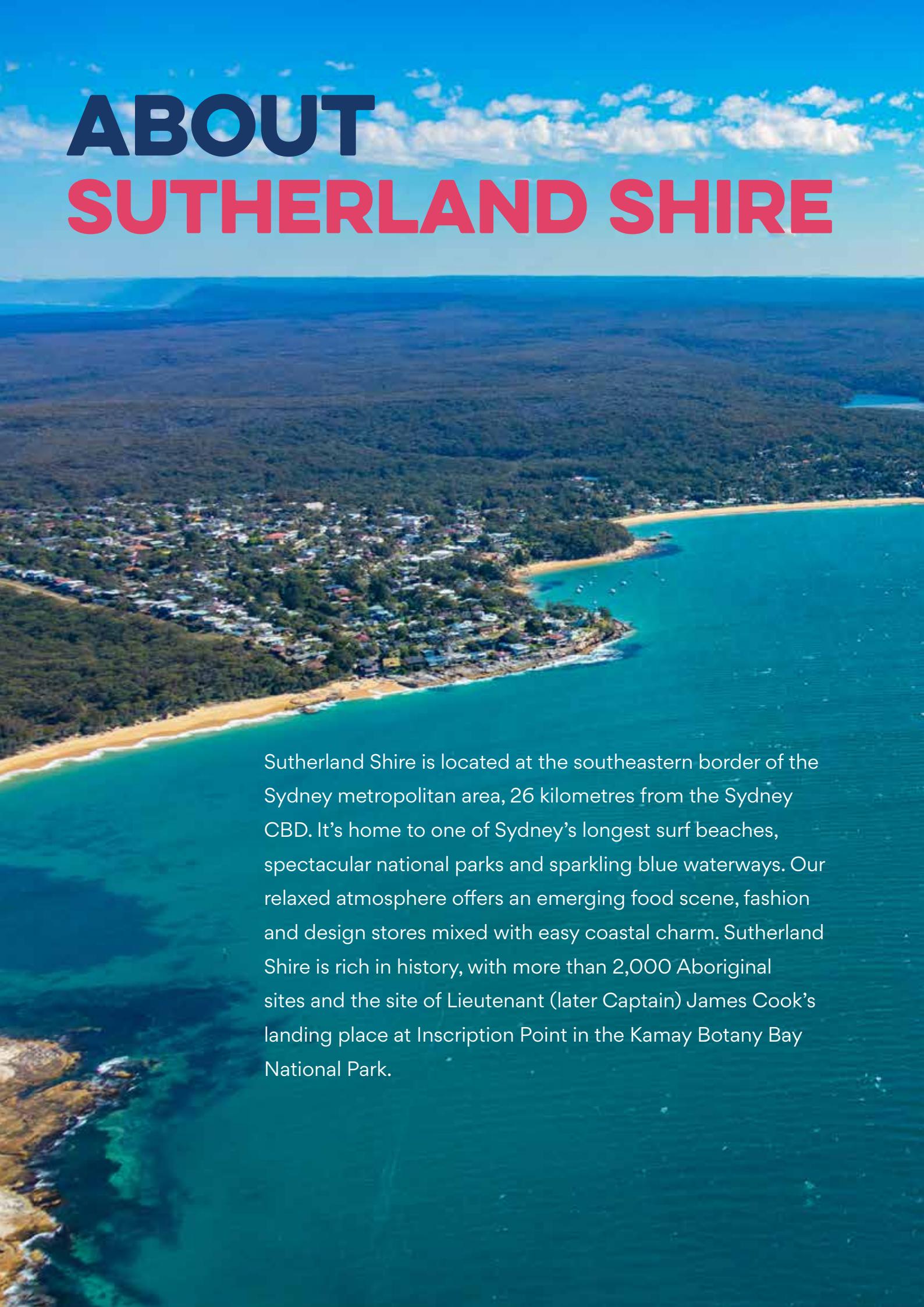
- the mass rescue of more than 50 surfers by lifesavers and lifeguards at North Cronulla
- the much awarded Woolooware Bay Shared Pathway project
- commencing the Sutherland Entertainment Centre renewal project, after 35 years of consideration
- consulting with our community on more than 35 projects, plans and initiatives
- achieving 'Top Tier' status and an eight-year Workers Compensation Self Insurance Licence - the longest term available
- being a lead Council to implement the State Government's planning portal
- 3,000 trees grant program to sustain our green canopy for the future.

2018/19 is the second year of our 2017-2021 Delivery Program. Once again, we focused strongly on financial management, including making the difficult decision to apply to IPART for a special variation in our minimum rates. This followed an extensive, widespread period of consultation with our community. The funding from this variation will help reduce the gap to renew our assets at an acceptable level into the future in line with the service expectations of our community.

I look forward to leading the organisation in 2019/20. Our organisational structure has evolved significantly over the past few years, improving our ability to deliver our services to our customers, and to respond to the many external changes that have impacted local government. This has been challenging at times, and I thank the Councillors and staff, who have continued throughout to strive to achieve the best they can for our community.

**Manjeet K Grewal**  
Chief Executive Officer

# ABOUT SUTHERLAND SHIRE



Sutherland Shire is located at the southeastern border of the Sydney metropolitan area, 26 kilometres from the Sydney CBD. It's home to one of Sydney's longest surf beaches, spectacular national parks and sparkling blue waterways. Our relaxed atmosphere offers an emerging food scene, fashion and design stores mixed with easy coastal charm. Sutherland Shire is rich in history, with more than 2,000 Aboriginal sites and the site of Lieutenant (later Captain) James Cook's landing place at Inscription Point in the Kamay Botany Bay National Park.

	<b>Size</b> 36,873 hectares ^		<b>Population density</b> 6.13 persons per hectare ^
	<b>Population</b> 226,041 ^		<b>Local jobs</b> 75,977 *
	<b>Projections to 2036</b> 266,020 ^		<b>Local businesses</b> 20,923 ^
	<b>Households</b> 79,161 ^	\$	<b>Gross Regional Product</b> \$9.74 billion *
	<b>Median Age</b> 40 ^		<b>Language at home</b> 13% of households speak a language other than English ^
	<b>2 + Cars</b> 58% of households ^		<b>Public Transport (to work)</b> 17% of residents ^

^ Data based on 2016 Australian Bureau of Statistics (ABS) Census

\* Data bases on 2016 National Economics (NIEIR)

# COUNCILLORS AND WARDS

This information is correct as at 30 June 2019.

For current information, see [sutherlandshire.nsw.gov.au](http://sutherlandshire.nsw.gov.au) or phone us on 02 9710 0333.

## C WARD

Councillor Daniel Nicholls  
Councillor Ray Plibersek  
Councillor Tom Croucher

## B WARD

Councillor Barry Collier OAM  
Councillor Jack Boyd  
Councillor Kent Johns

## WARD E

## WARD C

## WARD B

## WARD D

## WARD A

## WARD A

## E WARD

Councillor John Riad  
Councillor Peter Scaysbrook  
Councillor Steve Simpson  
(Deputy Mayor 2018/19)

## D WARD

Councillor Carmelo Pesce  
(Mayor 2018/19)  
Councillor Diedree Steinwall  
Councillor Greg McLean OAM

## A WARD

Councillor Carol Provan  
Councillor Marie Simone  
Councillor Michael Forshaw

# YOUR COUNCILLORS

**A WARD**



**Cr Michael Forshaw (ALP)**  
T 02 9523 5378  
M 0418 119 526  
E mforshaw@ssc.nsw.gov.au



**Cr Carol Provan (LIB)**  
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**Cr Marie Simone (LIB)**  
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**B WARD**



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



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**Cr Daniel Nicholls (LIB)**  
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**Cr Ray Plibersek (ALP)**  
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**D WARD**



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



**Mayor (2018/19)**  
**Cr Carmelo Pesce (LIB)**  
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**Cr Diedree Steinwall (ALP)**  
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**E WARD**



**Cr John Riad (LIB)**  
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**Cr Peter Scaysbrook (ALP)**  
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**Deputy Mayor (2018/19)**  
**Cr Steve Simpson (IND)**  
M 0414 193 699  
E stevesimpson@ssc.nsw.gov.au

Contact details are correct at the time of print: please visit our website for the most up-to-date contact details. To find out what ward you are in call us or check online.

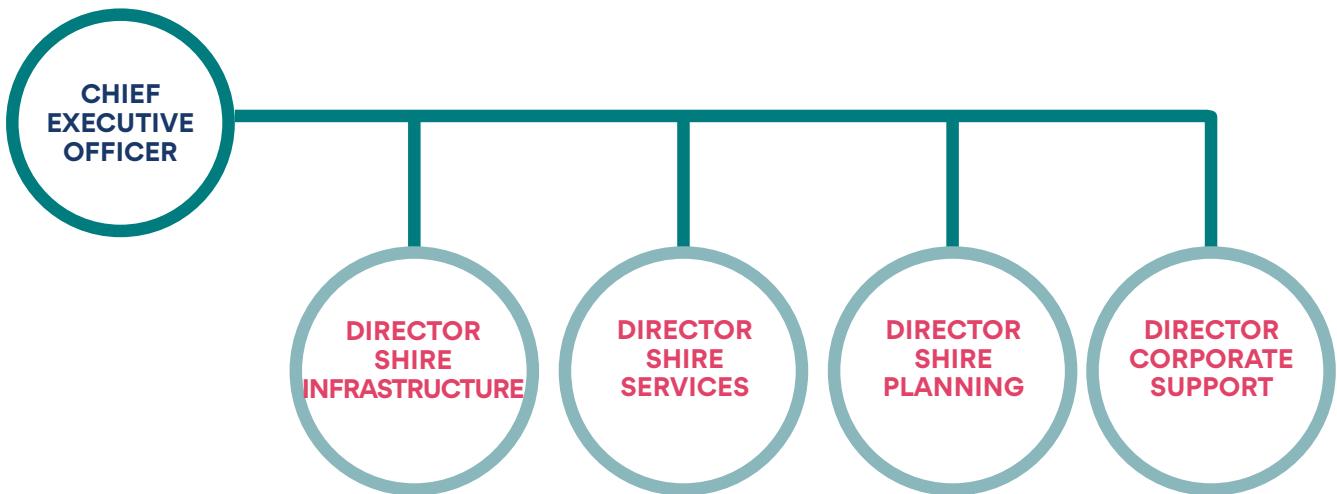
## COUNCILLORS - COMMITTEE MEMBERSHIPS AND MEETING ATTENDANCES 1 JULY 2018–30 JUNE 2019

	Council		Corporate Governance		Shire Services		Shire Infrastructure		Shire Planning	
Councillor	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held
Boyd	16	16			9	11	9	11		
Collier	15	16	8	11					8	11
Croucher	15	16	11	11					11	11
Forshaw	16	16	6	11			10	11		
Johns	15	16	6	11			7	11		
McLean	16	16			10	11			10	11
Nicolls	15	16	3	8	4	3	10	11		
Pesce	15	16	8	*	1	*	3	*	4	*
Plibersek	15	16	11	11					6	11
Provan	13	16			6	11			4	11
Riad	15	16			8	11			8	11
Scaysbrook	16	16	3	3	6	8	2	8	3	3
Simone	16	16			9	11	9	11		
Simpson	14	16	6	11			5	11		
Steinwall	16	16			8	11	4	3	6	8

\*Councillor Pesce fulfilled the role of Mayor for the entirety of the 2018/19 year and had membership rights to every Standing Committee. As Mayor, Councillor Pesce attended a total of 16 Standing committee meetings.

NB: The total number of committee meetings held varies from councillor to councillor due to the committee memberships changing in September each year in line with Mayoral elections.

# OUR ORGANISATION



## AND RESPONSIBILITY OF FOUR DIRECTORATES

### SHIRE INFRASTRUCTURE

Infrastructure planning services, energy sustainability, property and building assets, property security, emergency services, civil operations, parks operations, waste services, building works, fleet and workshops, projects services, program support, design services and survey services, traffic and transport, and public domain.

### SHIRE SERVICES

Leisure Centres, public safety and lifeguarding, arts and culture (including Hazelhurst Regional Gallery, Sutherland Entertainment Centre), children's services, libraries, business, sport and community services, and property services.

### SHIRE PLANNING

Land use planning and policy, environmental policy and advice, development and subdivision assessment, public health issues and inspections, environmental and building compliance, pool safety, tree management and fire safety.

### CORPORATE SUPPORT

Corporate governance, elected member support, people and culture, financial management, integrated planning and reporting, information management and technology, communication and engagement, customer experience, enterprise content management, workplace health and safety, enterprise risk management, procurement and legal.

**Collaboratively, the Executive, consisting of the heads of the Chief Executive Officer's Office and the four Directorates, are responsible for the implementation of the Delivery Program and Operational Plan.**



# OUTCOMES 2018/19



# INTEGRATED PLANNING AND REPORTING

Progress against actions identified in the Operational Plan is reported to Council every six months. The annual report is prepared that reflects and reports on Council's overall performance for the financial year. The progress and achievements of the Delivery Program are reported to Council every four years at the last meeting of an elected Council's term.

This continual planning process allows Council to prioritise projects based on the needs and direction provided by our community, and ensure our actions align to our community's vision and values for Sutherland Shire.

## INTEGRATED PLANNING AND REPORTING CYCLE



# ENGAGING WITH OUR COMMUNITY

Our Delivery Program and Operational Plan have been directed by the aspirations, knowledge and ideals that were expressed through consultation with our community for our Community Strategic Plan and feedback on our performance provided through our community-wide surveys conducted with more than 600 residents, in both late 2016 and 2018. Each survey, the respondents rated importance and satisfaction for our services and facilities. A further comprehensive survey was conducted in 2017 with more than 2,400 residents, with the results continuing to feed into our ongoing Delivery Program and Operational Plan.

## A complete list of all community engagement undertaken in 2017/18:

Community Satisfaction and CSP Research, Micromex, Dec 2018

Join The Conversation (full list of discussions below for financial year 2018/19)

- on [sutherlandshire.nsw.gov.au/Community/Join-the-Conversation](http://sutherlandshire.nsw.gov.au/Community/Join-the-Conversation):

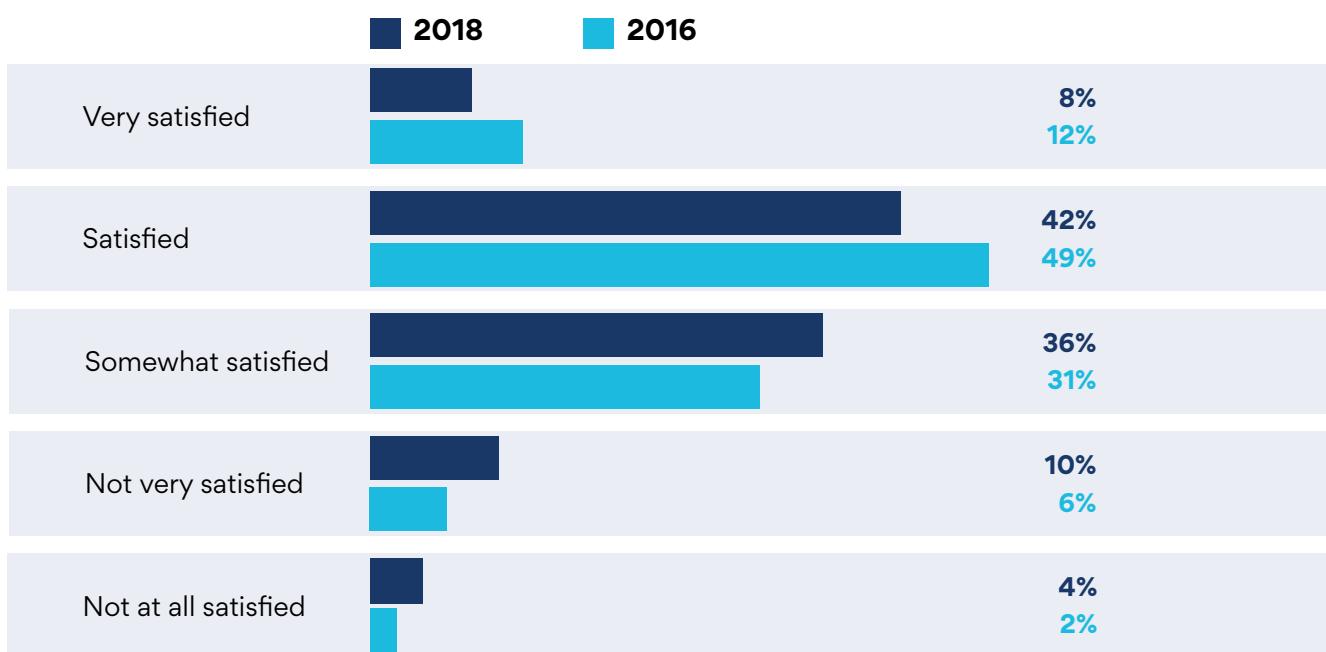
- Opportunities Analysis Plan for the Kareela Creek Reserve and Flying Flying-fox Camp Master Plan (Jul 2018)
- Proposal for Seasonal Pool at Engadine Leisure Centre (Jul 2018)
- Our Shire Spring Edition - Feedback Competition (Aug 2018)
- Proposal to name lookout at Wanda Beach, 'Don Dobie Memorial Lookout' (Sep 2018)
- Proposal to name the new lookout shelter at Woolooware Bay, 'Arthur Gietzelt Memorial Lookout' (Sep 2018)
- Burraneer Small Craft Launch Ramp (Oct 2018)
- Draft Economic Strategy (Oct 2018)
- Silver Beach Promenade (Oct 2018)
- Sutherland Shire Business Survey 2018 (Oct 2018)
- Council's Financial Statements - year ended 30 June 2018 (Oct 2018)
- Proposed Changes to Fees For Landscape Inspections (Nov 2018)
- Proposed Como Heritage and Environment Trail (Nov 2018)
- Basketball Shooting Key (Nov 2018)
- Community Satisfaction Survey 2018 (Nov 2018)
- Engadine Leisure Centre Working Party (Nov 2018)
- Proposed Special Rate Variation (Dec 2018)
- Transport Survey (Dec 2018)
- Engadine Public Reserve Location for Bike Use (Dec 2018)
- Exhibition of amended Development Contribution Plans (Jan 2019)
- Proposed Land Exchange with Section of Geebung Lane (Jan 2019)
- Sutherland Shire Development Control Plan 2015 - Draft Amendment 4 (Mar 2019)
- Code of Meeting Practice 2019 (Mar 2019)
- Sutherland Shire Development Control Plan 2015 - Draft Amendment 3 (Apr 2019)
- Deeban Spit (Apr 2019)
- Integrated Transport Survey 2019 (Apr 2019)
- Draft Open Space and Recreation Strategy (May 2019)
- Sutherland Shire Development Control Plan 2015 - Draft Amendment 5 (May 2019)
- Bonna Point Playground (May 2019)
- Draft Delivery Program 2017-21 and Operational Plan 2019/20 (May 2019)
- Cronulla Town Centre Stage 2 Stakeholder Reference Group - Expressions of Interest (May 2019)
- Bundeena Creek Floodplain Risk Management Study and Plan (Jun 2019)
- Exhibition of Draft Voluntary Planning Agreement (VPA) for South Village (Kirrawee Brick Pit site) (Jun 2019)



# OVERALL PERFORMANCE OF COUNCIL

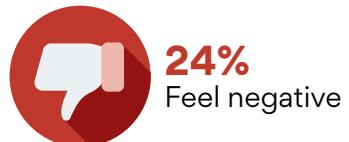
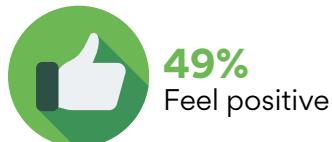
Council seeks community feedback on its performance and community priorities on a regular basis. This feedback informs Council's decisions on priorities and areas for continuous improvement.

In our 2018 Community Satisfaction survey\*, 50% of residents reported being 'satisfied' or 'very satisfied' with Council's performance and a further 36% 'somewhat satisfied'. This result has dropped slightly from our 2016 result, however is still higher than the NSW Benchmark.



\* Based on Micromex Research NSW Local Government Area (LGA) Brand Score Benchmark across 152 LGAs (2016 and 2018)

The 2018 findings were consistent with targeted customer experience research<sup>^</sup> in 2017 where 49% of residents felt positively about Council.



<sup>^</sup> Based on the 'Shout out to the Shire: Making Decisions for the Future' survey (2017)

## COMPARISON WITH OTHER NSW COUNCILS\*

When compared to other Councils in New South Wales, satisfaction with Sutherland Shire Council (3.40 mean rating) is significantly higher than the ‘regional’ (3.22 mean rating) and ‘all of NSW’ (3.31) benchmarks, a positive finding for Sutherland Shire.

	Metro Benchmark	Regional	All NSW	Sutherland Shire Council 2018
Mean Ratings	3.55	3.31 ▼	3.42 ▼	3.40 ▲

Scale: 1 = not at all satisfied, 5 = very satisfied

▲ ▼ = A significantly higher/lower level of satisfaction

\* Based on Micromex Research NSW Local Government Area (LGA) Brand Score Benchmark across 152 LGAs (2018)

## KEY DRIVERS OF SATISFACTION WITH SUTHERLAND SHIRE COUNCIL

Community research showed that overall satisfaction with Council is influenced by a range of factors. Feedback from our community showed that the top ten areas which are driving community satisfaction and describe the intrinsic community priorities contribute to more than 60% of overall satisfaction with Council:



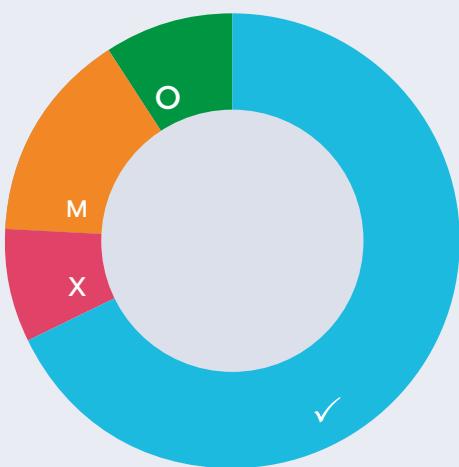
These areas have been considered in the development of the Delivery Program and Operational Plan to ensure a focus on identified priorities and strengthening of engagement with our community.

# HOW TO READ THIS REPORT

The focus for this report is on the 2018/19 Operational Plan actions which contribute to the overall Delivery Program 2017-2021.

The Plan contains actions which reflect both ongoing services and new projects or initiatives which are contributing to the four-year deliverables and supporting continuous improvements. The commentary against individual actions in the detail cross all outcomes on page "detail across all outcomes" on page 36 reflects if they are either 'Complete', 'On-Track', 'Monitor' or 'Off-Track'.

## HOW WE RATE THE STATUS



	Complete	All agreed delivery milestones achieved.
	On-Track	Deliverable is on time, within budget and meeting agreed levels.
	Monitor	Minor delays on critical milestones, a forecast minor overspend or quality issues. Expected completion within a revised timeframe.
	Off-Track	On hold or delayed on critical milestones, a significant overspend or significant quality issues.

## HOW THE INFORMATION IS PRESENTED

High level summaries of progress of the Plan actions by Outcome are documented in the main section of the report.

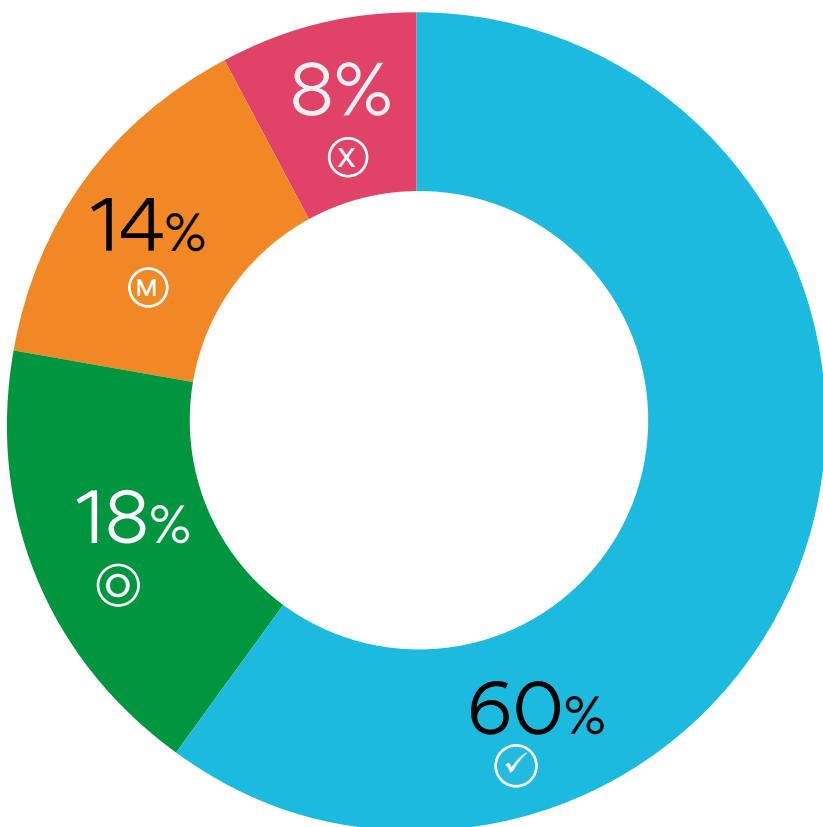
Detailed status and commentary of each Plan action is documented on page "detail across all outcomes" on page 36.

Further information supporting the status of each element and detailed status criteria is maintained by the Council for audit and internal reporting purposes.

# OVERALL PROGRESS

We have completed the second year of our Delivery Program, with 60% complete in the 2018/19 Operational Plan, with a further 32% due for completion within their agreed timeframes.

	Complete	54
	On-Track	16
	Monitor	13
	Off-Track	7



# OUTCOME 1

## A COMMUNITY INFORMED AND ENGAGED IN ITS FUTURE

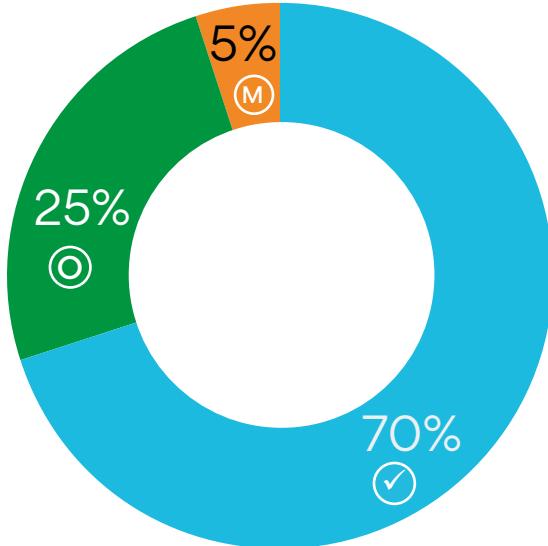
**'THERE IS A GREAT SENSE OF COMMUNITY AND WE HAVE TO CAREFULLY PLAN FOR OUR FUTURE.'**

*SUTHERLAND SHIRE RESIDENT,  
NOVEMBER 2016*



We identified the need to improve our engagement practices and actively inform and engage residents across the generations in ongoing conversations. Sustaining this relationship with the community will result in greater ownership and take-up of ideas, which will lead to the achievement of better outcomes for all. Over the next 10 years we want to improve on customer experience, engagement and communications. We continue to work towards better defining our informing strategies and aligning resources to meet the objectives of our Delivery Program 2017-2021.

	Complete	14
	On-Track	5
	Monitor	1
	Off-Track	0



## ACHIEVEMENTS

- Performance Management Framework being rolled out progressively across all Business Units.
- Developed Recruitment Framework.
- Timekeeper Project rolled out organisation-wide.
- Developed Leadership Action Plan.
- Revised asset management plans for Building Assets and Drainage Infrastructure.
- Top 5 Business Risks Assessments completed for 13 Units and reported to the Audit, Risk and Improvement Committee.
- Audit Office Fraud Control Improvement Assessment completed and benchmarked to Audit Office NSW Local Government Report.
- Legal Service Strategy integrated into Governance Risk and Compliance Performance Management Framework.
- Delivered community consultations, including 17 online consultations and more than 20 face-to-face engagement sessions.
- Customer Experience Strategy endorsed by Council.
- Updated the Work Health and Safety Matrix.
- New Code of Conduct and Code of Meeting Practice endorsed by Council.
- Continuous Improvement Pathway Risk Management completed for playgrounds, pavements, bitumen (roads maintenance), bitumen (roads construction), and swimming pools (leisure centres).

## NEXT YEAR

- Deliver an Engagement Program to enhance community awareness and participation in Council services and decision-making.
- Commence Customer Relationship Management Solution Project.
- Deliver Arts and Entertainment Project.
- Implement the Digital Mailroom Solution.
- Commence implementation of the Customer Experience Strategy.
- Implement action plan to support the Long Term Financial Plan.
- Develop guidelines for assessing the use of borrowings to support ongoing financial strength and sustainability.
- Develop an action plan to support the Asset Management Strategy.
- Continue implementation of the Performance Management Framework.
- Implement the Enterprise Risk Management Framework.
- Deliver the 2019/20 Internal Assurance Program.

# OUTCOME 2

## A BEAUTIFUL, PROTECTED AND HEALTHY NATURAL ENVIRONMENT

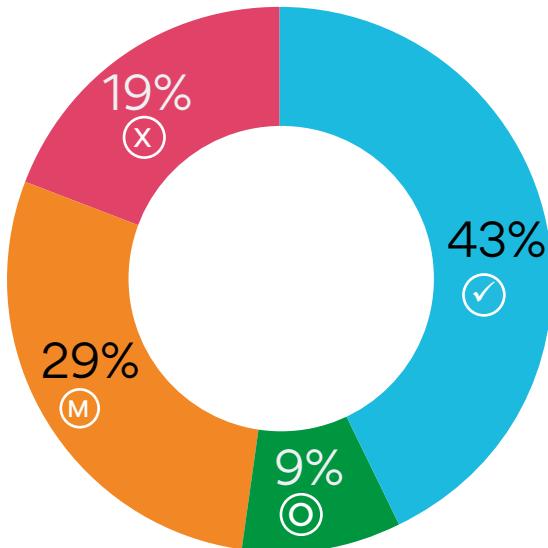
**'LOVE THE NATURAL BEAUTY OF THE AREA.'**

*SUTHERLAND SHIRE RESIDENT,  
NOVEMBER 2016*



Our community strongly values our access to the rich and diverse natural environment of Sutherland Shire. Over the next 10 years we want to continue to protect and sustain this beautiful environment and enhance the streets in public places we live. Residents, community groups, schools, businesses, Council and developers all have a role in protecting our environment and reducing our resource consumption for the benefit of us and our future generations.

	Complete	9
	On-Track	2
	Monitor	6
	Off-Track	4



## ACHIEVEMENTS

- Environment and Sustainability Strategy progressing.
- Research continuing on climate change impacts.
- Completed review of the Air Quality Management Plan.
- Completed draft Catchment and Waterway Management Plan.
- Completed scoping study Stage 1 for the Bate Bay Coastline Management Plan.
- Photovoltaic capacity assessment completed for all Council buildings.
- Implemented the Public Place Tree Management Plan.
- Implemented a cyclic pro-active public place tree management and maintenance plan.
- Completed Stage 1 of the revised Greenweb and reviewed to align with the Greater Sydney Commission Blue Green Grid.
- Developed the draft Catchment and Waterway Management Strategy.
- Implemented actions from the Local Emergency Management Plan.
- Developed and delivered the 2018/19 waste education program, including:
  - 24 waste education workshops
  - 1 Chemical Collection event
  - 1 E-Waste Collection event
  - Recycle Smart app launched.
- Undertook energy and water monitoring to identify opportunities/initiatives to reduce our impact on natural resources and the environment.

## NEXT YEAR

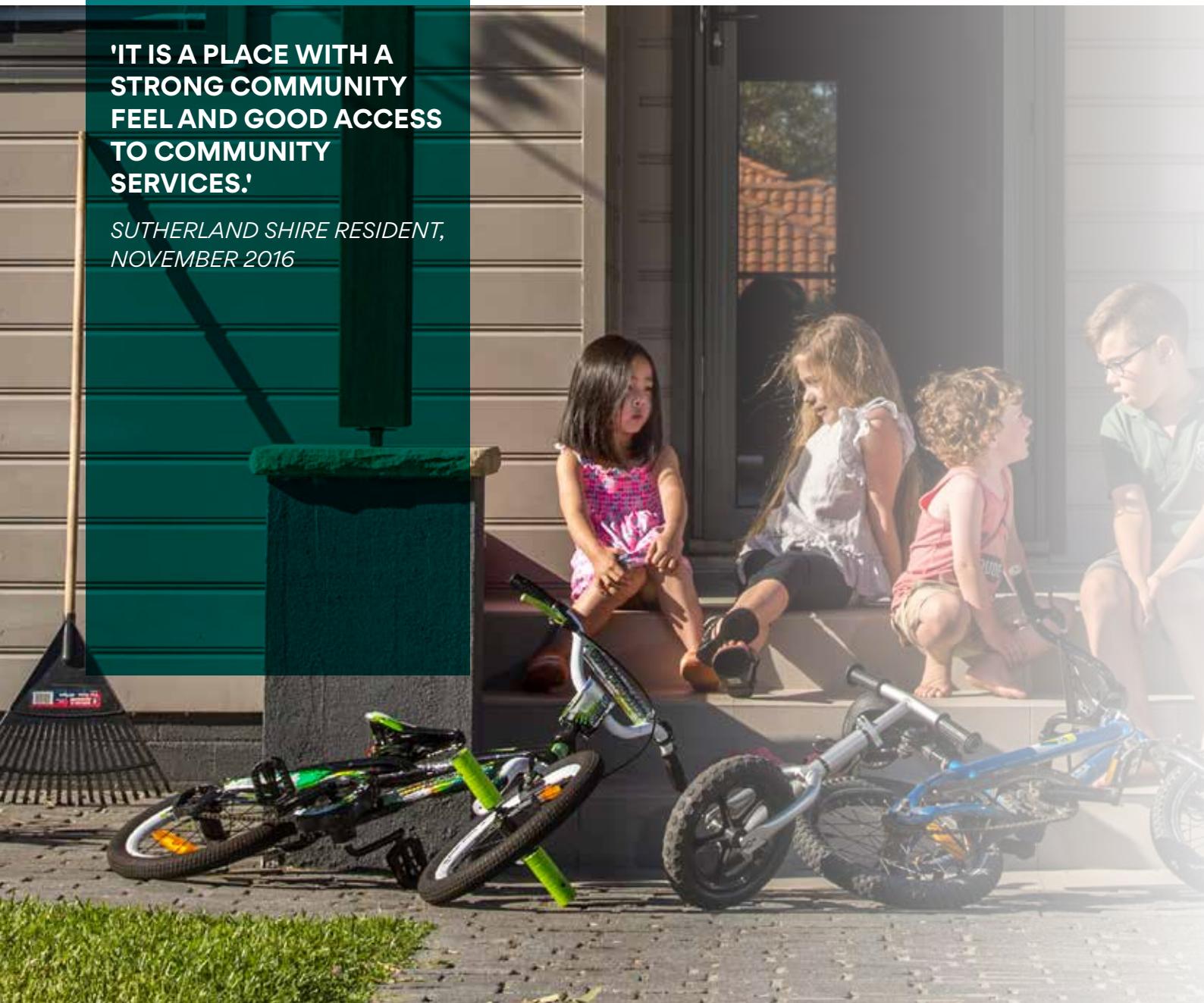
- Develop Environment and Sustainability Informing Strategy.
- Develop the Climate Change Adaption Plan and the Air Quality Management Plan.
- Deliver the 2019/20 Greenweb Program and the 2019/20 Greenstreets Program.
- Implement the Year 1 actions from the Stormwater Asset Class Management Plan .
- Deliver the 2019/20 Bushcare Program, Noxious Weeds Control Program and Feral Animals Control Program.
- Develop the Public Place Tree Management Plan, and a combined Biodiversity, Urban Tree and Bushland Plan.
- Deliver a catchment and waterway health monitoring program encompassing a water quality monitoring program.
- Undertake energy and water monitoring and identify opportunities/initiatives to reduce our consumption.

# OUTCOME 3

## A CARING AND SUPPORTIVE COMMUNITY

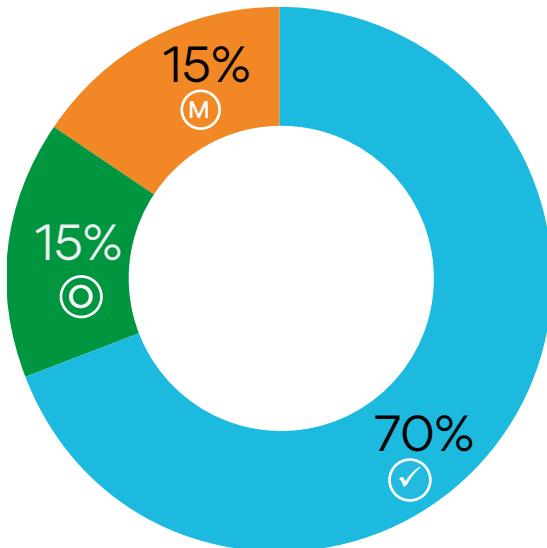
**'IT IS A PLACE WITH A STRONG COMMUNITY FEEL AND GOOD ACCESS TO COMMUNITY SERVICES.'**

*SUTHERLAND SHIRE RESIDENT,  
NOVEMBER 2016*



Through consultation we know that having a sense of community is important to our residents. We want to be connected to Sutherland Shire as a place but also be part of a community. Over the next 10 years we want to sustain and build a resilient and inclusive community that cares for the wellbeing of all.

	Complete	9
	On-Track	2
	Monitor	2
	Off-Track	0



## ACHIEVEMENTS

- Water Park at Sutherland Leisure Centre opened to the public in September 2018.
- 2018 Community Grants program assessed and awarded to successful applicants.
- Delivered development of Sport Services Toolkit.
- Implemented language program, curriculum enhancements, documented learning and sustainable practices in early education centres.
- Crown Land legislation in effect and Council managing Crown land under the new legislation.
- Developed and implemented plans to facilitate healthy, connected, caring, inclusive, resilient and liveable communities.
- Implemented Children's Services Long Term Financial Plan.
- Implemented programs to improve the learning outcomes for all children, including quality engagement program, curriculum leadership forum, and audit and compliance program.
- Developed and implemented Property Services Business Plan to support the provision of professional advice and informed decision-making.

## NEXT YEAR

- Develop a Community Development Strategy to facilitate healthy, connected, caring, inclusive, resilient and liveable communities.
- Commence implementation of the Year 1 actions of the Community Development Strategy Action Plan.
- Deliver the 2019/20 Annual Community Grants Program, the 2019/20 NSW Health Doing It Differently (DID) Grants Program and the 2019/20 NSW Club Grants Program.
- Develop a Sports Services Plan.
- Implement programs to improve the learning outcomes for all children.
- Implement the Year 2 actions from the Property Services Business Plan.
- Implement the Year 1 actions from the Building Asset Class Management Plan.
- Develop the Leisure Centre Long Term Strategy and Plan.
- Implement the 2019/20 Surf Survival education program and develop and implement the Rock Fishing Safety Program.

# OUTCOME 4

## A CULTURALLY RICH AND VIBRANT COMMUNITY

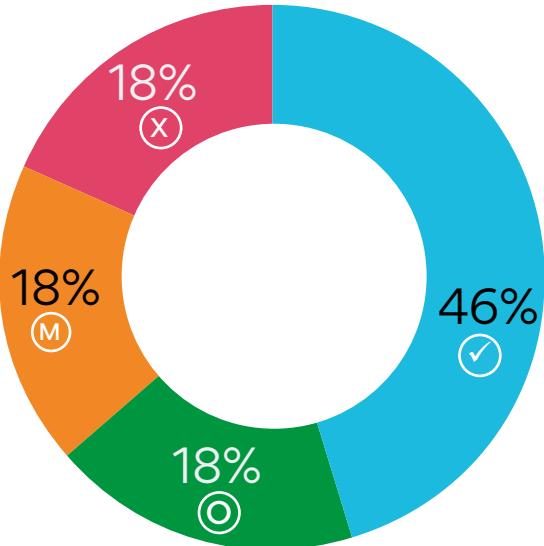
'I VALUE THE CULTURAL AND LIVE MUSIC EVENTS I CAN ACCESS LOCALLY!'

*SUTHERLAND SHIRE RESIDENT,  
NOVEMBER 2016*



Culture is a vital part of a healthy and connected community. Over the next 10 years, we will celebrate who we are through cultural experiences, events, and facilities, by retaining local special places and by building a cohesive local identity. We will nurture creativity, celebrate our shared heritage and embrace diversity, helping us to create a sense of community identity and value what is important to all of our lives.

<input checked="" type="checkbox"/>	Complete	5
<input type="radio"/>	On-Track	2
<input type="radio"/>	Monitor	2
<input checked="" type="checkbox"/>	Off-Track	2



## ACHIEVEMENTS

- A total of 119 exhibitions and performances completed between July and December 2018.
- Hazelhurst Arts Centre attendances 206,312 in Q1-Q2 and 94,000 attendees in Q3-Q4.
- Sutherland Entertainment Centre saw 96,197 attendances in Q1-Q2 and 20,000 in Q3-Q4.
- Sutherland NAIDOC event in July 2018 had more than 2,000 attendees.
- Participated in NSW Government's First Encounters forum; prepared a planning document detailing events and initiatives to recognise 29 May 2020.
- Auslan interpreters appeared at targeted community and cultural events.
- Preliminary draft of Aboriginal cultural heritage framework complete.
- Sutherland Entertainment Centre Major Refurbishment Project commenced, with CHROFI & NBRNS ARCHITECTURE appointed.
- Delivered an events and festivals program including:
  - Australia Day events at Cronulla and Illawong with 45,000 attendees
  - Seniors Week events included Luncheon with 500 seniors attendees
  - Meeting of Two Cultures on 29 April 2019 with 1,000 attendees.
- Secured funding for audiobooks to support visually impaired people to join library book groups, and to resource a library to hold sensitive storytimes and provide safe retreat spaces for children with autism.

## NEXT YEAR

- Implement the business plan for Hazelhurst Arts Centre and Performing Arts and Events.
- Develop an inspiring and unique events and festivals Program.
- Participate in planning for the First Encounters 2020 commemoration with State, not-for-profit organisations and local Indigenous communities.
- Progress delivery of the Sutherland Entertainment Centre upgrade.
- Develop Business Case for Sutherland Library refurbishment.
- Develop Sutherland Shire Aboriginal Cultural Heritage Management Plan.
- Develop Cultural Informing Strategy.

# OUTCOME 5

## A PROSPEROUS COMMUNITY FOR ALL

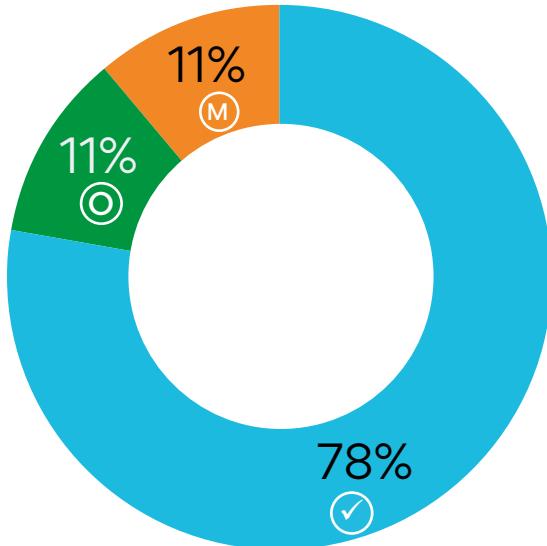
**'GOOD SCHOOLS, EASY ACCESS TO SHOPS AND GOOD PROXIMITY TO THE CITY.'**

*SUTHERLAND SHIRE RESIDENT,  
NOVEMBER 2016*



Investing in education and learning, from early childhood to later years, is not just good for individuals – but for communities as a whole. Over the next 10 years in Sutherland Shire, we want to work towards being a community in which every one of us is educated, where people can work closer to home, and where our local businesses prosper and provide increased employment opportunities.

	Complete	7
	On-Track	1
	Monitor	1
	Off-Track	0



## ACHIEVEMENTS

- Libraries delivered a total of 2,945 programs delivered across all branches with 70,281 attendees, including:
  - 1,225 were pre-school children's programs with 48,662 attendees
  - 221 school age children's programs with 5,108 attendees.
- Arts and Culture delivered a number of exhibitions and programs, including:
  - 16 exhibitions in the Regional and Broadhurst galleries
  - 1405 enrolments in term art classes
  - 715 in holiday classes
- Economic Strategy endorsed by Council in December 2018.
- Commenced development of the Local Government Filming Protocol Toolkit.
- Promotional video about filming in the Sutherland Shire complete.
- Public Spaces Events and Activations Framework completed including Events Toolkit, listing platform for events on website, audit of key locations undertaken and mapped.
- Commenced review of branch libraries to ensure buildings are able to meet current and future community needs.
- Parent Assisted Immersive Reading program held at Sutherland Library
- Developed a toolkit in keeping with the Local Government Filming Protocol to grow the film industry's interest in the local government area.
- Developed a Public Spaces Events and Activations Framework that balances the many competing demands of our public spaces.

## NEXT YEAR

- Implement the Year 1 Actions of the Economic Development Strategy Action Plans.
- Develop a Public Spaces Events and Activations Plan that balances the many competing demands of our public spaces.
- Develop a Filming Plan to grow the film industry's interest in the local government area.
- Implement Library Facilities Plan including recommendations for each library building.
- Implement identified opportunities for community-based programs to support families to help children be ready to learn to read and write when they commence school. Deliver programs with community partners.
- Deliver a quality and relevant artistic and public program which appeals to the diverse target audiences and the community.

# OUTCOME 6

## A LIVEABLE PLACE WITH A HIGH QUALITY OF LIFE

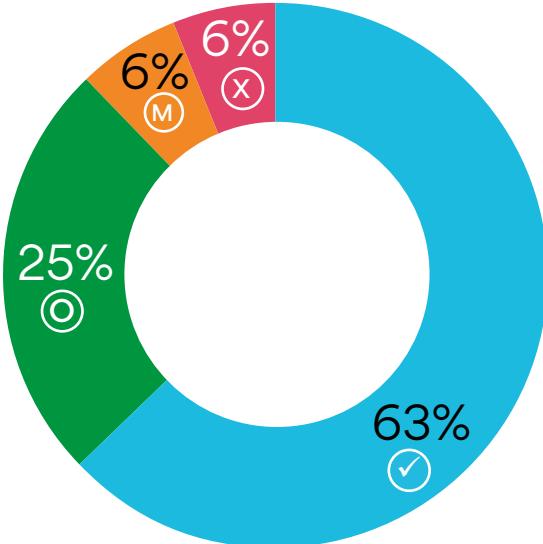
'IT IS A GREAT PLACE  
TO LIVE - CLOSE  
COMMUNITY FEEL  
AND EASY ACCESS TO  
EVERYTHING I NEED!'

*SUTHERLAND SHIRE RESIDENT,  
NOVEMBER 2016*



Quality of life is important to us, and overwhelmingly the community feels they have a great quality of life in Sutherland Shire. The quality of life we value is enhanced by a strong sense of connection and safety in our community and liveability of our urban environment. Over the next 10 years, we want to preserve a liveable Sutherland Shire, where growth is balanced with social and environmental outcomes, where we can access a range of transport options, where we can afford a home, and where we can maintain and improve our quality of life.

	Complete	6
	On-Track	6
	Monitor	2
	Off-Track	2



## ACHIEVEMENTS

- Progressed development of the Integrated Transport Strategy.
- Revised Transport Infrastructure Asset Management Plan.
- Cycling to school program continues.
- Submitted Local Environmental Protection Health check on time.
- Wayfinding policy complete and implemented into all capital projects.
- Further developed the Cronulla Public Domain Master Plan.
- Revised Open Space Asset Class Management Plan.
- Developed the draft Local Strategic Planning Statement (LSPS).
- Commenced review of Local Environment Plan (LEP) to ensure alignment with GSC South District Plan.
- Kiewa Playground in Kirrawee, Narnia Reserve at Alfords Point and Friendship Place at Illawong have received upgrades.
- Implement eight community education programs that encourage active transport.
- Public Domain Design Manual updated to align to Risk and Asset Management Principles.
- Developed a staged to construct priority projects.
- Implemented the Open Space Asset Class Management Plan.

## NEXT YEAR

- Finalise the Local Strategic Planning Statement (LSPS) and the Housing Informing Strategy in consultation with key stakeholders.
- Continue review of Local Environment Plan (LEP) to ensure alignment with GSC South District Plan.
- Deliver the Bonna Point Reserve Playground.
- Continue design for Stage 2 of the Cronulla Plaza in collaboration with stakeholder reference group.
- Implement Year 1 actions from the Integrated Transport Strategy.
- Deliver Integrated Education Campaign Program which encourages active transport usage.
- Implement the Year 1 actions from the Roads and Transport Asset Class Management Plan and the Fleet Asset Class Management Plan.
- Implement Community Speed Message Boards at selected locations as part of education and awareness program.

# DELIVERY PROGRAM/OPERATIONAL PLAN DETAIL ACROSS ALL OUTCOMES

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
1A	<b>Implement the 2017-21 Delivery Program</b>				<b>Communication and Engagement</b>	
1A.01	Facilitate effective delivery of the 2018/19 Operational Plan	Actions completed as per Plan, within budget and agreed quality expectations	Q1 - Q4	✓	Communication and Engagement	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Quarterly monitoring completed to enable timely review of effective delivery.</li> </ul>
1A.02	Implement the Integrated Performance and Reporting process as part of the comprehensive Business Unit Planning process	Relevant corporate units engaged as part of roll-out to ensure alignment to relevant finance, risk, and resourcing strategies Support is provided to managers both during and after roll-out to ensure success	Q2 - Q3	✓	Communication and Engagement	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Existing reporting process implemented across Q3-Q4 2018/19 in collaboration with Business Unit Managers.</li> </ul>
1B	<b>Develop and implement an Engagement Strategy and Plan</b>				<b>Communication and Engagement</b>	
1B.01	Develop Engagement Strategy in consultation with stakeholders	Strategy developed Key stakeholders engaged throughout development	Q1 - Q2	✓	Communication and Engagement	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Engagement framework and priority action plan developed with key stakeholders.</li> <li>• Delivery of Engagement Program to continue annually.</li> </ul>
1B.02	Develop Engagement Plan and commence implementation of actions	Action plan developed Improvement actions completed as per schedule/plan	Q2 - Q4	✓	Communication and Engagement	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Engagement program delivered in Q3-Q4 2018/19, include: <ul style="list-style-type: none"> <li>- 17 online consultations, with more than 1200 individual submissions</li> <li>- more than 20 face-to-face engagement sessions with community.</li> </ul> </li> </ul>
1C	<b>Implement the Information Management and Technology Strategy and Plan</b>				<b>Information Management and Technology</b>	
1C.01	Deliver Project Management Solution Project	Deliver on Project Objectives and Deliverables	Q1 - Q4	○	Governance, Risk and Compliance	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Program Management Office (PMO) resourced and commenced. Associated ARIC actions closed/rolled into PMO function.</li> <li>• Expected completion to be confirmed.</li> </ul>
1C.02	Deliver Links Implementation Project	Deliver on Project Objectives and Deliverables	Q2 - Q4	○	Arts and Culture	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Testing and implementation of ENTA to commence Q1 2018/19.</li> <li>• Expected completion Q2 2019/20.</li> </ul>

✓ Complete ○ On-Track M Monitor X Off-Track

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
<b>1D</b>	<b>Develop and Implement a Customer Experience Strategy and Plan</b>				<b>Customer Services</b>	
1D.01	Implement the Customer Experience Plan	Actions completed on time as per schedule, within budget and agreed quality expectations	Q2 - Q4		Customer Services	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Customer Experience Strategy endorsed by Council in May 2019.</li> <li>• Implementation of year 1 action items commenced across Council.</li> <li>• Implementation to continue annually.</li> </ul>
<b>1E</b>	<b>Implement the Finance Strategy including the Long Term Financial Plan</b>				<b>Financial Services</b>	
1E.01	Create an action plan to support the Long Term Financial Plan	Action plan developed Improvement actions completed as per schedule/plan	Q1		Financial Services	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Finance Working Party established.</li> <li>• Council received approval from IPART for Special Rate Variation.</li> <li>• Efficiency Dividend included in adopted Long Term Financial Plan.</li> </ul>
1E.02	Support effective engagement through provision of appropriate financial information	Information available on Council service delivery	Q1 - Q4		Financial Services	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Preliminary work on cost of service undertaken.</li> <li>Implementation to continue annually.</li> </ul>
<b>1F</b>	<b>Implement the 2017-21 Workforce Strategy</b>				<b>People and Culture</b>	
1F.01	Implement actions in the Workforce Strategy	Improvement actions completed as per plan, within budget and agree quality expectations	Q1 - Q4		People and Culture	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Year 2 improvement actions implemented in 2018/19, including: <ul style="list-style-type: none"> <li>- updating Council wide WHS Matrix.</li> <li>- Council wide development plans</li> <li>- Training programmes</li> </ul> </li> <li>• Year 3 actions to be implemented in 2019/20.</li> </ul>
<b>1G</b>	<b>Implement the 2017-21 Asset Management Strategy</b>				<b>Financial Services</b>	
1G.01	Implement the Fleet Asset Management Plan	Improvement actions within plan completed	Q1 - Q4		Fleet and Workshops	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Fleet Asset Management Plan completed in consultation with key Council stakeholders.</li> <li>• Implementation of further actions to continue annually.</li> </ul>

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
1G.02	Implement the Building Asset Class Management Plan	Improvement actions within plan completed	Q1 - Q4	✓	Asset Management Services	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Asset management plan reviewed and improvement actions completed for 2018/19.</li> <li>• Implementation of plan to continue annually.</li> </ul>
1G.03	Implement the Drainage Infrastructure Asset Class Management Plan	Improvement actions within plan completed	Q1 - Q4	✓	Asset Management Services	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Asset unit rates reviewed and methodology for determining critical assets determined.</li> <li>• Improvement actions completed for 2018/19. Implementation of Management Plan to continue annually.</li> </ul>
1H	<b>Develop and implement a Performance Management Framework</b>				<b>Information Management and Technology</b>	
1H.01	Develop a Performance Management Framework	Developed in consultation with key stakeholders Aligned to Workforce Strategy	Q1 - Q3	✓	Information Management and Technology	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Framework developed and approved by Executive.</li> <li>• Framework has capacity to align to workforce strategy in the future.</li> </ul>
1H.02	Implement actions in the Performance Management Framework Plan	Improvement actions completed as per plan, within budget and agreed quality expectations	Q4	M	Information Management and Technology	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Commenced implementation of framework across Council.</li> <li>• Expected completion by Q4 2019/20.</li> </ul>
1I	<b>Develop and implement an Enterprise Risk Management Framework</b>				<b>Governance, Risk and Compliance</b>	
1I.01	Implement the Enterprise Risk Management Framework	Council Risk Maturity is at the 'Consistant-Designed' category level on the NSW Audit Office Risk Maturity Scale	Q1 - Q4	O	Governance, Risk and Compliance	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Risk Management Maturity Report completed and outcomes report currently being reviewed.</li> <li>• Top 5 Business Risks - Assessments for 16 Units completed and reported to ARIC.</li> <li>• Strategic Risk Assessment continues to be managed and updated and reported to ARIC.</li> <li>• Continuous Improvement Pathway Risk Management completed for the following areas: <ul style="list-style-type: none"> <li>- Playgrounds</li> <li>- Pavements</li> <li>- Bitumen (Roads Maintenance)</li> <li>- Bitumen (Roads Construction)</li> <li>- Swimming Pools (Leisure Centres).</li> </ul> </li> <li>• Expected completion Q4 2019/20.</li> </ul>

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
1J	<b>Review, revise, and implement the Governance Framework</b>				<b>Governance, Risk and Compliance</b>	
1J.01	Implement the relevant actions of Governance Framework	Actions completed on time as per schedule, within budget and agreed quality expectations	Q1 - Q4		Governance, Risk and Compliance	<ul style="list-style-type: none"> <li>Ongoing.</li> <li>Delegations Framework reviewed and major update project plan completed.</li> <li>Policy stocktake completed and policies risk prioritised for review and update as necessary and review process commenced. Designated project to complete review process has been scoped.</li> <li>Councillor Gifts and Benefits Audit completed.</li> <li>Audit Office Fraud Control Improvement Assessment and Internal Assurance Review completed and benchmarked to Audit Office NSW Local Government Report.</li> <li>InfoCouncil rolled out for Council and Committee Business Papers. Code of Conduct and Code of Meeting Practice adopted by Council 20 May 2019.</li> <li>Expected completion Q4 2019/20.</li> </ul>
1K	<b>Establish and facilitate the Independent Audit, Risk and Improvement Committee</b>				<b>Governance, Risk and Compliance</b>	
1K.01	Facilitate the Independent Audit, Risk and Improvement Committee	No. of meetings Compliance with Committee Charter	Q1 - Q4		Governance, Risk and Compliance	<ul style="list-style-type: none"> <li>Complete and ongoing.</li> <li>A total of 5 ARIC meetings held within Q3-Q4 2018/19, with minutes reported to Council's Corporate Governance Standing Committee.</li> <li>ARIC Chair's Committee Performance Report completed and reported to Council's Corporate Governance Standing Committee.</li> <li>Facilitation of Committee will continue annually.</li> </ul>
1L	<b>Advocate and maintain dialogue across all levels of government and with key stakeholders around issues impacting our community</b>				<b>General Manager/ Chief Executive Officer</b>	
1L.01	Advocacy undertaken for prominent community issues	Participation in meetings No. of submissions	Q1 - Q4		General Manager/Chief Executive Officer	<ul style="list-style-type: none"> <li>Complete and ongoing.</li> <li>Council made 5 formal representations in Q3-Q4 2018/19 to state/federal government, following Council resolutions.</li> <li>Advocacy will continue annually.</li> </ul>

Complete

On-Track

Monitor

Off-Track

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
<b>1M</b>	<b>Develop and implement Legal Services Strategy and Plan</b>				<b>Governance, Risk and Compliance</b>	
1M.01	Implement actions in the Legal Services Improvement Plan	90% of Phase 2 of the Plan completed	Q1 - Q4		Governance, Risk and Compliance	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Legal Service Strategy integrated into GRC Performance Management Framework.</li> </ul>
<b>2A</b>	<b>Review, revise and implement the Environment and Sustainability Strategy and Plans</b>				<b>Environmental Science</b>	
2A.01	Revise policies related to the Environment and Sustainability Strategy to ensure alignment to this as well as the Community Strategic Plan	Policies revised in line with Environment and Sustainability Strategy	Q1 - Q2		Environmental Science	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Principles, outcomes and objectives presented to and endorsed by Councillors in Q3 2018/19.</li> <li>• Expected completion Q4 2019/20.</li> </ul>
2A.02	Develop the Climate Change Adaption Plan	Climate Changed Mitigation and Adaption Strategy Report is prepared and results presented to Council Aligned to relevant Strategies	Q3 - Q4		Environmental Science	<ul style="list-style-type: none"> <li>• On hold.</li> <li>• Will progress once Environment and Sustainability Strategy completed.</li> <li>• Expected completion Q2 2021/22.</li> </ul>
2A.03	Review the need for a separate Biodiversity Plan	Review completed	Q3 - Q4		Environmental Science	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Need identified. Will involve merging of current Biodiversity Strategy and Urban Tree and Bushland Plan. Awaiting finalisation of Environment and Sustainability Strategy.</li> <li>• Expected completion Q2 2020/21.</li> </ul>
2A.04	Review the Air Quality Management Plan	Review completed with relevant stakeholder input Need for standalone Air Quality Management Plan identified Aligned to relevant Strategies	Q3 - Q4		Environmental Science	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Need identified. Review of existing Plan progressing. Finalisation of this Plan awaiting finalisation of Environment and Sustainability Strategy.</li> <li>• Expected completion Q2 2020/21.</li> </ul>
<b>2B</b>	<b>Review, revise, and implement the Urban Tree and Bushland Policy and Program</b>				<b>Environment, Building, and Health</b>	
2B.01	Develop the Public Place Tree Management Plan	Plan developed	Q1		Environment, Building, and Health	<ul style="list-style-type: none"> <li>• On hold.</li> <li>• Expected completion to be confirmed.</li> </ul>

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
2B.02	Implement a Public Place Tree Management Plan	Actions completed on time as per schedule, within budget and agreed quality expectations	Q2 - Q4		Parks Operations	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Two Greenstreets tree planting project completed during in Q3-Q4 with 1,391 trees planted.</li> <li>• Implementation of plan will continue annually.</li> </ul>
2B.03	Develop a cyclic pro-active public place tree management and maintenance plan for specific high risk locations	Plan developed	Q1		Environment, Building, and Health	<ul style="list-style-type: none"> <li>• Ongoing.</li> </ul>
2B.04	Implement a cyclic pro-active public place tree management and maintenance plan	Maintenance tasks completed on-time and on budget	Q2 - Q4		Parks Operations	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Maintenance tasks completed with a total of 2,415 tree maintenance jobs completed in Q3-Q4, expenditure was under budget by 3%.</li> <li>• Implementation of plan will continue annually.</li> </ul>
2B.05	Review Greenweb to align with the Greater Sydney Commission Blue Green Grid	Greenweb Review completed	Q2		Strategic Planning	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Reported to Planning Committee 6 May 2019 and Council 27 May 2019.</li> </ul>
2B.06	Refine native plant selector (online tool) for major urban centres	Species list updated for urban centres	Q4		Environment, Building, and Health	<ul style="list-style-type: none"> <li>• On hold.</li> </ul>
2C	<b>Develop and implement a Catchment and Waterway Management Strategy and Plans</b>				<b>Asset Management Services</b>	
2C.01	Develop draft strategy that frames how catchment and waterways will be designed and managed	Draft strategy developed in consultation with relevant stakeholders Aligned to Environment and Sustainability Strategy	Q1 - Q4		Asset Management Services	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Draft Strategy developed.</li> </ul>
2C.02	Review policies relevant to the development of the Catchment and Waterway Management Strategy	All relevant policies reviewed External and internal stakeholders engaged where necessary to validate or provide input into reviews	Q1 - Q4		Asset Management Services	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• All relevant policies reviewed.</li> </ul>

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
2D	<b>Participate in the development and implementation of the Sutherland Shire Local Emergency Management Plan</b>				<b>Operational Services</b>	
2D.01	Implement actions from the Local Emergency Management Plan	Local Emergency Management Plan in place Actions implemented	Q1 - Q4		Operational Services	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Local Emergency Management Committee meets quarterly. Emergency Plan reviewed and updated.</li> </ul>
2E	<b>Review, revise, and implement the Waste Management Policy and Strategy</b>				<b>Waste Services</b>	
2E.01	Develop waste education program	Community Consultation program prepared in conjunction with other relevant Business Units Proposal submitted to relevant decision making forum for consideration/endorsement	Q1 - Q4		Waste Services	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Delivered program activities in Q3-Q4, including: <ul style="list-style-type: none"> <li>- 24 waste education workshops</li> <li>- 1 Chemical Collection event</li> <li>- 1 E-Waste Collection event</li> <li>- Recycle Smart app launched.</li> </ul> </li> </ul>
2E.02	Promote construction and use of sustainable waste infrastructure through participation in parliamentary enquiries in relation to Alternative Waste Treatment infrastructure, eg energy from waste	Quarterly scan of grant opportunities Desktop study of the viability of food waste technologies completed and reported to decision making forum Desktop research/benchmarking undertaken Opportunities and recommendations documented	Q1 - Q4		Waste Services	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Part of SSROC to monitor for available grant funding.</li> <li>• Will continue to participate in waste forms industry groups and monitor emerging technologies and grant funding opportunities annually.</li> </ul>
2F	<b>Implement Bate Bay Coastline Management Plan</b>				<b>Asset Management Services</b>	
2F.01	Redevelop management plan to comply with requirements of the Coastal Management Act 2016	Plan revised and includes capital works and proof of funding Plan submitted and endorsed by NSW government	Q1 - Q3		Asset Management Services	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Stage 1 of project complete.</li> <li>• Expected completion Q2 2020/21.</li> </ul>
2F.02	Commence implementation of actions in the Management Plan	Actions completed on time as per schedule, within budget and agreed quality expectations	Q4		Asset Management Services	<ul style="list-style-type: none"> <li>• Yet to commence.</li> <li>• Dependent on 2F.01.</li> <li>• Relies on completion of the Coastline Management Plan.</li> <li>• Expected completion Q3 2020/21.</li> </ul>

Complete On-Track Monitor Off-Track

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
<b>2G</b>	<b>Review and implement Corporate Energy and Water Efficiency Plan</b>				<b>Asset Management Services</b>	
2G.01	Undertake energy and water monitoring and identify opportunities/initiatives to reduce our impact on natural resources and the environment	Monitoring undertaken and reported Opportunities and initiatives identified	Q1 - Q4	✓	Asset Management Services	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Energy monitoring equipment installed at Sutherland Leisure Centre.</li> <li>• LED street lighting upgrade initiative identified and commenced.</li> </ul>
2G.02	Develop energy and water efficiency plan for Council buildings	Plan developed Opportunities identified from Review incorporated	Q1 - Q4	M	Asset Management Services	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Investigating energy efficiency opportunities to help inform draft plan.</li> <li>• Expected completion Q3 2019/20.</li> </ul>
<b>2H</b>	<b>Develop and Implement Open Space Recycled Water Plan</b>				<b>Asset Management Services</b>	
2H.01	Develop Open Space Recycled Water Plan	Plan developed No. of sites served with compliant systems Estimated number of kilolitres of potable water saved	Q3 - Q4	M	Asset Management Services	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Preliminary inventory investigation undertaken to help inform draft plan.</li> <li>• Expected completion Q4 2019/20.</li> </ul>
2H.02	Develop Dam Safety Plan and Report to meet the legal requirements of the Dam Safety Committee as a Dam owner and operator	Report developed Lodgement with Dam Safety Committee Certification by Dam Safety Committee	Q1 - Q4	O	Asset Management Services	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Report due in December 2019.</li> <li>• Expected completion Q2 2019/20.</li> </ul>
<b>3A</b>	<b>Develop and implement plans to facilitate healthy, connected, caring, inclusive, resilient and liveable communities</b>				<b>Business, Sport and Community Services</b>	
3A.01	Develop and implement plans to facilitate healthy, connected, caring, inclusive, resilient and liveable communities	Sector Plans developed Actions completed on time as per schedule, within budget and agreed quality expectations	Q1 - Q4	✓	Business, Sport and Community Services	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Sector Plans developed for Youth, Seniors, Multicultural, ATSI and Disability.</li> </ul>
3A.02	Deliver the Annual Community Grants Program	Grants program delivered	Q2 - Q3	✓	Business, Sport and Community Services	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• 2018 Community Grants program assessed and awarded to successful applicants.</li> </ul>

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
3A.03	Develop a Sports Services Plan that promotes, informs and optimises the hire, allocation and use of our playing fields and sporting facilities	Plan developed	Q1 - Q4	<span style="color: orange; border: 1px solid orange; border-radius: 50%; padding: 2px;">M</span>	Business, Sport and Community Services	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Dependent on the Open space and Recreation Strategy.</li> <li>• Draft plan developed.</li> <li>• Expected completion Q3 2019/20.</li> </ul>
<b>3B</b>	<b>Develop and Implement Children's Services Strategic Plan 2017 - 2020</b>				<b>Childrens Services</b>	
3B.01	Implement Children's Services Long Term Financial Plan	LT Financial strategy completed Children's Services financial outcome provides a return on investment over a 4 year period (starting with 1% and progressing towards 4% at the end of 20/21)	Q1 - Q4	<span style="color: green; border: 1px solid green; border-radius: 50%; padding: 2px;">✓</span>	Childrens Services	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Several strategies were implemented to build the financial sustainability of Children Services, including: <ul style="list-style-type: none"> <li>- reducing the reliance on State Government funding.</li> <li>- increasing the amount of funding allocated towards capital works improvements.</li> <li>- implementing operational efficiencies</li> </ul> </li> <li>• Implementation of plan will continue annually.</li> </ul>
3B.02	Implement Children's Services workforce program	Workforce performance measures as outlined in the workforce strategy	Q1 - Q4	<span style="color: green; border: 1px solid green; border-radius: 50%; padding: 2px;">✓</span>	Childrens Services	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Implemented program actions, including: <ul style="list-style-type: none"> <li>- support staff learning and development</li> <li>- improve attraction and retention</li> <li>- improve workplace health and safety</li> <li>- assist in the management of the large casual workforce.</li> </ul> </li> <li>• Implementation of plan will continue annually.</li> </ul>
3B.03	Implement Children's Services customer acquisition and retention program	Actions completed on time as per schedule, within budget and agreed quality expectations	Q1 - Q4	<span style="color: green; border: 1px solid green; border-radius: 50%; padding: 2px;">✓</span>	Childrens Services	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Actions implemented to promote Children's Services brand in community.</li> <li>• Customer satisfaction achieved an overall rating of 92%.</li> <li>• Implementation of program will continue annually.</li> </ul>
3B.04	Implement programs to improve the learning outcomes for all children	Review of documentation provided to families completed Curriculum guideline review completed Transition to school completed	Q1 - Q4	<span style="color: green; border: 1px solid green; border-radius: 50%; padding: 2px;">✓</span>	Childrens Services	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Implemented initiatives to strengthen the quality of education and care provided to all services, including: <ul style="list-style-type: none"> <li>- Quality Engagement Program</li> <li>- Curriculum Leadership Forum</li> <li>- Audit and compliance program.</li> </ul> </li> <li>• Implementation of programs will continue annually.</li> </ul>
<b>3C</b>	<b>Develop and Implement a Property Services Business Plan</b>				<b>Property Services</b>	

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
3C.01	Prepare and gain endorsement for an adopted overarching property portfolio strategy that builds on the Community Strategic Plan and underpins the Long term Financial Plan	Strategy prepared and endorsed by Council Active strategic management of the portfolio	Q1 - Q4		Property Services	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Continue to develop Strategy in tandem with policy review.</li> <li>• Expected completed by Q4 2019/20.</li> </ul>
3C.02	Develop and implement Property Services Business Plan to support the provision of professional advice and informed decision making	Business Plan developed No. of actions implemented Standard procedure for locating key property data developed, ensuring all Property officers are able to navigate through various systems Introduction of new e-information warehousing and searching capability - listed on IM&T works schedule	Q1 - Q4		Property Services	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Business Plan Developed.</li> <li>• Community Leasing Policy review underway in consultation with Council Stakeholders.</li> <li>• Implementation of plan will continue as part of Year 2 actions.</li> </ul>
3C.03	Review of Community Halls	Review completed Recommendations developed	Q1 - Q4		Property Services	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Review of community halls complete.</li> <li>• Recommendations developed, including upgrading the online booking system.</li> </ul>
3D	<b>Develop and implement the Long Term Sutherland Leisure Centres Strategy and Plan</b>				<b>Leisure Centres</b>	
3D.01	Develop the Leisure Centre Long term strategy and plan	Strategy and Plan developed and adopted by Council	Q1 - Q4		Leisure Centres	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Long Term Strategy and Plan underway, working with key Council stakeholders.</li> <li>• Expected completed Q4 2019/20.</li> </ul>
3D.02	Install water park at Sutherland Leisure Centre	Water park operational no later than October 2018 Project delivered on budget First 4-year financial performance equal or greater than business case	Q2		Leisure Centres	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Park opened to the public on 22 September 2018.</li> </ul>
3D.03	Conduct program/service review and implement recommendations	Program review conducted and recommendations implemented Leisure Centres achieve a cost recovery >95%	Q4		Leisure Centres	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Swim program review underway.</li> <li>• Expected completion Q2 2019/20.</li> </ul>

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
<b>4A</b>	<b>Develop and present a diverse, dynamic, and inspiring Arts and Culture Strategy and Plan</b>				<b>Arts and Culture</b>	
4A.01	Develop and present a diverse, dynamic and inspiring Arts and Culture Strategy and Plan	Strategy and Plan developed No. of exhibitions, performances events Breadth and diversity of plan – Board Papers/ successful Create NSW acquittal No. visitor research satisfaction levels	Q1 - Q4	○	Arts and Culture	<ul style="list-style-type: none"> <li>Ongoing.</li> <li>Draft Plan developed.</li> <li>Submission reviewed and Consultant selected for implementation of Cultural Plan .</li> <li>Expected completion by Q4 2019/20.</li> </ul>
4A.02	Actively grow the contribution towards the local economy via artistic and cultural tourism	No. of attendances at venues and at key events, enrolments in classes No. of artists employed, \$ sales of work, No. of artists and performers engaged	Q1 - Q4	✓	Arts and Culture	<ul style="list-style-type: none"> <li>Complete and ongoing.</li> <li>Attendance in Q3-Q4: <ul style="list-style-type: none"> <li>Hazelhurst Arts Centre 94,000</li> <li>Sutherland Entertainment Centre 20,000.</li> </ul> </li> </ul>
4A.03	Develop an inspiring and unique Events and Festivals Program	No. of attendances at events Program reviews and visitor feedback	Q1 - Q4	✓	Arts and Culture	<ul style="list-style-type: none"> <li>Complete and ongoing.</li> <li>A total of three key events were delivered in Q3-Q4, including: <ul style="list-style-type: none"> <li>Australia Day events at Cronulla and Illawong with 45,000 attendees</li> <li>Seniors week events included Luncheon with 500 seniors attendees.</li> <li>Meeting of Two Cultures on 29 April 2019 with 1000 attendees.</li> </ul> </li> <li>Implementation of program will continue annually.</li> </ul>
4A.04	Participate in planning for the 250-year celebrations with State, not-for-profit organisations and local indigenous communities	Participation in meetings Program of activities, events and improvements in keeping with stakeholder input	Q1 - Q4	○	Arts and Culture	<ul style="list-style-type: none"> <li>Ongoing.</li> <li>Inclusion in NSW Govt 2020 working party meetings and proposed website noting most institutions focussing on First Nations and truth telling. 2020 concepts progressing with budget to be finalised.</li> <li>Expected completion by Q4 2019/20.</li> </ul>
4A.05	Progress delivery of the upgrade of the Sutherland Entertainment Centre	Concept Plan and Business Case developed	Q1 - Q4	✓	Project Services	<ul style="list-style-type: none"> <li>Complete.</li> <li>Concept plan and budget adopted by Council.</li> </ul>
<b>4B</b>	<b>Implement Sutherland Libraries Business Plan</b>				<b>Library Services</b>	

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
4B.01	Plan and implement cashless operations at all library branches, including sourcing budget for software/hardware necessary to integrate with Library Management System; installing and training staff on new systems and promotion to the community	Cashless operational systems introduced with minimal impact on service delivery and support from the community	Q1 - Q4	<span style="color: orange;">M</span>	Library Services	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Cashless hardware options being explored.</li> <li>• Expected completion Q4 2020/21.</li> </ul>
4B.02	Develop and implement a library service model that best reflects the needs and aspirations of the Sutherland community with a focus on renewing and reshaping library facilities	Library service model completed and adopted by Council Library visitation statistics - physical and electronic	Q1 - Q4	<span style="color: orange;">M</span>	Library Services	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Draft Service Model developed.</li> <li>• Library visitation statistics for 2018/9 show a 1.01% increase across both physical and electronic visits.</li> <li>• Expected completion Q4 2019/20.</li> </ul>
4B.03	Plan and Deliver Sutherland Library refurbishment	Planning commenced in 2018/19 Refurbishment completed on time and within budget	Q1 - Q4	<span style="color: red;">X</span>	Library Services	<ul style="list-style-type: none"> <li>• On hold.</li> <li>• Library design commenced for refurbishment of Sutherland Library.</li> <li>• Timeframe of refurbishment to be determined.</li> </ul>
4B.04	Undertake accessibility initiatives including: provision of Auslan interpreters at relevant library events in response to identified need; achieving funding to install hearing loops and brailled signage at branch libraries	2017/18 Auslan interpreters available when required; 2018/21 Hearing loops and braille signage installed at libraries	Q1 - Q4	<span style="color: green;">✓</span>	Library Services	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Funding of \$7,500 secured from Ability Links to provide for audio books to support visually impaired people joining library book groups and resources to equip one library branch to hold sensitive storytimes and provide safe retreat spaces for children with autism.</li> </ul>
4B.05	Investigate options, source funding and implement a digital repository which provides seamless online search and retrieval of the local history collections in order to encourage community collaboration in sharing our unique local stories	Software options investigated and budget sourced in 2018/19 Digital repository installed and launched	Q1 - Q4	<span style="color: green;">✓</span>	Library Services	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Initial data ingest completed for Recollect including : <ul style="list-style-type: none"> <li>- 4,808 photographs</li> <li>- 141 oral histories</li> <li>- 242 maps</li> <li>- 97,000 index cards.</li> </ul> </li> <li>• Website completed and staff adding metadata.</li> </ul>
4C	<b>Implement legislative requirements to ensure environmental, archaeological and Aboriginal heritage are conserved and valued</b>				<b>Asset Management Services</b>	



ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
4C.01	Review and develop a framework for management of Aboriginal cultural heritage	Process developed and endorsed by Council Undertake engagement with local Indigenous representative bodies	Q2 - Q4	X	Asset Management Services	<ul style="list-style-type: none"> <li>On hold.</li> <li>Reliant on Aboriginal Cultural Heritage Act 2018, which has now been passed by Parliament.</li> <li>Expected completion Q4 2019/20.</li> </ul>
5A	<b>Develop and Implement an Economic Development Strategy and Plan that supports economic growth aimed at sustaining a prosperous community</b>				<b>Business, Sport and Community Services</b>	
5A.01	Implement actions of the Economic Development Plan in collaboration with the Economic Development and Tourism Committee	Actions completed on time as per schedule, within budget and agreed quality expectations Engagement/ advocacy with relevant Committee, community stakeholders and other government agencies	Q1 - Q4	✓	Business, Sport and Community Services	<ul style="list-style-type: none"> <li>Complete.</li> <li>Economic Development Strategy developed and endorsed by Council in Q2 2018/19.</li> </ul>
5A.02	Review and commence preparation of prepare a new Local Environment Plan focused on employment and growth	Economic review completed	Q1 - Q4	O	Strategic Planning	<ul style="list-style-type: none"> <li>Ongoing.</li> <li>Review commenced.</li> <li>Expected completion Q1 2019/20.</li> </ul>
5A.03	Develop a toolkit in keeping with the Local Government Filming Protocol to grow the film industry's interest in the local government area	Toolkit developed	Q1 - Q4	✓	Business, Sport and Community Services	<ul style="list-style-type: none"> <li>Complete.</li> <li>Toolkit developed.</li> </ul>
5B	<b>Develop Framework and Plan to activate public spaces to meet the many and varied needs of the community (social, economic, sporting and cultural)</b>				<b>Business, Sport and Community Services</b>	

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
5B.01	Develop a Public Spaces Events and Activations Framework that balances the many competing demands of our public spaces	Public Space Events and Activation Framework developed	Q1 - Q4		Business, Sport and Community Services	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Events Toolkit, listing platform for events on website completed.</li> <li>• Audit of key locations undertaken and mapped and regular review of opportunities undertaken.</li> <li>• EOI opportunities developed .</li> </ul>
5C	<b>Deliver lifelong learning opportunities and initiatives through the Library Services Program</b>				<b>Library Services</b>	
5C.01	Review Branch libraries to ensure buildings are able to meet current and future community needs. Develop library Facilities Plan including recommendations for each library building	Assessment review complete Facilities Plan complete	Q1 - Q4		Library Services	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Branch library reviews completed.</li> <li>• Draft Facilities Plan commenced. Expected completion Q4 2019/20.</li> </ul>
5C.02	Investigate opportunities for community based programs to support families to help children be ready to learn to read and write when they commence school. Deliver programs with community partners	Identify potential community based partners and undertake community wide consultation No. of programs delivered	Q1 - Q4		Library Services	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• A total of 2,945 programs delivered across all branches with 70,281 attendees, including: <ul style="list-style-type: none"> <li>- 1,225 were pre-school children's programs with 48,662 attendees</li> <li>- 221 school age children's programs with 5,108 attendees.</li> </ul> </li> <li>• Variety of children's picture books purchased to form the foundation of the 1,000 Books Before School program which will commence in Q3 2019/20.</li> </ul>
5D	<b>Actively grow the contribution towards the local economy via artistic and cultural tourism</b>				<b>Arts and Culture</b>	



ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
5D.01	Deliver a quality and relevant artistic and public program which appeals to the diverse target audiences and the community	No. of exhibitions, performances, programs Attendances and enrolments in classes Breadth and diversity of program – Board Papers/ successful Create NSW acquittal Visitor research satisfaction levels	Q1 - Q4		Arts and Culture	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• A number of exhibitions and programs were delivered in Q3-Q4 2018/19, including: <ul style="list-style-type: none"> <li>- 16 exhibitions in the Regional and Broadhurst galleries</li> <li>- 1405 enrolments in term art classes</li> <li>- 715 in holiday classes.</li> </ul> </li> <li>• Performance reports completed and reviewed at Hazelhurst Board meeting.</li> <li>• Implementation of program will continue annually.</li> </ul>
5D.02	Develop an impactful and targeted marketing campaign to maximise awareness and interest to increase attendance and participation	Value \$ of media coverage and diversity No. of attendances at venues and events	Q1 - Q4		Arts and Culture	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Marketing campaigns for exhibitions and events ongoing and strong media coverage received locally and in mainstream media.</li> <li>• Implementation of campaign will continue annually.</li> </ul>
5D.03	Implement a structured audience feedback and visitor research regime to ensure responsiveness to audience needs for continuous improvement	Range of options including self-completion, feedback books and on line implemented and reviewed Response levels to surveys statistically sound	Q1 - Q4		Arts and Culture	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Exit surveys at Hazelhurst reported to Hazelhurst Board.</li> <li>• Implementation of feedback program will continue annually.</li> </ul>
<b>6A</b>	<b>Develop and implement an Integrated Transport Strategy and Plan</b>			<b>Traffic and Public Domain Services</b>		
6A.01	Develop Plan and implement initiatives from the Integrated Transport Strategy in collaboration with key stakeholders	Actions completed on time as per Plan, within budget and agreed quality expectations	Q1 - Q4		Traffic and Public Domain Services	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Draft Plan developed.</li> <li>• Awaiting finalisation of community consultation process of the Integrated Transport Strategy.</li> <li>• Expected completion in Q4 2019/20.</li> </ul>
6A.02	Implement the Transport Infrastructure Asset Management Plan	Completed consultation with community in regard to level of service Improvement actions within plan completed	Q2 - Q4		Asset Management Services	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Fair value review completed.</li> <li>• Improvement actions completed for 2018/19.</li> <li>• Implementation of Management Plan to continue annually.</li> </ul>
6A.03	Develop and commence implementation of a Sutherland Shire Parking Management and Improvement 20 Year Plan	Plan developed and adopted by Council Actions complete on time as per Plan, with budget and agreed quality expectations	Q1 - Q4		Traffic and Public Domain Services	<ul style="list-style-type: none"> <li>• On hold.</li> <li>• Dependent on the Integrated Transport Strategy.</li> <li>• Expected completion in Q4 2019/20.</li> </ul>

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
6A.04	Plan and implement community education campaigns that encourage active transport	Actions completed on time as per Plan, within budget and agreed quality expectations	Q1 - Q4		Traffic and Public Domain Services	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• A total of eight education programs completed in Q3-Q4, including:               <ul style="list-style-type: none"> <li>- 3 workshops delivered, with a combined total of 2758 attendees.</li> <li>- 621 child restraints checked/fitted</li> <li>- Speed-check signs installed at 5 locations.</li> </ul> </li> </ul>
6A.05	Develop and implement the Condition of Assessment of Roads assets guidelines	Condition assessment of Road assets guidelines document developed, includes survey criteria and frequency	Q1 - Q2		Asset Management Services	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Road condition assessment completed for road pavement and bridges.</li> </ul>
6A.06	Develop and implement the Forward Work Program (Renewal / new/ upgrade) for road assets	Program completed Implementation of innovative pavement treatments in Pavement Resurfacing Program adopted	Q2 - Q3		Asset Management Services	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Capital works Program determined for 2019/20.</li> <li>• Implementation of innovative plastic road pavement trial complete.</li> <li>• Implementation of Program to continue annually.</li> </ul>
<b>6B</b>	<b>Manage new and existing development within a robust and effective framework</b>				<b>Strategic Planning</b>	
6B.01	Partner with Greater Sydney Commission (GSC) on the development and implementation of the South District Plan	Housing target agreed with GSC	Q2 - Q4		Strategic Planning	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Local Environmental Plan Health Check was presented to Greater Sydney Commission.</li> <li>• Expected completion of Housing targets Q3 2019/20.</li> </ul>
6B.02	Commence preparation of Local Strategic Planning Statement (LSPS) in line with legislative requirements	Progressed development of LSPS Compliant with legislation	Q1 - Q4		Strategic Planning	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Draft Local Strategic Planning Statement developed. To be reported to Council in Q1 2019/20.</li> </ul>
6B.03	Commence review of Local Environment Plan (LEP) to ensure alignment with GSC South District Plan	LEP check	Q1 - Q4		Strategic Planning	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Local Environment Plan Health Check endorsed by Council in Q1-Q2 2018/19.</li> </ul>
6B.04	Develop a Community engagement plan	Plan developed	Q1 - Q4		Strategic Planning	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Draft plan developed.</li> <li>• Expected completion by Q1 2019/20.</li> </ul>
<b>6C</b>	<b>Support enhanced housing diversity, accessibility and affordability to meet the diverse needs of the community</b>				<b>Strategic Planning</b>	

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
6C.01	Develop Housing Strategy in consultation with key stakeholders	Draft Housing Strategy developed	Q1 - Q4		Strategic Planning	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Draft Strategy commenced.</li> <li>• Expected completion of draft Strategy by Q3 2019/20.</li> </ul>
6D	<b>Enhance safety and accessibility in the public domain through a range of programs and partnerships</b>				<b>Traffic and Public Domain Services</b>	
6D.01	Review and update the Public Domain Design Manual (PDDM) to reflect risk management and strategic asset management principles	PDDM updated reflecting risk management and strategic asset management principles	Q1 - Q4		Traffic and Public Domain Services	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Public Domain Design Manual updated to align to Risk and Asset Management Principles.</li> <li>• Available on Council's website.</li> </ul>
6D.02	Develop sound policy, design and program for Wayfinding across roads, cycleways and pedestrian pathways in conjunction with Develop Wayfinding Blueprint for improved accessibility and use around centres	Wayfinding Blueprint developed  Identified Key Projects and Proposals for prioritised inclusion into Capital programs	Q1 - Q4		Traffic and Public Domain Services	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Developed in Q1-Q2.</li> </ul>
6E	<b>Progress the development of the Cronulla Public Domain Master Plan</b>				<b>Traffic and Public Domain Services</b>	
6E.01	Develop a staged plan for Construction of priority projects identified in the Master Plan	Staged plan developed for construction of identified projects	Q1 - Q2		Traffic and Public Domain Services	<ul style="list-style-type: none"> <li>• Complete.</li> <li>• Priority List of Projects for Conceptual ready projects included in Stage 2 and Program for implementation developed.</li> <li>• Construction to be programmed subject to funding sources identified and approved.</li> </ul>
6F	<b>Develop and implement an Open Space Leisure and Recreation Strategy and Plan</b>				<b>Asset Management Services</b>	

ID	Deliverables/Activities	Measure	Timeframe	Status	Accountable	Commentary
6F.01	Implement the open space Asset Class Management Plan	Ensure delivery of open space (parks, sporting fields, playgrounds and foreshore facilities) maintenance works to agreed levels of service for quality, function and safety	Q1 - Q4		Asset Management Services	<ul style="list-style-type: none"> <li>• Complete and ongoing.</li> <li>• Asset Class Management Plan reviewed and updated.</li> <li>• Commenced inventory and condition assessment project.</li> <li>• Implementation of management Plan to continue annually.</li> </ul>
6F.02	Develop condition and risk assessment methodology in accordance with asset management and health and safety guidelines	Condition and risk assessment methodology developed and endorsed by Council	Q1 - Q4		Asset Management Services	<ul style="list-style-type: none"> <li>• Ongoing.</li> <li>• Methodology being prepared as part of the Asset Management Performance Framework.</li> <li>• Completion date to be confirmed.</li> </ul>

# OTHER STATUTORY INFORMATION

This section contains information required under various legislation and Council resolutions and which is not covered elsewhere in this report.

A complete index for all statutory information in this report is available on page 191.

## COUNCILLORS' EXPENSES AND PROVISION OF FACILITIES 2018/19

Allowances	\$	\$
Mayoral allowance (excluding Councillor allowance)	73,474	
Deputy Mayoral allowance (excluding Councillor allowance)	12,966	
Councillor allowance (per Councillor) - \$29,670 ea per annum (x15)	445,050	
<b>Total allowances for all Councillors</b>		<b>531,490</b>
<b>Additional expenses (total for all Councillors):</b>		
Telephone and data expenses	25,312	
Child care	0	
Postage allowance	0	
Printing	0	
South Sydney Planning Panel (formerly known as Joint Regional Planning Panel)	7,200	
Travel expenses	14,416	
Dedicated home office equipment, computer and fax machine (including consumables)	10,181	
Attendance at conferences/seminars	9,274	
Overseas visits	0	
<b>Total expenses for Councillors</b>		<b>66,384</b>
<b>Total cost (allowances + expenditure) for all Councillors</b>		<b>\$597,874</b>

## SECTION 356 GRANTS

General subsidies program	\$15,901.57
Sutherland Entertainment Centre hire subsidies	\$138,884.89
Community services/seniors grants	\$668,713.87
Annual hall hire subsidies	\$93,750.80
Heritage grants	\$22,959.00
<b>Total</b>	<b>\$940,210.13</b>

## RATES AND CHARGES WRITTEN OFF (2018/19 YEAR)

Pensioner rebates – voluntary	\$1,293,909
Pensioner rebates – mandatory	\$3,158,545g
Interest	\$1,201
Waste	\$45
Rates – other	\$4,001
Legal costs	\$38,914
<b>Total</b>	<b>\$4,496,614</b>

## 2018/19 INFORMATION REQUESTS UNDER GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009 (GIPA ACT)

GIPA request types	
Open applications – GIPA Act	1,371
Informal applications – GIPA Act	60
Formal applications – GIPA Act	27
Internal review – GIPA Act	4
Review by Information Commissioner - GIPA Act	3
Review by NSW Civil and Administrative Tribunal (NCAT) – GIPA Act	1
Council as a Third Party – GIPA Act	1
Applications - other legislation	3
Other applications	3
Subpoenas/Notice to Produce	5
<b>Total applications</b>	<b>1,473</b>

## PUBLIC INTEREST DISCLOSURES (PID) INTERNAL REPORTING POLICY

PID Information Category	July to Dec 2018	Jan to June 2019
2 (a) Total number of disclosures made	0	0
2 (b) Total number of disclosures received	0	0
2 (b) (i) Disclosure re corrupt conduct	0	0
2 (b) (ii) Disclosure re maladministration	0	0
2 (b) (iii) Disclosure re waste of public money	0	0
2 (b) (iv) Disclosure re government information contraventions	0	0
2 (b) (v) Disclosure re pecuniary interest conventions	0	0
2 (c) Number of disclosures finalised	0	0
2 (d) PID Policy in place	Yes, since 10 October 2011	Yes, since 10 October 2011
2 (e) Action taken by GM to ensure awareness	PID Policy available to all staff on intranet.	PID Policy available to all staff on intranet.

## SPECIAL VARIATION EXPENDITURE

There was no special variation expenditure in 2018/19.

## **CAPITAL EXPENDITURE REPORTING**

Council has no projects for infrastructure facilities to report for 2018/19 under the NSW Government's Capital Expenditure Reporting Guidelines.

## **CONTRACTS**

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

## **COASTAL PROTECTION SERVICES**

No annual charge was levied for coastal protection services in 2018/19.

## **ENVIRONMENTAL UPGRADE AGREEMENTS**

No environmental upgrade agreements were entered into (under Section 406) in 2018/19.

## **EXTERNAL BODIES THAT EXERCISED FUNCTIONS DELEGATED BY COUNCIL**

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

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

There were no corporations or other bodies in which Council held a controlling interest in 2018/19. Council is involved with SSROC (Southern Sydney Regional Organisation of Councils). SSROC is an association of sixteen Sydney Councils serving large and diverse communities that face all the challenges of metropolitan living. The role of SSROC is to undertake projects that cross council boundaries achieving results that will contribute to the sustainability of member councils and their communities. The focus includes the environment, transport, procurement, waste, library services and planning.

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government - see note in Financial Statements on page "Statewide note" on page 131.

See also Note 17 Interests in Other Entities in the Financial Statements on page 128.

## **STORMWATER MANAGEMENT**

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

Stormwater Management 2018/19	Total budget estimate \$	Actual expenditure \$ net	Comment
Drainage construction	200,306	199,339	excludes overheads
Drainage studies	212,241	247,757	excludes overheads
Stormwater maintenance	309,530	299,209	excludes overheads
Stormwater reuse	0	0	
Water quality	918,176	1,021,634	excludes overheads
<b>Total</b>	<b>\$1,640,253</b>	<b>\$1,767,939</b>	

## **STATEMENT ON COMPANION ANIMAL ACTIVITIES 2018/19 - LODGEYEMENT OF POUND DATA RETURNS WITH OFFICE OF LOCAL GOVERNMENT**

### **Total cats and dogs in the Local Government Area in 2018/19**

Cats	Dogs	Total
23,395	55,026	<b>78,421</b>

### **Cats and dogs identified and registered in 2018/19**

Identified		Registered	
Cats	Dogs	Cats	Dogs
1,072	2,134	1,195	2,663

### **Dog attack incidents reported in 2018/19**

Active investigations	Finalised	Total
14	99	<b>113</b>

### **Dog orders issued in 2018/19**

Dangerous	Menacing	Nuisance	Control Orders	Restricted
7	12	42	3	0

### **Total cats and dogs leaving Council's facility in 2018/19**

Released to organisation to rehome	Released to Owner	Sold
23	118	356

### **Council animal seizure activity in 2019/19**

	Cats	Dogs	Total
Picked up by Council	6	473	<b>479</b>
Returned to owner	1	354	<b>355</b>
Transported to Council facility	2	119	<b>121</b>
Animals in Council facility	431	160	<b>591</b>
Abandoned	415	30	<b>445</b>
Surrendered by owner	14	11	<b>25</b>

### **Partnership with City of Sydney Council**

In addition to Council's Seizure Activity, Council impounded a further 219 companion animals from City of Sydney LGA. Further information on City of Sydney Seizure Activity is available from City of Sydney Council.

### **Funding relating to companion animal management and activities**

The total salaries and expenses associated with Council's companion animal management and activities is \$873,279 of which \$509,765 relates to the operational cost of the animal shelter and veterinary services.

### **Companion animal community education programs**

- Council open days and discount microchipping days at the animal shelter facility.
- Proactive patrols throughout reserves and public areas within Sutherland Shire local government area.
- Talks at kindergartens, local schools and local libraries providing education and promotion of responsible pet ownership.

- Attendance at local community events and fairs.
- Periodical publications provided to all households and local businesses – newsletters, flyers, brochures.
- Information available on Council’s website.
- Social media outlets (Facebook, Instagram, Twitter) utilised to inform and educate the community.
- Newspaper articles.
- Work experience, work placement and work volunteer placement.

#### **Strategies to promote de-sexing of dogs and cats and responsible pet ownership**

- Council Open Days – Promoting the benefits of de-sexing as part of continuous education programs and incorporating veterinary consultants to provide advice on the benefits of de-sexing animals including information on hygiene and behavioural matters.
- Monthly Unregistered Animal Notification Program – notification via mail and sms are sent to companion animal owners reminding them of their obligation to lifetime register their animal.
- Online Registration Payments - Council developed a system that allows registration payments to be made online. This includes the provision to provide proof of de-sexing at the time of payment and therefore a more efficient and convenient method of payment.
- Animals Compliant - All dogs and cats adopted from Council’s shelter facility are de-sexed, vaccinated, micro chipped and lifetime registered. Animals also leave with a collar and tag.
- National De-sexing Month - Council participates in the promotion of National De-sexing Month held each year with the National De-sexing Network.

#### **Strategies to comply with section 64 (Companion Animals Act 1998) to seek an alternative to euthanasia for unclaimed animals.**

- Low Euthanasia - The shelter operates under a ‘low euthanasia’ policy, whereby only those dogs or cats assessed to be either dangerous/restricted or as having an illness that would affect its quality of life are euthanised.
- Rescue organisations – Council works collaboratively with rescue organisations to re-home animals, which resulted in the adoption of 23 companion animals to new homes.
- Animals for sale - Council’s animal shelter advertises animals for sale and provides information on all animals housed at the shelter through Council’s website and social media avenues.
- Advertising - each week an animal of the week is selected and advertised through newspapers, local businesses, social media and supporting agencies.

#### **Achievements**

- Reading with the Cats - collaboration between Council departments reaching a greater audience by providing initiatives such ‘Reading with the Cats’ program that is run by Council’s Libraries Services at the animal shelter facility where people of all ages are able to interact with cats by reading with them. This has proved to be a popular activity with all sessions throughout the year being booked out.
- Collaboration - Council attended the 2019 NSW Royal Easter Show working alongside staff from NSW Office of Local Government to promote responsible pet ownership and the importance of de-sexing companion animals.
- Foster Care Program - Implemented to help promote adoption and provide additional care for animals whilst awaiting adoption.
- Best Practice in NSW - Office of Local Government reports that Sutherland Shire Council have 95% of companion animals in their area, recorded on the NSW Pet Registry, as lifetime registered. This has been reported as ‘best practice’ in NSW.
- Award Nomination - Councils animal shelter facilities and staff were nominated as a finalist in the 2018 Jetpets National Companion Animal Rescue Awards for Local Government - Outstanding Council Animal Shelter.
- Companion Animal Reference Group - The Manager of the Council’s Public Safety Unit was appointed by the Minister for Local Government to sit on the Responsible Pet Ownership

Reference Group, he has held this position since 2014. This was in response to the 38 recommendations raised from the Companion Animals Taskforce report. The Group meets to provide advice on companion animal management issues including, but not limited to, euthanasia, re-homing, de-sexing and education on responsible pet ownership.

### **Dog Exercise Areas (On and Off Leash)**

Council provides nine specialised off and on leash dog exercise areas designed to meet the needs of both dogs and their owners:

- Wanda Beach, Wanda
- Wanda Reserve, Wanda
- Greenhills, Wanda
- Gunyah Beach, Bundeena
- Horderns Beach – Bundeena
- Carina Bay Reserve - Tivoli Esplanade, Como
- Helena Street Reserve - Helena Street, Kirrawee
- Silver Beach – Kurnell
- The Ridge off-leash area, Bush Park, Barden Ridge

### **OVERSEAS VISITS REPRESENTING COUNCIL**

No overseas travel was undertaken in 2018/19 by people representing Council.

### **WORK ON PRIVATE LAND**

Council carried out work on the steps/handrail area at the entrance to a hotel building in Miranda to the value of approx. \$7,000. Council received payment from the hotel for this some time ago as it was part of a larger Council project but this particular part of the work was not undertaken until the 2018/19 year. Council also coordinated sewer line repairs on private property in Oyster Bay which were needed to address a health hazard. The owner agreed to Council supervising the work and a deed of agreement was entered into providing for the cost of the work to be recovered on sale of the property.

### **LOCAL GOVERNMENT HERITAGE GUIDELINES**

No approvals or consents were determined by Council in 2018/19 under delegation, as per guidelines from the Heritage Council, under the Heritage Act 1977.

### **SENIOR STAFF REMUNERATION 2018/19**

Annual remuneration as at 30 June 2018.

Name	Total Remuneration	Salary Component	Non Cash Benefits	Running Cost of Vehicle	Total Non cash benefits	Superannuation inclusive of salary sacrifice	FBT Payable
General Manager/ Chief Executive Officer	\$420,000.00	\$399,468.60	\$595.00	\$0	\$0	\$25,000	\$0
Directors	\$1,245,562.50	\$1,158,431.70	\$632.00	\$0	\$0	\$99,123	\$0

### **SWIMMING POOL INSPECTIONS**

During 2018/19, there were 947 pool barrier inspections carried out for the purpose of 2018 Swimming Pools Regulation 2018 (Section 23).

### **HERITAGE ACT DECISIONS**

No approvals or consents were determined by Council in 2018/19 under delegation, as per guidelines from the Heritage Council, under the Heritage Act 1977.

## VOLUNTARY PLANNING AGREEMENTS (VPAS)

The following agreements were in force in 2018/19:

Parties to the Agreement	Description	Land
Sutherland Shire Council, Australand Kurnell Pty Ltd, Breen Holdings Pty Ltd.	This agreement was entered into on 3 June 2010 and amended on 18 November 2014. The agreement details how approximately 91 hectares of open space will be embellished with playing fields, associated amenities, and landscaping and then dedicated to Council.	The land to which the agreement applies comprises: lot 1 in DP1101922; lot 111 in DP 777967; proposed lot 1 of the Consolidated Development Pty Ltd lots as identified in plan 2 in Schedule 1; proposed lot 1059 of the Australand Kurnell Pty Ltd lots in plan 2 in Schedule 1; proposed lot 2 of the Consolidated Development Pty Ltd lots in plan 2 in Schedule 1; lot 1122 in DP 794114; proposed lots 3 and 4 of the Consolidated Development Pty Ltd lots in plan 2 in Schedule 1. The land is currently identified as: Lot 1122 DP 794114, Lot 22 DP 226424, Lot C DP 370539, Lot 111 DP 777967, Lot 116 DP 777967, Lot 1123 DP 794114, Lot 2 DP 1101922, Lot 1 DP 1101922, Lot 1054 DP 1140838, Lot 1055 DP 1140838, Lot 1056 DP 1140838, Lot 1057 DP 1140838, Lot 1058 DP 1140838, Lot 1059 DP 1140838.
Sutherland Shire Council and South Village Pty Ltd ACN 164771224 as trustee for South Village Trust	This agreement was entered into on 31 July 2015. The agreement sets out the provision and maintenance of a Biodiversity Offset Package being planting and maintenance of compensatory 5,300m <sup>2</sup> of Sydney Turpentine Ironbark Forest (STIF)	The land to which the agreement applies is some or all of the following (up to 5,300m <sup>2</sup> ):  1. Willow Place Kirrawee (475m <sup>2</sup> ) 2. 184 Oak Road Kirrawee Lot 29 DP 351150 (595m <sup>2</sup> ) 3. 32 Kirrawee Avenue Kirrawee Lot 13 DP 27731 (1,320m <sup>2</sup> ) 4. Bowie Park (2R Hotham Road) Lot 25 DP 20858 (1,235m <sup>2</sup> ) 5. 459R President Avenue, Kirrawee Part Lot 104 DP 1159806 (590m <sup>2</sup> ) 6. 10R Laurel Grove Menai Lot 74 DP 814374 (1,000m <sup>2</sup> ) 7. 2 Alison Crescent Menai Lot 978 DP 817633 (1,200m <sup>2</sup> ) 8. 29R Alison Crescent Menai Lot 554 DP 841841 (1,000m <sup>2</sup> )

Parties to the Agreement	Description	Land
Sutherland Shire Council and SUEZ Recycling & Recovery Pty Ltd, SUEZ Recycling & Recovery (NSW) Pty Ltd and SUEZ Recycling & Recovery Holdings Pty Ltd	This agreement was entered into on 17 March 2017. The agreement relates to the expansion of the Lucas Heights Resource Recovery Park, while detailing public benefits flowing to Council.	<p>The land to which the agreement applies is some or all of the following:</p> <p>Lot 3 in DP 1032102            Lots 101 in DP 1009354            Lot 2 in DP 605077            Lot 1 in DP 233333            Lot 111 in DP 1050235            Lot 102 in DP 1009354</p>
Sutherland Shire Council (Council)  Bupa ANZ Property 3 and 3A Pty Ltd as trustee for the Bupa Aged Care Property No. 3 Trust (Developer)	<p>This agreement was entered into on 16 August 2018. The agreement sets out:</p> <p>(i) subdivision/ boundary adjustment of the developer's land and Council's land at the developer's expense to rationalise the shape of the Council land;</p> <p>(ii) construction and full embellishment of a public park within the re-defined Council land at the developer's expense.</p>	<p>The land to which the agreement applies is some or all of the following:</p> <p>Lot 200 DP 1110295 - 42 Auburn Street, Sutherland Lot 11 DP 1103619 - 99R Acacia Road, Sutherland</p>

## COMPLIANCE WITH THE NSW CARERS (RECOGNITION) ACT 2010

### Compliance With The NSW Carers (Recognition) Act 2010

Sutherland Shire Council is committed to being a family-friendly employer and providing employees with opportunities for work/life balance. This is done by providing flexibility in employment practices and work arrangements so that employees can balance the demands of work and their personal life.

A flexible workplace makes good business sense as it maximises the opportunity to retain skilled employees which reduces turnover and the associated costs relating to recruitment and training. It also reduces absenteeism and produces a happier workforce that is less stressed, has a balance in life and therefore results in a more productive and efficient workforce. Sutherland Shire Council is committed to flexible work options through providing:

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

## **FAIR WORKPLACE AND EQUAL EMPLOYMENT OPPORTUNITY (EEO)**

Our 2017-2021 Workforce Strategy incorporates the EEO Management Plan. Below are some of the actions in the Strategy. In our Strategy one of our eight principles states: ‘We embrace diversity: we are a large workforce providing many different services to our community. Each employee is their own person and brings different talents, skills and experiences to the table. By employing a diverse workforce, it can help to foster creativity and offer a range of perspectives and ideas.’

- NAIDOC was celebrated with Indigenous employees invited to attend our local celebrations
- Four female employees participated in the Springboard program, a women’s development program, supported by four female mentors
- Our Health and Wellbeing program has included meditation sessions run across Council with many diverse employees in attendance
- Our culture was measured using the Human Synergistics survey tool, measuring our progress towards achieving our constructive culture shaped by our values
- We have continued to roll out our employee engagement tool, Officevibe, which provides an anonymous forum for employees to provide feedback about their workplace
- The Translating and Interpreting Service continues to be accessed for customer services transactions
- Language Aides utilised at the Customer Service Counter supporting our various language needs of the community
- A large information session was held to educate our outdoor workers on mental health, their wellbeing and support using meditation
- Our Code of Conduct training had an organisation wide roll out, an online course was utilised and we worked with our varied workforce on meeting their diverse needs, including face to face presentations, one on one sessions, follow up sessions
- Timekeeper (online timesheets) was introduced in 17/18 – further to this in 18/19 we assisted our diverse workforce by conducting follow up one-on-one sessions and group sessions to assist embedding learning and those with additional learning needs
- Our Culture and Development team is incorporating a variety of learning methods in training to cater to diverse needs
- Hearing loops are utilised in our Council Chambers
- We are exploring options to improve accessibility for Council meetings
- We continue to support local disability groups for our internal catering needs
- Created more collaborative open spaces within our work units encouraging the ability to cater to diverse working needs
- Our employees are making use of the new accessible shower and toilet within our main administration building
- We sent two females to the 10th National Women in Local Government Leadership Summit
- Commenced recruitment for an identified permanent position for a Natural Areas Aboriginal Heritage Officer
- Disability Awareness and Inclusion Training was conducted by an external provider with 17 employees building their capacity to engage and support with people with a disability.

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

Land and Environment Court matters for the period 01/07/2018 to 30/06/2019

Type of Case	Upheld	Dismissed	Settled after Amendments	Discontinued	Undetermined	Total
Class 1	4	3	19	6	21	<b>53</b>
Class 4				1	1	<b>2</b>
Class 6		1				<b>1</b>

**Local Court matters for the period 1/07/2018 to 30/06/2019**

Type of Case	Negotiated by Consent	Successful	Undetermined	Unsuccessful	Withdrawn by consent and dismissed	Total
Companion Animals Act 1998		8	5		2	15
Environmental Planning and Assessment Act 1979		7	15		9	31
Food Act 2003		2				2
Local Government Act 1993		2				2
Protection of the Environment Operations Act 1997		1				1
Road Transport (General) Regulation 2013		3	6			9
Road Transport Act 2013					1	1
Swimming Polls Act 1992		4				4
Road Rules 2014		1				1
Impounding Act 1993					1	1
Other					1	1
<b>Total</b>		<b>28</b>	<b>26</b>		<b>14</b>	<b>68</b>

**Risk and Audit Legal Matters**

517189 - McKenzie P Bundeena Injury	\$14,907
517193 - Gauci Wayne/Damage	15,301
517202 - Smith Danielle / Injury	1,218
517571 - Eggert J, North Cronulla Surf Club	6,853
517606 - Tsakonakos, Dianella Street, Caringbah	5,767
517661 - Ibbotson B Park Lane Caringbah	490
517681 - Peter Cooper Yamba Road Como	668
517741 - Mather 20 Jan 2012	16,456
<b>Total</b>	<b>\$61,660</b>

**Summary of external amounts incurred in relation to legal proceedings taken by or against council**

Summary	Amount
Land and Environment Court Proceedings	\$297,923.79
Local Court Proceedings	\$10,080.72
Costs Against Council	\$7,556.00
Costs recovered	\$277,750.00
<b>Total cost</b>	<b>\$37,810.51</b>

Note these figures do not include salaries of Council legal staff which are contained elsewhere in this Annual Report.

## **IMPLEMENTATION OF DISABILITY INCLUSION ACTION PLAN**

Our Disability Inclusion Action Plan 2017-2020 outlines our commitment to ensuring that people with disability are provided with the facilities and services that enable them to participate fully in the community. Below is a report on outcomes achieved during 2018/19:

<b>Community Strategic Plan Strategy</b>	<b>2018/19 update</b>
Improve the design and accessibility of our spaces and places	<p>Our libraries and community services are providing Auslan interpreter services at their key events.</p> <p>Hearing loops are available at Sutherland Entertainment Centre.</p> <p>Accessible beaches program including a Mobi mat and wheelchair providing access to Cronulla beach for people with a disability.</p> <p>A ‘planning accessible events’ checklist is included in our events tool kit, available on our website to assist event planners. The event application also includes reference to recognition of the Companion Card.</p> <p>Considerations have been made for the design of Fauna Place Playground by Children’s Services, to ensure accessibility for all children regardless of ability.</p> <p>Sport Services have updated the website to prove an All Abilities page highlighting inclusive opportunities to play sport</p> <p>Home library services deliver to any community member with disabilities who requests the service. Format and content is tailored to customer preferences and assistance is provided to use technology to access content</p> <p>Library purchases dyslexic-friendly formats and readers/audiobooks, hold regular sessions for school groups with disabilities and children’s programmes include content that portrays children of all abilities eg books, song sheets</p>
Increase access to local employment and training opportunities	<p>We have a varied range of employment types and employees to add diversity to Council’s makeup. Meaningful employment opportunity is provided, giving a sense of purpose, belonging and value.</p> <p>Children’s Services have continued to provide employment and volunteer work to support people with a disability.</p> <p>Through our annual Community and Inclusion Award, run prior to International Day of Disability, Shire businesses are motivated to consider access and inclusion and a diverse workforce as good for business. The number of nominations is increasing annually.</p> <p>Support for a Sutherland Shire Disability Transition Expo which provides a directory of local services and an employment expo for people with a disability.</p>

Community Strategic Plan Strategy	2018/19 update
Support and enable all in our community	<p>Customers can communicate with Council via the National Relay Service.</p> <p>Economic and Community Development staff give advice and guidance regarding issues related to access and inclusion. Role of Community workers specialising in Access and Inclusion is well informed to all staff.</p> <p>Community service staff have been trained to provide support around accessibility to new and upgrades to infrastructure.</p> <p>An inclusion guideline has been developed within our Children's Services, to inform daily practices. Many children enrolled have diagnosed disabilities and council works collaboratively with families to support their needs. This link shares information about Inclusion: <a href="http://sutherlandshire.nsw.gov.au/Community/Childcare/Childcare-at-Council/Inclusion-children-with-additional-needs">sutherlandshire.nsw.gov.au/Community/Childcare/Childcare-at-Council/Inclusion-children-with-additional-needs</a></p> <p>Libraries staff undertook a two-hour Deaf Awareness training; the course covered the differences and diversity of Deaf/Hard of Hearing people and how to improve interactions with them. A number of staff have also completed training in autism awareness, in order to be able to support participants in children's programs with special needs.</p>
Opportunities will be fostered that help build a sense of community	<p>Action items from the Access Committee are investigated and outcomes reported back to the Committee in a timely manner. The Committee is resourced and its recommendations are valued and actioned as required.</p> <p>Access committee collaborating with disability providers and the community to deliver International Day of People with a Disability events to acknowledge and celebrate people with a disability.</p> <p>Council's Children's Services staff continue to provide quality inclusive practices so that children's needs are being met and responded to appropriately. We work collaboratively with the Inclusion Support program agency to embed inclusion strategies and practices, increase knowledge, skills and confidence of educators, all centres have developed a Service Support Plan.</p> <p>Council facilitated Disability Awareness Training for staff to explore the concept of disability, its definitions and the myths and facts surrounding it, as well as respectful language and communication.</p> <p>Funding is available through the NDIS for specialised support for our Children's Services. We continue to strengthen our connection with disability services in the local area and investigate ways we can respond proactively to the NDIS via the Disability Interagency.</p>

# **AUDIT, RISK AND IMPROVEMENT COMMITTEE**

## **CHAIRPERSON ANNUAL PERFORMANCE REPORT**

**FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2019**

### **PURPOSE**

The purpose of this performance report is tabled under Section 5 of the Audit, Risk and Improvement Committee Charter which requires that:

'In the last quarter of the calendar each year, the Chairperson will provide a performance report to the Committee. The report should include the following matters:

1. a summary of the work the Committee performed to discharge its functions and responsibilities during the preceding year
2. a summary of the Committee's assessment of the entity's: risk control framework; external audit; performance measurement and reporting arrangements; Integrated Planning and Reporting outcomes; legislative compliance and details of emerging risks facing the Council
3. a summary of key issues the Committee dealt with during the year, including a summary of the status of outstanding audit recommendations
4. details of meetings held during the year.

This report addresses the above requirements for the 1 July 2018 to 30 June 2019 period.

### **BACKGROUND AND CONTEXT**

During 2016/17, Sutherland Shire Council took a pre-emptive decision to establish an Audit, Risk and Improvement Committee, replacing an existing Internal Audit Committee. This occurred as a result of amendments to the Local Government Act 1993 (by the Local Government Amendment (Governance and Planning) Act 2016). These amendments mandate that by 2021 all Councils must have an Audit, Risk and Improvement Committee (Committee) which has specified membership requirements and responsibilities. While these changes are not required to be implemented until 2021, as they reflect best practice governance, Council elected to implement the Committee in 2017.

The Committee has been established as a sub-committee of Council.

## **MEMBERSHIP**

The Committee is made up of two (2) Councillors and three (3) independent, external members. The members are:

- Cliff Haynes (elected Chairperson 2018/19)
- John Gordon
- Greg Smith
- Councillor Tom Croucher
- Councillor Ray Plibersek.

## **RESPONSIBILITIES**

To give authority and responsibility to the Committee, an Audit, Risk and Improvement Committee Charter (Charter) was adopted by Council in June 2017.

At the inaugural meeting of the Committee, members of the Committee minuted a number of recommendations to amend the Charter. These revisions were subsequently approved by Council on the 20 November 2017.

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

The Charter includes the primary responsibility of the Committee to oversight the following aspects of Council’s operations:

- Risk Management
- Compliance
- Fraud Control
- Financial Management
- Governance
- Implementation of Strategic Plan, Delivery Program and Strategies
- Service Reviews
- Collection of Performance Measurement Data by the Council
- any other matters prescribed by regulations.

The Committee has adopted a 12-month forward calendar, to align with its quarterly meeting schedule, to ensure all responsibilities are considered via a rolling program.

## SUMMARY OF THE WORK PERFORMED BY THE COMMITTEE IN 2018/19 YEAR

The following table indicates the comprehensive program of work the Committee undertook during the 2018/19 year. There has been coverage of all the broad responsibilities areas that the Committee has oversight for.

Charter Responsibility /Meeting Date	4 Jul 2018	Special Purpose Finance Meeting 15 Oct 2018	17 Oct 2018	12 Dec 2018	13 March 2019
<b>ARIC Charter 4.1, Financial Management</b>	Financial Management – Status Update	Audited Financial Statements	Draft Terms of Reference – Finance Working Party	Financial Management – Status Update	Financial Sustainability Update and Financial Strategy Status Report
	Financial Strategy Status Report (ARICO18-18 and ARICO29-18)		Internal Audit: Asset Useful Life	Financial Strategy Status Report	Audit Office of NSW - Draft Annual Engagement Plan – Presentation
	Amended Client Service Plan			Long Term Financial Plan - Audit Office Draft Client Service Plan	Internal Assurance Review: Special Rates Variation Calculation Review Part 1
	Auditor-General's report to Parliament of NSW on Local Government 2017			LG Financial reporting issues and developments	
	Internal Audit: Grants Administration Management				
	Internal Audit: Section 356 Financial Assistance				
<b>ARIC Charter 4.2, Implementation of Strategic Plan, Delivery Program and Strategies</b>	Implications of Notifiable Data Breach legislation - Presentation		Performance Management Framework – Presentation	IP&R Reporting – Half Yearly Status Update	IP&R Reporting – Half Yearly Status Update
	Risk Management – Status Update		Risk Management – Status Update		

Charter Responsibility /Meeting Date	4 Jul 2018	Special Purpose Finance Meeting 15 Oct 2018	17 Oct 2018	12 Dec 2018	13 March 2019
	Top 5 Business Risks – Status Update: Children’s Services		Top 5 Business Risks – Status Update: Fleet and Workshops		
	Top 5 Business Risks – Status Update: Building Operations		Top 5 Business Risks – Status Update: Park Operations		
<b>ARIC Charter 4.3, Risk Management and Fraud Control</b>	Gifts and Benefits Audit – Status Update			Strategic Risks – Status Update	Top 5 Business Risks: Communication and Engagement
	Assurance Reviews – Status Update Work Health and Safety and Injury Management Statistics reported to ExCo (ARICO34-18)			Top 5 Business Risks – Governance Risk and Compliance	Workers Compensation: Claims Management Audit – December 2018
				Top 5 Business Risks – People and Culture	Internal Assurance Review: Cash Handling Procedures
				Top 5 Business Risks – Public Domain Assets	Internal Assurance Review: RMS Drives
<b>ARIC Charter 4.4, Governance, Compliance and Service Review</b>		Internal Audit: Ocean Grove Project	2018/2019 Internal Assurance Program – Status Update	External Agency Report: External Agency Update	
		External Agency Update – NSW Audit Office Fraud Control in Councils Report	External Agencies Update Report: new Codes of Conduct and Meeting Practice, and Councillor Development Guidelines	Code of Conduct and Code of Meeting Practice Update	

Charter Responsibility /Meeting Date	4 Jul 2018	Special Purpose Finance Meeting 15 Oct 2018	17 Oct 2018	12 Dec 2018	13 March 2019
			Assurance Reviews – Status Update Heavy Vehicle National Law – Chain of Responsibility Audit 2018	ARIC070-18 Asset Management Information Update (Deferred from last meeting)	
<b>ARIC Charter 4.5, Other functions</b>	Comparison of ARIC Charter Obligations to TPP15-03 (GOV026-18)		Internal Audit – Internal Audit Program Status Update	Internal Assurance Program – Status Update	Internal Assurance Program – Status Update
			Internal Audit – Internal and External Audit Recommendations Status Update	Internal Assurance Recommendations Status Update	Internal Assurance Recommendations Status Update
			ARIC Action Items Listing	ARIC Actions Items Update	ARIC Actions Items Update
				External Audit (Financials) Recommendations – Status Update	2019 ARIC Review of Committee Performance
				Internal Audit – Recommendations Status Update – Shire Planning Division	
<b>5. REPORTING</b>	IHAP planning panel arrangements and impact on Council				
	Implications of Notifiable Data Breach legislation				
<b>6. OTHER ITEMS</b>					In camera: Internal Auditor briefing

## **SUMMARY OF COMMITTEE'S ASSESSMENT OF KEY RESPONSIBILITY AREAS**

The Committee has assessed the key responsibility areas as follows:

<b>Key Responsibility Area</b>	<b>Assessment</b>
External Audit	Satisfactory Outcome.
Risk Control Framework	All areas of Council presented their Risk Management Plans. They all had made significant progress during the Year
Performance Measurement and Reporting Arrangements	The Auditor General gave unqualified reports for the Financial Statements. The process of presentation of the Financial Reports to ARIC was a significant improvement on the previous year. A special meeting of ARIC to consider the Financial Reports was an aid in the consideration of the financial reports.
Integrated Planning and Reporting outcomes	ARIC was pleased with the reporting framework
Legislative Compliance	ARIC had no concerns with the presentation and outcomes reported
Emerging Risks-details	ARIC expressed concern about the long term financial viability of the Council and requested a strategy be prepared to address the issue. This was subsequently addressed through the Special Rate Variation and implementation of an operational efficiencies program.

## **SUMMARY OF KEY ISSUES DEALT WITH BY THE COMMITTEE, INCLUDING THE STATUS OF OUTSTANDING AUDIT RECOMMENDATIONS**

The key issues dealt with by the committee during 2019/19 were:

- Top 5 Business Risks and Risk management Strategies
- Integrated Planning Framework
- Establishment of a co-sourced, risk-based Internal Assurance Programme
- External Audit Programme
- Review of Financial Statements

The Internal Assurance Program performed reviews in the following areas during 2018/19:

- Development Applications – Conditions of Consent
- Development Applications – Fees
- Grant Income Management and Administration
- Section 356 Financial Assistance
- Ocean Grove Avenue Redevelopment Project
- Useful Life of Council's Infrastructure Assets
- Special Rates Variation Calculation Review
- Voluntary Planning Agreements
- Procurement
- Use of Credit Cards
- Payroll and Timesheets
- RMS Drives.

The **status of recommendations** for audits that have been presented to and endorsed by the Committee from its 2017 inception to end 2018/19 are as follows:

<b>Completed to date: 2017 to 28/6/2019</b>				
<b>Total Number of Internal Assurance Reports Issued</b>				
<b>Risk Rating</b>	<b>Number of Recommendations</b>	<b>Status</b>		
		<b>Completed</b>	<b>On-Track</b>	<b>Off-Track/On Hold</b>
<b>Extreme</b>	5	1	3	1
<b>High</b>	52	29	12	11
<b>Medium</b>	27	15	11	1
<b>Low</b>	19	11	8	0
<b>Total</b>	<b>103</b>	<b>56</b>	<b>34</b>	<b>13</b>

Meetings held during 2018/19:

During 2018/19, five (5) meetings were scheduled and held on the following dates:

- 4 July 2018 ..... 1 apology (John Gordon)
- 15 October 2018 ..... Special Purpose Finance Meeting
- 17 October 2018 ..... 1 apology (Greg Smith)
- 12 December 2018 ..... 1 apology (John Gordon)
- 3 March 2019.

The 15 October meeting was dedicated to reviewing the 2017/18 Financial Statements for endorsement.

In the upcoming year, 2019/20, five (5) meetings have been scheduled.

## **CONCLUSION**

The Committee has fulfilled its responsibilities under the Audit, Risk and Improvement Committee Charter throughout 2018/19. The Committee has operated cooperatively to provide feedback and assurance to management and Council.

I would like to take this opportunity to thank my fellow Committee members, management and staff for their forthrightness and cooperation in the operation and outcomes of the Committee during 2018/19.

**Cliff Haynes**

Sutherland Shire Council – Audit, Risk and Improvement Committee Chairperson 2018/19

**SOUTH  
SUTHERLAND  
COUNCIL  
SHIRE**

# **FINANCIAL STATEMENTS**

**Year ended 30 June 2019**

**General Purpose, Special Purpose  
and associated Special Schedules**

**21 October 2019**



# Sutherland Shire Council

## GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2019

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## General Purpose Financial Statements

for the year ended 30 June 2019

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### Overview

Sutherland Shire Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

4-20 Eton Street  
Sutherland NSW 2232

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

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

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

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.sutherlandshire.nsw.gov.au](http://www.sutherlandshire.nsw.gov.au).

## General Purpose Financial Statements for the year ended 30 June 2019

### Understanding Council's Financial Statements

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#### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their council and community.

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2019.

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

##### 2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

##### 3. The Statement of Financial Position

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

##### 4. The Statement of Changes in Equity

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

##### 5. The Statement of Cash Flows

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

## Sutherland Shire Council

### General Purpose Financial Statements for the year ended 30 June 2019

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 21 October 2019.



Councillor Carmelo Pesce  
**Mayor**  
21 October 2019



Councillor Steve Simpson  
**Deputy Mayor**  
21 October 2019



Mrs Manjeet Grewal  
**Chief Executive Officer**  
21 October 2019



Mr Mitchel Woods  
**Chief Financial Officer**  
21 October 2019

## Income Statement

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018 <sup>1</sup>
<b>Income from continuing operations</b>				
<u>Revenue:</u>				
156,158	Rates and annual charges	3a	158,276	154,815
36,176	User charges and fees	3b	41,796	40,638
3,557	Interest and investment revenue	3c	5,453	4,131
19,909	Other revenues	3d	17,824	15,594
17,459	Grants and contributions provided for operating purposes	3e,3f	10,854	11,115
22,821	Grants and contributions provided for capital purposes	3e,3f	26,316	27,926
<u>Other income:</u>				
5,025	Net gains from the disposal of assets	5	—	—
—	Fair value increment on investment properties	11	450	—
<b>261,105</b>	<b>Total income from continuing operations</b>		<b>260,969</b>	<b>254,219</b>
<b>Expenses from continuing operations</b>				
106,236	Employee benefits and on-costs	4a	105,233	101,776
239	Borrowing costs	4b	208	274
48,174	Materials and contracts	4c	45,027	43,343
37,130	Depreciation and amortisation	4d	37,590	34,982
46,379	Other expenses	4e	39,448	38,604
—	Net losses from the disposal of assets	5	1,174	72
—	Fair value decrement on investment properties	11	—	193
<b>238,158</b>	<b>Total expenses from continuing operations</b>		<b>228,680</b>	<b>219,244</b>
<b>22,947</b>	<b>Operating result from continuing operations</b>		<b>32,289</b>	<b>34,975</b>
<b>22,947</b>	<b>Net operating result for the year</b>		<b>32,289</b>	<b>34,975</b>
22,947	Net operating result attributable to council		32,289	34,975
<b>126</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>5,973</b>	<b>7,049</b>

<sup>(1)</sup> The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under *AASB 139 Financial Instruments: Recognition and Measurement*

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

## Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018 <sup>1</sup>
<b>Net operating result for the year (as per Income Statement)</b>		<b>32,289</b>	<b>34,975</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10	5,090	217,963
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>5,090</b>	<b>217,963</b>
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements		(2,320)	—
<b>Total items which will be reclassified subsequently to the operating result when specific conditions are met</b>		<b>(2,320)</b>	<b>—</b>
<b>Total other comprehensive income for the year</b>		<b>2,770</b>	<b>217,963</b>
<b>Total comprehensive income for the year</b>		<b>35,059</b>	<b>252,938</b>
Total comprehensive income attributable to Council		35,059	252,938

<sup>(1)</sup> The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under *AASB 139 Financial Instruments: Recognition and Measurement*

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

## Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018 <sup>(1)</sup>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	6(a)	10,868	13,412
Investments	6(b)	161,147	134,941
Receivables	7	16,917	12,009
Inventories	8a	6,830	6,826
Other	8b	1,991	2,579
Non Current assets classified as 'held for sale'	9i	7,589	5,364
<b>Total current assets</b>		<b>205,342</b>	<b>175,131</b>
<b>Non-current assets</b>			
Investments	6(b)	14,000	5,000
Receivables	7	1,089	944
Infrastructure, property, plant and equipment	10	2,441,037	2,445,879
Investment property	11a	55,405	54,955
<b>Total non-current assets</b>		<b>2,511,531</b>	<b>2,506,778</b>
<b>TOTAL ASSETS</b>		<b>2,716,873</b>	<b>2,681,909</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	12	26,252	27,572
Income received in advance	12	1,068	1,510
Borrowings	12	1,662	1,959
Provisions	13	36,368	33,739
<b>Total current liabilities</b>		<b>65,350</b>	<b>64,780</b>
<b>Non-current liabilities</b>			
Borrowings	12	3,387	4,700
Provisions	13	5,241	4,593
<b>Total non-current liabilities</b>		<b>8,628</b>	<b>9,293</b>
<b>TOTAL LIABILITIES</b>		<b>73,978</b>	<b>74,073</b>
<b>Net assets</b>		<b>2,642,895</b>	<b>2,607,836</b>
<b>EQUITY</b>			
Accumulated surplus	14	1,420,755	1,390,786
Revaluation reserves	14	1,222,140	1,217,050
<b>Council equity interest</b>		<b>2,642,895</b>	<b>2,607,836</b>
<b>Total equity</b>		<b>2,642,895</b>	<b>2,607,836</b>

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under *AASB 139 Financial Instruments: Recognition and Measurement*

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

## Sutherland Shire Council

### Statement of Changes in Equity for the year ended 30 June 2019

	Notes	2019			2018 <sup>1</sup>		
		IPP&E reserve \$ '000	Accumulated surplus	Total equity	IPP&E revaluation reserve	Accumulated surplus	Total equity
Opening balance		1,390,786	1,217,050	2,607,836	1,355,811	999,087	2,354,898
Net operating result for the year		32,289	–	32,289	34,975	–	34,975
<b>Other comprehensive income</b>	10	–	5,090	5,090	–	217,963	217,963
– Gain (loss) on revaluation of IPP&E		(2,320)	–	(2,320)	–	–	–
– Net depreciation adjustment (The Ridge Golf Course)		(2,320)	5,090	2,770	–	217,963	217,963
<b>Other comprehensive income</b>		<b>29,969</b>	<b>5,090</b>	<b>35,059</b>	<b>34,975</b>	<b>217,963</b>	<b>252,938</b>
<b>Equity – balance at end of the reporting period</b>		<b>1,420,755</b>	<b>1,222,140</b>	<b>2,642,895</b>	<b>1,390,786</b>	<b>1,217,050</b>	<b>2,607,836</b>

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

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

**Statement of Cash Flows**

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018
<b>Cash flows from operating activities</b>				
<u>Receipts</u>				
156,158	Rates and annual charges		157,040	153,130
36,176	User charges and fees		41,372	42,797
3,557	Investment and interest revenue received		4,708	4,577
39,280	Grants and contributions		34,068	40,135
16,568	Other		27,266	19,820
<u>Payments</u>				
(109,522)	Employee benefits and on-costs		(102,341)	(102,707)
(48,174)	Materials and contracts		(46,007)	(47,564)
(239)	Borrowing costs		(208)	(274)
(46,379)	Other		(49,108)	(31,590)
<b>47,425</b>	<b>Net cash provided (or used in) operating activities</b>	15b	<b>66,790</b>	<b>78,324</b>
<b>Cash flows from investing activities</b>				
<u>Receipts</u>				
67,126	Sale of investment securities		133,600	139,500
–	Sale of real estate assets		–	735
6,122	Sale of infrastructure, property, plant and equipment		1,660	436
21	Deferred debtors receipts		22	19
<u>Payments</u>				
(78,100)	Purchase of investment securities		(168,806)	(169,482)
–	Purchase of investment property		–	(73)
(40,897)	Purchase of infrastructure, property, plant and equipment		(33,764)	(43,124)
<b>(45,728)</b>	<b>Net cash provided (or used in) investing activities</b>		<b>(67,288)</b>	<b>(71,989)</b>
<b>Cash flows from financing activities</b>				
<u>Receipts</u>				
500	Proceeds from finance leases		–	–
<u>Payments</u>				
(1,413)	Repayment of borrowings and advances		(1,397)	(1,362)
(500)	Repayment of finance lease liabilities		(649)	(745)
<b>(1,413)</b>	<b>Net cash flow provided (used in) financing activities</b>		<b>(2,046)</b>	<b>(2,107)</b>
<b>284</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,544)</b>	<b>4,228</b>
<b>10,000</b>	Plus: cash and cash equivalents – beginning of year	15a	<b>13,412</b>	<b>9,184</b>
<b>10,284</b>	<b>Cash and cash equivalents – end of the year</b>	15a	<b>10,868</b>	<b>13,412</b>
Additional Information:				
118,508	plus: Investments on hand – end of year	6(b)	175,147	139,941
<b>128,792</b>	<b>Total cash, cash equivalents and investments</b>		<b>186,015</b>	<b>153,353</b>

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

## Notes to the Financial Statements

for the year ended 30 June 2019

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## Notes to the Financial Statements for the year ended 30 June 2019

### Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 21 October 2019. Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

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

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.

Council is a not for-profit entity for the purpose of preparing these financial statements.

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

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 20 – Material budget variations

and are clearly marked.

#### (a) New and amended standards adopted by Council

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2019.

Those newly adopted standards did not have a material impact on Council's reported position or performance.

#### (b) Historical cost convention

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

#### (c) Significant accounting estimates and judgements

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties – refer Note 11
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note 10
- (iii) employee benefit and self insurance provisions – refer Note 13.

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## Notes to the Financial Statements for the year ended 30 June 2019

### Note 1. Basis of preparation (continued)

#### Significant judgements in applying the council's accounting policies

##### (i) Impairment of receivables

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

#### Monies and other assets received by Council

##### (a) The Consolidated Fund

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

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

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

##### (b) The Trust Fund

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

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

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

- |                                  |             |
|----------------------------------|-------------|
| • Bushfire Trust                 | \$2,467,165 |
| • State Emergency Services Trust | \$ 2,519    |

#### Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

## Notes to the Financial Statements for the year ended 30 June 2019

### Note 1. Basis of preparation (continued)

#### New accounting standards and interpretations issued not yet effective

##### New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods (and which have not been early adopted by Council).

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

##### AASB 16 Leases

AASB 16 will result (for YE 19/20 and beyond) in almost all operating leases being recognised on the balance sheet by Council (alongside existing finance leases) with the distinction between operating and finance leases removed.

Under the new standard, a financial liability (ie. a lease liability) and an asset (ie. a right to use the leased item) will be recognised for nearly all arrangements where Council commits itself to paying a rental fee for the use of a specific asset.

The only exceptions are short-term and low-value leases which are exempt from the accounting (but not disclosure) requirements of AASB 16 - Leases.

Council staff have reviewed all of Council's leasing arrangements over the last 12 months taking into consideration the new lease accounting rules in AASB 16 (applicable from 1/7/2019).

AASB 16 will (on the whole) affect Council's accounting for existing operating lease agreements that are in place as at 30/6/2019.

At the end of this reporting period, Council has non-cancellable operating lease commitments of \$6,450,195 - refer Note 17.

Of these commitments, approximately \$1,283,670 relate to short-term leases and \$Nil to low value leases.

Both these lease types and amounts will continue to be accounted for as they currently are (being expensed on a straight-line basis within the Income Statement).

For the remaining operating lease commitments of \$5,166,525, Council anticipates it will recognise lease liabilities (on its balance sheet) of \$5,615,845 (after adjustments for prepayments and accrued lease payments recognised as at 30 June 2019) and also recognise complimentary right-of-use assets (on its balance sheet) totaling \$5,834,774 on 1 July 2019.

From a financial position standpoint, as a result of recognising the above lease liabilities and right-of-use assets, Council's net assets (as at 1 July 2019) will be approximately \$218,929 higher while net current assets will be \$2,022,719 lower due to the presentation of a portion of the lease liability as a current liability.

From a financial performance standpoint, Council expects that net operating result will decrease by approximately \$115,000 interest expense for the 2019/20 financial year as a result of adopting the standard.

Operating cash flows will increase and financing cash flows decrease by approximately \$2,022,719 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

##### AASB 15 Revenue from Contracts with Customers and associated amending standards.

AASB15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Accounting policy changes will arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

Councils will assess each revenue stream but particular impact is expected for grant income and rates which are paid before the commencement of the rating period.

The changes in revenue recognition requirements in AASB15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

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**Notes to the Financial Statements**  
for the year ended 30 June 2019**Note 1. Basis of preparation (continued)****AASB 1058 Income of NFP Entities**

AASB 1058 supersedes all the income recognition requirements relating to councils, previously in AASB 1004 Contributions.

Under AASB 1058 the future timing of income recognition will depend on whether the transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service) related to an asset (such as cash or another asset) received by an entity.

AASB 1058 also applies when a council receives volunteer services or enters into other transactions in which the consideration to acquire an asset is significantly less than the fair value of the asset, and where the council's objective is principally to enable the asset to further the council's objectives.

Upon initial recognition of the asset, this standard requires council to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with the applicable accounting standard, such as:

- (a) contributions by owners
- (b) revenue, or a contract liability arising from a contract with a customer
- (c) a lease liability
- (d) a financial instrument, or
- (e) a provision.

If the transaction is a transfer of a financial asset to enable council to acquire or construct a recognisable non-financial asset to be controlled by council (i.e. an in-substance acquisition of a non-financial asset), the council recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. Council will then recognise income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15.

If the transaction does not enable council to acquire or construct a recognisable non-financial asset to be controlled by council, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.

**AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities**

This Standard provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below market terms and conditions, principally to enable the entity to further its objectives (for example, concessionary or peppercorn leases).

The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases.

As per a NSW Office of Local Government recommendation, Council has elected to measure right-of-use assets (under a concessionary or peppercorn lease) at cost. The standard requires additional disclosures be provided in relation to below market-value leases measured at cost.

Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2018.

## Sutherland Shire Council

Financial Statements 2019

### Notes to the Financial Statements for the year ended 30 June 2019

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

\$ '000	Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note 2(b).									
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Functions or activities</b>										
Corporate Support	2,284	2,522	31,248	32,807	(28,964)	(30,285)	6,822	4,685	206,750	156,334
Executive Office	–	–	852	809	(852)	(809)	–	–	24	–
Non Divisional	151,187	130,847	13,533	7,365	137,654	123,482	–	–	–	–
Shire Infrastructure	54,238	65,673	115,759	107,597	(61,521)	(41,924)	5,937	9,190	1,846,017	2,017,985
Shire Planning	5,195	6,522	15,892	15,152	(10,697)	(8,630)	4	–	245	3,004
Shire Services	48,065	48,655	51,396	55,514	(3,331)	(6,859)	1,919	1,987	663,837	504,586
<b>Total functions and activities</b>	<b>260,969</b>	<b>254,219</b>	<b>228,680</b>	<b>219,244</b>	<b>32,289</b>	<b>34,975</b>	<b>14,682</b>	<b>15,862</b>	<b>2,716,873</b>	<b>2,681,909</b>

## Notes to the Financial Statements for the year ended 30 June 2019

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

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

#### **Corporate Support**

Includes Governance, Risk and Compliance; People and Culture; Financial Services; Communication and Engagement; and Information Management and Technology.

#### **Executive Office**

Includes the Office of the General Manager.

#### **Non Divisional**

Includes Revenue from Rating; Financial Assistance Grants; Local Roads Grants; and Expenditure for Superannuation and Financing Costs.

#### **Shire Infrastructure**

Includes Assets Management Services, Traffic and Public Domain Services; Project Services; Technical Services; Operational Services (Parks Operations; Civil Operations; Building Operations; Fleet and Workshops, Waste Services).

#### **Shire Planning**

Includes Strategic Planning; Environmental Science; Major Development Assessment; Development Assessment and Certification; and Environment, Health and Building.

#### **Shire Services**

Includes Leisure Facilities; Childrens Services; Arts and Culture; Property Services; Public Safety and Lifeguards; Library Services; and Business, Sport and Community Services.

Notes to the Financial Statements  
for the year ended 30 June 2019

**Note 3. Income from continuing operations**

\$ '000	2019	2018
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	103,144	100,029
Business	16,037	16,246
Less: pensioner rebates (mandatory)	(2,260)	(2,210)
Less: pensioner rebates (Council policy)	(918)	(908)
<b>Rates levied to ratepayers</b>	<b>116,003</b>	<b>113,157</b>
Pensioner rate subsidies received	1,230	1,188
<b>Total ordinary rates</b>	<b>117,233</b>	<b>114,345</b>
<b>Special rates</b>		
Cronulla beach CBD	577	564
<b>Rates levied to ratepayers</b>	<b>577</b>	<b>564</b>
<b>Total special rates</b>	<b>577</b>	<b>564</b>
<b>Annual charges</b>		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	39,114	38,592
Stormwater management services	2,047	2,043
Section 611 charges	72	79
Less: pensioner rebates (mandatory)	(899)	(930)
Less: pensioner rebates (Council policy)	(376)	(380)
<b>Annual charges levied</b>	<b>39,958</b>	<b>39,404</b>
Pensioner subsidies received:		
– Domestic waste management	508	502
<b>Total annual charges</b>	<b>40,466</b>	<b>39,906</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>	<b>158,276</b>	<b>154,815</b>

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

**Accounting policy for rates and charges**

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts.

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.

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

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 3. Income from continuing operations (continued)**

\$ '000	2019	2018
<b>(b) User charges and fees</b>		
<b>Specific user charges</b>		
(per s.502 - specific 'actual use' charges)		
Waste management services (non-domestic)	1,404	1,266
<b>Total specific user charges</b>	<u>1,404</u>	<u>1,266</u>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Regulatory/ statutory fees	2,064	1,651
Town planning	–	18
Other	469	438
Building control	2,571	3,520
Lifetime registrations	409	525
<b>Total fees and charges – statutory/regulatory</b>	<u>5,513</u>	<u>6,152</u>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Child care	12,373	12,169
Community centres	1,153	1,002
Leisure facilities	10,127	8,942
Restoration charges	1,137	786
Administration and inspection – health	369	373
Beach control	69	57
Building control	1,705	2,032
Business undertakings	192	239
Engineering works	1,554	1,737
Family day care	1,020	218
Libraries	194	191
Other cultural activities	843	833
Other family and children	445	381
Parks and gardens	46	67
Private works	13	6
Public halls	271	1,064
Sport and recreation	2,882	2,731
Sporting grounds	355	298
Other	131	94
<b>Total fees and charges – other</b>	<u>34,879</u>	<u>33,220</u>
<b>TOTAL USER CHARGES AND FEES</b>	<b><u>41,796</u></b>	<b><u>40,638</u></b>

**Accounting policy for user charges and fees**

User charges and fees are recognised as revenue when the service has been provided.

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 3. Income from continuing operations (continued)**

\$ '000	2019	2018
<b>(c) Interest and investment revenue (including losses)</b>		
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	455	440
– Cash and investments	4,727	3,623
Investment loss recoveries	156	(17)
Other	115	85
<b>TOTAL INTEREST AND INVESTMENT REVENUE</b>	<b>5,453</b>	<b>4,131</b>
 <b>Interest revenue is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	455	440
General Council cash and investments	2,928	2,057
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	2,070	1,634
<b>Total interest and investment revenue</b>	<b>5,453</b>	<b>4,131</b>

**Accounting policy for interest and investment revenue**

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

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 3. Income from continuing operations (continued)**

\$ '000	Notes	2019	2018
<b>(d) Other revenues</b>			
Rental income – investment property	11	4,559	4,000
Ex gratia rates		65	57
Fines		5,544	5,641
Legal fees recovery – rates and charges (extra charges)		515	616
Legal fees recovery – other		305	73
Commissions and agency fees		221	167
Diesel rebate		94	125
Insurance claims recoveries		89	52
Recycling income (non-domestic)		68	128
Sales – general		1,137	489
Art gallery merchandise		178	152
Bonus pool		49	11
Business undertakings		27	36
Bus shelters		992	982
Compensation		20	–
Container Deposit Scheme		710	–
Cronulla beach CBD festivals casual leasing		119	86
Geographical information		–	30
Lease rentals		2,061	2,113
Lucas Heights Additional Tonnage		433	88
Reimbursements		215	279
Sponsorships		201	115
Other		222	354
<b>TOTAL OTHER REVENUE</b>		<b>17,824</b>	<b>15,594</b>

**Accounting policy for other revenue**

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

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

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

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

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 3. Income from continuing operations (continued)**

\$ '000	Operating 2019	Operating 2018	Capital 2019	Capital 2018
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	2,316	2,284	–	–
Financial assistance – local roads component	1,012	987	–	–
<b>Payment in advance - future year allocation</b>				
Financial assistance – general component	2,401	2,401	–	–
Financial assistance – local roads component	1,050	1,027	–	–
<b>Total general purpose</b>	<b>6,779</b>	<b>6,699</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Bushfire and emergency services	281	178	–	–
Child care	613	742	–	–
Library – per capita	608	554	–	–
Street lighting	383	375	–	–
Transport (roads to recovery)	–	–	577	1,350
Transport (other roads and bridges funding)	142	123	–	–
Engineering and works	156	53	–	–
Family day care	–	691	–	–
Other	802	538	207	441
Parks and gardens	367	330	25	298
RMS works	(2)	2	3,235	2,082
Sporting grounds	3	–	20	–
Urban stormwater drainage	18	54	15	185
Waste and sustainability	228	230	–	200
Other Waterways	–	–	225	737
<b>Total specific purpose</b>	<b>3,599</b>	<b>3,870</b>	<b>4,304</b>	<b>5,293</b>
<b>Total grants</b>	<b>10,378</b>	<b>10,569</b>	<b>4,304</b>	<b>5,293</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	7,085	7,589	276	1,364
– State funding	3,101	2,854	4,008	3,819
– Other funding	192	126	20	110
	<b>10,378</b>	<b>10,569</b>	<b>4,304</b>	<b>5,293</b>

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## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 3. Income from continuing operations (continued)

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
<b>(f) Contributions</b>					
<b>Developer contributions:</b> <b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.11 – contributions towards amenities/services		–	–	15,604	18,434
<b>Total developer contributions – cash</b>		–	–	<b>15,604</b>	<b>18,434</b>
<b>Total developer contributions</b>	24	–	–	<b>15,604</b>	<b>18,434</b>
<b>Other contributions:</b>					
<b>Cash contributions</b>					
Kerb and gutter		–	–	30	–
Roads and bridges		–	–	4	–
Other		12	29	150	308
Contributions to works		48	47	–	25
Emergency services		–	–	6	651
Kurnell VPA		–	–	–	485
Lucas Heights Resource Recovery Park (Refer Note 6)		–	–	4,912	2,419
Other cultural		62	20	–	–
Parks and gardens		69	5	–	–
Sporting grounds		–	–	457	(216)
Tipping of bulk fill at ridge		67	242	–	–
Urban roads		–	–	12	5
Other Cronulla Wastewater		96	96	–	–
Other Golf Course		122	107	–	–
<b>Total other contributions – cash</b>		<b>476</b>	<b>546</b>	<b>5,571</b>	<b>3,677</b>
<b>Non-cash contributions</b>					
Dedications		–	–	–	482
Dedications – subdivisions (other than by s7.11)		–	–	837	40
<b>Total other contributions – non-cash</b>		–	–	<b>837</b>	<b>522</b>
<b>Total other contributions</b>		<b>476</b>	<b>546</b>	<b>6,408</b>	<b>4,199</b>
<b>Total contributions</b>		<b>476</b>	<b>546</b>	<b>22,012</b>	<b>22,633</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>10,854</b>	<b>11,115</b>	<b>26,316</b>	<b>27,926</b>

#### Accounting policy for grants and contributions

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner, or used over a particular period, and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed below.

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*.

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.

continued on next page ...

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**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 3. Income from continuing operations (continued)**

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

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

	\$ '000	2019	2018
<b>(g) Unspent grants and contributions</b>			
<b>Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:</b>			
<b>Operating grants</b>			
Unexpended at the close of the previous reporting period	1,475	28	
<b>Add:</b> operating grants recognised in the current period but not yet spent	–	1,447	
<b>Add:</b> operating grants received for the provision of goods and services in a future period	935	–	
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(260)	–	
<b>Unexpended and held as restricted assets (operating grants)</b>	<u>2,150</u>	<u>1,475</u>	
<b>Capital grants</b>			
Unexpended at the close of the previous reporting period	345	–	
<b>Add:</b> capital grants recognised in the current period but not yet spent	(301)	345	
<b>Add:</b> capital grants received for the provision of goods and services in a future period	265	–	
<b>Unexpended and held as restricted assets (capital grants)</b>	<u>309</u>	<u>345</u>	
<b>Contributions</b>			
Unexpended at the close of the previous reporting period	58,886	47,680	
<b>Add:</b> contributions recognised in the current period but not yet spent	22,125	22,198	
<b>Less:</b> contributions recognised in a previous reporting period now spent	(6,304)	(10,992)	
<b>Unexpended and held as restricted assets (contributions)</b>	<u>74,707</u>	<u>58,886</u>	

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 4. Expenses from continuing operations**

\$ '000	2019	2018
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	78,286	77,710
Employee termination costs – redundancies	56	1,279
Travel expenses	25	21
Employee leave entitlements (ELE)	19,948	16,648
Superannuation	9,009	8,711
Workers' compensation insurance	2,717	2,651
Fringe benefit tax (FBT)	51	107
Training costs (other than salaries and wages)	483	542
Protective clothing	150	117
<b>Total employee costs</b>	<b>110,725</b>	<b>107,786</b>
Less: capitalised costs	(5,492)	(6,010)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>	<b>105,233</b>	<b>101,776</b>

**Accounting policy for employee benefits and on-costs**

Employee benefit expenses are recorded when the service has been provided by the employee.

*Retirement benefit obligations*

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

*Superannuation plans*

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

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 18 for more information.

**(b) Borrowing costs**

**(i) Interest bearing liability costs**

Interest on loans	194	246
Charges relating to finance leases	14	28
<b>Total interest bearing liability costs expensed</b>	<b>208</b>	<b>274</b>

**(ii) Other borrowing costs**

Fair value adjustments on recognition of advances and deferred debtors

**Total other borrowing costs**

<b>TOTAL BORROWING COSTS EXPENSED</b>	<b>208</b>	<b>274</b>
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**Accounting policy for borrowing costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 4. Expenses from continuing operations (continued)**

\$ '000	2019	2018
<b>(c) Materials and contracts</b>		
Raw materials and consumables	22,759	21,016
Contractor and consultancy costs	17,205	17,220
Auditors remuneration <sup>2</sup>	293	145
<b>Legal expenses:</b>		
– Legal expenses: planning and development	159	115
– Legal expenses: debt recovery	504	591
– Legal expenses: other	354	426
<b>Operating leases:</b>		
– Operating lease rentals: minimum lease payments <sup>1</sup>	3,753	3,830
<b>Total materials and contracts</b>	<b>45,027</b>	<b>43,343</b>
<b>TOTAL MATERIALS AND CONTRACTS</b>	<b>45,027</b>	<b>43,343</b>

**Accounting policy for operating leases**

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

**1. Operating lease payments are attributable to:**

Computers	251	195
Motor vehicles	395	474
Other	116	119
Heavy plant	2,991	3,042
	<b>3,753</b>	<b>3,830</b>

**2. Auditor remuneration**

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

**Auditors of the Council - NSW Auditor-General:**

**(i) Audit and other assurance services**

Audit and review of financial statements : Auditor-General	141	137
<b>Remuneration for audit and other assurance services</b>	<b>141</b>	<b>137</b>

**Total Auditor-General remuneration**

141	137
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**Non NSW Auditor-General audit firms**

**(i) Audit and other assurance services**

Other audit and assurance services - Internal Audit Program	152	8
<b>Remuneration for audit and other assurance services</b>	<b>152</b>	<b>8</b>

**Total remuneration of non NSW Auditor-General audit firms**

152	8
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**Total Auditor remuneration**

293	145
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**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 4. Expenses from continuing operations (continued)**

\$ '000	2019	2018
<b>(d) Depreciation, amortisation and impairment of intangible assets and IPP&amp;E</b>		
<b>Depreciation and amortisation</b>		
Plant and equipment	1,455	1,516
Office equipment	92	144
Furniture and fittings	308	370
Property, plant and equipment – leased	615	791
<b>Infrastructure:</b>		
– Buildings	6,771	6,701
– Other structures	–	283
– Roads	14,049	12,619
– Bridges	–	106
– Footpaths	–	893
– Stormwater drainage	9,200	7,235
– Swimming pools	356	334
– Other open space/recreational assets	3,220	2,900
– Other infrastructure	924	607
<b>Other assets:</b>		
– Library books	876	801
<b>Total gross depreciation and amortisation costs</b>	<b>37,866</b>	<b>35,300</b>
Less: capitalised costs	(276)	(318)
<b>Total depreciation and amortisation costs</b>	<b>37,590</b>	<b>34,982</b>
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR INTANGIBLES AND IPP&amp;E</b>	<b>37,590</b>	<b>34,982</b>

**Accounting policy for depreciation, amortisation and impairment expenses of intangibles and IPP&E**

**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 10 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 no longer required to be tested for impairment under AASB 136. This is because 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 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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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.

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 4. Expenses from continuing operations (continued)**

\$ '000	2019	2018
<b>(e) Other expenses</b>		
Advertising	519	472
Artist fees – Hazelhurst	337	359
Bad and doubtful debts	47	51
Bank charges	540	519
Companion animals payments	384	268
Computer operations	2,699	2,376
Contributions/levies to other levels of government		
– Department of planning	435	425
– NSW Fire and Rescue	2,859	3,059
– NSW rural fire service levy	648	667
– NSW State Emergency Services	307	364
– Waste levy section 88	7,741	8,132
Councillor expenses – mayoral fee	86	84
Councillor expenses – councillors' fees	452	432
Councillors' expenses (incl. mayor) – other (excluding fees above)	51	59
Donations, contributions and assistance to other organisations (Section 356)	844	575
Entertainment hire / service	1,011	645
Family day care payments	759	678
Hire of plant, vehicles and equipment	580	896
Insurance	2,404	2,486
Labour hire	3,211	2,853
Office expenses (including computer expenses)	587	659
Postage	499	479
Printing and stationery	508	453
Property management	280	354
Sponsorships	26	50
State debt recovery office payments	559	639
Statutory fees	6	3
Street lighting	4,265	3,616
Subscriptions and publications	754	717
Telephone and communications	902	795
Utilities – electricity	2,084	1,820
Utilities – gas	913	1,101
Utilities – water	1,230	1,587
Valuation fees – land and property management	390	382
Valuations other than government	28	37
Other	503	512
<b>Total other expenses</b>	<b>39,448</b>	<b>38,604</b>
<b>TOTAL OTHER EXPENSES</b>	<b>39,448</b>	<b>38,604</b>

**Accounting policy for other expenses**

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 5. Gains or losses from the disposal, replacement and de-recognition of assets**

\$ '000	Notes	2019	2018
<b>Property (excl. investment property)</b>			
Proceeds from disposal – property		1,544	44
Less: carrying amount of property assets sold/written off		(607)	(338)
<b>Net gain/(loss) on disposal</b>		<u>937</u>	<u>(294)</u>
<b>Plant and equipment</b>	10		
Proceeds from disposal – plant and equipment		116	392
Less: carrying amount of plant and equipment assets sold/written off		(235)	(313)
<b>Net gain/(loss) on disposal</b>		<u>(119)</u>	<u>79</u>
<b>Infrastructure</b>	10		
Less: carrying amount of infrastructure assets written off		(1,992)	–
<b>Net gain/(loss) on disposal</b>		<u>(1,992)</u>	<u>–</u>
<b>Real estate assets held for sale</b>	8		
Proceeds from disposal – real estate assets		–	735
Less: carrying amount of real estate assets sold/written off		–	(592)
<b>Net gain/(loss) on disposal</b>		<u>–</u>	<u>143</u>
<b>Investments</b>	6(b)		
Proceeds from disposal/redemptions/maturities – investments		133,600	139,500
Less: carrying amount of investments sold/redeemed/matured		(133,600)	(139,500)
<b>Net gain/(loss) on disposal</b>		<u>–</u>	<u>–</u>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<u>(1,174)</u>	<u>(72)</u>

**Accounting policy for disposal of assets**

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

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 6(a). Cash and cash equivalent assets**

\$ '000	2019	2018
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	523	1,912
Cash-equivalent assets		
– Deposits at call	10,345	11,500
<b>Total cash and cash equivalents</b>	<b>10,868</b>	<b>13,412</b>

**Accounting policy for cash and cash equivalents**

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 6(b). Investments

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Investments</b>				
a. 'Financial assets at fair value through profit and loss'				
– 'Held for trading'	40,547	–	34,841	–
b. 'Financial assets at amortised cost' / 'held to maturity' (2018)	120,600	14,000	100,100	5,000
<b>Total Investments</b>	<b>161,147</b>	<b>14,000</b>	<b>134,941</b>	<b>5,000</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>	<b>172,015</b>	<b>14,000</b>	<b>148,353</b>	<b>5,000</b>
<b>Financial assets at fair value through the profit and loss</b>				
FRN's (with maturities > 3 months)	40,547	–	34,841	–
<b>Total</b>	<b>40,547</b>	<b>–</b>	<b>34,841</b>	<b>–</b>
<b>Financial assets at amortised cost / held to maturity (2018)</b>				
Long term deposits	120,600	14,000	100,100	5,000
<b>Total</b>	<b>120,600</b>	<b>14,000</b>	<b>100,100</b>	<b>5,000</b>

### Accounting policy for investments

#### Accounting policy under AASB 9 – applicable from 1 July 2018

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

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

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.

## Notes to the Financial Statements for the year ended 30 June 2019

### Note 6(b). Investments (continued)

#### **Financial assets through profit or loss**

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in Floating Rate Notes in the Statement of Financial Position.

#### **Accounting policy under AASB 139 – applicable for 2018 comparatives only**

##### **Classification**

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

##### **(a) Financial assets at fair value through profit or loss**

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

##### **(b) Held to maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

**Notes to the Financial Statements**  
for the year ended 30 June 2019

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

\$ '000	2019	2019	2018	2018
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	172,015	14,000	148,353	5,000
<b>attributable to:</b>				
External restrictions	97,891	14,000	77,904	5,000
Internal restrictions	66,082	–	57,367	–
Unrestricted	8,042	–	13,082	–
	172,015	14,000	148,353	5,000

\$ '000	2019	2018
<b>Details of restrictions</b>		
<b>External restrictions – other</b>		
Developer contributions – general <sup>1</sup>	67,212	49,045
Unexpended Specific Purpose Grants / Contributions to Works <sup>2</sup>	3,266	2,844
Domestic waste management <sup>3</sup>	30,679	25,209
Stormwater management <sup>4</sup>	1,186	1,482
Lucas Heights Resource Recovery (Sita/Suez) <sup>5</sup>	7,495	3,841
Australand Wetland Deed of Agreement <sup>6</sup>	499	483
Cronulla CBD Special Rate <sup>7</sup>	1,554	–
<b>External restrictions – other</b>	<b>111,891</b>	<b>82,904</b>
<b>Total external restrictions</b>	<b>111,891</b>	<b>82,904</b>

**Notes to the Financial Statements**  
for the year ended 30 June 2019

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

\$ '000	2019	2018
<b>Internal restrictions</b>		
Anzac Youth and Recreation Centre fund <sup>8</sup>	42	42
Building damage and sundry Bonds <sup>9</sup>	17,514	17,580
Business accelerator IT and furniture <sup>10</sup>	70	70
Capital works reserve <sup>11</sup>	8,727	2,901
Community facilities fund <sup>12</sup>	339	477
Cronulla plaza refurbishment <sup>13</sup>	36	1,047
Cronulla wastewater reuse scheme <sup>14</sup>	150	130
Elections <sup>15</sup>	547	270
Emergency services infrastructure <sup>16</sup>	262	269
Employees leave entitlement <sup>17</sup>	6,375	5,490
Energy audit upgrade <sup>18</sup>	4,053	3,103
Future budgets reserve <sup>19</sup>	5,043	5,008
Hazelhurst gallery upgrade <sup>20</sup>	–	80
Kindergarten upgrades <sup>21</sup>	166	166
Land acquisitions/ easements <sup>22</sup>	85	85
Leisure facilities <sup>23</sup>	1,703	1,922
Library improvement <sup>24</sup>	1,752	1,539
Childrens Services <sup>25</sup>	3,327	3,373
Office automation <sup>26</sup>	2,463	2,160
Parks capital <sup>27</sup>	6	34
Plant replacement reserve <sup>28</sup>	1,918	1,495
Prepaid Financial Assistance Grant <sup>29</sup>	3,451	3,427
Property fund <sup>30</sup>	4,827	2,364
Property internal funding restrictions <sup>31</sup>	–	442
Sporting facilities development fund <sup>32</sup>	869	846
Surf club infrastructure works <sup>33</sup>	144	144
Sutherland entertainment centre redevelopment <sup>34</sup>	57	57
Tennis facilities <sup>35</sup>	113	129
Works in progress <sup>36</sup>	2,043	2,717
<b>Total internal restrictions</b>	<b>66,082</b>	<b>57,367</b>
<b>TOTAL RESTRICTIONS</b>	<b>177,973</b>	<b>140,271</b>

(1) Development contributions which are not yet expended for the provision of services and amenities in accordance with contribution plans  
(Note : Statement of developer contributions)

(2) Grants which are not yet expended for the purpose for which the grants were obtained. Reserve Established from Contributions to Works for future infrastructure works.

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

(4) Other Levies/ Charges are externally restricted assets and must be applied for the purpose for which they are raised

(5) Monies from a Voluntary Planning Agreement with SUEZ

(6) Monies from a Deed of Agreement with Breen Holdings

(7) Other Special Rates are externally restricted assets and must be applied for the purpose for which they are raised

(8) Funds are set aside for Anzac Youth & Recreation Centre to assist in future upgrades & maintenance of community halls

(9) Reserve represents the accumulated bonds, deposits and retentions held by Council in relation to private building works, contract retention to cover possible rectification works, miscellaneous bonds for activities such as hall hire

(10) Funds are retained within this reserve to serve as a sinking fund (for the renewal/upgrade of the building), contributed equally by Council and the University of Wollongong

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## Notes to the Financial Statements for the year ended 30 June 2019

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

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- (11) Reserve established BDS057-14 to set aside the general revenue component from periodic Capital Capacity Reviews for inclusion in future budgets or for utilisation on other capital works for which the priority has increased
- (12) Funds are set aside from community management committees to assist in future upgrades & maintenance of community halls
- (13) Reserve established for the ongoing minor upgrades at Cronulla Plaza until a major upgrade is undertaken
- (14) Reserve established for future capital works and replacements in relation to the Cronulla Wastewater Reuse Scheme
- (15) An amount is set aside each year for 4 years to raise sufficient funds for the quadrennial Council elections
- (16) Reserve created from savings in the construction of Rural Fire Service buildings for future building works
- (17) Council policy to maintain in reserve at least 10% of ELE liability for a future "buffer"
- (18) Funds for the purpose of undertaking energy audit upgrades to reduce energy consumption across the organisation
- (19) The surplus funds from previous financial years are reserved to assist in meeting future budget shortfalls or specific project funding
- (20) Excess funds from sponsorship are reserved each year to assist funding ongoing equipment replacement at Hazelhurst Gallery
- (21) Council decision to reserve the insurance proceeds from Talara Rd Scout Hall fire to assist in funding 3 kindergarten upgrades across the shire
- (22) Balance reserved for funding recreation space land acquisitions and unidentified drainage easements when required
- (23) Council decision to set aside any surplus to budget for the Leisure Centre for future capital works/renewals to be financed from funds derived from the facilities
- (24) Reserve established (LRS024-14) for library refurbishments. The purpose of these works is to increase visitor capacity at the Central Library
- (25) Conditions tied to grant funding commits any surplus to be reserved to meet future centre upgrades, improvements or major maintenance: Childrens Services
- (26) Funds from IM&T Operations and IM&T projects uncompleted are set aside to meet future technology upgrades
- (27) Reserve established from unspent allocations for specific parks capital works that can only be undertaken under specific circumstances or at a particular time
- (28) Reserve for the provision of Plant Replacement
- (29) Reserve for prepayment of the Financial Assistance Grants from Commonwealth Government
- (30) Funds from the Property Fund have been utilised to refinance an external debt. Payment timeframe 20 years (including interest)
- (31) These funds relate to loans taken out for specific projects as part of normal funding. No restriction has been placed on these funds by the finance provider
- (32) Reserve established (MM04/14-15) for the purpose of providing sporting groups low interest loans for the development of sporting facilities within the Shire
- (33) Reserve for the provision of infrastructure works at Surf Clubs
- (34) Reserve established from unexpended funds for the upgrade of the Sutherland Entertainment Centre
- (35) Reserve established for future upgrade works at Tennis facilities upon the determination of the future use and management of the Tennis Facilities
- (36) The General Revenue funded portion of works in progress & unspent allocations is reserved each year & released in the next year for continuation of works

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 7. Receivables**

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Purpose</b>				
Rates and annual charges	5,317	973	4,238	807
Interest and extra charges	926	–	894	–
Accrued revenues				
– Interest on investments	1,781	–	1,068	–
– Other income accruals	–	–	1	–
Deferred debtors	20	116	21	137
Government grants and subsidies	3,214	–	949	–
Net GST receivable	1,576	–	1,155	–
Section 611 (AGL/Telstra/Optus)	112	–	122	–
Sundry debtors	4,648	–	4,270	–
Other debtors	27	–	26	–
<b>Total</b>	<b>17,621</b>	<b>1,089</b>	<b>12,744</b>	<b>944</b>
<b>Less: provision of impairment</b>				
Rates and annual charges	(227)	–	(218)	–
Other debtors	(477)	–	(517)	–
<b>Total provision for impairment – receivables</b>	<b>(704)</b>	<b>–</b>	<b>(735)</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>16,917</b>	<b>1,089</b>	<b>12,009</b>	<b>944</b>

**Externally restricted receivables**

Domestic waste management	1,613	–	1,268	–
Stormwater management	86	–	80	–
Other				
Developer Contribution	1,138	–	420	–
<b>Total external restrictions</b>	<b>2,837</b>	<b>–</b>	<b>1,768</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>14,080</b>	<b>1,089</b>	<b>10,241</b>	<b>944</b>
<b>TOTAL NET RECEIVABLES</b>	<b>16,917</b>	<b>1,089</b>	<b>12,009</b>	<b>944</b>

\$ '000	2019	2018
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	735	815
+ new provisions recognised during the year	32	10
– amounts already provided for and written off this year	(64)	(90)
<b>Balance at the end of the period</b>	<b>703</b>	<b>735</b>

**Accounting policy for receivables**

**Recognition and measurement**

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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.

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## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 7. Receivables (continued)

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

#### Impairment

##### Accounting policy under AASB 9 applicable from 1 July 2018

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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

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

Credit losses are measured as 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.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

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

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

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

Where the 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.

##### Accounting policy under AASB 139 – applicable for 2018 comparatives only

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

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

Rates and annual charges outstanding are secured against the property.

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 8. Inventories and other assets**

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
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**(a) Inventories**

**(i) Inventories at cost**

Real estate for resale	6,639	—	6,639	—
Stores and materials	191	—	187	—
<b>Total inventories at cost</b>	<b>6,830</b>	<b>—</b>	<b>6,826</b>	<b>—</b>
<b>TOTAL INVENTORIES</b>	<b>6,830</b>	<b>—</b>	<b>6,826</b>	<b>—</b>

**(b) Other assets**

Prepayments	1,991	—	2,579	—
<b>TOTAL OTHER ASSETS</b>	<b>1,991</b>	<b>—</b>	<b>2,579</b>	<b>—</b>

**Externally restricted assets**

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
---------	-----------------	---------------------	-----------------	---------------------

**Domestic waste management**

Prepayments	420	—	403	—
<b>Total domestic waste management</b>	<b>420</b>	<b>—</b>	<b>403</b>	<b>—</b>

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
---------	-----------------	---------------------	-----------------	---------------------

**Total externally restricted assets**

420                    —                    403                    —

**Total unrestricted assets**

8,401                    —                    9,002                    —

**TOTAL INVENTORIES AND OTHER ASSETS**

8,821                    —                    9,405                    —

continued on next page ...

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**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 8. Inventories and other assets (continued)**

**(i) Other disclosures**

\$ '000	Notes	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>(a) Details for real estate development</b>					
Industrial/commercial		6,479	—	6,479	—
Other properties		160	—	160	—
<b>Total real estate for resale</b>		<b>6,639</b>	<b>—</b>	<b>6,639</b>	<b>—</b>
(Valued at the lower of cost and net realisable value)					
<b>Represented by:</b>					
Acquisition costs		6,050	—	6,050	—
Development costs		429	—	429	—
Other properties – book value		160	—	160	—
<b>Total costs</b>		<b>6,639</b>	<b>—</b>	<b>6,639</b>	<b>—</b>
<b>Total real estate for resale</b>		<b>6,639</b>	<b>—</b>	<b>6,639</b>	<b>—</b>
<b>Movements:</b>					
Real estate assets at beginning of the year		6,639	—	7,232	—
– Purchases and other costs		—	—	(5,365)	—
– Transfers in from (out to) Note 9		—	—	5,364	—
– WDV of sales (expense)	5	—	—	(592)	—
<b>Total real estate for resale</b>		<b>6,639</b>	<b>—</b>	<b>6,639</b>	<b>—</b>

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

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

\$ '000	2019	2018
Real estate for resale	6,639	6,639
	<b>6,639</b>	<b>6,639</b>

**Accounting policy for inventories and other assets**

**Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Land held for resale/capitalisation of borrowing costs**

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

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

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 9. Non-current assets classified as held for sale**

**(i) Non-current assets and disposal group assets**

\$ '000	2019	2018
<b>Non-current assets 'held for sale'</b>		
Land	7,589	5,364
<b>Total non-current assets 'held for sale'</b>	<b>7,589</b>	<b>5,364</b>
<b>TOTAL NON-CURRENT ASSETS CLASSIFIED AS 'HELD FOR SALE'</b>	<b>7,589</b>	<b>5,364</b>

**(ii) Details of assets and disposal groups**

**9 The Kingsway, Cronulla**

This land parcel is surplus to Council's requirements. It is currently being used as an unofficial carpark for adjoining commercial properties. This sale was originally due to settle in March 2019. The purchaser has provided Council with a revised settlement date on a number of occasions. The sale will has not completed and settlement has been extended to June 2020.

**348R The Kingsway, Caringbah**

This parcel is an irregular shape, small in size and most valuable commercially if amalgamated with an adjoining property. The adjoining owner intends to develop their land and has offered to purchase this property. Council improvements on the site include a building currently occupied by Orana NSW Inc and public toilets. Council will be able to unlock capital tied to this site, with sale proceeds assisting with funding ongoing community needs. Settlement is expected to take place in October 2020.

**Accounting policy for non-current assets classified as held for sale**

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. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as assets arising from employee benefits; financial assets; and investment properties that are carried at fair value.

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 10. Infrastructure, property, plant and equipment

\$'000	as at 30/6/2018			Asset movements during the reporting period							as at 30/6/2019		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Depreciation expense	Carrying value of disposals	Adjustments and transfers	Amalgamations transfers in/(out)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	2,565	–	2,565	6,003	–	–	–	(1,967)	–	–	6,601	–	6,601
Plant and equipment	37,117	(22,034)	15,083	1,193	45	(1,455)	(200)	–	–	–	33,048	(18,382)	14,666
Office equipment	3,985	(3,329)	656	–	–	(92)	–	–	–	–	1,670	(1,106)	564
Furniture and fittings	12,300	(9,975)	2,325	6	–	(308)	(33)	–	–	–	9,751	(7,761)	1,990
Plant and equipment (under finance lease)	2,320	(1,600)	720	436	–	(615)	–	–	–	–	1,862	(1,321)	541
<b>Land:</b>													
– Operational land	215,050	–	215,050	–	570	–	(570)	–	–	–	215,050	–	215,050
– Community land	222,391	–	222,391	2	2,363	–	(37)	38	(2,225)	1,860	224,392	–	224,392
– Land under roads (post 30/6/08)	13,069	–	13,069	–	–	–	–	–	–	3,230	16,299	–	16,299
<b>Infrastructure:</b>													
– Buildings	508,513	(168,560)	339,953	2,481	746	(6,771)	–	–	–	–	511,740	(175,331)	336,409
– Other structures	12,586	(8,917)	3,669	36	–	(273)	–	–	–	–	9,393	(5,961)	3,432
– Roads	989,680	(267,933)	721,747	9,811	3,062	(13,012)	(1,986)	–	–	–	1,000,020	(280,398)	719,622
– Bridges	14,717	(7,626)	7,091	367	46	(111)	–	–	–	–	15,130	(7,737)	7,393
– Footpaths	101,454	(26,416)	75,038	1,256	82	(925)	(6)	–	–	–	102,784	(27,339)	75,445
– Bulk earthworks (non-depreciable)	151,244	–	151,244	234	–	–	–	–	–	–	151,478	–	151,478
– Stormwater drainage	904,427	(338,631)	565,796	718	1,471	(9,200)	–	734	–	–	907,350	(347,831)	559,519
– Swimming pools	16,718	(12,391)	4,327	942	539	(356)	–	1,144	–	–	19,343	(12,747)	6,596
– Other open space/recreational assets	144,278	(60,608)	83,670	938	183	(3,220)	(1)	51	(2,320)	–	130,868	(51,567)	79,301
– Other infrastructure	32,060	(13,579)	18,481	541	69	(652)	–	–	–	–	32,557	(14,118)	18,439
<b>Other assets:</b>													
– Heritage collections	394	–	394	–	19	–	–	–	–	–	413	–	413
– Library books	11,119	(8,676)	2,443	–	1,153	(876)	–	–	–	–	5,610	(2,890)	2,720
– Other	167	–	167	–	–	–	–	–	–	–	167	–	167
<b>Total Infrastructure, property, plant and equipment</b>	<b>3,396,154</b>	<b>(950,275)</b>	<b>2,445,879</b>	<b>24,964</b>	<b>10,348</b>	<b>(37,866)</b>	<b>(2,833)</b>	<b>–</b>	<b>(4,545)</b>	<b>5,090</b>	<b>3,395,526</b>	<b>(954,489)</b>	<b>2,441,037</b>

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

## Sutherland Shire Council

### Notes to the Financial Statements for the year ended 30 June 2019

#### Note 10. Infrastructure, property, plant and equipment (continued)

	as at 30/6/2017			Asset movements during the reporting period									as at 30/6/2018				
	\$ '000	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Amalgamations transfers in/(out)	from/(to) real estate assets (Note 9)	Tfrs to equity (ARR)	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	2,128	–	2,128	840	1,270	–	–	(1,672)	–	–	–	–	–	–	2,565	–	2,565
Plant and equipment	34,727	(21,419)	13,308	1,913	82	(286)	(1,516)	1,918	335	–	–	–	–	–	37,117	(22,034)	15,083
Office equipment	3,985	(3,185)	800	–	–	–	(144)	–	–	–	–	–	–	–	3,985	(3,329)	656
Furniture and fittings	12,231	(9,548)	2,683	10	–	–	(370)	139	137	–	–	–	–	–	12,300	(9,975)	2,325
Plant and equipment (under finance lease)	2,510	(1,130)	1,380	131	–	–	(791)	–	–	–	–	–	–	–	2,320	(1,600)	720
<b>Land:</b>																	
– Operational land	108,213	–	108,213	–	–	–	–	117	–	(5,364)	–	112,085	215,050	–	215,050		
– Community land	222,008	–	222,008	–	541	(1)	–	(157)	–	–	–	–	222,391	–	222,391		
– Land under roads (post 30/6/08)	12,554	–	12,554	–	482	–	–	40	–	–	–	(7)	13,069	–	13,069		
Land improvements – non-depreciable	2,446	–	2,446	–	–	–	–	(2,446)	–	–	–	–	–	–	–	–	–
Land improvements – depreciable	12,473	(4,600)	7,873	–	203	(13)	–	(12,653)	(4,590)	–	–	–	–	–	–	–	–
<b>Infrastructure:</b>																	
– Buildings	502,258	(162,013)	340,245	5,437	128	(338)	(6,701)	1,182	–	–	–	–	508,513	(168,560)	339,953		
– Other structures	12,064	(8,559)	3,505	354	–	–	(283)	168	76	–	–	–	12,586	(8,917)	3,669		
– Roads	970,678	(255,315)	715,363	18,299	703	–	(12,619)	–	–	–	–	–	989,680	(267,933)	721,747		
– Bridges	14,324	(7,520)	6,804	393	–	–	(106)	–	–	–	–	–	14,717	(7,626)	7,091		
– Footpaths	97,654	(25,522)	72,132	3,134	666	–	(893)	–	–	–	–	–	101,454	(26,416)	75,038		
– Bulk earthworks (non-depreciable)	152,097	–	152,097	441	–	–	–	(1,294)	–	–	–	–	151,244	–	151,244		
– Stormwater drainage	714,995	(250,005)	464,990	524	338	–	(7,235)	1,294	–	–	(10,947)	116,832	904,427	(338,631)	565,796		
– Swimming pools	16,667	(12,057)	4,610	51	–	–	(334)	–	–	–	–	–	16,718	(12,391)	4,327		
– Other open space/recreational assets	126,606	(53,876)	72,730	2,578	2,880	(5)	(2,900)	12,218	3,833	–	–	–	144,278	(60,608)	83,670		
– Other infrastructure	28,692	(12,762)	15,930	2,221	–	–	(607)	1,146	209	–	–	–	32,060	(13,579)	18,481		
<b>Other assets:</b>																	
– Heritage collections	353	–	353	–	41	–	–	–	–	–	–	–	394	–	394		
– Library books	10,032	(7,874)	2,158	–	1,086	–	(801)	–	–	–	–	–	11,119	(8,676)	2,443		
– Other	182	(7)	175	–	–	(8)	–	–	–	–	–	–	167	–	167		
<b>Total Infrastructure, property, plant and equipment</b>	<b>3,059,877</b>	<b>(835,392)</b>	<b>2,224,485</b>	<b>36,326</b>	<b>8,420</b>	<b>(651)</b>	<b>(35,300)</b>	<b>–</b>	<b>–</b>	<b>(5,364)</b>	<b>(10,947)</b>	<b>228,910</b>	<b>3,396,154</b>	<b>(950,275)</b>	<b>2,445,879</b>		

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 10. Infrastructure, property, plant and equipment (continued)

#### **Accounting policy for infrastructure, property, plant and equipment**

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.

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. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. 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>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	7-15	Playground equipment	5-30
Furniture & Fittings	15	Benches, seats etc.	30 to 40
Computer equipment	3		
Vehicles	3 to 7	<b>Other Infrastrucure Assets</b>	
Heavy plant/road making equipment	5 to 8	Bulk earthworks	infinite
Other plant and equipment	2 to 50	Swimming pools shells	50
		Other open space / recreational assets	5 to 50
		Other structures	10 to 100
		Other	10 to 100
<b>Transportation assets</b>			
Sealed roads: surface	40		
Sealed roads: structure base	110		
Sealed roads: structure sub-base	130	<b>Stormwater assets</b>	
Bridges: foot	80	Drains	100
Bridges: road	150	Culverts	100
Road pavements carparks	55	Headwalls	98
Kerb and gutter	120	Water quality devices	28
Footpaths on roads	110	Rehab, Creeks & Wetland Structural work	150
Pathways not on roads	50		
		<b>Buildings</b>	
		Buildings	75

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 in accordance with AASB 1051 Land Under Roads.

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

**Notes to the Financial Statements**  
for the year ended 30 June 2019**Note 10. Infrastructure, property, plant and equipment (continued)****Crown reserves**

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

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

**Rural Fire Service assets**

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 is of the view that despite the vesting of fire fighting equipment, it does not have primary control of this equipment. Council does not make decisions in relation to the purchase, insurance, operation and usage or disposal of these assets.

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 11. Investment property**

\$ '000	2019	2018
<b>(a) Investment property at fair value</b>		
<b>Investment properties on hand</b>	<b>55,405</b>	<b>54,955</b>
<b>Reconciliation of annual movement:</b>		
Opening balance	54,955	55,075
– Capitalised expenditure – this year	–	73
– Net gain/(loss) from fair value adjustments	450	(193)
<b>CLOSING BALANCE – INVESTMENT PROPERTY</b>	<b>55,405</b>	<b>54,955</b>

**(b) Valuation basis**

The basis of valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The June 2019 revaluations were based on independent assessments made by:  
Robert Randall Registered Practicing Valuer AAPI 2246 McLennan Steege Smith Property Valuations

**(c) Contractual obligations at reporting date**

Refer to Note 18 for disclosures relating to any capital and service obligations that have been contracted.

**(d) Leasing arrangements – Council as lessor**

The investment properties are leased to tenants under long-term operating leases with rentals payable monthly.

Future minimum lease payments receivable under non-cancellable investment property operating leases not recognised in the financial statements are receivable as follows:

Within 1 year	4,232	3,362
Later than 1 year but less than 5 years	8,778	8,926
Later than 5 years	96,008	94,883
<b>Total minimum lease payments receivable</b>	<b>109,018</b>	<b>107,171</b>

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 11. Investment property (continued)**

\$ '000	2019	2018
<b>(e) Investment property income and expenditure – summary</b>		
<b>Rental income from investment property:</b>		
– Minimum lease payments	4,559	4,000
<b>Direct operating expenses on investment property:</b>		
– that generated rental income	(354)	(246)
<b>Net revenue contribution from investment property</b>	<b>4,205</b>	<b>3,754</b>
plus:		
<b>Fair value movement for year</b>	<b>450</b>	<b>(193)</b>
<b>Total income attributable to investment property</b>	<b>4,655</b>	<b>3,561</b>

**Accounting policy for investment property**

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 a separate line item.

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

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 12. Payables and borrowings**

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Payables</b>				
Goods and services	8,335	–	9,311	–
Accrued expenses:				
– Other expenditure accruals	385	–	658	–
Advances	18	–	–	–
Security bonds, deposits and retentions (>12 months)	11,564	–	12,381	–
Security bonds, deposits and retentions (<12 months)	5,241	–	4,635	–
Other Sundry Bonds (>12 months)	357	–	414	–
Other Sundry Bonds (<12 months)	352	–	150	–
Other	–	–	23	–
<b>Total payables</b>	<b>26,252</b>	<b>–</b>	<b>27,572</b>	<b>–</b>
<b>Income received in advance</b>				
Payments received in advance	1,068	–	1,510	–
<b>Total income received in advance</b>	<b>1,068</b>	<b>–</b>	<b>1,510</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	1,444	3,156	1,398	4,599
Finance lease liabilities	218	231	561	101
<b>Total borrowings</b>	<b>1,662</b>	<b>3,387</b>	<b>1,959</b>	<b>4,700</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>28,982</b>	<b>3,387</b>	<b>31,041</b>	<b>4,700</b>

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 20.

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>(a) Payables and borrowings relating to restricted assets</b>				
Externally restricted assets				
Domestic waste management	704	–	582	–
Payables and borrowings relating to externally restricted assets	704	–	582	–
<b>Total payables and borrowings relating to restricted assets</b>	<b>704</b>	<b>–</b>	<b>582</b>	<b>–</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>28,278</b>	<b>3,387</b>	<b>30,459</b>	<b>4,700</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>28,982</b>	<b>3,387</b>	<b>31,041</b>	<b>4,700</b>

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Notes to the Financial Statements  
for the year ended 30 June 2019

**Note 12. Payables and borrowings (continued)**

\$ '000	2019	2018
<b>(b) Current payables and borrowings not anticipated to be settled within the next twelve months</b>		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	11,920	12,795
<b>Total payables and borrowings</b>	<b>11,920</b>	<b>12,795</b>

**(c) Changes in liabilities arising from financing activities**

\$ '000	as at 30/6/2018			as at 30/6/2019		
	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	5,997	(1,397)	–	–	–	4,600
Finance lease liabilities	662	(649)	436	–	–	449
<b>TOTAL</b>	<b>6,659</b>	<b>(2,046)</b>	<b>436</b>	<b>–</b>	<b>–</b>	<b>5,049</b>

\$ '000	as at 30/6/2017			as at 30/6/2018		
	Opening Balance	Cash flows	Non-cash acquisitions	Non-cash fair value changes	Other non-cash movements	Closing balance
Loans – secured	7,359	(1,362)	–	–	–	5,997
Finance lease liabilities	1,276	(745)	131	–	–	662
<b>TOTAL</b>	<b>8,635</b>	<b>(2,107)</b>	<b>131</b>	<b>–</b>	<b>–</b>	<b>6,659</b>

\$ '000	2019	2018
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**(d) Financing arrangements**

**(i) Unrestricted access was available at balance date to the following lines of credit:**

Bank overdraft facilities <sup>1</sup>	750	750
Credit cards/purchase cards	120	120
<b>Total financing arrangements</b>	<b>870</b>	<b>870</b>

**Undrawn facilities as at balance date:**

– Bank overdraft facilities	750	750
– Credit cards/purchase cards	76	120
<b>Total undrawn financing arrangements</b>	<b>826</b>	<b>870</b>

**Additional financing arrangements information**

**Breaches and defaults**

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

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

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## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 12. Payables and borrowings (continued)

#### Accounting policy for payables and borrowings

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

The financial liabilities of the Council comprise trade payables, bank and other loans and finance lease liabilities.

#### Payables

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

#### Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

#### Finance leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased assets or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 13. Provisions**

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
<b>Provisions</b>				
<b>Employee benefits</b>				
Annual leave	10,651	—	10,001	—
Sick leave	1,823	—	1,706	—
Long service leave	21,362	1,124	19,383	1,020
Gratuities	979	—	937	—
<b>Sub-total – aggregate employee benefits</b>	<b>34,815</b>	<b>1,124</b>	<b>32,027</b>	<b>1,020</b>
<b>Other provisions</b>				
Self insurance – workers compensation	1,289	4,087	1,512	3,399
Self insurance – public liability	264	30	200	174
<b>Sub-total – other provisions</b>	<b>1,553</b>	<b>4,117</b>	<b>1,712</b>	<b>3,573</b>
<b>TOTAL PROVISIONS</b>	<b>36,368</b>	<b>5,241</b>	<b>33,739</b>	<b>4,593</b>

**(a) Provisions relating to restricted assets**

<b>Externally restricted assets</b>				
Domestic waste management	2,195	150	2,841	490
Provisions relating to externally restricted assets	2,195	150	2,841	490
<b>Total provisions relating to restricted assets</b>	<b>2,195</b>	<b>150</b>	<b>2,841</b>	<b>490</b>
<b>Total provisions relating to unrestricted assets</b>	<b>34,173</b>	<b>5,091</b>	<b>30,898</b>	<b>4,103</b>
<b>TOTAL PROVISIONS</b>	<b>36,368</b>	<b>5,241</b>	<b>33,739</b>	<b>4,593</b>

**(b) Current provisions not anticipated to be settled within the next twelve months**

\$ '000	2019	2018
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	21,925	19,934
	<b>21,925</b>	<b>19,934</b>

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## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 13. Provisions (continued)

#### (b) Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	Other employee benefits	
<b>2019</b>					
At beginning of year	10,001	1,706	20,403	937	33,047
Other	650	117	2,083	42	2,892
<b>Total ELE provisions at end of period</b>	<b>10,651</b>	<b>1,823</b>	<b>22,486</b>	<b>979</b>	<b>35,939</b>
<b>2018</b>					
At beginning of year	10,158	1,835	20,809	1,176	33,978
Additional provisions	8,302	90	2,668	(1)	11,059
Amounts used (payments)	(8,469)	(206)	(3,057)	(244)	(11,976)
Remeasurement effects	10	(3)	(16)	(4)	(13)
Other	–	(10)	(1)	10	(1)
<b>Total ELE provisions at end of period</b>	<b>10,001</b>	<b>1,706</b>	<b>20,403</b>	<b>937</b>	<b>33,047</b>
 <b>Other provisions</b>					
\$ '000	Audit	Self insurance	Total		
<b>2019</b>					
At beginning of year	138	5,285	5,423		
Amounts used (payments)	(138)	–	(138)		
Other	–	385	385		
<b>Total other provisions at end of period</b>	<b>–</b>	<b>5,670</b>	<b>5,670</b>		
<b>2018</b>					
At beginning of year	136	4,153	4,289		
Additional provisions	2	791	793		
Amounts used (payments)	–	(251)	(251)		
Other	–	592	592		
<b>Total other provisions at end of period</b>	<b>138</b>	<b>5,285</b>	<b>5,423</b>		

#### Nature and purpose of non-employee benefit provisions

##### Self-insurance

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

The Self Insurance Workers Compensation provision was calculated by David G. Hart Consulting Pty Ltd (Member of Institute of Actuaries Australia)

##### Accounting policy for provisions

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

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

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

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**Notes to the Financial Statements**  
for the year ended 30 June 2019**Note 13. Provisions (continued)****Employee benefits****Short-term obligations**

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

**Other long-term employee benefit obligations**

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

**On-costs**

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

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

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 14. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors**

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**Nature and purpose of reserves**

**Infrastructure, property, plant and equipment revaluation reserve**

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

**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.

**Available for sale investments revaluation reserve (2018 only)**

Changes in fair value are taken to the available-for-sale investments revaluation reserve, amounts are recognised in profit and loss when the associated assets are sold or impaired.

Notes to the Financial Statements  
for the year ended 30 June 2019

**Note 15. Statement of cash flows - additional information**

\$ '000	Notes	2019	2018
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6(a)	10,868	13,412
<b>Balance as per the Statement of Cash Flows</b>		<b>10,868</b>	<b>13,412</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>32,289</b>	<b>34,975</b>
<b>Adjust for non-cash items:</b>			
Ridge Depreciation		–	–
Depreciation and amortisation		37,590	34,982
Net losses/(gains) on disposal of assets		1,174	72
Non-cash capital grants and contributions		(837)	(1,172)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investment property		(450)	193
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(5,044)	4,263
(Decrease)/increase in provision for doubtful debts		(31)	(80)
(Increase)/decrease in inventories		(4)	(16)
(Increase)/decrease in other assets		588	(99)
Increase/(decrease) in payables		(976)	129
(Decrease)/increase in other accrued expenses payable		(273)	435
Increase/(decrease) in other liabilities		(513)	4,439
(Decrease)/increase in employee leave entitlements		2,892	(931)
Increase/(decrease) in other provisions		385	1,134
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>66,790</b>	<b>78,324</b>
<b>(c) Non-cash investing and financing activities</b>			
Acquisition of plant and equipment by means of finance lease		436	131
Other dedications Land Under Roads		–	482
Land dedications (other than s94)		837	40
Other non-cash items Investment Properties		–	650
Net depreciation adjustment (Ridge Golf Course)		–	–
<b>Total non-cash investing and financing activities</b>		<b>1,273</b>	<b>1,303</b>

**Notes to the Financial Statements**  
for the year ended 30 June 2019**Note 16. Interests in other entities****Unconsolidated structured entities**

Council did not consolidate the following structured entities:

\$ '000	2019	2018
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**SSROC : Southern Sydney Regional Organisation of Councils**

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

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

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

Losses (or expenses) incurred by Council relating to the Structured Entity	70	95
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**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 17. Commitments**

\$ '000	2019	2018
<b>(a) Capital commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	562	—
Plant and equipment	1,399	—
Other – incl. works/construction of public amenities	1,402	2,433
Road Infrastructure	1,294	—
<b>Total commitments</b>	<b>4,657</b>	<b>2,433</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	4,657	2,433
<b>Total payable</b>	<b>4,657</b>	<b>2,433</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	4,657	2,433
<b>Total sources of funding</b>	<b>4,657</b>	<b>2,433</b>

**(b) Finance lease commitments**

**(i) Commitments under finance leases at the reporting date are payable as follows:**

\$ '000	2019	2018
Within the next year	227	571
Later than one year and not later than 5 years	237	103
<b>Total minimum lease payments</b>	<b>464</b>	<b>674</b>
Less: future finance charges	(15)	(12)
<b>Amount recognised as a liability</b>	<b>449</b>	<b>662</b>

**(ii) Finance lease liability recognised represent:**

\$ '000	2019	2018
Current liabilities	218	561
Non-current liabilities	231	101
<b>Total finance lease liabilities disclosed</b>	<b>449</b>	<b>662</b>

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**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 17. Commitments (continued)**

\$ '000	Option to purchase 2019	Contingent rent clauses 2019	2019		2018
			2019	2018	2018
<b>(iii) General details</b>					
Computers – carrying value	NO	NO	292	–	
Other equipment/assets	NO	NO	157	662	
<b>Total carrying value at period end</b>			<b>449</b>	<b>662</b>	

**(c) Operating lease commitments (non-cancellable)**

**a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:**

Within the next year	3,106	3,167
Later than one year and not later than 5 years	3,344	6,110
<b>Total non-cancellable operating lease commitments</b>	<b>6,450</b>	<b>9,277</b>

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

Garbage Compactors, Tractors, Road Sweepers, Leisure Centre Equipment & other Plant & Equipment.

**Conditions relating to finance and operating leases:**

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 18. Contingencies and other assets/liabilities not recognised

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).

*Description of the funding arrangements.*

Pooled employers are required to pay future service employer contributions and past service employer contributions to the fund.

The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard 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 7% of salaries 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 \$40 million from 1 July 2018 for to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2018. These past service contributions are used to maintain the adequacy of the funding position for accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

*Description of the extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan*

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

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

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

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

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## Notes to the Financial Statements

for the year ended 30 June 2019

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2019 was \$1,926,866.67. The last valuation of the Fund was performed by Mr Richard Boyfield, FIAA on 31 December 2018 and covers the period ended 30 June 2018.

The amount of additional contributions included in the total employer contribution advised above is \$1,014,999.96. Council's expected contribution to the Fund for the next annual reporting period is \$1,821,326.32.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2019 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1798.7	
Past Service Liabilities	1784.2	100.8%
Vested Benefits	1792.0	100.4%

\* excluding member accounts and reserves in both assets and liabilities.

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$2,010,200 as at 30 June 2019.

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

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

Investment return	5.75% per annum
Salary inflation	3.5% per annum
Increase in CPI	2.5% per annum

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 around November/December 2019.

#### (ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30 June 2019 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.

## Notes to the Financial Statements for the year ended 30 June 2019

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

#### (iv) Other guarantees

##### (i) State Insurance Regulatory Authority (SIRA)

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

As at 30 June 2018 the bank guarantee held by State Insurance Regulatory Authority (SIRA) was in the amount of \$4,300,000. At 30 June 2019, Council's actuarial assessment has recommended a security of \$4,330,000 be held to satisfy the new calculation formula. SIRA has been advised of the recommendation and once reviewed and agreed by them, the appropriate amount of the guarantee will be organised with Council's banker. Council's actuary is David G Hart Consulting Pty Ltd.

##### (ii) Elouera Surf Life Saving Club

As at 30 June 2019, a security deposit was held by National Australia Bank Ltd totalling \$600,000 on behalf of Elouera Surf Life Saving Club for a loan to undertake Club building improvements. No loss is anticipated.

##### (iii) Wanda Surf Life Saving Club

As at 30 June 2019, a loan guarantee was held by ANZ Ltd totalling \$1,500,000 on behalf of Wanda Surf Life Saving Club for a loan to undertake Club building improvements. No loss is anticipated.

## 2. Other liabilities

### Tip Remediation - Ferntree Reserve Restrictions imposed by Council

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

A risk analysis has been completed and discussions are being held between Council, its consultants and Sydney Water as to works required to mitigate the risks associated with land slip likely to damage the main Woronora Dam water distribution pipeline located downslope of the old tip.

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

#### (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.

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**Notes to the Financial Statements**  
for the year ended 30 June 2019**Note 18. Contingencies and other assets/liabilities not recognised (continued)****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.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 19. Financial risk management

#### Risk management

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

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

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

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

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

\$ '000	Carrying value 2019	Carrying value 2018	Fair value 2019	Fair value 2018
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	10,868	13,412	10,868	13,412
Receivables	18,006	12,953	17,477	12,953
Investments				
– 'Financial assets at amortised cost' / 'held to maturity' (2018)	134,600	105,100	134,600	105,100
<b>Fair value through profit and loss</b>				
Investments				
– 'Held for trading'	40,547	34,841	40,250	34,841
<b>Total financial assets</b>	<b>204,021</b>	<b>166,306</b>	<b>203,195</b>	<b>166,306</b>
<b>Financial liabilities</b>				
Payables	26,252	27,572	26,156	28,024
Loans/advances	4,600	5,997	4,734	5,997
Lease liabilities	449	662	450	662
<b>Total financial liabilities</b>	<b>31,301</b>	<b>34,231</b>	<b>31,340</b>	<b>34,683</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 held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through profit and loss**' or (ii) '**available-for-sale**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

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 its 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:

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## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 19. Financial risk management (continued)

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

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.

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2019</b>				
Possible impact of a 10% movement in market values	4,055	4,055	(4,055)	(4,055)
Possible impact of a 1% movement in interest rates	1,455	1,455	(1,455)	(1,455)
<b>2018</b>				
Possible impact of a 10% movement in market values	3,484	3,484	(3,484)	(3,484)
Possible impact of a 1% movement in interest rates	1,185	1,185	(1,185)	(1,185)

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 19. Financial risk management (continued)

#### (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.

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2019</b>						
Gross carrying amount	–	4,388	630	973	299	6,290
<b>2018</b>						
Gross carrying amount	–	3,227	624	933	261	5,045

##### Receivables - non-rates and annual charges

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2019 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2019</b>						
Gross carrying amount	8,594	2,816	65	714	231	12,420
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	20.00%	0.37%
<b>ECL provision</b>	–	–	–	–	<b>46</b>	<b>46</b>
<b>2018</b>						
Gross carrying amount	5,598	2,070	24	647	304	8,643
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	16.80%	0.59%
<b>ECL provision</b>	–	–	–	–	<b>51</b>	<b>51</b>

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**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 19. Financial risk management (continued)****(c) Liquidity risk**

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through 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 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>2019</b>							
Trade/other payables	0.00%	–	–	–	–	–	26,252
Loans and advances	2.41%	–	1,595	3,309	–	4,904	4,600
Lease liabilities	3.68%	–	227	237	–	464	449
<b>Total financial liabilities</b>		<u>–</u>	<u>1,822</u>	<u>3,546</u>	<u>–</u>	<u>5,368</u>	<u>31,301</u>
<b>2018</b>							
Trade/other payables	0.00%	–	27,434	–	–	27,434	27,572
Loans and advances	3.66%	–	1,603	4,905	–	6,508	5,997
Lease liabilities	2.48%	–	571	103	–	674	662
<b>Total financial liabilities</b>		<u>–</u>	<u>29,608</u>	<u>5,008</u>	<u>–</u>	<u>34,616</u>	<u>34,231</u>

**Loan agreement breaches**

Detail here any breaches to loan agreements which have occurred during the reporting year.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 20. Material budget variations

Council's original financial budget for 2018/19 was adopted by the Council on 18/06/2018 and is unaudited.

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

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

Material variations represent those variances between the original budget figure and the actual result that amount to **10%** or more.

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

\$ '000	2019 Budget	2019 Actual	2019 Variance	
<b>REVENUES</b>				
<b>Rates and annual charges</b>				
	<b>156,158</b>	<b>158,276</b>	<b>2,118</b>	<b>1%</b> <b>F</b>
<b>User charges and fees</b>	<b>36,176</b>	<b>41,796</b>	<b>5,620</b>	<b>16%</b> <b>F</b>
The major contributors to the greater than expected user charges and fees received compared to the original budget were the reclassification of child care funding - previously classified as grants, however are user charges in nature.				
<b>Interest and investment revenue</b>				
	<b>3,557</b>	<b>5,453</b>	<b>1,896</b>	<b>53%</b> <b>F</b>
Actual interest received on investments, both income and coupon payments, were higher than anticipated which saw a favourable position compared to the original budget.				
Council continued to out perform both the industry and its investment performance benchmarks.				
This was in part due to the acquisition of longer term investments which locked in higher yields in recent years.				
<b>Other revenues</b>				
	<b>19,909</b>	<b>17,824</b>	<b>(2,085)</b>	<b>(10)%</b> <b>U</b>
Included in the original budget estimate for other revenue was an amount of \$3.4m for the fair value increment of investment properties held by Council.				
This was based on historical adjustments.				
The revaluation for 30 June 2019 revealed a decrement to the assets held, hence the variation to the budget.				
<b>Operating grants and contributions</b>				
	<b>17,459</b>	<b>10,854</b>	<b>(6,605)</b>	<b>(38)%</b> <b>U</b>
The major contributor to the lesser than expected operating grants and contributions compared to the original budget were the reclassification of child care funding - previously classified as grants, however are user charges in nature. (Refer User charges and fees).				
<b>Capital grants and contributions</b>				
	<b>22,821</b>	<b>26,316</b>	<b>3,495</b>	<b>15%</b> <b>F</b>
The actual amounts of grants and contributions received depends on decisions made by the State and Commonwealth Government, after the original budget has been adopted. In the current financial year, developer contributions exceeded the original budget estimates by \$3.15m.				
<b>Net gains from disposal of assets</b>				
	<b>5,025</b>	<b>-</b>	<b>(5,025)</b>	<b>100%</b> <b>U</b>
The estimate for the Net gain on sale of assets related to an expected property sale which has been delayed.				
<b>Fair value increment on investment property</b>				
	<b>-</b>	<b>450</b>	<b>450</b>	<b>∞</b> <b>F</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 20. Material budget variations

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----
<b>EXPENSES</b>			
Employee benefits and on-costs	106,236	105,233	1,003 1% F
Borrowing costs	239	208	31 13% F
The original budget estimates included a higher financing cost. Due to the reduction in interest rates, there has been an overall reduction in the financing costs.			
Materials and contracts	48,174	45,027	3,147 7% F
The original budget estimates included increased expenditure for consultancy (\$756K), contractors (\$2.6m) and lease payments (\$1.821m). These savings have offset an increase in Tipping Fees.(\$1.668m).			
Depreciation and amortisation	37,130	37,590	(460) (1)% U
Other expenses	46,379	39,448	6,931 15% F
The original budget estimates for Other Expenses included increased utility charges (\$2m), street lighting (\$900K) and Section 88 charges (\$1m), which were conservative due to recent increases.			
Net losses from disposal of assets	—	1,174	(1,174) ∞ U
<b>STATEMENT OF CASH FLOWS</b>			
Net cash provided from (used in) operating activities	47,425	66,790	19,365 41% F
The combination of higher developer contributions, increased investment income and reduced expenditure in Other Expenses have contributed to the favourable variance of actuals compared to the original cash flow budget estimate.			
Net cash provided from (used in) investing activities	(45,728)	(67,288)	(21,560) 47% U
The sale and purchase of investment securities is difficult to estimate and therefore only a notional amount is included in the original cash flow budget estimate.			
Net cash provided from (used in) financing activities	(1,413)	(2,046)	(633) 45% U
The cash flow budget estimate include receipts from finance leases which did not occur , and a greater amount for the repayment of finance leases.			

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Fair Value Measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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

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).

#### (1) Assets and liabilities that have been measured and recognised at fair values

2019	Notes	Date of latest valuation	Fair value measurement hierarchy			Total
			Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring fair value measurements</b>						
<b>Investment property</b>	11					
Various		30/06/19	–	55,405	–	55,405
<b>Total investment property</b>			–	<b>55,405</b>	–	<b>55,405</b>
<b>Infrastructure, property, plant and equipment</b>	10					
Operational land		30/06/18	–	215,050	–	215,050
Community land		30/06/16	–	–	224,392	224,392
Buildings		30/06/17	–	–	336,409	336,409
Other Structures		Historical	–	–	3,432	3,432
Roads		30/06/17	–	–	719,622	719,622
Bridges		30/06/17	–	–	7,393	7,393
Footpaths		30/06/17	–	–	75,445	75,445
Stormwater drainage		30/06/18	–	–	559,519	559,519
Land under roads		30/06/19	–	–	16,299	16,299
Bulk earthworks non depreciable		30/06/15	–	–	151,478	151,478
Swimming Pools		30/06/17	–	–	6,596	6,596
Other open space/recreational		Historical	–	–	79,301	79,301
Other Infrastructure		Historical	–	–	18,439	18,439
<b>Total infrastructure, property, plant and equipment</b>			–	<b>215,050</b>	<b>2,198,325</b>	<b>2,413,375</b>

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**Notes to the Financial Statements**

for the year ended 30 June 2019

**Note 21. Fair Value Measurement (continued)**

2018	Notes	Date of latest valuation	Fair value measurement hierarchy			Total
			Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring fair value measurements</b>						
<b>Investment property</b>	11					
Various		30/06/18	—	54,955	—	54,955
<b>Total investment property</b>			—	<b>54,955</b>	—	<b>54,955</b>
<b>Infrastructure, property, plant and equipment</b>	10					
Operational land		30/06/18	—	215,050	—	215,050
Community land		30/06/16	—	222,766	222,766	
Buildings		30/06/17	—	339,953	339,953	
Other Structures		Historical	—	3,669	3,669	
Roads		30/06/17	—	721,747	721,747	
Bridges		30/06/17	—	7,091	7,091	
Footpaths		30/06/17	—	75,038	75,038	
Stormwater drainage		30/06/18	—	565,796	565,796	
Land under roads		30/06/18	—	13,069	13,069	
Bulk earthworks non depreciable		30/06/15	—	151,245	151,245	
Swimming Pools		30/06/17	—	4,327	4,327	
Other open space/recreational		Historical	—	83,669	83,669	
Other Infrastructure		Historical	—	18,481	18,481	
<b>Total infrastructure, property, plant and equipment</b>			—	<b>215,050</b>	<b>2,206,851</b>	<b>2,421,901</b>

Note that capital WIP is not included above since it is carried at cost.

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

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

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

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

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

**Investment property**

Council engages an external, independent and qualified valuers to determine the fair value of Council's investments properties.. Investment properties were revalued as at 30 June 2019 (by Robert Randall Registered Practicing Valuer AAPI 2246 McLennan Steege Smith Property Valuations).

Valuations are based on the capitalisation of income.

**Infrastructure, property, plant and equipment (IPP&E)**

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

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

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**Notes to the Financial Statements**  
for the year ended 30 June 2019**Note 21. Fair Value Measurement (continued)****Buildings**

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

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

Buildings were last revalued as at 30 June 2017 by Scott Fullarton Valuation Pty Ltd., in accordance with the fair valuation policy as mandated by the Office of Local Government.

The key unobservable input is the rate per square metre which was benchmarked to construction costs of similar properties across the industry.

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

This asset class includes bridges, bus shelters, carparks, footpaths, kerb and gutter, sealed roads, traffic management devices, cycleways, open space, furniture, park lighting, play equipment, playground facilities, recreational facilities, irrigation and other structures, culverts, stormwater quality improvement devices (creeks and wetlands), open channels, stormwater pits/pipes and structures.

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

The valuation of this asset class was performed internally as there is not active market for assets of this nature. The fair value of these assets was based on their current replacement cost using internal unit rates and condition assessment. These assets were last revalued 30 June 2017 (Roads); 30 June 2018 (Drainage).

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

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

**Land (Operational, Community and Land under roads)**Community land

Council's Community Land valuations have been performed internally based on Valuer General's valuations for rating purposes where available, or the average total Value General rate divided by the total land area to derive a unit rate. (Average Shire Rate). For parcels not in the Valuer General report, the value is derived from the average of the community land parcels rather than the average shire rate.

Council's Community Land was last revalued 30 June 2016 in accordance with the fair valuation policy as mandated by the Office of Local Government.

Operational land (Level 2)

Operational land is valued externally. Where this information is not available, current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences are considered. Council's Operational Land was last revalued 30 June 2018 in accordance with the fair valuation policy as mandated by the Office of Local Government.

Land under roads

The fair value for Land under Roads has been performed internally using a unit rate per square metre, derived from the Valuer General's valuation performed for rating purposes. Given the nature of Land under Roads, comparable sales data is not available. As the Valuer General considers land in all zoning, average unit rates derived from the Valuer General's valuation is considered the most practicable approach to valuing Land under Roads. Council excludes all areas relating to National Parks in this calculation. Land under roads reflects the Office of Local Government discounting policy (adopted 2017). The key unobservable input to the valuation is the rate per square metre. Land under roads was last revalued as at 30 June 2019.

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**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 21. Fair Value Measurement (continued)**

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

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

**2018**

<b>Opening balance</b>	222,008	7,873	340,245	15,930	715,363
Purchases (GBV)	541	203	5,565	2,221	19,002
Disposals (WDV)	(1)	(13)	(338)	—	—
Depreciation and impairment	—	—	(6,701)	(607)	(12,618)
Adjustments Transfers	(157)	(12,653)	1,182	1,146	—
Change in Classification	—	4,590	—	(209)	—
<b>Closing balance</b>	<b>222,391</b>	<b>—</b>	<b>339,953</b>	<b>18,481</b>	<b>721,747</b>

**2019**

<b>Opening balance</b>	222,391	—	339,953	18,481	721,747
Purchases (GBV)	2,365	—	3,227	610	12,873
Disposals (WDV)	(37)	—	—	—	(1,986)
Depreciation and impairment	—	—	(6,771)	(652)	(13,012)
Revaluation	1,860	—	—	—	—
Adjustments Transfers	38	—	—	—	—
Change in Classification	(2,225)	—	—	—	—
<b>Closing balance</b>	<b>224,392</b>	<b>—</b>	<b>336,409</b>	<b>18,439</b>	<b>719,622</b>

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 21. Fair Value Measurement (continued)**

\$ '000	Bridges	Footpaths	Stormwater drainage	Swimming pools	Other open space recreational
<b>2018</b>					
<b>Opening balance</b>	6,804	72,132	464,990	4,610	72,730
Purchases (GBV)	393	3,799	862	51	5,458
Disposals (WDV)	—	—	—	—	(5)
Depreciation and impairment	(106)	(893)	(7,235)	(334)	(2,900)
Revaluation	—	—	105,885	—	—
Adjustments Transfers	—	—	1,294	—	12,218
Change in Classification	—	—	—	—	(3,832)
<b>Closing balance</b>	7,091	75,038	565,796	4,327	83,669
<b>2019</b>					
<b>Opening balance</b>	7,091	75,038	565,796	4,327	83,669
Purchases (GBV)	413	1,338	2,189	1,481	1,121
Disposals (WDV)	—	(6)	—	—	(1)
Depreciation and impairment	(111)	(925)	(9,200)	(356)	(3,219)
Revaluation	—	—	—	—	(2,320)
Adjustments Transfers	—	—	734	1,144	51
<b>Closing balance</b>	7,393	75,445	559,519	6,596	79,301

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**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 21. Fair Value Measurement (continued)**

\$ '000	Other structures	Land under roads	Land improvement s non-deprecia ble	Bulk earthworks non-deprecia ble	Total
<b>2018</b>					
<b>Opening balance</b>	3,505	12,554	2,446	152,097	<b>2,093,287</b>
Purchases (GBV)	354	482	—	441	<b>39,372</b>
Disposals (WDV)	—	—	—	—	(357)
Depreciation and impairment	(282)	—	—	—	(31,676)
Revaluation	—	(7)	—	—	<b>105,878</b>
Adjustments Transfers	168	40	(2,446)	(1,293)	(501)
Change in Classification	(76)	—	—	—	<b>473</b>
<b>Closing balance</b>	<b>3,669</b>	<b>13,069</b>	<b>—</b>	<b>151,245</b>	<b>2,206,476</b>
<b>2019</b>					
<b>Opening balance</b>	3,669	13,069	—	151,245	<b>2,206,476</b>
Purchases (GBV)	36	—	—	233	<b>25,886</b>
Disposals (WDV)	—	—	—	—	(2,030)
Depreciation and impairment	(273)	—	—	—	(34,519)
Revaluation	—	3,230	—	—	<b>2,770</b>
Adjustments Transfers	—	—	—	—	<b>1,967</b>
Change in Classification	—	—	—	—	(2,225)
<b>Closing balance</b>	<b>3,432</b>	<b>16,299</b>	<b>—</b>	<b>151,478</b>	<b>2,198,325</b>

## Sutherland Shire Council

Financial Statements 2019

### Notes to the Financial Statements for the year ended 30 June 2019

#### Note 22. Related Party Transactions

##### Key management personnel

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

Specifically, key management personnel of Council are

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

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

\$ '000	2019	2018
<b>Compensation:</b>		
Short-term benefits	1,866	2,238
Post-employment benefits	85	7
Other long-term benefits	132	114
<b>Total</b>	<b>2,083</b>	<b>2,359</b>

#### Note 23. Events occurring after the reporting date

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

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 24. Statement of developer contributions

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

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

#### Summary of contributions and levies

	\$ '000	as at 30/6/2018			Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/6/2019	
		Opening Balance	Cash	Non-cash				Held as restricted asset	Cumulative internal borrowings due/(payable)
Open space	42,722	10,201	560	1,658	(3,546)	—	51,035	—	
Community facilities	5,902	766	43	175	(430)	—	6,413	—	
<b>S7.11 contributions – under a plan</b>	<b>48,624</b>	<b>10,967</b>	<b>603</b>	<b>1,833</b>	<b>(3,976)</b>	—	<b>57,448</b>	—	
<b>S7.12 levies – under a plan</b>	<b>5,026</b>	<b>4,031</b>	<b>2</b>	<b>199</b>	<b>(925)</b>	—	<b>8,331</b>	—	
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>53,650</b>	<b>14,998</b>	<b>605</b>	<b>2,032</b>	<b>(4,901)</b>	—	<b>65,779</b>	—	
S7.11 not under plans	1,395	—	—	38	—	—	1,433	—	
<b>Total contributions</b>	<b>55,045</b>	<b>14,998</b>	<b>605</b>	<b>2,070</b>	<b>(4,901)</b>	—	<b>67,212</b>	—	

#### S7.11 Contributions – under a plan

##### CONTRIBUTION PLAN – SHIRE WIDE PLAN (2005)

Open space	33,191	2,226	(9,235)	1,137	(2,092)	—	34,462	—
<b>Total</b>	<b>33,191</b>	<b>2,226</b>	<b>(9,235)</b>	<b>1,137</b>	<b>(2,092)</b>	—	<b>34,462</b>	—

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

Community facilities	5,902	766	43	175	(430)	—	6,413	—
<b>Total</b>	<b>5,902</b>	<b>766</b>	<b>43</b>	<b>175</b>	<b>(430)</b>	—	<b>6,413</b>	—

##### Section 94 2016 Plans (2016)

Open space	9,531	7,975	9,795	521	(1,454)	—	16,573	—
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## Sutherland Shire Council

Financial Statements 2019

### Notes to the Financial Statements for the year ended 30 June 2019

#### Note 24. Statement of developer contributions (continued)

	\$ '000	as at 30/6/2018			as at 30/6/2019			
		Opening Balance	Cash	Non-cash	Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset
Total	9,531		7,975	9,795	521	(1,454)	—	16,573

#### S7.12 Levies – under a plan

##### Section 94A

Open space	5,026	4,031	2	199	(925)	—	8,331	—
<b>Total</b>	<b>5,026</b>	<b>4,031</b>	<b>2</b>	<b>199</b>	<b>(925)</b>	<b>—</b>	<b>8,331</b>	<b>—</b>

#### S7.11 Contributions – not under a plan

##### Pre 1993 Woronora Northern Access Road

Roads	1,395	—	—	38	—	—	1,433	—
<b>Total</b>	<b>1,395</b>	<b>—</b>	<b>—</b>	<b>38</b>	<b>—</b>	<b>—</b>	<b>1,433</b>	<b>—</b>

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 25(a). Statement of performance measures – consolidated results**

\$ '000	Amounts 2019	Indicator 2019	Prior periods 2018	2017	Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>6,697</b>	2.86%	3.23%	9.25%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>234,203</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>221,611</b>	85.07%	83.98%	76.39%	>60.00%
Total continuing operating revenue <sup>1</sup>	<b>260,519</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>97,555</b>	3.41x	3.09x	2.36x	>1.50x
Current liabilities less specific purpose liabilities	<b>28,606</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>44,495</b>	21.80x	17.88x	21.17x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>2,041</b>				
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>					
Rates, annual and extra charges outstanding	<b>6,989</b>	4.28%	3.58%	3.59%	<5.00%
Rates, annual and extra charges collectible	<b>163,229</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>145,468</b>	8.75 mths	7.72 mths	6.10 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	<b>16,625</b>				

(1) Excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets, and net loss of interests in joint ventures and associates.

(2) Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates

Notes to the Financial Statements  
for the year ended 30 June 2019

**End of audited financial statements**

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**End of audited General Purpose Financial Statements**

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 25(b). Statement of performance measures – consolidated results (graphs)

#### 1. Operating performance ratio



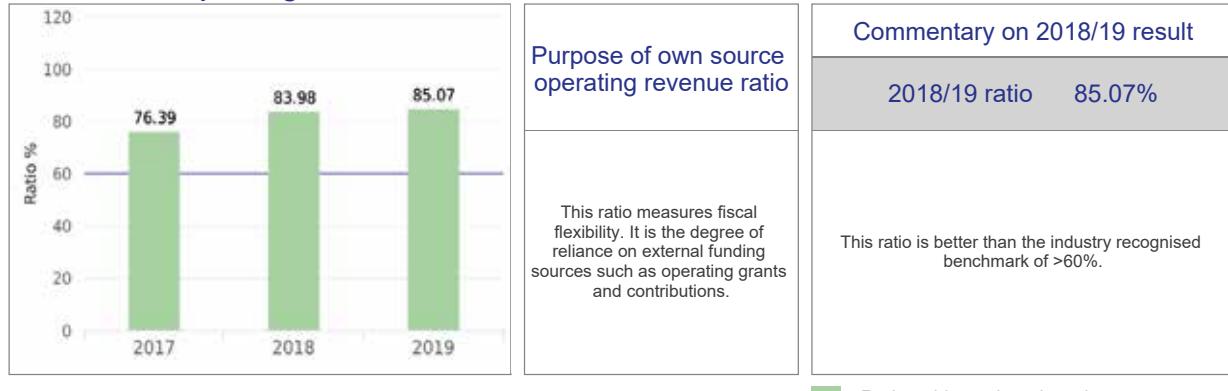
Benchmark: — &gt; 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



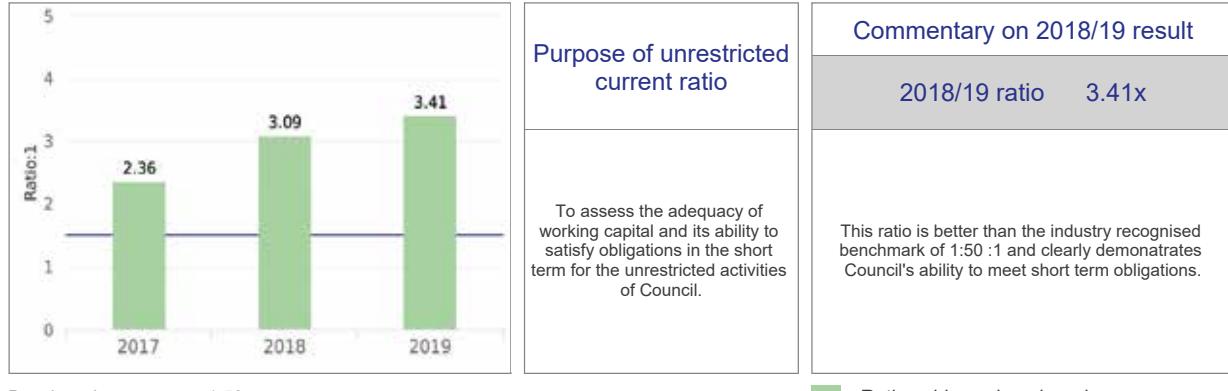
Benchmark: — &gt; 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



Benchmark: — &gt; 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

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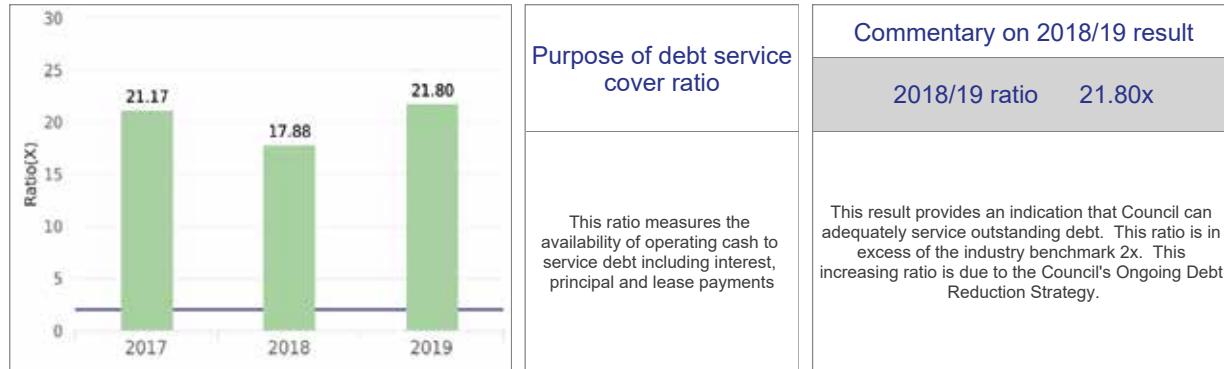
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## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 25(b). Statement of performance measures – consolidated results (graphs)

#### 4. Debt service cover ratio



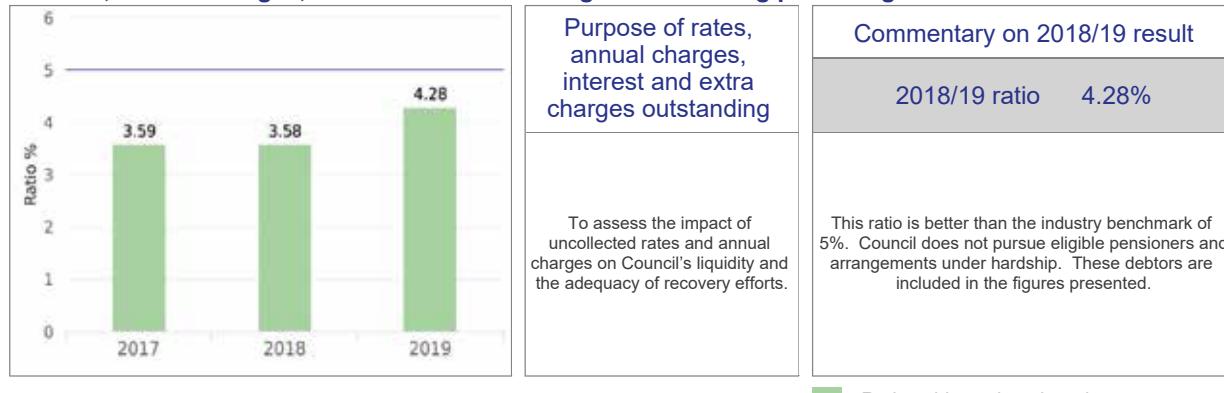
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

#### 5. Rates, annual charges, interest and extra charges outstanding percentage



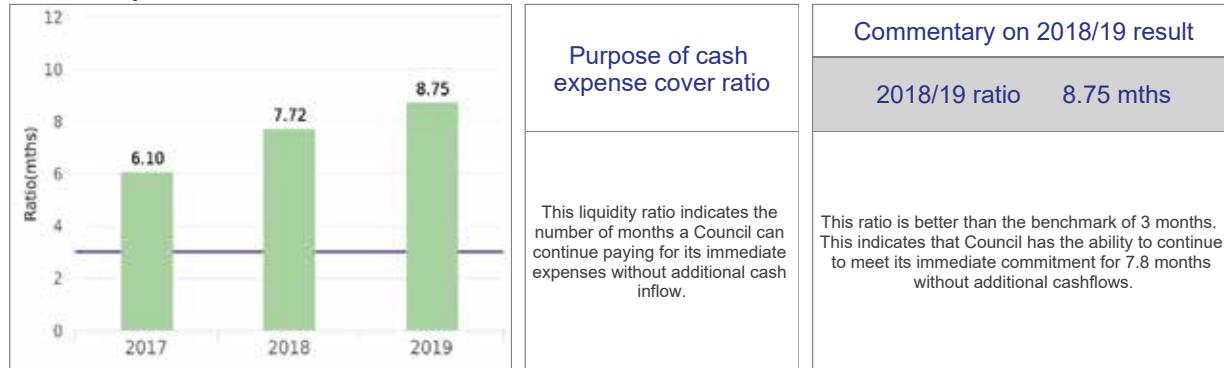
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

#### 6. Cash expense cover ratio



Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

Ratio achieves benchmark

Ratio is outside benchmark

## Notes to the Financial Statements for the year ended 30 June 2019

### Note 26. Council information and contact details

#### Principal place of business:

4-20 Eton Street  
SUTHERLAND NSW 2232

#### Contact details

##### Mailing Address:

Locked Bag 17  
SUTHERLAND NSW 1499

##### Opening hours:

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

Telephone: 02 9710 0333

Internet: [www.sutherland.nsw.gov.au](http://www.sutherland.nsw.gov.au)

Email: [ssc@ssc.nsw.gov.au](mailto:ssc@ssc.nsw.gov.au)

#### Officers

##### Chief Executive Officer

Mrs Manjeet Grewal

##### Chief Financial Officer

Mr Mitchel Woods

##### Public Officer

Mr Anton Usher

##### Auditors

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

#### Elected members

##### Mayor

Councillor Carmelo Pesce

##### Councillors

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

#### Other information

ABN: 52 018 204 808



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

Sutherland Shire Council

To the Councillors of the Sutherland Shire Council

#### Opinion

I have audited the accompanying financial statements of Sutherland Shire Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been presented, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

#### Basis for Opinion

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

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

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

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

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

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

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

## **Other Information**

The Council's annual report for the year ended 30 June 2019 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 except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

## **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.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 20 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.



Caroline Karakatsanis  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

22 October 2019  
SYDNEY



Cr Carmelo Pesce  
Mayor  
Sutherland Shire Council  
4-20 Eton Street  
SUTHERLAND NSW 2232

Contact: Caroline Karakatsanis  
Phone no: 02 9275 7134  
Our ref: D1924680/1790

22 October 2019

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2019  
Sutherland Shire Council**

I have audited the general purpose financial statements (GPFS) of the Sutherland Shire Council (the Council) for the year ended 30 June 2019 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 2019 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**

	<b>2019</b> \$m	<b>2018</b> \$m	<b>Variance</b> %
Rates and annual charges revenue	158.3	154.8	2.3
Grants and contributions revenue	37.2	39.0	4.6
Operating result for the year	32.3	35.0	7.7
Net operating result before capital grants and contributions	6.0	7.0	14.3

Council's operating result (\$32.3 million including the effect of depreciation and amortisation expense of \$37.6 million) was \$2.7 million lower than the 2017–18 result. This was mainly due to the increase in employee benefits and on-costs of \$3.4 million.

The net operating result before capital grants and contributions (\$6.0 million) was \$1.0 million lower than the 2017–18 result.

Rates and annual charges revenue (\$158.3 million) increased by \$3.5 million (2.3 per cent) in 2018–2019. The increase was in line with the rate peg of 2.3 per cent set by IPART for 2018–19.

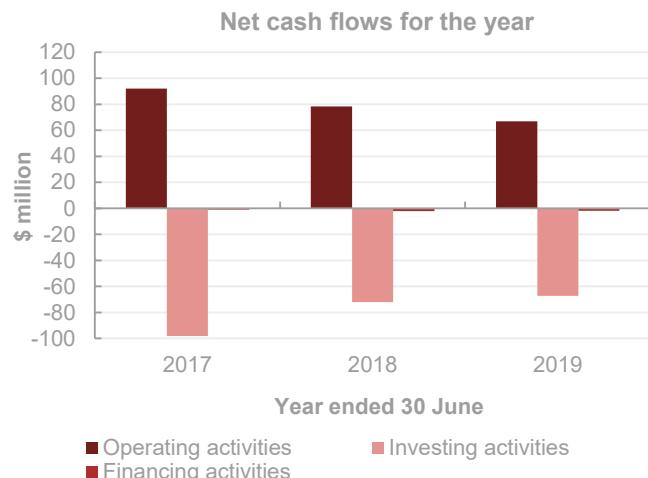
Grants and contributions revenue (\$37.2 million) decreased by \$1.8 million (4.6 per cent) in 2018–2019 due to:

- reduced revenue from developer contributions of \$2.8 million (s7.11 contributions towards amenities/services)
- reduced grants for Family Day Care and Roads to Recovery of \$1.5 million
- offset by an increase in Lucas Heights Resource Recovery Park contribution of \$2.5 million.

## STATEMENT OF CASH FLOWS

The decrease in cash and cash equivalents of \$2.5 million (from \$13.4 million in 2018 to \$10.9 million in 2019) was due to:

- the net purchase (cash outflow) of securities investments of \$35.2 million
- payments of \$33.8 million for purchases of new assets
- netted off by net operating cash inflows of \$66.8 million



## FINANCIAL POSITION

### Cash and investments

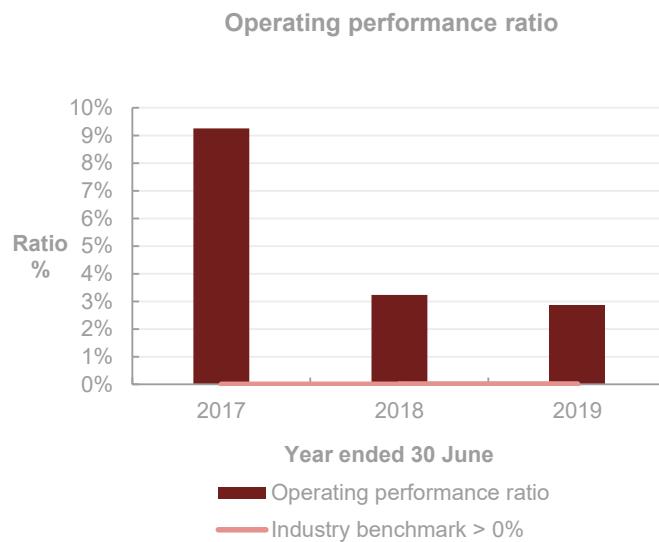
Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	111.9	82.9	The increase in external and internal restricted cash and investments were due to more receipts from contributions than expenditure that has specific dedicated uses.
Internal restrictions	66.1	57.4	
Unrestricted	8.0	13.1	
<b>Cash and investments</b>	<b>186.0</b>	<b>153.4</b>	Unrestricted balances provide liquidity for day-to-day operations.

## PERFORMANCE

### Operating performance ratio

Council ratio slightly decreased in 2019 however, continued to exceed the benchmark due to the council's ability to contain its operating expenditure below operating revenue.

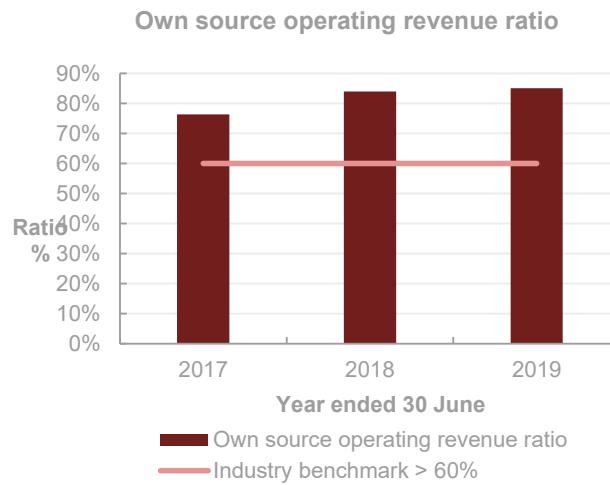
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the former Office of Local Government (OLG) is greater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



### Own source operating revenue ratio

- The council continued to exceed the benchmark due to increase in rates and user charges revenue
- The slight increase in 2019 was due to lower receipts of grants and contributions.

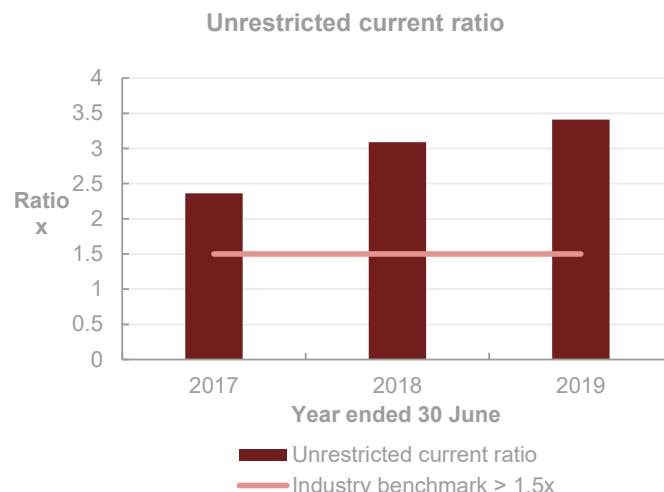
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by the former OLG is greater than 60 per cent.



## Unrestricted current ratio

- Council continued to exceed the benchmark due to cash reserves accumulated over the years
- The unrestricted current ratio increased mainly due to an increase in investments in 2019.

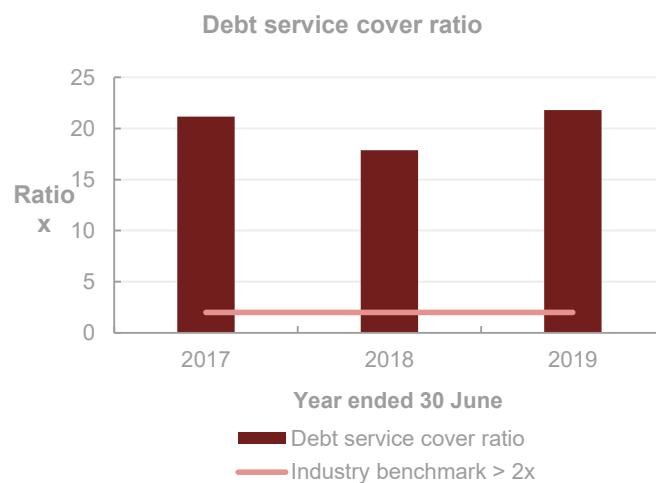
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by the former OLG is greater than 1.5 times.



## Debt service cover ratio

- Council's ratio was well above the benchmark due to significant operating cash inflows over the years.
- the slight increase in 2019 was due to an increase in operating result before interest, depreciation and net loss from disposal of assets.

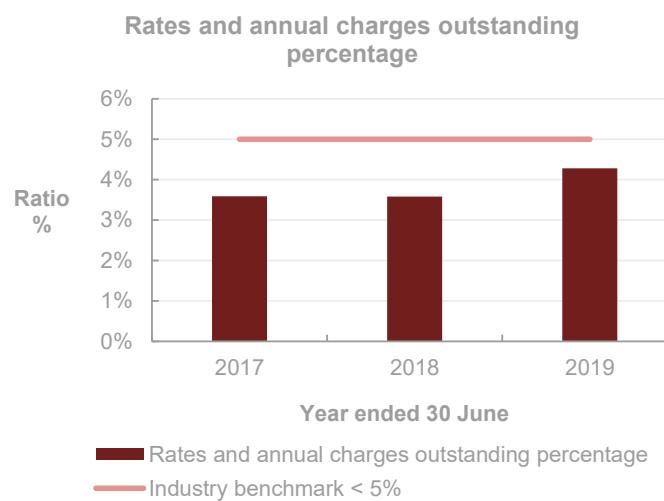
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by the former OLG is greater than two times.



## Rates and annual charges outstanding percentage

Council's rates and annual charges outstanding ratio has remained stable and been below the benchmark level of 'less than 5 per cent' over the last three years.

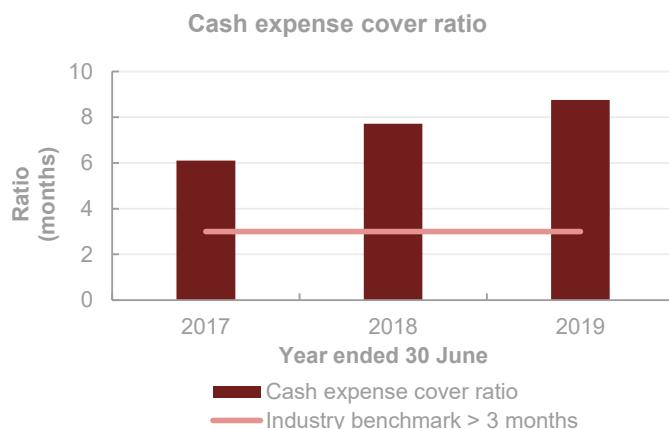
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by the former OLG is less than 5 per cent for metro councils.



## Cash expense cover ratio

Council continued to exceed the benchmark of greater than three months balances in 2019, with a ratio of 8.8 months.

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 the former OLG is greater than three months.



## Infrastructure, property, plant and equipment renewals

Council's performance is as follows:

- asset renewals were \$25.0 million in 2018–19 compared to \$36.3 million in the prior year, \$9.8 million relating to road renewals
- the unaudited infrastructure renewals ratio was 49.5 per cent compared to 105.5 per cent in the prior year (benchmark set by OLG is 100)
- during 2018–19, \$10.3 million was spent on new assets across most asset classes.

## OTHER MATTERS

### New accounting standards implemented

Application period	Overview
<b>AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'</b>	
For the year ended 30 June 2019	<p>AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting.</p> <p>Key changes include:</p> <ul style="list-style-type: none"><li>a simplified model for classifying and measuring financial assets</li><li>a new method for calculating impairment</li><li>a new type of hedge accounting that more closely aligns with risk management.</li></ul> <p>The revised AASB 7 includes new disclosures as a result of AASB 9.</p> <p>Council's disclosure of the impact of adopting AASB 9 is disclosed in Note 6(b) and Note 7.</p>

## **Legislative compliance**

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Caroline Karakatsanis  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Manjeet Grewal, Chief Executive Officer  
Cliff Haynes, Chair of the Audit, Risk and Improvement Committee  
Jim Betts, Secretary of the Department of Planning, Industry and Environment

# Sutherland Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2019

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**Special Purpose Financial Statements**  
for the year ended 30 June 2019

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**Background**

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

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

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

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

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Sutherland Shire Council

Special Purpose Financial Statements  
for the year ended 30 June 2019

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

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

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

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

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

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

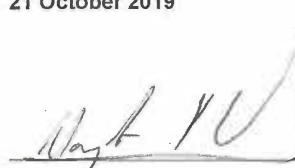
Signed in accordance with a resolution of Council made on 21 October 2019.



Councillor Carmelo Pesce  
Mayor  
21 October 2019



Councillor Steve Simpson  
Deputy Mayor  
21 October 2019



Mrs Manjeet Grewal  
Chief Executive Officer  
21 October 2019



Mr Mitchel Woods  
Chief Financial Officer  
21 October 2019

**Income Statement – Long Day Care**  
for the year ended 30 June 2019

\$ '000	2019 Category 1	2018 Category 1
<b>Income from continuing operations</b>		
User charges	12,800	12,498
Interest	11	–
Grants and contributions provided for non-capital purposes	616	693
Other income	59	57
<b>Total income from continuing operations</b>	<b>13,486</b>	<b>13,248</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	10,086	9,843
Materials and contracts	621	912
Depreciation, amortisation and impairment	91	42
Calculated taxation equivalents	497	475
Internal rent	1,463	1,343
Other notional internal expenses	1,831	1,777
Other expenses	2,633	2,444
<b>Total expenses from continuing operations</b>	<b>17,222</b>	<b>16,836</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(3,736)</b>	<b>(3,588)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(3,736)</b>	<b>(3,588)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(3,736)</b>	<b>(3,588)</b>
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(3,736)</b>	<b>(3,588)</b>
<b>Plus accumulated surplus</b>	<b>4,220</b>	<b>4,213</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	497	475
– Internal Rent	1,463	1,343
– Other Notional Internal Expenses	1,831	1,777
<b>Closing accumulated surplus</b>	<b>4,275</b>	<b>4,220</b>
<b>Return on capital %</b>	<b>(288.7)%</b>	<b>(1,708.6)%</b>
<b>Subsidy from Council</b>	<b>3,753</b>	<b>3,594</b>

**Income Statement – Operational Property**  
for the year ended 30 June 2019

\$ '000	2019 Category 1	2018 Category 1
<b>Income from continuing operations</b>		
Fees	696	678
Profit from the sale of assets	1,027	45
Other income	6,187	5,677
<b>Total income from continuing operations</b>	<b>7,910</b>	<b>6,400</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	54	89
Materials and contracts	102	73
Depreciation, amortisation and impairment	166	158
Calculated taxation equivalents	1,277	1,001
Other notional internal expenses	182	177
Other expenses	1,351	1,044
<b>Total expenses from continuing operations</b>	<b>3,132</b>	<b>2,542</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>4,778</b>	<b>3,858</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>4,778</b>	<b>3,858</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>4,778</b>	<b>3,858</b>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(1,314)	(1,157)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>3,464</b>	<b>2,701</b>
<b>Plus accumulated surplus</b>	<b>55,229</b>	<b>50,879</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	1,277	1,001
<b>Add:</b>		
– Corporate taxation equivalent	1,314	1,157
– Other notional internal expenses	182	177
<b>Less:</b>		
– Dividend paid	(699)	(686)
<b>Closing accumulated surplus</b>	<b>60,767</b>	<b>55,229</b>
<b>Return on capital %</b>	<b>5.7%</b>	<b>4.6%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>–</b>

**Income Statement – Entertainment Centre**  
for the year ended 30 June 2019

\$ '000	2019 Category 2	2018 Category 2
<b>Income from continuing operations</b>		
User charges	1,021	1,181
Interest	–	2
Other income	384	327
<b>Total income from continuing operations</b>	<b>1,405</b>	<b>1,510</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,369	1,535
Materials and contracts	414	280
Depreciation, amortisation and impairment	42	62
Calculated taxation equivalents	31	38
Internal rent	976	974
Other notional internal expenses	283	275
Other expenses	646	685
<b>Total expenses from continuing operations</b>	<b>3,761</b>	<b>3,849</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(2,356)</b>	<b>(2,339)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(2,356)</b>	<b>(2,339)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(2,356)</b>	<b>(2,339)</b>
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(2,356)</b>	<b>(2,339)</b>
<b>Plus accumulated surplus</b>	<b>(7,546)</b>	<b>(6,494)</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	31	38
– Internal Rent	976	974
– Other Notional internal expenses	283	275
<b>Closing accumulated surplus</b>	<b>(8,612)</b>	<b>(7,546)</b>
<b>Return on capital %</b>	<b>(1,033.3)%</b>	<b>(903.1)%</b>
<b>Subsidy from Council</b>	<b>2,359</b>	<b>2,346</b>

**Income Statement – Commercial Waste**  
for the year ended 30 June 2019

\$ '000	2019 Category 2	2018 Category 2
<b>Income from continuing operations</b>		
User charges	1,404	1,266
Other income	20	18
<b>Total income from continuing operations</b>	<b>1,424</b>	<b>1,284</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	49	51
Materials and contracts	171	203
Internal rent	1	1
Other notional internal expenses	116	113
Other expenses	204	206
<b>Total expenses from continuing operations</b>	<b>541</b>	<b>574</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>883</b>	<b>710</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>883</b>	<b>710</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>883</b>	<b>710</b>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(243)	(213)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>640</b>	<b>497</b>
<b>Plus accumulated surplus</b>	<b>5,409</b>	<b>4,585</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	243	213
– Internal Rent	1	1
– Other notional internal expenses	116	113
<b>Closing accumulated surplus</b>	<b>6,409</b>	<b>5,409</b>
<b>Return on capital %</b>	<b>0.0%</b>	<b>0.0%</b>
Subsidy from Council	–	–

## Statement of Financial Position – Long Day Care

as at 30 June 2019

\$ '000	2019 Category 1	2018 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	3,327	3,373
Receivables	138	245
<b>Total current assets</b>	<b>3,465</b>	<b>3,618</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	1,294	210
Other	2,123	2,786
<b>Total non-current assets</b>	<b>3,417</b>	<b>2,996</b>
<b>TOTAL ASSETS</b>	<b>6,882</b>	<b>6,614</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	292	293
Provisions	2,256	2,081
<b>Total current liabilities</b>	<b>2,548</b>	<b>2,374</b>
<b>Non-current liabilities</b>		
Provisions	59	20
<b>Total non-current liabilities</b>	<b>59</b>	<b>20</b>
<b>TOTAL LIABILITIES</b>	<b>2,607</b>	<b>2,394</b>
<b>NET ASSETS</b>	<b>4,275</b>	<b>4,220</b>
<b>EQUITY</b>		
Accumulated surplus	4,275	4,220
<b>TOTAL EQUITY</b>	<b>4,275</b>	<b>4,220</b>

**Statement of Financial Position – Operational Property**  
as at 30 June 2019

\$ '000	2019 Category 1	2018 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,827	2,641
Investments	822	649
Non-current assets classified as held for sale	6,639	6,639
<b>Total current assets</b>	<b>12,288</b>	<b>9,929</b>
<b>Non-current assets</b>		
Receivables	10,237	11,269
Infrastructure, property, plant and equipment	84,074	83,288
<b>Total non-current assets</b>	<b>94,311</b>	<b>94,557</b>
<b>TOTAL ASSETS</b>	<b>106,599</b>	<b>104,486</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	28	21
<b>Total current liabilities</b>	<b>28</b>	<b>21</b>
<b>Non-current liabilities</b>		
Other Liabilities	45,804	49,236
<b>Total non-current liabilities</b>	<b>45,804</b>	<b>49,236</b>
<b>TOTAL LIABILITIES</b>	<b>45,832</b>	<b>49,257</b>
<b>NET ASSETS</b>	<b>60,767</b>	<b>55,229</b>
<b>EQUITY</b>		
Accumulated surplus	60,767	55,229
<b>TOTAL EQUITY</b>	<b>60,767</b>	<b>55,229</b>

**Statement of Financial Position – Entertainment Centre**

as at 30 June 2019

	\$ '000	2019 Category 2	2018 Category 2
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	4	
Investments	57	57	
Receivables	26	77	
<b>Total current assets</b>	<u>87</u>	<u>138</u>	
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	228	259	
<b>Total non-current assets</b>	<u>228</u>	<u>259</u>	
<b>TOTAL ASSETS</b>	<u>315</u>	<u>397</u>	
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	70	165	
Provisions	327	280	
<b>Total current liabilities</b>	<u>397</u>	<u>445</u>	
<b>Non-current liabilities</b>			
Provisions	8	–	
Other Liabilities	8,522	7,498	
<b>Total non-current liabilities</b>	<u>8,530</u>	<u>7,498</u>	
<b>TOTAL LIABILITIES</b>	<u>8,927</u>	<u>7,943</u>	
<b>NET ASSETS</b>	<u>(8,612)</u>	<u>(7,546)</u>	
<b>EQUITY</b>			
Accumulated surplus	(8,612)	(7,546)	
<b>TOTAL EQUITY</b>	<u>(8,612)</u>	<u>(7,546)</u>	

**Statement of Financial Position – Commercial Waste**  
as at 30 June 2019

\$ '000	2019 Category 2	2018 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	4	–
<b>Total current assets</b>	<u>4</u>	<u>–</u>
<b>Non-current assets</b>		
Other	6,471	5,480
<b>Total non-current assets</b>	<u>6,471</u>	<u>5,480</u>
<b>TOTAL ASSETS</b>	<u><u>6,475</u></u>	<u><u>5,480</u></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	22	29
Provisions	42	42
<b>Total current liabilities</b>	<u>64</u>	<u>71</u>
<b>Non-current liabilities</b>		
Provisions	2	–
<b>Total non-current liabilities</b>	<u>2</u>	<u>–</u>
<b>TOTAL LIABILITIES</b>	<u><u>66</u></u>	<u><u>71</u></u>
<b>NET ASSETS</b>	<u><u>6,409</u></u>	<u><u>5,409</u></u>
<b>EQUITY</b>		
Accumulated surplus	6,409	5,409
<b>TOTAL EQUITY</b>	<u><u>6,409</u></u>	<u><u>5,409</u></u>

**Notes to the Special Purpose Financial Statements**  
for the year ended 30 June 2019**Note 1. Significant Accounting Policies**

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

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

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

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, return on investments (rate of return), and dividends paid.

continued on next page ...

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## Notes to the Special Purpose Financial Statements for the year ended 30 June 2019

### Note 1. Significant Accounting Policies (continued)

#### Declared business activities

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

##### **Category 1**

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

###### **a. Long Day Care Centres**

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

###### **b. Operational Property**

Council maintains a large portfolio of operational and commercial property in order to develop and maintain an alternative income stream to fund essential community works and services. Annual activity includes buying and selling of property as well as managing existing rental properties.

##### **Category 2**

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

###### **a. Sutherland Entertainment Centre**

Provision of high quality multi-functional and performing arts facility which responds to the diverse needs of the community.

###### **b. Commercial Waste**

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

#### Monetary amounts

Amounts shown in the financial statements are in Australian dollars and rounded to the nearest one thousand dollars.

##### **(i) Taxation equivalent charges**

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

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

##### **Notional rate applied (%)**

Corporate income tax rate – 27.5%

Land tax – the first \$692,000 of combined land values attracts **0%**. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$850,000.

continued on next page ...

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**Notes to the Special Purpose Financial Statements**  
for the year ended 30 June 2019**Note 1. Significant Accounting Policies (continued)****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 27.5%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 27.5% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

**Local government rates and charges**

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

continued on next page ...

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**Notes to the Special Purpose Financial Statements**  
for the year ended 30 June 2019**Note 1. Significant Accounting Policies (continued)****Loan and debt guarantee fees**

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

**(ii) Subsidies**

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

**(iii) Return on investments (rate of return)**

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

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

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**Operating result before capital income + interest expense**

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**Written down value of I,PP&E as at 30 June 2019**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.32% at 30/6/19.

**(iv) Dividends**

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

**End of audited Special Purpose Financial Statements**



## INDEPENDENT AUDITOR'S REPORT

### Report on the special purpose financial statements

Sutherland Shire Council

To the Councillors of the Sutherland Shire Council

#### Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Sutherland Shire Council's (the Council) declared business activities, which comprise the Income Statement of each declared business activity for the year ended 30 June 2019, the Statement of Financial Position of each declared business activity as at 30 June 2019, Note 1 Significant accounting policies for the business activities declared by Council, and the Statement by Councillors and Management.

The declared business activities of the Council are:

- Long Day Care
- Operational Property
- Entertainment Centre
- Commercial Waste.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared business activities as at 30 June 2019, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (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' (APES 110).

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

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

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

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

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

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling 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 2019 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 Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors 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, unless it is not appropriate to do so.

## **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.

My opinion does not provide assurance:

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



Caroline Karakatsanis  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

22 October 2019  
SYDNEY

# Sutherland Shire Council

**SPECIAL SCHEDULES**  
for the year ended 30 June 2019

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**Special Schedules**  
for the year ended 30 June 2019

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**Permissible income for general rates**  
for the year ended 30 June 2019

\$ '000		Calculation 2019/20	Calculation 2018/19
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	119,691	116,883
Plus or minus adjustments <sup>2</sup>	b	522	118
<b>Notional general income</b>	c = a + b	<b>120,213</b>	<b>117,001</b>
<b>Permissible income calculation</b>			
Or crown land adjustment (incl. rate peg percentage)	f	8.76%	2.38%
Or plus Crown land adjustment and rate peg amount	j = f x (c + g)	10,531	2,785
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>130,744</b>	<b>119,786</b>
Plus (or minus) last year's carry forward total	l	96	1
<b>Sub-total</b>	n = (l + m)	<b>96</b>	<b>1</b>
<b>Total permissible income</b>	o = k + n	<b>130,840</b>	<b>119,787</b>
Less notional general income yield	p	130,839	119,691
<b>Catch-up or (excess) result</b>	q = o - p	<b>-</b>	<b>96</b>
<b>Carry forward to next year <sup>3</sup></b>	t = q + r + s	<b>-</b>	<b>96</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.
- (3) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule - Permissible income for general rates

Sutherland Shire Council

To the Councillors of Sutherland Shire Council

#### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Sutherland Shire Council (the Council) for the year ending 30 June 2020.

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 – update number 27 (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' (APES 110).

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

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

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

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

#### Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the 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 2019 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 2019'.

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, unless it is not appropriate to do so.

## **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.

My opinion does not provide assurance:

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



Caroline Karakatsanis  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

22 October 2019  
SYDNEY

## Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost							Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring to the agreed level of service set by Council <sup>a</sup>	Required maintenance <sup>b</sup>	2018/19 Actual maintenance <sup>c</sup>	Net carrying amount	Gross replacement cost (GRC)	1	2	3	4	5		
<b>(a) Report on Infrastructure Assets - Values</b>													
<b>Buildings</b>	Buildings	579	3,310	6,121	5,909	336,409	511,741	2.6%	81.8%	14.9%	0.7%	0.0%	
	<b>Sub-total</b>	<b>579</b>	<b>3,310</b>	<b>6,121</b>	<b>5,909</b>	<b>336,409</b>	<b>511,741</b>	<b>2.6%</b>	<b>81.8%</b>	<b>14.9%</b>	<b>0.7%</b>	<b>0.0%</b>	
<b>Other structures</b>	Other structures	—	—	—	—	3,432	9,393	10.0%	40.0%	30.0%	15.0%	5.0%	
	<b>Sub-total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,432</b>	<b>9,393</b>	<b>10.0%</b>	<b>40.0%</b>	<b>30.0%</b>	<b>15.0%</b>	<b>5.0%</b>	
<b>Roads</b>	Sealed roads	1,557	3,710	1,582	1,616	141,114	171,336	4.1%	27.7%	65.9%	0.9%	1.4%	
	Sealed Roads Pavement	12,678	9,006	1,582	1,616	313,981	418,927	2.1%	13.0%	72.6%	10.2%	2.1%	
	Bridges	852	2,845	74	—	7,393	15,130	0.1%	72.5%	8.2%	13.3%	5.9%	
	Footpaths	776	3,982	966	1,038	75,445	102,784	5.3%	12.8%	77.9%	3.8%	0.2%	
	Other road assets	10,857	40,943	1,904	1,799	416,005	561,236	29.9%	17.5%	48.1%	1.5%	3.0%	
	<b>Sub-total</b>	<b>26,720</b>	<b>60,486</b>	<b>6,108</b>	<b>6,069</b>	<b>953,938</b>	<b>1,269,413</b>	<b>14.9%</b>	<b>17.7%</b>	<b>60.5%</b>	<b>4.6%</b>	<b>2.3%</b>	
<b>Stormwater drainage</b>	Stormwater drainage	4,720	9,741	2,199	2,193	559,518	907,349	49.7%	48.8%	0.4%	0.3%	0.8%	
	Other	—	—	—	—	1	—	0.0%	0.0%	0.0%	0.0%	0.0%	
	<b>Sub-total</b>	<b>4,720</b>	<b>9,741</b>	<b>2,199</b>	<b>2,193</b>	<b>559,519</b>	<b>907,349</b>	<b>49.7%</b>	<b>48.8%</b>	<b>0.4%</b>	<b>0.3%</b>	<b>0.8%</b>	

continued on next page ...

## Sutherland Shire Council

### Report on Infrastructure Assets (continued) as at 30 June 2019

Asset Class	Asset Category	Estimated cost to bring to the agreed level of service set by Council						Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard <sup>a</sup>	Required maintenance <sup>b</sup>	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	1	2	3	4	5	
<b>Open space / recreational assets</b>	Swimming pools	86	4,489	—	—	6,596	19,343	0.0%	37.0%	36.0%	27.0%	0.0%
	Other	1,960	9,702	11,530	11,660	79,301	130,868	7.9%	53.9%	30.0%	7.6%	0.6%
	<b>Sub-total</b>	<b>2,046</b>	<b>14,191</b>	<b>11,530</b>	<b>11,660</b>	<b>85,897</b>	<b>150,211</b>	<b>6.9%</b>	<b>51.7%</b>	<b>30.8%</b>	<b>10.1%</b>	<b>0.5%</b>
<b>Other infrastructure assets</b>	Other	236	1,350	—	—	18,439	32,557	21.8%	33.7%	39.2%	5.3%	0.0%
	<b>Sub-total</b>	<b>236</b>	<b>1,350</b>	<b>—</b>	<b>—</b>	<b>18,439</b>	<b>32,557</b>	<b>21.8%</b>	<b>33.7%</b>	<b>39.2%</b>	<b>5.3%</b>	<b>0.0%</b>
<b>TOTAL - ALL ASSETS</b>		<b>34,301</b>	<b>89,078</b>	<b>25,958</b>	<b>25,831</b>	<b>1,957,634</b>	<b>2,880,664</b>	<b>23.3%</b>	<b>40.9%</b>	<b>31.6%</b>	<b>2.9%</b>	<b>1.3%</b>

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

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

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

#### Infrastructure asset condition assessment 'key'

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

## Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	Amounts 2019	Indicator 2019	Prior periods 2018	2017	Benchmark
<b>Infrastructure asset performance indicators (consolidated) *</b>					
<b>Buildings and infrastructure renewals ratio <sup>1</sup></b>					
Asset renewals <sup>2</sup>	<b>17,090</b>	<b>49.51%</b>	105.54%	57.61%	>=100.00%
Depreciation, amortisation and impairment	<b>34,520</b>				
<b>Infrastructure backlog ratio <sup>1</sup></b>					
Estimated cost to bring assets to a satisfactory standard	<b>34,301</b>	<b>1.75%</b>	2.13%	1.93%	<2.00%
Net carrying amount of infrastructure assets	<b>1,957,634</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>25,831</b>	<b>99.51%</b>	90.71%	101.02%	>100.00%
Required asset maintenance	<b>25,958</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>89,078</b>	<b>3.09%</b>	3.52%	3.41%	
Gross replacement cost	<b>2,880,664</b>				

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

(1) Excludes Work In Progress (WIP)

(2) 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.

## Report on Infrastructure Assets (continued)

as at 30 June 2019

### Buildings and infrastructure renewals ratio <sup>1</sup>

Benchmark: —  $\geq 100.00\%$ 

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

#### Infrastructure renewals ratio

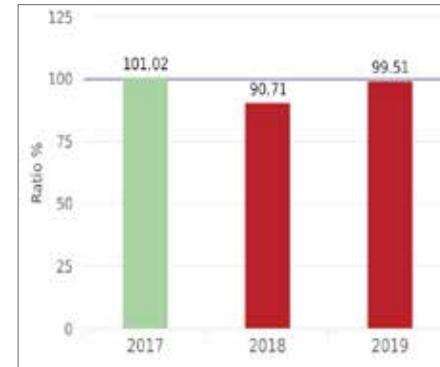
#### Commentary on result

18/19 ratio 49.51%

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

The high level of works in progress (WIP) as at 30 June 2019 has impacted the ratio due to WIP not being included in the calculation. This ratio does only represent where Council is positioned from an infrastructure renewal perspective at a particular point in time. A rolling three year average provides a better reflection of Council's renewal levels, which as at 30 June 2019 was 70.89%.

### Asset maintenance ratio

Benchmark: —  $> 100.00\%$ 

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

#### Asset maintenance ratio

#### Commentary on result

18/19 ratio 99.51%

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

The asset maintenance is only marginally under the benchmark of 100% which is a reflection that Council is investing the required levels of asset maintenance.

Ratio achieves benchmark

Ratio is outside benchmark

### Infrastructure backlog ratio <sup>1</sup>

Benchmark: —  $< 2.00\%$ 

Source of benchmark: Code of Accounting Practice and Financial Reporting #27

#### Infrastructure backlog ratio

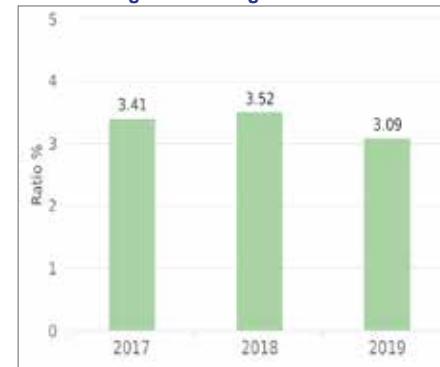
#### Commentary on result

18/19 ratio 1.75%

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

The Infrastructure backlog ratio has improved due to a high infrastructure renewal ratio in the preceding year combined with a review of the methodology used for road pavement.

### Cost to bring assets to agreed service level



#### Cost to bring assets to agreed service level

#### Commentary on result

18/19 ratio 3.09%

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

This ratio has been affected by the same factors influencing the Infrastructure backlog ratio.

(1) Excludes Work In Progress (WIP)

# STATUTORY INFORMATION INDEX

This index shows the various Government acts and regulations, or Council resolutions, which require Council to include information in its annual report, and where to find that information.

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