



Wollongong City Council

Annual Report 2024 - 2025 Attachment A Financial Report

Year Ended 30 June 2025





EXECUTIVE SUMMARY

As General Manager of Wollongong City Council, I present the audited Annual Financial Statements for the year ended 30 June 2025.

Financial Performance Overview

Council recorded a net operating deficit of \$10.2 million, a shift from the \$41.0 million surplus in the previous year. This result includes \$45.5 million in capital grants and contributions, which support infrastructure growth but do not reflect the underlying operational performance. Excluding these, the underlying operating deficit was \$55.7 million, slightly improved from the prior year's \$59.8 million deficit.

This year's result was influenced by:

- Lower grant funding for capital and operational purposes
- Increased costs for materials and services
- Higher depreciation due to asset growth and revaluations
- Losses from disposal of assets, including work-in-progress items

The Net Operating Result for 2024–2025 amounted to deficit of \$10.2M. This result includes significant year end, non-cash and one-off adjustments that impact on the Net Operating Result. These transactions include Prior Year works in progress expenses \$16.6M (B3-2), timing of asset renewals resulting in a \$6.3M asset disposal expense (B4-1), and an increase of \$12.1M in depreciation resulting primarily from current year asset revaluations (C1-8). Although these transactions have impacted on the result, Council still generated an increase in Available Funds of \$5.1M over the year and delivered a capital program of \$87.8M. Council's forward estimates indicate minimal movements in Available Funds over the next 10 years, with Council generating sufficient cash to fund its services and deliver on infrastructure renewal requirements over the same period.

Asset Management

Council continues to manage a significant asset base, with total assets valued at \$4.40 billion. Infrastructure, Property, Plant & Equipment (IPPE) makes up 94% of this value, including roads, parks, community facilities, and more.

In 2024–2025, Council delivered \$87.8 million in capital works, including:

- \$22.5 million in new assets
- \$65.3 million in asset renewals
- \$13.9 million in contributed assets

A gain of \$98.8 million was recognised from asset revaluations, reflecting ongoing investment in community infrastructure.

Cash and Investments

Council's cash and investment holdings increased to \$214.5 million, up from \$179.5 million last year. Of this, \$46.5 million is available funds, representing unrestricted and uncommitted cash adjusted for working capital. This exceeds Council's financial strategy target, largely due to early receipt of the Financial Assistance Grant.

Liabilities and Provisions

Council's total liabilities stood at \$165.2 million, with no outstanding borrowings at year-end. Key liabilities include:

- Provisions (\$112.1 million), mainly for employee benefits, waste remediation, and workers' compensation
- Payables and contract liabilities, representing accrued expenses and unspent grants

The waste remediation provision increased due to rising cost estimates for rehabilitating waste sites, including

Whytes Gully and Helensburgh.

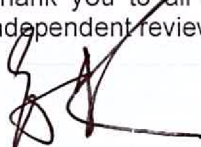
Rates and Charges

The percentage of Rates and Annual Charges outstanding decreased to 6.99%, down from 7.19% last year. Council remains committed to supporting ratepayers through cost-of-living pressures and aims to reduce this figure below the industry benchmark of 5%.

Looking Ahead

Council continues to maintain a strong financial position, with low debt levels and robust asset management practices. Work is ongoing to refine asset valuation processes and manage long-term infrastructure costs. We remain focused on delivering value to the community while navigating economic challenges.

Thank you to all staff involved in preparing these Statements and to the Audit Office of NSW for their independent review.



Greg Doyle
General Manager
Wollongong City Council



Financial Commentary 2024-2025

2024-2025 FINANCIAL OVERVIEW

This report provides an overview of Council's 2024-2025 Annual Financial Statements. The Annual Financial Statements are prepared by Council to provide information to the community in relation to Council's financial performance and position.

The Financial Statements comprise of five key financial reports:

- Income Statement
- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity Statement
- Statement of Cash Flows

The Statements are prepared in accordance with Australian Accounting Standards, the NSW Local Government Act 1993 and the NSW Local Government Code of Accounting Practice and Financial Reporting – 2024-2025. The Statements are reviewed by the Audit, Risk and Improvement Committee, independently audited by the Audit Office of NSW, reported to Council, placed on public exhibition and then lodged with the Office of Local Government.

KEY FINANCIAL RESULTS

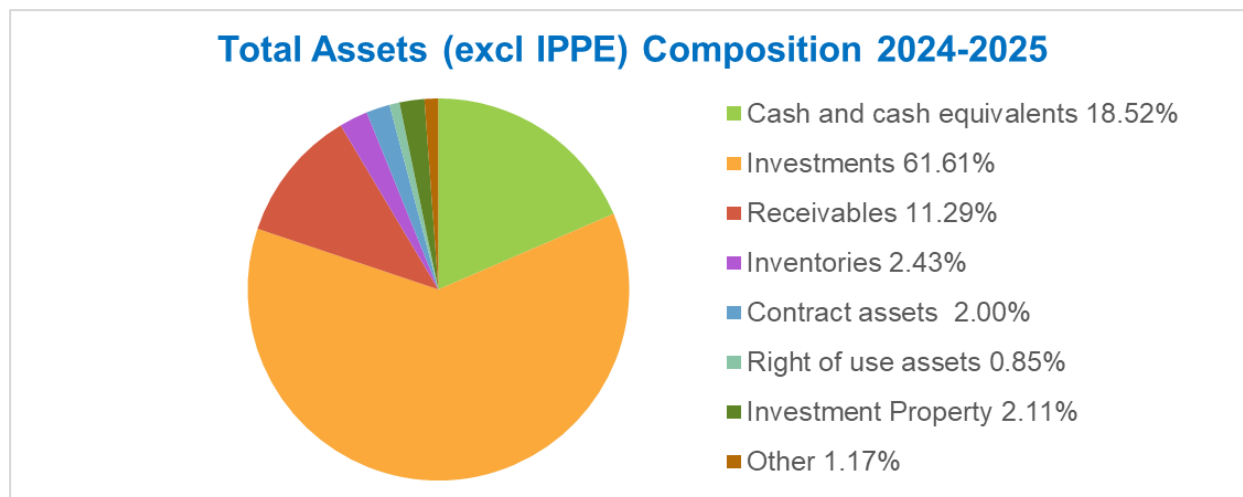
	2025 \$'000	2024 \$'000
Income Statement		
Net Operating Result	(10,238)	40,989
Net Operating Result before Grants and Contributions for Capital Purposes	(55,711)	(59,808)
Capital Grants and Contributions	45,473	100,797
Statement of Comprehensive Income		
Gain on revaluation of infrastructure, property, plant and equipment	98,777	320,912
Statement of Financial Position		
Cash and investments	214,510	179,474
Gross infrastructure, property, plant and equipment	7,034,236	7,284,376
Carrying value of infrastructure, property, plant and equipment (i.e. net of accumulated depreciation)	4,133,991	4,056,151
Total equity	4,236,418	4,147,879
Available Funds		
Balance at year end	46,473	41,346

The Net Operating Result for 2024–2025 amounted to deficit of \$10.2M. This result includes significant year end, non-cash and one-off adjustments that impact on the Net Operating Result. These transactions include Prior Year works in progress expenses \$16.6M (B3-2), timing of asset renewals resulting in a \$6.3M asset disposal expense (B4-1), and an increase of \$12.1M in depreciation resulting primarily from current year

asset revaluations (C1-8). Although these transactions have impacted on the result, Council still generated an increase in Available Funds of \$5.1M over the year and delivered a capital program of \$87.8M. Council's forward estimates indicate minimal movements in Available Funds over the next 10 years, with Council generating sufficient cash to fund its services and deliver on infrastructure renewal requirements over the same period.

ASSETS

Council is the custodian of community assets with a total carrying value of \$4.40B as at 30 June 2025. Infrastructure, Property, Plant & Equipment (IPPE) makes up \$4.13B of the total asset value. The value of assets excluding IPPE was \$267.7M with the composition of these asset classes shown as follows:



Infrastructure, Property, Plant & Equipment (IPPE)

With a carrying value of \$4.40B, IPPE is Council's most significant asset group representing 94% of total assets value. This asset group includes roads, drains, footpaths, community facilities, recreational facilities, parks and gardens.

During 2024-2025, Council delivered a capital works program of \$87.8M including the construction and purchase of \$22.5M of new assets and renewal of existing assets of \$65.3M. In addition, \$13.9M of assets were contributed to Council during 2024-2025. The gain on the revaluation of assets for 2024-2025 was \$98.8M. Further financial details of IPPE are shown at Note C1-8.

Cash and Investments

Council maintains an Investment Policy that ensures all investments are made in accordance with the prevailing Local Government Ministerial Investment Order and associated Investment Guidelines.

Although Council's overall cash and investment position remains strong, a substantial portion of these funds is subject to restrictions. To better reflect Council's financial flexibility, the Available Funds metric is used that represents cash that is both uncommitted and unrestricted, adjusted for working capital.

- Externally restricted funds are those held for specific purposes mandated by legislation or funding agreements and cannot be used for general operations.
- Internally restricted funds are earmarked by Council for future strategic or operational needs.

As at 30 June 2025, Council reported Available Funds of \$46.5 million. This exceeds the Financial Strategy target range of 3.5% to 5.5% of operational revenue (pre-capital), primarily due to the early receipt of the Financial Assistance Grant.

Cash and investment positions over the prior two financial years are as follows:

CASH, INVESTMENTS & AVAILABLE FUNDS (\$M)		
	YTD Actual 30 June 2025	YTD Actual 30 June 2024
TOTAL CASH & INVESTMENTS	214.510	179.474
Less Restrictions:		
External	102.2	86.9
Internal	68.6	68.7
CivicRisk Investment	3.7	3.1
AVAILABLE CASH	40.0	20.8
Adjusted for :		
Payables	(27.5)	(22.3)
Receivables	30.2	32.4
Other	3.7	10.4
AVAILABLE FUNDS	46.5	41.3

Receivables

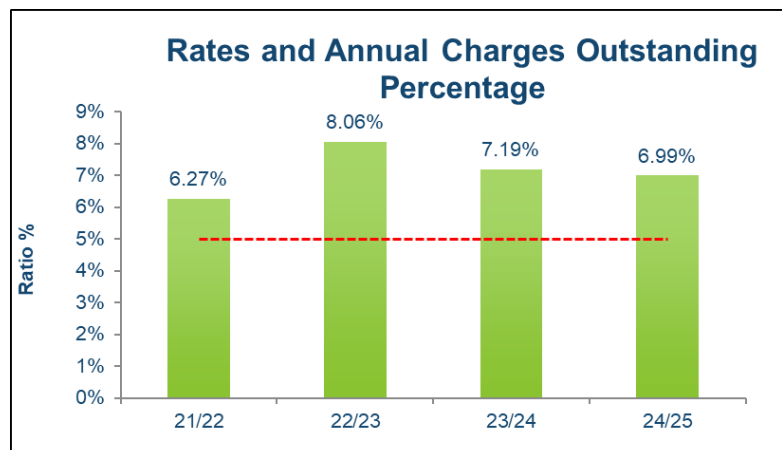
Receivables are the amount of money that is either owed to Council or funds that Council has paid in advance. At 30 June 2025, receivables totaled \$30.2M, a decrease of \$2.2M compared to the 2023-2024 reporting period. Full details of receivables are provided in Note C1-4.

Rates and Annual Charges Outstanding Percentage

Measures: The impact of uncollected rates and other charges on liquidity and the adequacy of recovery efforts.

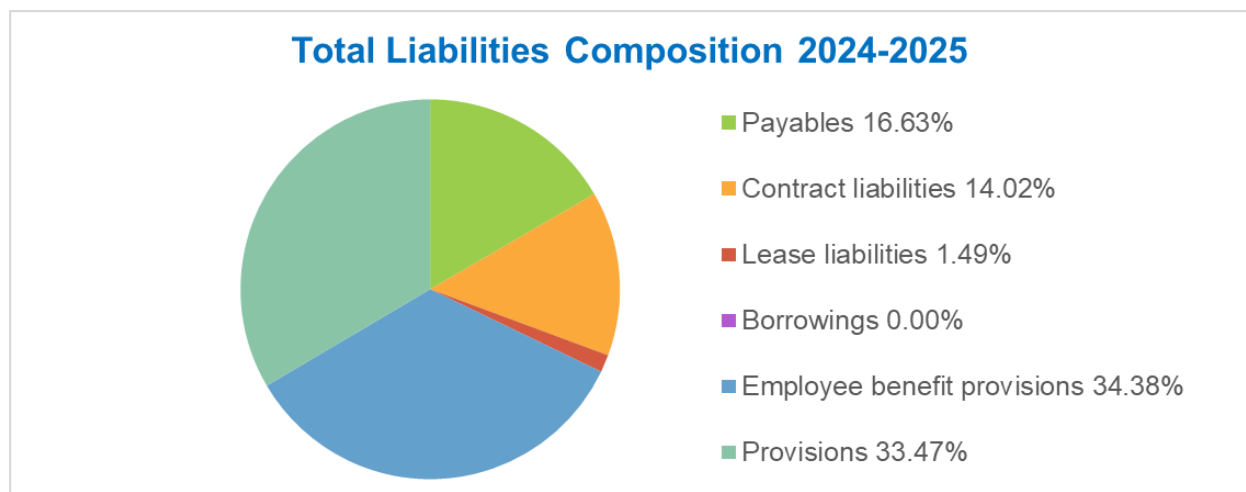
Target: Industry standard of <5%

Performance: The performance of this measure has decreased from the prior year by 0.20%. Council will continue to work with ratepayers as they navigate a high cost of living and interest rate environment.



LIABILITIES

At 30 June 2024, Council's Total Liabilities were \$165.2M. The composition of Council's Total Liabilities is shown below.



Payables

Payables account for 17% of Council's liabilities. The most significant payables being accrued expenditure and expenditure incurred but not yet paid.

Contract Liabilities

Contract Liabilities account for 14% of Council's liabilities. Contract liabilities represent unexpended grants and contributions and fees received in advance of the service being delivered.

Lease Liabilities

Lease Liabilities account for 1% of Council's liabilities. Lease liabilities are recognised for land and buildings that Council leases from other organisations. Further details of leases are provided in Note C2-1 and C2-2. These are primarily made up of Dapto Ribbonwood, Warrawong Library and State Emergency Services sites.

Borrowings

Council has no outstanding loans at 30 June 2025. Council will consider borrowings as part of its Resource Strategy and Capital Budget to manage cash flow timing mismatches, fund asset investments, and ensure intergenerational equity, prioritising internal borrowing where economical. Borrowing terms will aim to align with asset life, and interest on internal borrowings will be applied to income-generating activities to reflect opportunity costs and support accurate business cases.

Provisions

Provisions represent the Council's obligation to make future payments as a result of past events. Provisions account for 75% of Council's Liabilities with the most significant provisions relating to Employee Benefits [\$56.8M], Waste Landfill Remediation [\$40.5M] and Workers' Compensation [\$14.5M].

Provisions are revalued each financial year with any movements recognised through profit and loss. The value of provisions has increased from \$110.5M in 2022-2023 to \$112.1M in 2024-2025.

Council has a legal and public obligation to make, restore, rehabilitate and reinstate the open Whytes Gully Waste Disposal Depot and closed Helensburgh Waste Depot. A waste remediation provision is a liability recognised in a council's financial statements to represent the estimated costs of cleaning up and restoring a contaminated site, such as soil, groundwater, or surface water, due to past or current operations and construction of appropriate infrastructure (ie capping) to ensure compliance with EPA requirements. Movement in Waste Landfill Remediation provision in the current year was due to cost escalations on estimated costs of rehabilitation.

OPERATIONAL PERFORMANCE – INCOME & EXPENSES

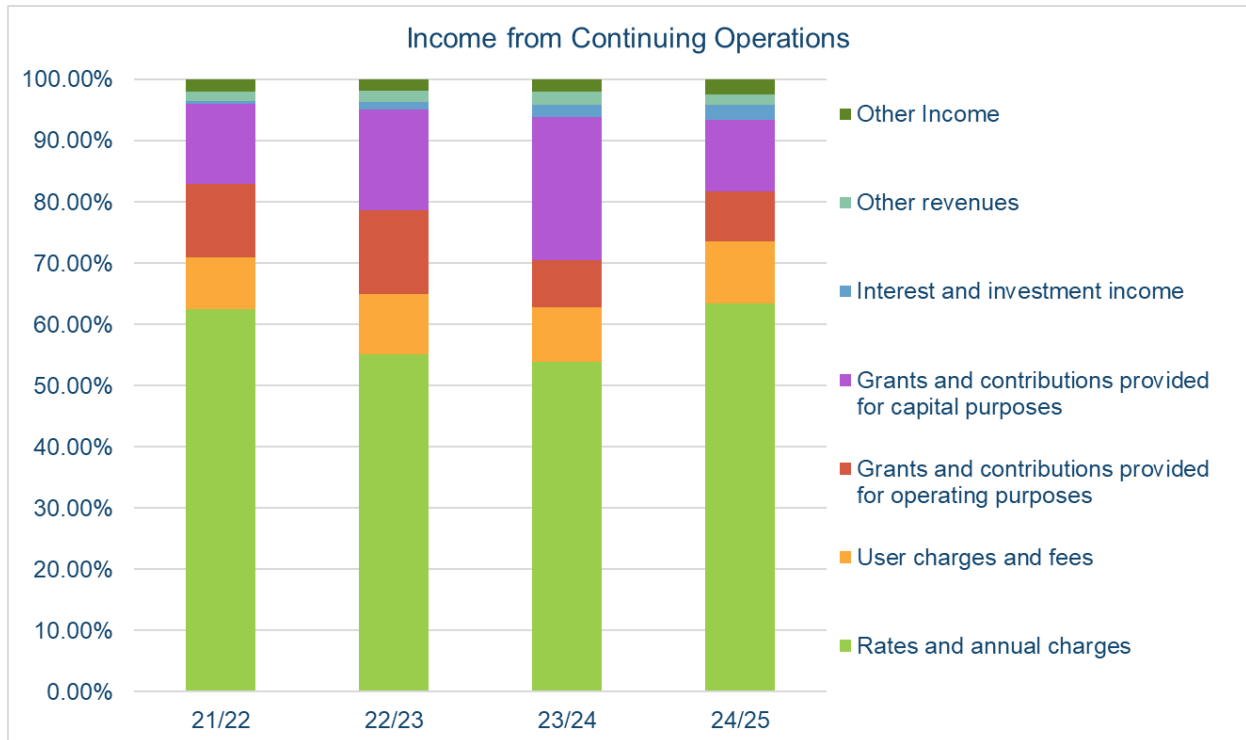
Council achieved a Net Operating Deficit from Continuing Operations of \$10.2M in 2024-2025 in comparison to a surplus of \$41.0M in 2023-2024. This result includes capital grants and contributions that were significantly less than the prior year.

Material budget variations from the 2024-2025 year for income and expense items are detailed in Note B5-1 of the statements.

Income

Council's Income from Continuing Operations for 2024-2025 was \$390.6M compared to prior year result of \$430.3M. A significant decrease in the level of capital grants & contributions received in 2024-2025 compared to 2023-2024 has impacted on this result. Refer to B2-4 within the financial statements for more detailed information.

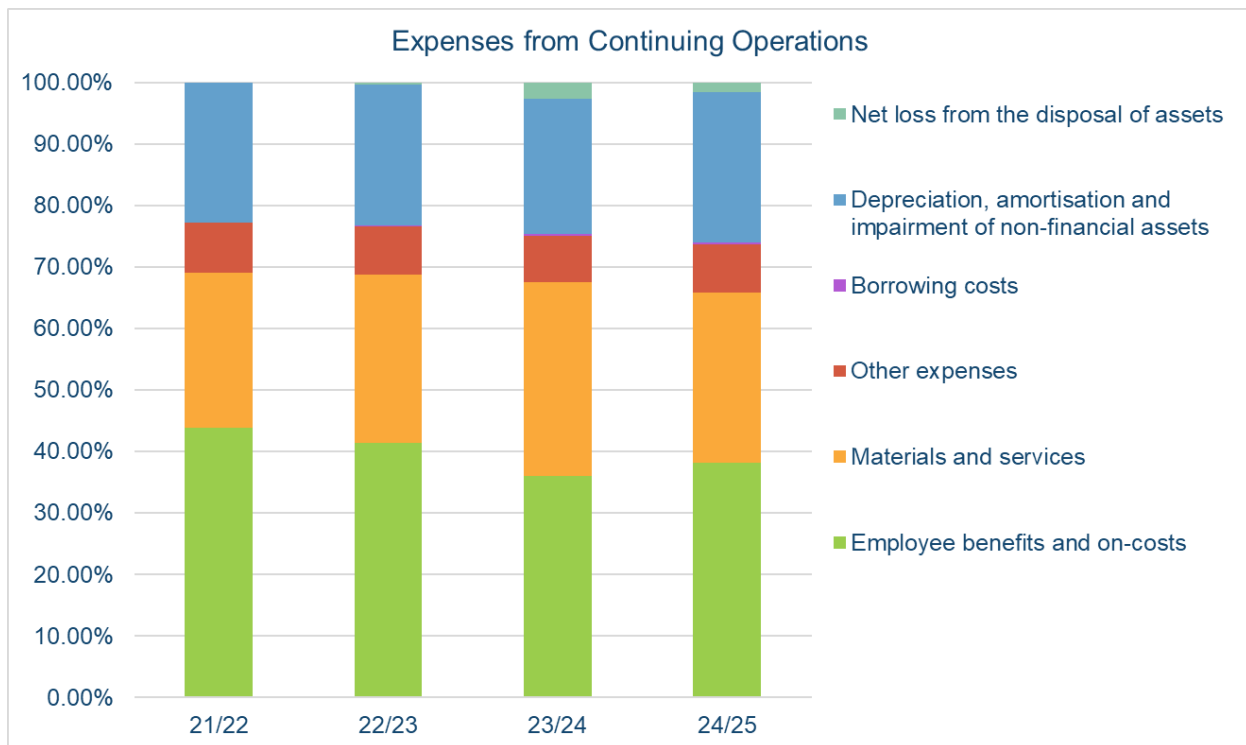
The composition of Council's revenue remained, other than the items noted above, reasonably consistent compared to previous years as depicted in the following table.



Expenses

Expenses from Continuing Operations for 2024-2025 totaled \$400.9M, an increase on prior year expenditure of \$11.5M.

The composition of Council's expenses remained consistent compared to previous years as depicted in the following table.



Wollongong City Council

Historical Financial Data

Income Statement

		Actual 2021/22 \$'000	Actual 2022/23 \$'000	Actual 2023/24 \$'000	Actual 2024/25 \$'000
	Notes				
Income from Continuing Operations					
Revenue:					
Rates & Annual Charges	B2-1	216,919	222,072	231,847	247,516
User Charges & Fees	B2-2	29,230	39,777	38,578	40,074
Other Revenues	B2-3	5,167	7,467	9,045	6,748
Grants & Contributions provided for Operating Purposes	B2-4	41,841	55,030	32,772	31,646
Grants & Contributions provided for Capital Purposes	B2-4	45,402	66,775	100,797	45,473
Interest and Investment Revenue	B2-5	1,689	4,695	8,711	9,756
Other Income	B2-6	6,448	7,467	8,575	9,430
Net gain from the disposal of assets	B4-1	563	-	-	-
Total Income from Continuing Operations		347,259	403,283	430,325	390,643
Expenses from Continuing Operations					
Employee Benefits & On-Costs					
Employee Benefits & On-Costs	B3-1	126,077	142,039	140,458	153,272
Materials & Services	B3-2	72,910	93,752	122,542	110,545
Borrowing Costs	B3-3	437	602	747	1,144
Depreciation & Amortisation	B3-4	65,329	78,339	86,023	98,096
Other Expenses	B3-5	23,054	26,782	29,446	31,548
Fair value decrement on investment properties		-	-	-	-
Net Losses from the Disposal of Assets	B4-1	-	990	10,120	6,276
Total Expenses from Continuing Operations		287,807	342,504	389,336	400,881
Operating Result from Continuing Operations		59,452	60,779	40,989	(10,238)
NET OPERATING RESULT FOR THE YEAR		59,452	60,779	40,989	(10,238)
Less:					
Grants & Contributions provided for Capital Purposes	B2-4	45,402	66,775	100,797	45,473
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		14,050	(5,996)	(59,808)	(55,711)

Wollongong City Council

Statement of Financial Position

	Notes	Actual 2021/22 \$'000	Actual 2022/23 \$'000	Actual 2023/24 \$'000	Actual 2024/25 \$'000
ASSETS					
Current assets					
Cash & cash equivalents	C1-1	34,118	44,371	44,900	49,586
Investments	C1-2	88,185	99,424	56,738	57,020
Receivables	C1-4	24,674	33,100	32,372	30,217
Inventories	C1-5	461	6,486	6,524	6,512
Contract Assets	C1-6	9,711	3,795	10,771	5,366
Non-current Assets held for sale	C1-7	65	65	-	-
Other		6,881	6,351	3,561	3,144
Total current assets		164,095	193,592	154,866	151,845
Non-current assets					
Cash assets	C1-1	-	-	-	-
Investments	C1-2	39,730	33,312	77,836	107,904
Inventories	C1-5	5,972	-	-	-
Receivables	C1-4	-	-	-	-
Infrastructure, property, plant & equipment	C1-8	3,347,445	3,680,312	4,056,151	4,133,991
Investments accounted for using the equity method		-	-	-	-
Investment property	C1-9	5,600	5,050	5,100	5,650
Intangible assets	C1-10	76	-	-	-
Right of use assets	C2-1	1,094	718	1,332	2,276
Non-current assets classified as 'held for sale'		-	-	-	-
Other		-	-	-	-
Total non-current assets		3,399,917	3,719,392	4,140,419	4,249,821
TOTAL ASSETS		3,564,012	3,912,984	4,295,285	4,401,666
LIABILITIES					
Current liabilities					
Payables	C3-1	27,376	22,272	22,273	27,485
Income received in advance		-	-	-	-
Contract Liabilities	C3-2	5,491	10,315	12,543	23,174
Lease Liabilities		403	129	460	395
Borrowings	C3-3	3,569	2,572	657	-
Employee benefits provisions	C3-4	51,705	58,175	56,385	56,112
Provisions	C3-5	3,891	3,262	4,440	5,408
Total current liabilities		92,435	96,725	96,758	112,574
Non-current liabilities					
Payables	C3-1	-	-	-	-
Lease Liabilities	C2-1	788	655	963	2,072
Borrowings	C3-3	3,374	657	-	-
Employee benefits provisions	C3-4	792	832	875	695
Provisions	C3-5	27,879	27,539	48,810	49,907
Total non-current liabilities		32,833	29,683	50,648	52,674
TOTAL LIABILITIES		125,268	126,408	147,406	165,248
NET ASSETS	\$	3,438,744	3,786,576	4,147,879	4,236,418
EQUITY					
Retained earnings					
Retained earnings	C4-1	1,576,459	1,637,513	1,681,518	1,674,847
Revaluation reserves	C4-1	1,862,285	2,149,063	2,466,361	2,561,571
Council Equity Interest		3,438,744	3,786,576	4,147,879	4,236,418
Minority Equity Interest		-	-	-	-
TOTAL EQUITY	\$	3,438,744	3,786,576	4,147,879	4,236,418

Wollongong City Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2025



Wollongong City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2025



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Overview

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

41 Burelli Street
Wollongong NSW 2500

Council's guiding principles are detailed in Chapter 3 of the *Local Government Act 1993 (NSW)* and include:

- 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 B1-2.

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.wollongong.nsw.gov.au.

Wollongong City Council

General Purpose Financial Statements for the year ended 30 June 2025

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

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

- the *Local Government Act 1993 (NSW)* 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:

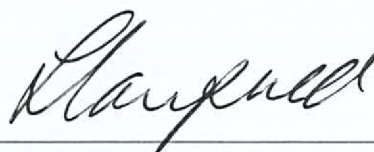
- present fairly the Council's operating result and financial position for the year,
- accord with Council's accounting and other records.

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 27 October 2025.



Tania Brown
Lord Mayor
27 October 2025



Linda Campbell
Deputy Lord Mayor
27 October 2025



Greg Doyle
General Manager
27 October 2025



Brian Jenkins
Responsible Accounting Officer
27 October 2025

Wollongong City Council

Income Statement

for the year ended 30 June 2025

Original unaudited budget 2025	\$ '000	Notes	Actual 2025	Actual 2024
Income from continuing operations				
247,048	Rates and annual charges	B2-1	247,516	231,847
39,990	User charges and fees	B2-2	40,074	38,578
5,872	Other revenues	B2-3	6,748	9,045
33,212	Grants and contributions provided for operating purposes	B2-4	31,646	32,772
27,454	Grants and contributions provided for capital purposes	B2-4	45,473	100,797
6,196	Interest and investment income	B2-5	9,756	8,711
7,231	Other income	B2-6	9,430	8,575
28,516	Net gain from the disposal of assets	B4-1	—	—
395,519	Total income from continuing operations		390,643	430,325
Expenses from continuing operations				
142,404	Employee benefits and on-costs	B3-1	153,272	140,458
99,866	Materials and services	B3-2	110,545	122,542
557	Borrowing costs	B3-3	1,144	747
24,257	Other expenses	B3-5	31,548	29,446
—	Net loss from the disposal of assets	B4-1	6,276	10,120
267,084	Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		302,785	303,313
128,435	Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		87,858	127,012
87,113	Depreciation, amortisation and impairment of non-financial assets	B3-4	98,096	86,023
41,322	Operating result from continuing operations		(10,238)	40,989
41,322	Net operating result for the year attributable to Council		(10,238)	40,989
13,868	Net operating result for the year before grants and contributions provided for capital purposes		(55,711)	(59,808)

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

Wollongong City Council

Statement of Comprehensive Income

for the year ended 30 June 2025

\$ '000	Notes	2025	2024
Net operating result for the year – from Income Statement		(10,238)	40,989
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain on revaluation of infrastructure, property, plant and equipment	C1-8	98,777	320,912
Impairment (loss) relating to infrastructure, property, plant and equipment	C1-8	–	(598)
Total items which will not be reclassified subsequent to operating result		98,777	320,314
Total other comprehensive income for the year		98,777	320,314
Total comprehensive income for the year attributable to Council		88,539	361,303

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

Wollongong City Council

Statement of Financial Position

as at 30 June 2025

\$ '000	Notes	2025	2024
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	49,586	44,900
Investments	C1-2	57,020	56,738
Receivables	C1-4	30,217	32,372
Inventories	C1-5	6,512	6,524
Contract assets	C1-6	5,366	10,771
Other		3,144	3,561
Total current assets		151,845	154,866
Non-current assets			
Investments	C1-2	107,904	77,836
Infrastructure, property, plant and equipment (IPPE)	C1-8	4,133,991	4,056,151
Investment property	C1-9	5,650	5,100
Right of use assets	C2-1	2,276	1,332
Total non-current assets		4,249,821	4,140,419
Total assets		4,401,666	4,295,285
LIABILITIES			
Current liabilities			
Payables	C3-1	27,485	22,273
Contract liabilities	C3-2	23,174	12,543
Lease liabilities	C2-1	395	460
Borrowings	C3-3	–	657
Employee benefit provisions	C3-4	56,112	56,385
Provisions	C3-5	5,408	4,440
Total current liabilities		112,574	96,758
Non-current liabilities			
Lease liabilities	C2-1	2,072	963
Employee benefit provisions	C3-4	695	875
Provisions	C3-5	49,907	48,810
Total non-current liabilities		52,674	50,648
Total liabilities		165,248	147,406
Net assets		4,236,418	4,147,879
EQUITY			
Accumulated surplus	C4-1	1,674,847	1,681,518
IPPE revaluation surplus	C4-1	2,561,571	2,466,361
Council equity interest		4,236,418	4,147,879
Total equity		4,236,418	4,147,879

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

Wollongong City Council

Statement of Changes in Equity

for the year ended 30 June 2025

\$ '000	Notes	2025			2024		
		Accumulated surplus	IPPE revaluation surplus	Total equity	Accumulated surplus	IPPE revaluation surplus	Total equity
Opening balance at 1 July		1,681,518	2,466,361	4,147,879	1,637,513	2,149,063	3,786,576
Restated opening balance		1,681,518	2,466,361	4,147,879	1,637,513	2,149,063	3,786,576
Net operating result for the year		(10,238)	–	(10,238)	40,989	–	40,989
Other comprehensive income							
Gain on revaluation of infrastructure, property, plant and equipment	C1-8	–	98,777	98,777	–	320,912	320,912
Impairment (loss) relating to IPPE	C1-8	–	–	–	–	(598)	(598)
Other comprehensive income		–	98,777	98,777	–	320,314	320,314
Total comprehensive income		(10,238)	98,777	88,539	40,989	320,314	361,303
Transfers between equity items		3,567	(3,567)	–	3,016	(3,016)	–
Closing balance at 30 June		1,674,847	2,561,571	4,236,418	1,681,518	2,466,361	4,147,879

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

Wollongong City Council

Statement of Cash Flows

for the year ended 30 June 2025

Original unaudited budget 2025	\$ '000	Notes	Actual 2025	Actual 2024
Cash flows from operating activities				
Receipts:				
245,637	Rates and annual charges		247,520	232,873
39,990	User charges and fees		46,038	42,526
6,197	Interest received		9,061	8,575
53,652	Grants and contributions		76,854	68,654
–	Bonds, deposits and retentions received		167	886
10,603	Other		30,875	29,432
Payments:				
(139,361)	Payments to employees		(154,007)	(142,434)
(102,305)	Payments for materials and services		(126,746)	(138,853)
(29)	Borrowing costs		862	(127)
–	Bonds, deposits and retentions refunded		–	(1,352)
(24,257)	Other		(12,712)	1,578
90,127	Net cash flows from operating activities	G1-1	117,912	101,758
Cash flows from investing activities				
Receipts:				
(1,764)	Proceeds from sale or maturity of investments		50,649	37,813
34,278	Proceeds from sale of IPPE		2,067	848
Payments:				
–	Purchase of investments		(52,079)	(38,090)
–	Acquisition of term deposits		(27,050)	–
(105,995)	Payments for IPPE		(85,786)	(98,797)
(73,481)	Net cash flows from investing activities		(112,199)	(98,226)
Cash flows from financing activities				
Payments:				
(656)	Repayment of borrowings		(657)	(2,572)
(112)	Principal component of lease payments		(370)	(431)
(768)	Net cash flows from financing activities		(1,027)	(3,003)
15,878	Net change in cash and cash equivalents		4,686	529
153,847	Cash and cash equivalents at beginning of year		44,900	44,371
169,725	Cash and cash equivalents at end of year	C1-1	49,586	44,900
18,858	Add: Investments on hand at end of year	C1-2	164,924	134,574
188,583	Total cash, cash equivalents and investments		214,510	179,474

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

Wollongong City Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 27 October 2025. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the Office of Local Government (OLG) directs Council to amend the financial statements.

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not-for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Historical cost convention

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

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

- i. fair values of investment property – refer Note C1-9
- ii. fair values of infrastructure, property, plant and equipment – refer Note C1-8
- iii. tip remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993*, 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.

The Consolidated Fund has been included in the financial statements of the Council.

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

- general purpose operations

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, 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

A1-1 Basis of preparation (continued)

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.

A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge.

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.

Volunteer services

Council is supported by a range of volunteers for services including surf lifesaving, bush care, community transport and library programs. Volunteer services are required to be recognised in the financial statements if they can be measured reliably, are material, and would be purchased if not provided by the volunteers. In most instances, Council would not purchase the service if it was not provided by volunteers.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2025 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2025.

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2025.

The following new standard is effective for the first time at 30 June 2025:

- **AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.**

There is no material impact on the Councils' reported financial position, however Councils should review their fair value methodology to ensure that it is in accordance with the guidance included in AASB 2022-10.

B Financial Performance

B1 Functions or activities

B1-1 Community Strategic Plan Goals – income, expenses and assets ¹

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Functions or activities										
Goal 1 - We value and protect our environment	97,684	91,357	124,553	127,339	(26,869)	(35,982)	28,624	25,337	1,127,728	1,002,545
Goal 2 - We have an innovative and sustainable economy	10,963	11,164	14,583	13,908	(3,620)	(2,744)	–	25	4,396	5,886
Goal 3 - Wollongong is a creative, vibrant city	759	1,066	12,743	12,124	(11,984)	(11,058)	525	688	1,609	2,190
Goal 4 - We are a connected and engaged community	14,477	13,469	38,630	34,569	(24,153)	(21,100)	6,631	6,519	860,369	859,612
Goal 5 - We have a healthy community in a liveable city	13,335	16,879	68,819	63,501	(55,484)	(46,622)	2,166	7,370	723,962	786,886
Goal 6 - We have affordable and accessible transport	12,071	18,441	70,261	75,538	(58,190)	(57,097)	10,687	16,455	1,423,037	1,404,313
Support Services	227,404	218,657	71,292	62,357	156,112	156,300	14,536	17,883	260,565	233,853
Contributed Assets	13,950	59,292	–	–	13,950	59,292	13,950	59,292	–	–
Total functions and activities	390,643	430,325	400,881	389,336	(10,238)	40,989	77,119	133,569	4,401,666	4,295,285

(1) The functions/activities reported above are different to what has been reported in the past. The Goals listed above and described on the following page, align with Council's Community Strategic Plan – Our Wollongong Our Future 2032.

B1-2 Components of Community Strategic Plan Goals

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

Goal 1 - We value and protect our environment

We will work together to reduce emissions and the effects of a changing climate. Our natural environments are protected, and our resources will be managed effectively. Development is well planned and sustainable and we protect our heritage.

Goal 2 - We have an innovative and sustainable economy

The region's industry base continues to diversify and local employment opportunities increase. Wollongong is established as the regional capital of the Illawarra-Shoalhaven. We are leaders in innovative and sustainable research and development of new industries.

Goal 3 - Wollongong is a creative, vibrant city

Creative, cultural industries are fostered and thriving. Community have access to the arts, and participation in events and festivals is increased. Strong diverse local cultures are supported.

Goal 4 - We are a connected and engaged community

Residents have easy and equitable access to information and play an active role in the decisions that affect our city. There is greater awareness and understanding of Local Aboriginal and Torres Strait Islander culture, heritage and histories. Our Council is accountable, financially sustainable and has the trust of the community.

Goal 5 - We have a healthy community in a livable city

There is an increase in the physical and mental health and wellbeing of our community. Our community participation in recreation and lifestyle activities increases. Residents have improved access to a range of affordable housing options. Suburbs and places are livable and safe.

Goal 6 - We have affordable and accessible transport

There is an increase in sustainable transport use including public transport, walking and cycling. Transport links and connection to Sydney, the South Coast and Southern Highlands are strengthened. The community have access to a safe, affordable and reliable transport network.

Support Services

Five services form an additional group called Support Services to demonstrate that these Services support the delivery of all Community Strategic Plan goals.

Support Services include: Employee Services; Financial Services; Governance & Administration; Infrastructure Strategy & Support and Information Management & Technology.

Contributed Assets

Contributed assets relate mainly to the handover of transport and stormwater assets from various subdivisions in the West Dapto area.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2025	2024
Ordinary rates		
Residential	144,089	136,519
Farmland	510	495
Mining	1,103	1,046
Business	54,607	52,018
Less: pensioner rebates (mandatory)	(2,524)	(2,536)
Less: pensioner rebates (Council policy)	(234)	(263)
Abandonments ¹	(173)	(568)
Rates levied to ratepayers	197,378	186,711
Pensioner rate subsidies received	1,374	1,381
Total ordinary rates	198,752	188,092
Special rates		
Mall	1,264	1,260
Total special rates	1,264	1,260
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	45,971	40,949
Stormwater management services	1,910	1,898
Less: pensioner rebates (mandatory)	(836)	(840)
Pensioner annual charges subsidies received:		
– Domestic waste management	455	488
Total annual charges	47,500	42,495
Total rates and annual charges	247,516	231,847

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

Material accounting policy information

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates (mandatory) relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government area that are subsidised by the NSW Government. Pensioner rebates (Council policy) relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government 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 (mandatory) and are in substance a rates payment.

(1) Abandonments refer to amounts owed to Council that have been written off due to the property being exempted of rates, objections & ascertainties, postponed rates and voluntary conservation agreements as per the OLG Rating and Revenue Raising Manual 2007.

B2-2 User charges and fees

\$ '000	2025	2024
User charges		
Waste management services (non-domestic)	11,243	10,503
Total user charges	11,243	10,503
Contestable building services	419	382
Inspection services	334	662
Planning and building regulation	3,613	3,375
Registration fees	184	204
Section 10.7 certificates (EP&A Act)	601	880
Section 603 certificate (rating certificate)	356	458
Section 611 charges (occupation of land)	334	337
Additional waste services	162	186
Art gallery	24	16
Car parking	1,735	1,635
Cemeteries	2,695	1,960
Credit card payment processing fee	166	126
Design review meeting application fees	64	203
Golf course	1,014	986
Health inspections	860	673
Library	60	45
Outdoor dining	17	10
Parking meters	1,132	1,111
Pre-lodgement meeting fees	84	106
Recreation	4,803	4,375
Road opening permits	311	240
Stallholder fees	58	57
Tree management requests	111	96
Tourist parks	9,377	9,612
Other	317	340
Total fees	28,831	28,075
Total other user charges and fees	28,831	28,075
Total user charges and fees	40,074	38,578
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	9,377	9,612
User charges and fees recognised at a point in time	30,697	28,966
Total user charges and fees	40,074	38,578

Material accounting policy information

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than over the term of the licence.

B2-3 Other revenues

\$ '000	2025	2024
Diesel rebate	185	248
Fines	437	555
Fines – parking	3,402	3,165
Income relating to the clean energy future scheme	31	–
Insurance claims recoveries	25	365
Legal fees recovery – rates and charges (extra charges)	24	–
Legal settlements	401	318
Outgoings reimbursements	98	83
Reimbursements	400	2,645
Sales – general	1,348	1,314
Sponsorship and promotional income	33	24
Other	364	328
Total other revenue	6,748	9,045
Timing of revenue recognition for other revenue		
Other revenue recognised over time	–	–
Other revenue recognised at a point in time	6,748	9,045
Total other revenue	6,748	9,045

Material accounting policy information for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

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

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

B2-4 Grants and contributions

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant				
Relating to current year	4,442	867	–	–
Payment received in advance for subsequent year	11,034	19,374	–	–
Amount recognised as income during current year	15,476	20,241	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Arts and culture	–	366	–	–
Buildings	50	–	66	–
Car parks	–	–	–	32
Community centres	76	–	–	–
Community development and support	354	873	–	–
Community services and facilities	799	569	–	–
Economic development	–	3	–	–
Emergency services	439	429	–	–
Environmental management and enhancement	744	337	–	–
Environmental programs	2	82	–	–
Footpaths and cycleways	–	–	52	–
Floodplain and stormwater management	2,231	280	306	328
Home and Community Care (HACC) community transport	3,096	3,151	–	–
Heritage and cultural	12	–	–	–
Information technology	–	–	–	1
Library	830	689	–	–
Local Infrastructure Renewal Scheme (LIRS) subsidy	14	103	–	–
Local bus route subsidy	85	160	–	–
Natural area management	527	134	–	–
Recreation and culture	219	–	–	–
Parks, gardens and sports fields	315	181	1,127	5,410
Roads and bridges	771	233	–	–
Storm/flood damage	–	–	284	1,197
People and learning	406	54	–	–
Pollution minimisation	293	275	–	–
Recreation and culture	–	–	9	1,478
Regulatory control	71	–	–	–
Social support programs	1,806	1,600	–	–
Strategic city planning	59	91	–	–
Street lighting	758	743	–	–
Transport (other roads and bridges funding)	–	–	6,552	7,957
Transport (roads to recovery)	–	–	1,016	1,731
Transport for NSW contributions (regional roads, block grant)	1,541	1,506	–	–
Voluntary purchase scheme	–	–	1,071	–
Waste performance improvement	–	–	–	2,014
Total cash contributions	15,498	11,859	10,483	20,148
Non-cash contributions				
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	–	–	13,436	58,757
Wollongong City Gallery collection	–	–	515	535
Volunteer Services	672	672	–	–
Total non-cash contributions	672	672	13,951	59,292
Total special purpose grants and non-developer contributions (tied)	16,170	12,531	24,434	79,440
Total grants and non-developer contributions	31,646	32,772	24,434	79,440

B2-4 Grants and contributions (continued)

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Comprising:				
– Commonwealth funding	20,065	24,638	1,016	6,863
– State funding	9,533	6,560	9,313	13,820
– Other funding	2,048	1,574	14,105	58,757
	31,646	32,772	24,434	79,440

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Developer contributions:					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions	G4				
S 7.4 – contributions using planning agreements		–	–	2,072	149
S 7.11 – contributions towards amenities/services		–	–	11,469	13,887
S 7.12 – fixed development consent levies		–	–	7,498	7,321
Total cash contributions		–	–	21,039	21,357
Total developer contributions		–	–	21,039	21,357
Total contributions		–	–	21,039	21,357
Total grants and contributions		31,646	32,772	45,473	100,797
Timing of revenue recognition					
Grants and contributions recognised over time		5,409	2,956	8,597	20,148
Grants and contributions recognised at a point in time		26,237	29,816	36,876	80,649
Total grants and contributions		31,646	32,772	45,473	100,797

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Unspent grants				
Unspent funds at 1 July	9,701	18,335	2,029	1,964
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	551	5,205	854	—
Add: funds received and not recognised as revenue in the current year	451	372	6,786	1,569
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(5,946)	(13,094)	(89)	(7)
Less: funds received in prior year but revenue recognised and funds spent in current year	(562)	(1,117)	(394)	(1,497)
Unspent funds at 30 June	4,195	9,701	9,186	2,029
Unspent contributions				
Unspent funds at 1 July	96	1,984	56,274	45,284
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	11	21	24,360	23,829
Add: contributions received and not recognised as revenue in the current year	—	—	176	206
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(13)	—	(6,342)	(12,990)
Less: contributions received in prior year but revenue recognised and funds spent in current year	—	(1,909)	(195)	(55)
Unspent contributions at 30 June	94	96	74,273	56,274

B2-4 Grants and contributions (continued)

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2025	2024
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	1,290	1,252
– Cash and investments	8,466	7,459
Total interest and investment income (losses)	9,756	8,711

Material accounting policy information

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

B2-6 Other income

\$ '000	Notes	2025	2024
Fair value increment on investments			
Fair value increment on investments through profit and loss		1,223	1,306
Movement in interest in CivicRisk Mutual		622	255
Total fair value increment on investments		1,845	1,561
Fair value increment on investment properties			
Fair value increment on investment properties		550	50
Total fair value increment on investment properties	C1-9	550	50
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		480	528
Total investment properties		480	528
Other lease income			
Room/Facility Hire		663	595
Leaseback fees - council vehicles		841	721
Other Council Properties		5,051	4,493
Total other lease income		6,555	5,809
Total rental income	C2-2	7,035	6,337
Other			
Energy Saving Certificates		–	627
Total other		–	627
Total other income		9,430	8,575

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2025	2024
Employee leave entitlements (ELE)	18,819	16,664
Salaries and wages	126,605	119,813
Superannuation	15,497	14,364
Change in workers compensation provision	872	506
Workers compensation – self insurance	4,348	3,586
Fringe Benefits Tax (FBT)	181	182
Payroll tax	27	22
Training costs (other than salaries and wages)	971	901
Protective clothing	476	479
Labour hire	1,032	203
Other	497	451
Total employee costs	169,325	157,171
Less: capitalised costs	(16,053)	(16,713)
Total employee costs expensed	153,272	140,458

Material accounting policy information

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 E3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2025	2024
Advertising		225	297
Audit Fees	F2-1	309	286
Bank charges		661	808
Contractor costs ¹		69,140	71,415
Councillor and Mayoral fees and associated expenses	F1-2	716	687
Insurance		5,100	4,812
Internal audit		136	118
Light, electricity and heating		2,715	2,796
Membership fees		188	170
Other expenses		3,132	6,982
Postage		529	490
Prior year works in progress 'write offs' ²		16,646	7,085
Provision for asset remediation ³		265	13,136
Provision for self insurance claims		(20)	11
Raw materials and consumables ¹		29,150	35,386
Rental agreements		22	4
Royalty payments		442	551
Sewerage charges		301	316
Software maintenance and support contractor		3,979	3,518
Street lighting		2,811	3,970
Telephone and communications		733	620
Valuation fees		553	531
Volunteer reimbursements		255	242
Waste contractor		28,714	27,540
Water rates		1,290	1,116
Legal expenses:			
– Planning and development		1,192	500
– Other		487	424
Total materials and services		169,671	183,811
Less: capitalised costs		(59,126)	(61,269)
Total materials and services		110,545	122,542

Material accounting policy information

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

- (1) The Contractor & Consultancy Costs and Raw Materials & Consumables includes expenditure related to the capital program. The delivery of capital projects is dependent on the types and size of works that may be delivered through contracts or internally. There are significant variations year on year in this allocation process.
- (2) Capital expenditure previously included in Works in Progress was transferred to operating expenses during 2023-2024 and 2024-2025. This includes capital works to deliver assets not under the control of Council such as traffic facilities and street lighting and identified operational expenses incurred and allocated to capital projects in the course of construction of associated assets.
- (3) Each financial year a provision for the remediation of Council's waste facility is calculated based on the forecast costs to rehabilitate the site. A review of the planned rehabilitation costs and changes to discount factors have resulted in an movement in the provision in 2024-2025.

B3-3 Borrowing costs

\$ '000	Notes	2025	2024
(i) Interest bearing liability costs			
Interest on leases		137	56
Interest on loans		4	71
Total interest bearing liability costs		141	127
Total interest bearing liability costs expensed		141	127
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	1,003	620
Total other borrowing costs		1,003	620
Total borrowing costs expensed		1,144	747

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

\$ '000	Notes	2025	2024
Depreciation and amortisation			
Plant and equipment		4,209	4,267
Office equipment		1,077	1,280
Furniture and fittings		274	302
Infrastructure:	C1-8		
– Bridges		2,310	2,072
– Buildings – non-specialised		10,078	5,004
– Buildings – specialised		9,951	7,116
– Footpaths		5,897	5,405
– Other open space/recreational assets		7,140	7,020
– Other structures		926	707
– Roads		31,869	29,890
– Stormwater drainage		20,214	19,011
– Swimming pools		726	764
Right of use assets	C2-1	470	456
Other assets:			
– Library books		1,272	1,242
– Other		1,484	1,487
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-8	199	–
Total depreciation and amortisation costs		98,096	86,023
Impairment / revaluation decrement of IPPE			
Infrastructure:	C1-8		
– Buildings – specialised		–	598
Amounts taken through revaluation reserve	C1-8	–	(598)
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	–
Total depreciation, amortisation and impairment for non-financial assets		98,096	86,023

Material accounting policy information

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-8 for IPPE assets, Note C1-10 for intangible assets and Note C2-1 for right-of-use assets.

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2025	2024
Impairment of receivables			
User charges and fees		(152)	831
Total impairment of receivables	C1-4	(152)	831
Other			
Contributions/levies to other levels of government			
– Emergency services levy		773	1,023
– NSW fire brigade levy		4,257	4,251
– NSW rural fire service levy		827	840
– Waste levy		13,634	12,252
Donations, contributions and assistance to other organisations (Section 356)			
– Affordable Housing ¹		–	5,654
– City Centre management		11	4
– Illawarra Institute of Sport		42	27
– Illawarra Shoalhaven Joint Organisation		58	58
– Illawarra Performing Arts Centre ²		1,453	1,355
– Neighbourhood youth program		82	80
– Illawarra Surf Life Saving		63	65
– Sponsorship fund		54	31
– Tourism		1,690	1,549
– Wollongong Shuttle Bus Service		411	396
Refund of Prior Year Grants ³		7,624	235
Other		762	1,024
Total other		31,741	28,844
Less: capitalised costs		(41)	(229)
Total other expenses		31,548	29,446

Material accounting policy information

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

(1) Allocation of grant received in a prior year for Affordable Housing.

(2) The 2023-2024 and 2024-2025 contribution to the Illawarra Performing Arts Centre includes the contribution for the management of the Town Hall.

(3) \$6.9m of expense relates to returned unspent grant funds in relation to Community Transport as the service has been transferred to another party to deliver effective 30 June 2025.

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

\$ '000	Notes	2025	2024
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		36	45
Less: carrying amount of property assets sold/written off		(13)	(79)
Gain (or loss) on disposal		23	(34)
Gain (or loss) on disposal of plant and equipment			
	C1-8		
Proceeds from disposal – plant and equipment		2,031	803
Less: carrying amount of plant and equipment assets sold/written off		(1,517)	(600)
Gain (or loss) on disposal		514	203
Gain (or loss) on disposal of infrastructure			
	C1-8		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(6,838)	(10,289)
Gain (or loss) on disposal		(6,838)	(10,289)
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		50,649	37,813
Less: carrying amount of investments sold/redeemed/matured		(50,624)	(37,813)
Gain (or loss) on disposal		25	–
Net gain (or loss) from disposal of assets		(6,276)	(10,120)

Material accounting policy information

Gains and losses on disposals are determined by comparing proceeds with carrying amount. 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.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 24 June 2024 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2025 Budget	2025 Actual	2025 ----- Variance -----	
Revenues				
Rates and annual charges	247,048	247,516	468	0% F
User charges and fees	39,990	40,074	84	0% F
Other revenues	5,872	6,748	876	15% F
The variance in Other revenues is mainly associated with a one-off compensation payment related to a Council Easement.				
Operating grants and contributions	33,212	31,646	(1,566)	(5)% U
Capital grants and contributions	27,454	45,473	18,019	66% F
Capital grants and contributions including assets contributed to Council through development. A greater value of assets have been contributed to Council than anticipated in the 2024-2025 financial year. In addition, a greater level of revenue was received through contributions under Development Contribution Plans than anticipated.				
Interest and investment revenue	6,196	9,756	3,560	57% F
Interest and investment income performed better than anticipated due to higher interest rate environment than prior year with an overall increase in holdings.				
Net gains from disposal of assets	28,516	–	(28,516)	(100)% U
The original budget for 2024-2025 reflected the gains on disposal anticipated for a significant land sale that was planned to occur. The variances between original budget and actuals results from the delay in this land sale.				
Other income	7,231	9,430	2,199	30% F
Other income is favourable due to the fair value increment on investments recognised through the profit and loss.				

B5-1 Material budget variations (continued)

\$ '000	2025 Budget	2025 Actual	2025 ----- Variance -----	
Expenses				
Employee benefits and on-costs	142,404	153,272	(10,868)	(8)% U
Employee benefits and on-costs within the operating result represent part of Council's workforce costs that are applied to operating functions, other costs are charged to capital works and reflected in the value of assets. As shown in Note B3-1 \$16.1M was charged to capital. This was \$6.1M less than Council's original estimate, so while overall employee costs were on budget, the allocation of works was directed more to operating functions during 2025-26. In addition, Council's costs incurred in Workers Compensation have exceeded budget, as have Superannuation costs. There was also additional labour costs introduced to budget during the year.				
Materials and services	99,866	110,545	(10,679)	(11)% U
Materials and services includes prior year works in progress of \$16.4M (see note B3-1) that do not meet the requirements to be recognised as an asset and therefore have been expensed through operating. Excluding this adjustment, Materials and services would have performed better than original budget estimates.				
Borrowing costs	557	1,144	(587)	(105)% U
Borrowing costs include the interest on the waste facility remediation. The original budget was set prior to receipt of the discount rates as at 30 June 2024 which are applied for the interest calculation in 2024-2025. The changes in discount rate have resulted in a variance between the actuals and original budget.				
Depreciation, amortisation and impairment of non-financial assets	87,113	98,096	(10,983)	(13)% U
The original budget for 2024-2025 was set prior to the impacts of the June 2024 Buildings revaluation and indexation of other asset classes to align to fair value. These events significantly increased asset values which resulted in an increase in the depreciation expense for 2024-2025.				
Other expenses	24,257	31,548	(7,291)	(30)% U
Other expenses have been impacted by the return of grant funds recognised as revenue in prior financial years. This is mainly associated with the transition of the Community Transport function to a third party.				
Net losses from disposal of assets	–	6,276	(6,276)	– U
Statement of cash flows				
Cash flows from operating activities	90,127	117,912	27,785	31% F
Cash flows from investing activities	(73,481)	(112,199)	(38,718)	53% U
Cash flows from financing activities	(768)	(1,027)	(259)	34% U

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2025	2024
Cash assets		
Cash on hand and at bank	1,284	21,431
Cash equivalent assets		
– Deposits at call	48,302	23,469
Total cash and cash equivalents	49,586	44,900

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	49,586	44,900
Balance as per the Statement of Cash Flows	49,586	44,900

Material accounting policy information

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.

C1-2 Financial investments

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Financial assets at fair value through the profit and loss				
Managed funds	–	10,345	9,400	–
Floating Rate Notes (FRN) with maturities > 3 months ¹	18,957	47,570	5,036	59,719
Mortgage backed securities	1,563	–	1,602	–
CivicRisk Mutual Limited	–	3,739	–	3,117
Total	20,520	61,654	16,038	62,836
Debt securities at amortised cost				
Long term deposits	36,500	46,250	40,700	15,000
Total	36,500	46,250	40,700	15,000
Total financial investments	57,020	107,904	56,738	77,836

(1) Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

C1-2 Financial investments (continued)

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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, term deposits, and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

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

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

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income 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 FRNs, managed funds, mortgage backed securities and interest in CivicRisk Mutual in the Statement of Financial Position.

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

\$ '000	2025	2024
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	214,510	179,474
Less: Externally restricted cash, cash equivalents and investments	(102,211)	(86,881)
Cash, cash equivalents and investments not subject to external restrictions	112,299	92,593

External restrictions

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

Developer contributions – general ^A	73,967	55,949
Transport for NSW contributions ^B	402	422
Specific purpose unexpended grants ^C	13,381	11,730
Stormwater management ^D	1,254	1,507
Private contributions	2,898	6,943
Special rates levy – Wollongong mall	1,062	962
Special rates levy – city centre	94	94
Domestic waste management ^D	6,033	5,321
Housing Affordability	3,120	3,953
Total external restrictions	102,211	86,881

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

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

(B) Transport for New South Wales contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.

(C) Grants which are not yet expended for the purposes for which the grants were obtained.

(D) Domestic Waste Management and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

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

\$ '000	2025	2024
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	112,299	92,593
Unrestricted and unallocated cash, cash equivalents and investments	43,743	23,919
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Car parking strategy	1,372	1,223
Darcy Wentworth Park	18	18
MacCabe Park development	2,190	2,040
Sports Priority Program	856	524
Waste Disposal Facility	5,982	10,854
West Dapto Development	20,232	14,927
Strategic Projects	31,700	32,991
Property Investment Fund	5,532	5,396
Natural areas	173	173
Lake Illawarra Estuary Management Fund	501	528
Total internal allocations	68,556	68,674

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

C1-4 Receivables

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Rates and annual charges	16,580	–	16,127	–
Interest and extra charges	2,073	–	2,020	–
User charges and fees	7,061	–	7,493	–
Accrued revenues				
– Interest on investments	1,549	–	907	–
– Other income accruals	3,077	–	5,168	–
Government grants and subsidies	947	–	730	–
Net GST receivable	1,995	–	3,287	–
Total	33,282	–	35,732	–
Less: provision for impairment				
User charges and fees	(3,065)	–	(3,360)	–
Total provision for impairment – receivables	(3,065)	–	(3,360)	–
Total net receivables	30,217	–	32,372	–

Material accounting policy information

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

Impairment

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

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

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

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

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

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Inventories at cost				
Real estate for resale	5,972	–	5,972	–
Stores and materials	540	–	552	–
Total inventories at cost	6,512	–	6,524	–
Total inventories	6,512	–	6,524	–

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Details for real estate development				
Residential	5,972	–	5,972	–
Total real estate for resale	5,972	–	5,972	–
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	5,972	–	5,972	–
Total costs	5,972	–	5,972	–
Total real estate for resale	5,972	–	5,972	–
Movements:				
Real estate assets at beginning of the year	5,972	–	5,972	–
Total real estate for resale	5,972	–	5,972	–

Material accounting policy information

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

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.

C1-6 Contract assets

Contract assets

\$ '000	2025	2024
Work relating to capital grants & contributions	4,439	10,537
Work relating to operational grants & contributions	66	66
Other	861	168
Total contract assets	5,366	10,771

Material accounting policy information

Contract assets

Contract assets represent Councils right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

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

Details of assets

One parcel of land which was classified as 'held of sale' and sold during the year ended 30 June 2024.

Material accounting policy information

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets 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.

C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2024			Asset movements during the reporting period									At 30 June 2025		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Other movements - Transfer to Expense	Other movements - Waste Remediation Reassessment	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	88,503	—	88,503	54,723	20,497	—	—	(66,054)	—	(16,646)	—	—	81,023	—	81,023
Plant and equipment	48,486	(28,950)	19,536	7,630	—	(1,517)	(4,209)	—	—	—	—	—	49,203	(27,763)	21,440
Office equipment	13,065	(10,319)	2,746	1,537	—	—	(1,077)	—	—	—	—	—	14,602	(11,396)	3,206
Furniture and fittings	3,257	(2,332)	925	55	—	—	(274)	—	—	—	—	—	3,312	(2,606)	706
Land:															
– Operational land	367,911	—	367,911	—	148	(13)	—	—	(3,036)	—	—	—	365,010	—	365,010
– Community land	365,135	(760)	364,375	—	1,606	—	—	—	2,341	—	—	—	369,082	(760)	368,322
– Crown land	120,906	—	120,906	—	—	—	—	—	—	—	—	—	120,906	—	120,906
– Land under roads (post 30/6/08)	3,562	—	3,562	—	333	—	—	—	695	—	—	—	4,590	—	4,590
Infrastructure:															
– Buildings – non-specialised	429,019	(190,938)	238,081	—	—	(13)	(10,078)	359	9	—	—	12,235	452,333	(211,740)	240,593
– Buildings – specialised	533,215	(254,278)	278,937	—	—	(315)	(9,951)	3,109	(78)	—	—	14,570	564,730	(278,458)	286,272
– Other structures	21,358	(6,003)	15,355	—	—	—	(926)	589	213	—	—	786	23,383	(7,366)	16,017
– Roads	2,188,536	(1,214,770)	973,766	—	5,489	(5,227)	(31,869)	27,355	(207)	—	—	25,954	2,260,272	(1,265,011)	995,261
– Bridges	169,139	(55,334)	113,805	—	—	(2)	(2,310)	—	2	—	—	3,079	173,807	(59,233)	114,574
– Footpaths	423,100	(197,542)	225,558	—	2,757	(341)	(5,897)	7,257	(8)	—	—	6,102	443,620	(208,192)	235,428
– Stormwater drainage	1,832,317	(843,399)	988,918	—	4,914	(635)	(20,214)	11,419	(9)	—	—	26,752	1,897,839	(886,694)	1,011,145
– Swimming pools	52,247	(37,683)	14,564	—	—	—	(726)	—	—	—	—	743	55,052	(40,471)	14,581
– Other open space/recreational assets	270,698	(104,614)	166,084	—	—	(306)	(7,140)	14,770	78	—	—	8,556	298,617	(116,575)	182,042
Other assets:															
– Heritage collections	16,622	—	16,622	—	696	—	—	—	—	—	—	—	17,318	—	17,318
– Library books	10,012	(5,009)	5,003	1,375	—	—	(1,272)	—	—	—	—	—	11,388	(6,282)	5,106
– Other	59,561	(16,744)	42,817	—	—	—	(1,484)	1,196	—	—	—	—	60,757	(18,228)	42,529
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Tip assets	17,587	(9,410)	8,177	—	—	—	(199)	—	—	—	(56)	—	17,532	(9,610)	7,922
Total infrastructure, property, plant and equipment	7,034,236	(2,978,085)	4,056,151	65,320	36,440	(8,369)	(97,626)	—	—	(16,646)	(56)	98,777	7,284,376	(3,150,385)	4,133,991

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

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

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period												At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	Impairment loss (recognised in equity)	WIP transfers	Adjustments and transfers	Other movements - Transfer to Expense	Other movements - Waste Remediation Reassessment	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000																		
Capital work in progress	81,382	–	81,382	53,778	24,434	–	–	–	–	(64,006)	–	(7,085)	–	–	–	88,503	–	88,503
Plant and equipment	46,506	(26,213)	20,293	4,110	–	(600)	(4,267)	–	–	–	–	–	–	–	–	48,486	(28,950)	19,536
Office equipment	11,947	(9,038)	2,909	1,117	–	–	(1,280)	–	–	–	–	–	–	–	–	13,065	(10,319)	2,746
Furniture and fittings	3,184	(2,030)	1,154	73	–	–	(302)	–	–	–	–	–	–	–	–	3,257	(2,332)	925
Land:																		
– Operational land	306,586	–	306,586	–	10,319	(10)	–	–	–	–	(348)	–	–	–	51,364	367,911	–	367,911
– Community land	367,196	(760)	366,436	–	–	–	–	–	–	–	280	–	–	(2,341)	–	365,135	(760)	364,375
– Crown land	120,906	–	120,906	–	–	–	–	–	–	–	–	–	–	–	–	120,906	–	120,906
– Land under roads (post 30/6/08)	8,579	–	8,579	–	3,091	(4)	–	(5,603)	–	–	68	–	–	(2,569)	–	3,562	–	3,562
Infrastructure:																		
– Buildings – non-specialised	281,037	(106,383)	174,654	130	–	(99)	(5,004)	–	–	2,306	(2,855)	–	–	–	68,949	429,019	(190,938)	238,081
– Buildings – specialised	419,151	(222,139)	197,012	3,220	–	(305)	(7,116)	–	(598)	3,176	2,109	–	–	–	81,439	533,215	(254,278)	278,937
– Other structures	18,821	(9,655)	9,166	562	–	(856)	(707)	–	–	379	397	–	–	–	6,414	21,358	(6,003)	15,355
– Roads	2,061,164	(1,142,210)	918,954	–	16,705	(5,947)	(29,890)	–	–	28,703	(14)	–	–	–	45,255	2,188,536	(1,214,770)	973,766
– Bridges	151,182	(49,984)	101,198	–	6,563	(720)	(2,072)	–	–	3,817	–	–	–	–	5,019	169,139	(55,334)	113,805
– Footpaths	387,729	(184,529)	203,200	–	6,657	(804)	(5,405)	–	–	11,532	122	–	–	–	10,256	423,100	(197,542)	225,558
– Stormwater drainage	1,716,026	(783,826)	932,200	–	23,771	(135)	(19,011)	–	–	5,673	–	–	–	–	46,420	1,832,317	(843,399)	988,918
– Swimming pools	48,964	(34,648)	14,316	–	–	–	(764)	–	–	135	–	–	–	–	877	52,247	(37,683)	14,564
– Other open space/recreational assets	248,989	(91,390)	157,599	–	–	(1,423)	(7,020)	–	–	6,858	241	–	–	–	9,829	270,698	(104,614)	166,084
Other assets:																		
– Heritage collections	15,991	–	15,991	–	631	–	–	–	–	–	–	–	–	–	–	16,622	–	16,622
– Library books	8,667	(3,767)	4,900	1,345	–	–	(1,242)	–	–	–	–	–	–	–	–	10,012	(5,009)	5,003
– Other	58,135	(15,258)	42,877	–	–	–	(1,487)	–	–	1,427	–	–	–	–	–	59,561	(16,744)	42,817
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																		
– Tip assets	9,410	(9,410)	–	–	–	–	–	–	–	–	–	–	8,177	–	–	17,587	(9,410)	8,177
Total infrastructure, property, plant and equipment	6,371,552	(2,691,240)	3,680,312	64,335	92,171	(10,903)	(85,567)	(5,603)	(598)	–	–	(7,085)	8,177	(4,910)	325,822	7,034,236	(2,978,085)	4,056,151

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

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

Material accounting policy information

Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment are acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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.

Useful lives of IPPE

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	2 to 25	Playground equipment	5 to 40
Office furniture	5 to 34	Benches, seats etc.	10 to 32
Computer equipment	2 to 10		
Vehicles	2 to 20	Buildings	
Heavy plant/road making equipment	3 to 34	Buildings: masonry	50 to 268
Other plant and equipment	2 to 34	Buildings: other	8 to 135
Stormwater assets		Other infrastructure assets	
Drains	20 to 170	Bulk earthworks	Indefinite
Culverts	20 to 170	Swimming pools	40 to 100
Flood control structures	20 to 170	Other open space/recreational assets	3 to 115
		Other infrastructure	10 to 105
Transportation assets			
Roads: seal	8 to 95		
Roads: base	15 to 145		
Roads: sub-base	15 to 145		
Bridge: concrete	80		
Bridge: other	20 to 80		
Kerb, gutter and footpaths	20 to 104		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

Revaluation Model

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.

Land under roads

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

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

C1-8 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".

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

C1-9 Investment properties

Owned investment property

\$ '000	2025	2024
At fair value		
Opening balance at 1 July	5,100	5,050
Net gain/(loss) from fair value adjustments	550	50
Closing balance at 30 June	5,650	5,100

Material accounting policy information

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

C1-10 Intangible assets

\$ '000	2025	2024
Software		
Opening values at 1 July		
Gross book value	2,345	2,345
Accumulated amortisation	(2,345)	(2,345)
Net book value – opening balance	–	–
Closing values at 30 June		
Gross book value	2,345	2,345
Accumulated amortisation	(2,345)	(2,345)
Total intangible assets – net book value	–	–

Material accounting policy information

IT development and software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over land and buildings. Information relating to the leases in place and associated balances and transactions is provided below.

Land & Buildings

Council leases land and building for libraries and other operations; these leases are between 5 and 30 years and some include a renewal option to allow Council to renew the lease term. These leases contain an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

Extension options

Council includes extension options in some of their leases to provide flexibility and certainty to Council operations and reduce costs of moving premises. These extension options are at Council's discretion.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

There are \$6.2M in potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is not reasonably certain.

(a) Right of use assets

\$ '000	Land & Buildings	Total
2025		
Opening balance at 1 July	1,332	1,332
Additions to right-of-use assets	1,444	1,444
Depreciation charge	(470)	(470)
Other movement	(30)	(30)
Balance at 30 June	2,276	2,276
2024		
Opening balance at 1 July	718	718
Additions to right-of-use assets	1,032	1,032
Depreciation charge	(456)	(456)
Other movement	38	38
Balance at 30 June	1,332	1,332

(b) Lease liabilities

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Lease liabilities	395	2,072	460	963
Total lease liabilities	395	2,072	460	963

C2-1 Council as a lessee (continued)

(c) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2025					
Cash flows	395	116	1,970	2,481	2,467
2024					
Cash flows	460	948	31	1,439	1,423

(d) Income Statement

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

\$ '000	2025	2024
Interest on lease liabilities	137	56
Depreciation of right of use assets	470	456
	607	512

(e) Statement of Cash Flows

Total cash outflow for leases	507	487
	507	487

(f) Leases at significantly below market value – concessionary / peppercorn leases

Council has a number of leases at significantly below market for land and infrastructure which are used for:

- pedestrian crossings and bridges
- boat ramp

The leases are generally for an extended period of time and require payments of a maximum amount of \$1,000 per year. Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

Material accounting policy information

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

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

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

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

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

C2-1 Council as a lessee (continued)

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

- investment property – where the asset is held predominantly for rental or capital growth purposes (refer note C1-9)
- property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-8).

\$ '000	2025	2024
(i) Assets held as investment property		
The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below		
Lease income (excluding variable lease payments not dependent on an index or rate)	480	528
Total income relating to operating leases for investment property assets	480	528
Operating lease expenses		
Direct operating expenses that generated rental income	163	138
Total expenses relating to operating leases	163	138
(ii) Assets held as property, plant and equipment		
Lease income (excluding variable lease payments not dependent on an index or rate)	6,555	5,809
Total income relating to operating leases for Council assets	6,555	5,809
(iii) Maturity analysis of contractual lease income: investment property		
Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:		
< 1 year	372	278
1–2 years	253	133
2–3 years	130	77
3–4 years	54	41
Total undiscounted lease payments to be received	809	529

Material accounting policy information

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

C2-2 Council as a lessor (continued)

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Prepaid rates	4,974	–	4,517	–
Goods and services – operating expenditure	–	–	1,207	–
Goods and services – capital expenditure	2,324	–	975	–
Accrued expenses:				
– Other expenditure accruals	17,226	–	12,821	–
Security bonds, deposits and retentions	2,254	–	2,087	–
Agency Funds	40	–	28	–
Other	667	–	638	–
Total payables	27,485	–	22,273	–

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

\$ '000	2025	2024
Payables – security bonds, deposits and retentions	503	581
Total payables	503	581

Material accounting policy information

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 and loans.

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	10,984	—	3,817	—
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	847	—	999	—
Unexpended capital contributions (to construct Council controlled assets)	(i)	114	—	114	—
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	539	—	826	—
Total grants received in advance		12,484	—	5,756	—
Other contract liabilities:					
Upfront fees and charges	(iii)	4,773	—	3,887	—
Funds received prior to performance obligations being satisfied (upfront payments) - AASB 15	(iv)	5,917	—	2,900	—
Total user fees and charges received in advance		10,690	—	6,787	—
Total contract liabilities		23,174	—	12,543	—

Notes

(i) Council has received funding to construct assets. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to operating grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

(iii) Fees paid upfront for the delivery of specific Council services are recorded as a contract liability on receipt and recognised as revenue when the performance obligations are met.

(iv) Council has entered into a contract in relation to which the performance obligation is expected to be met during the year ending 30 June 2025. Payments made prior to the performance obligation being met are recorded as a contract liability on receipt and recognised as revenue when the performance obligation is met.

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

\$ '000	2025	2024
Capital grants (to construct Council controlled assets)	435	1,988
Operating grants (received prior to performance obligation being satisfied)	562	1,224
Operating contributions (received prior to performance obligation being satisfied)	287	399
Upfront fees	1,453	1,715
Total revenue recognised that was included in the contract liability balance at the beginning of the period	2,737	5,326

Significant changes in contract liabilities

The contract liabilities are higher than the previous year primarily due to the receipt of funds prior to performance obligation being satisfied.

Material accounting policy information

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

C3-3 Borrowings

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Loans – secured ¹	–	–	657	–
Total borrowings	–	–	657	–

(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 E1.

(a) Changes in liabilities arising from financing activities

\$ '000	2024		Non-cash movements				2025
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	657	(657)	–	–	–	–	–
Lease liability (Note C2-1)	1,423	(506)	1,444	(31)	–	137	2,467
Total liabilities from financing activities	2,080	(1,163)	1,444	(31)	–	137	2,467

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	3,229	(2,572)	–	–	–	–	657
Lease liability (Note C2-1)	784	(487)	1,032	–	–	94	1,423
Total liabilities from financing activities	4,013	(3,059)	1,032	–	–	94	2,080

(b) Financing arrangements

\$ '000	2025	2024
---------	------	------

Total facilities

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

Bank overdraft facilities ¹	600	600
Credit cards/purchase cards	350	350
Total financing arrangements	950	950

Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards	115	98
Total drawn financing arrangements	115	98

Undrawn facilities

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

– Bank overdraft facilities	600	600
– Credit cards/purchase cards	235	252
Total undrawn financing arrangements	835	852

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.

C3-3 Borrowings (continued)

Material accounting policy information

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.

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.

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 borrowing costs.

C3-4 Employee benefit provisions

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Annual leave	12,666	–	13,136	–
Sick leave	26	–	25	–
Long service leave	41,295	695	41,208	875
Other leave	2,125	–	2,016	–
Total employee benefit provisions	56,112	695	56,385	875

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

\$ '000	2025	2024
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	40,809	42,119
	40,809	42,119

\$ '000	ELE provisions	
	Employee Benefit Provisions	Total
2025		
At beginning of year	57,260	57,260
Additional provisions	16,740	16,740
Amounts used (payments)	(19,204)	(19,204)
Remeasurement effects	2,011	2,011
Total ELE provisions at end of year	56,807	56,807
2024		
At beginning of year	59,007	59,007
Additional provisions	15,422	15,422
Amounts used (payments)	(18,413)	(18,413)
Remeasurement effects	1,244	1,244
Total ELE provisions at end of year	57,260	57,260

Material accounting policy information

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if 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 and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

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.

C3-4 Employee benefit provisions (continued)

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 which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

C3-5 Provisions

\$ '000	2025 Current	2025 Non-Current	2024 Current	2024 Non-Current
Other provisions				
Self insurance – workers compensation	4,886	9,611	4,023	9,602
Self insurance – claims incurred	272	–	292	–
Sub-total – other provisions	5,158	9,611	4,315	9,602
Asset remediation/restoration:				
Asset remediation/restoration (future works)	250	40,296	125	39,208
Sub-total – asset remediation/restoration	250	40,296	125	39,208
Total provisions	5,408	49,907	4,440	48,810

Description of and movements in provisions

\$ '000	Other provisions			
	Self Insurance: Workers compen- sation	Self Insurance: Claims incurred	Asset remediation	Total
2025				
At beginning of year	13,625	292	39,333	53,250
Unwinding of discount	597	–	1,003	1,600
Additional provisions	4,288	–	–	4,288
Amounts used (payments)	(5,721)	–	(37)	(5,758)
Remeasurement effects	1,708	(20)	247	1,935
Expenditure incurred attributable to provisions	–	–	–	–
Total other provisions at end of year	14,497	272	40,546	55,315
2024				
At beginning of year	13,119	281	17,401	30,801
Unwinding of discount	–	–	620	620
Additional provisions	4,624	11	21,312	25,947
Amounts used (payments)	(5,333)	–	–	(5,333)
Remeasurement effects	1,215	–	–	1,215
Expenditure incurred attributable to provisions	–	–	–	–
Total other provisions at end of year	13,625	292	39,333	53,250

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the open Whytes Gully Waste Disposal Depot and the closed Helensburgh Waste Depot.

Self-insurance - workers compensation

To recognise liabilities for outstanding claims (uninsured losses) arising from Council's decision to undertake self-insurance for excesses up to \$1,000,000 on any individual claim. Claims beyond this are supported by an external insurance policy.

Self-insurance - claims incurred

To recognise liabilities for both (i) claims expected to be incurred but not reported and (ii) claims reported and estimated as a result of Council being self insured up to an excess of \$100,000 on any individual claim.

Material accounting policy information

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

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

C3-5 Provisions (continued)

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

Asset Remediation/Restoration

Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, and may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

Self-insurance - workers compensation

Council holds a level of self-insurance in the form of an excess layer of \$1,000,000 on any individual claim for workers compensation. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains a bank guarantee to meet expected future claims; refer to Note E3-1.

Self-insurance - claims incurred

Council holds a level of self-insurance in the form of an excess layer of \$100,000 on any individual claim for public liability and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation Surplus

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

D Council structure

D1 Results by fund

Council utilises only a general fund for its operations.

D2 Interests in other entities

Subsidiaries, joint arrangements and associates not recognised

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

Name of entity/operation	Principal activity/type of entity	2025	2025
		Net profit/(loss) (\$'000s)	Net assets (\$'000s)
Illawarra Performing Arts Centre	Theatre & Town Hall Management Associate	(213)	622

Reasons for non-recognition

Council has assessed this operation as not material for recognition in these statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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'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 s625 of the Act and the Ministerial Investment Order. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

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

Financial risk management is carried out by 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.

The risks associated with the financial instruments held are:

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

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – interest rate and price risk

\$ '000	2025	2024
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The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

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

Impact of a 1% movement in interest rates		
– Equity / Income Statement	861	856
Impact of a 10% movement in price of investments		
Possible impact of a 10% movement in price of investments	1,896	7,576

E1-1 Risks relating to financial instruments held (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.

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 the impairment of receivables as required.

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
2025				
Gross carrying amount	104	15,892	2,657	18,653
2024				
Gross carrying amount	–	14,881	3,266	18,147

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days	Overdue debts 31 - 60 days	61 - 90 days	> 91 days	Total
2025						
Gross carrying amount	15,742	737	181	155	3,181	19,996
Expected loss rate (%)	0.48%	3.97%	5.83%	5.90%	63.50%	10.72%
ECL provision	76	29	11	9	2,020	2,145
2024						
Gross carrying amount	23,475	690	302	222	3,667	28,356
Expected loss rate (%)	0.39%	5.98%	14.20%	32.05%	84.90%	11.85%
ECL provision	92	41	43	71	3,113	3,360

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

(c) Liquidity risk

Payables, lease liabilities 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 for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Without defined maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2025							
Payables	0.00%	2,254	25,229	–	–	27,483	27,485
Total financial liabilities		2,254	25,229	–	–	27,483	27,485
2024							
Payables	0.00%	2,087	20,682	–	–	22,769	22,273
Borrowings	0.62%	–	663	–	–	663	657
Total financial liabilities		2,087	21,345	–	–	23,432	22,930

E2-1 Fair value measurement

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

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

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).

Fair value measurement hierarchy							
\$ '000	Notes	Date of latest valuation		Level 3 Significant unobservable inputs		Total	
		2025	2024	2025	2024	2025	2024
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss – designated at fair value on initial recognition		30/06/25	30/06/24	81,551	78,874	81,551	78,874
Total financial assets				81,551	78,874	81,551	78,874
Investment property							
Commercial building	C1-9	30/06/25~	30/06/24~	5,650	5,100	5,650	5,100
Total investment property				5,650	5,100	5,650	5,100
Infrastructure, property, plant and equipment							
	C1-8						
Roads		30/06/25*	30/06/24*	995,261	973,766	995,261	973,766
Bridges		30/06/25*	30/06/24*	114,574	113,805	114,574	113,805
Footpaths		30/06/25*	30/06/24*	235,428	225,558	235,428	225,558
Stormwater		30/06/25*	30/06/24*	1,011,145	988,918	1,011,145	988,918
Plant and equipment		N/A	N/A	21,440	19,536	21,440	19,536
Office equipment		N/A	N/A	3,206	2,746	3,206	2,746
Furniture and fittings		N/A	N/A	706	925	706	925
Operational land		30/06/25*	30/06/24~	365,010	367,911	365,010	367,911
Community land		30/06/25*	30/06/24*	368,322	364,375	368,322	364,375
Crown Land		30/06/25*	30/06/24*	120,906	120,906	120,906	120,906
Land under roads		30/06/25*	30/06/24~	4,590	3,562	4,590	3,562
Buildings		30/06/25*	30/06/24~	526,865	517,018	526,865	517,018
Other structures		30/06/25*	30/06/24~	16,017	15,355	16,017	15,355
Swimming pools		30/06/25*	30/06/24*	14,581	14,564	14,581	14,564
Library books		N/A	N/A	5,106	5,003	5,106	5,003
Other open space/recreational assets		30/06/25*	30/06/24*	182,042	166,084	182,042	166,084
Tip asset		30/06/25*	30/06/24~	7,922	8,177	7,922	8,177
Works in progress		N/A	N/A	81,023	88,503	81,023	88,503
Artworks		30/06/24~	30/06/24~	17,318	16,622	17,318	16,622
Other		30/06/21~	30/06/21~	42,529	42,817	42,529	42,817
Total infrastructure, property, plant and equipment				4,133,991	4,056,151	4,133,991	4,056,151

(*~)(*) Valuation via an indexation review, (~) Valuation via a comprehensive review

E2-1 Fair value measurement (continued)

Valuation techniques

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

Level 2 inputs include;

- quoted prices for similar assets in active markets,
- quoted prices for identical or similar assets in markets that are not active,
- inputs other than quoted prices that are observable (e.g. interest rates, credit spreads etc.) and
- market corroborated inputs.

Level 3 inputs are unobservable inputs. If an observable input (Level 2) requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement is categorised within Level 3 of the fair value hierarchy. Council uses unobservable inputs to the extent relevant observable inputs are not available. But the objective remains the same; i.e. an exit price from the perspective of market participants. Therefore, unobservable inputs reflect the assumptions market participants would use when pricing, including assumptions about risk. Assumptions about risk include risk inherent in a particular valuation technique and risk inherent in inputs to the technique. Such an adjustment may be necessary if there is a significant measurement uncertainty.

Unobservable inputs have been developed using the best information available, which includes Council's own data. In some cases, Council adjusts its own data if reasonable available information indicates other market participants would use different data or if there is an entity specific synergy (i.e. not available to other market participants).

Level 3 inputs include;

- Unit Rates,
- Unit Price,
- Asset Condition,
- Remaining Useful Life,
- Future Demands,
- Borrowing Rates.

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

Financial assets

Valuation Technique – A portion of Council's investment portfolio is measured at fair value (i.e. market approach).

Fair Value Hierarchy – the fair value has been derived from the current price in an active market for similar assets. Emerald Reverse Mortgage investment securities form part of this portion of Council's portfolio. The market for Australian mortgage backed securities, regardless of the robustness of the structure, is highly illiquid as a direct consequence of the global financial crisis. This has caused difficulties in valuing the security as there is limited "price discovery" in the market. As such the level of valuation input for Council's fair valued investments was considered a level 3.

Investment property

Valuation Technique – Council's Investment Property is measured using sales direct comparison based on a market selling approach (i.e. market approach).

Fair Value Hierarchy - the fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre. The level of evidence to support the critical assumptions of Council's investment property valuation was considered to be significant due to high levels of variability in the market for rental yields and future demands. As such the level of valuation input for these properties was considered level 3.

E2-1 Fair value measurement (continued)

Infrastructure, property, plant and equipment (IPPE)

Infrastructure – Council's Infrastructure incorporates;

- Roads – Surface and bases, Car Parks, Kerb and Guttering and Traffic Facilities (speed humps, bollards and signs),
- Bridges – Road, Pedestrian and Jetties,
- Footpaths including shared pathways, and
- Stormwater Drainage.

Valuation Technique – Infrastructure assets are recognised using the cost method, which equates to the current replacement cost of a modern equivalent asset. The cost to replace the asset is to equal the amount that a market participant buyer of that asset would pay to acquire it.

Fair Value Hierarchy - the general valuation approach to determine the fair value of Council's infrastructure inventory is to determine a unit rate based on square metres or an appropriate unit corroborated by market evidence (Level 2 input). A process is then undertaken to compare these rates with internal unit rates derived by Council as a result of specific projects that have been undertaken. Further to this other input such as asset condition and useful life require a significant level of professional judgement and can impact significantly on the fair value. As such the level of valuation input for these assets was considered level 3.

Plant & Equipment, Office Equipment & Furniture & Fittings incorporate:

- Plant & Equipment – Trucks, Tractors, Graders, Rollers, Buses, Vans, Passenger Vehicles, Mobile Equipment (i.e. generators, hand mowers, tools), Fluid storage units (i.e. septic tanks, water tanks),
- Office Equipment – Electronic Whiteboards, Printing Equipment, Safes and I.T. equipment such as computers, printers and scanners,
- Furniture & Fittings – Chairs, Tables, Filing Cabinets, Bookshelves, Compactuses,

Valuation Technique – These assets are recognised at depreciated historical cost as an acceptable substitute for fair value because any difference between fair value and depreciated historical cost is unlikely to be material.

Fair Value Hierarchy – The key unobservable unit to the valuation of this category is asset condition and useful life. The condition of assets is reviewed on an annual basis and an assessment of remaining life undertaken based on these results.

Operational Land

Valuation Technique – Council's Operational Land is measured using a comparative market selling approach (i.e. market approach).

Fair Value Hierarchy – the fair value has been derived from the sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach is price per square metre. The level of evidence to support the critical assumptions of Council's operational land valuation was considered to be significant due to high levels of variability in the market for similar properties and future demands. As such the level of valuation input for these properties was considered level 3.

Community & Crown Land

Valuation Technique – Council's Community & Crown Land is measured using comparative Land Values (LV) provided by the Valuer General (VG) or an average unit rate based on a comparable LV for similar properties (i.e. market approach).

Fair Value Hierarchy – the fair value has been derived from the LV's provided by the VG or an average unit rate based on the LV for similar properties where the VG did not provide a LV. The most significant input into this valuation approach is price per square metre. Valuations provided by the VG are not in the public domain and the application of an average rate requires a level of professional judgement. As such the level of valuation input for these properties was considered level 3.

E2-1 Fair value measurement (continued)

Land Under Roads

Valuation Technique – Land is generally valued using comparative Land Values (LV) provided by the Valuer General (VG) or an average unit rate based on a comparable LV for similar properties (i.e. market approach).

Fair Value Hierarchy – The existing use fair value of land under roads is best expressed as undeveloped or englobo land (pre-subdivision). However, as sufficient sales evidence of englobo land with similar features to the land being valued is generally not available, it is appropriate to use a proxy to estimate the englobo value. Community land value is used as a reasonable proxy to value land under roads, as such land generally has no feasible alternative use, and it is undeveloped and is publicly accessible. As such the level of valuation input for these properties was considered level 3.

Buildings – Non-Specialised and Specialised

Valuation Technique – Buildings are recognised using the cost method, which equates to the current replacement cost of a modern equivalent asset. The cost to replace the asset is equal to the amount that a market participant buyer of that asset would pay to acquire it.

Fair Value Hierarchy – Specialised and Non-Specialised buildings are generally assessed at level 3 of the fair value hierarchy due to lack of market evidence. Key inputs are unit rates and remaining useful life. The exception is non-specialised residential properties which have been valued using sale prices of comparable properties (level 2). The most significant input into this valuation approach is price per square metre. The level of evidence to support the critical assumptions of Council's residential property valuation was considered to be significant due to high levels of variability in the market for rental yields and future demands. As such the level of valuation input for all buildings was considered level 3.

Other Structures

Other Structures incorporates Bus Shelters, Shade Structures, Picnic Shelters and BBQ Shelters.

Valuation Technique – Other Structures are recognised at depreciated historical cost as an acceptable substitute for fair value because any difference between fair value and depreciated historical cost is unlikely to be material.

Fair Value Hierarchy – The key unobservable unit to the valuation of this category is asset condition and useful life. The condition of assets is reviewed on an annual basis and an assessment of remaining life undertaken based on these results.

Other Open Space / Recreational Assets

Other Open Space/Recreational Assets incorporate Park Assets including Playgrounds, Skateboard Facilities, Tennis Courts, Furniture and Landscaping and Power Poles.

Valuation Technique – Other Open Space/Recreational Assets are recognised using the cost method.

Fair Value Hierarchy – while some elements of the cost method can be supported by market evidence (Level 2) other factors require professional judgement such as asset condition and useful life. As these inputs can have a significant impact on the fair value the valuation input all Other Open Space / Recreational Assets were considered level 3.

E2-1 Fair value measurement (continued)

Swimming Pools – Structures

Valuation Technique – Swimming Pools and Rock Pools are valued using the cost approach, which equates to the current replacement cost of a modern equivalent asset.

Fair Value Hierarchy - the general valuation approach to determine the fair value of Council's swimming pool inventory is to determine a unit rate based on square metres corroborated by market evidence (Level 2 input). A process is then undertaken to compare these rates with internal unit rates derived by Council as a result of specific work that has been undertaken. Further to this other input such as asset condition and useful life require a significant level of professional judgement and can impact significantly on the fair value. As such the level of valuation input for these properties was considered level 3.

Artworks

Valuation Technique – Art Works are valued using the market approach, which equates to the current replacement cost of a modern equivalent asset. The cost to replace the asset is to equal the amount that a market participant buyer of that asset would pay to acquire it.

Fair Value Hierarchy - the general valuation approach to determine the fair value of Council's Artworks is to use the market price or purchase price of the original transaction or if the work is in the form of a donation an external valuation is undertaken corroborated by market evidence (Level 2 input). It is noted that the valuation process requires a significant level of professional judgement and this can impact significantly on the fair value. As such the level of valuation input for artworks was considered level 3.

Library Books

Valuation Technique – These assets are recognised at depreciated historical cost as an acceptable substitute for fair value because any difference between fair value and depreciated historical cost is unlikely to be material.

Fair Value Hierarchy – The key unobservable unit to the valuation of this category is asset condition and useful life. The condition of assets is reviewed on an annual basis and an assessment of remaining life undertaken based on these results.

Other Assets

Other Assets is a catch all for the remaining assets held by Council and includes Waste Assets such as Cell Development and Liners, Public Art and Crematorium and Cemetery Beams and Walls.

Valuation Technique - Other Assets are recognised using the cost method.

Fair Value Hierarchy – While some elements of the cost method can be supported by market evidence (Level 2) others factors require professional judgement such as asset condition and useful life. As these inputs can have a significant impact on the fair value the valuation input all Other Assets were considered level 3.

Tip Remediation Asset

Valuation Technique – Council's Tip Remediation Asset is measured using the cost method.

Fair Value Hierarchy – Whytes Gully Waste Disposal Depot will require remediation and restoration works to be carried out during and at the end of its useful life. The cash outflows relating to these remediation and restoration works have been modelled and recognised as an asset in Note C1-8 of Council's statements. Key unobservable inputs were the discount rate, cost escalation rate, timing of costs and future environmental management requirements. As such the level of valuation input for Council's tip asset was considered Level 3.

The tip remediation asset was adjusted in line with changes to the remediation provision.

E2-1 Fair value measurement (continued)

A summary of the Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Asset Category	Valuation Frequency	Description of Process	Valuer*	Responsibility
Financial Assets	Monthly	Monthly valuation using the current price in an active market for similar assets	External	Finance Division
Investment Properties	Annually	Assessed each year for material change and adjusted accordingly	External	Property Division
Infrastructure	5 years	Full valuation using current unit rates and comparable work. Assessed each year for material change and adjusted accordingly	Internal	Infrastructure & Strategic Planning Division
Plant & Equipment	Annually	Assessment of remaining useful life undertaken with adjustments to consumption patterns that may impact fair value	Internal	Finance Division
Office Equipment & Furniture & Fittings	Annually	Assessment of remaining useful life undertaken with adjustments to consumption patterns that may impact fair value	Internal	Finance Division
Operational Land	5 Years	Full valuation every 5 years or index applied annually if material	External	Property Division
Community & Crown Land	5 Years	Valuer General Land Values or Average Unit Rate for similar properties if not available	Valuer General / Internal	Property / Finance Division
Land Under Roads	5 Years	Valuer General Land Values or Average Unit Rate used as proxy to derive en globo rate	Valuer General / Internal	Finance Division
Buildings – Non Specialised & Specialised	5 Years	Full valuation every 5 years or index applied annually if material	External / Internal	Infrastructure & Strategic Planning Division / Property Division
Intangibles	5 Years	Assessment of remaining useful life undertaken with adjustments to consumption patterns that may impact fair value	Internal	Finance Division
Other Structures	5 Years	Assessment of remaining useful life undertaken with adjustments to consumption patterns that may impact fair value	Internal	Infrastructure & Strategic Planning Division

E2-1 Fair value measurement (continued)

Asset Category	Valuation Frequency	Description of Process	Valuer*	Responsibility
Other Open Space / Recreational Assets	5 Years	Full valuation every 5 years or index applied annually if material	Internal	Infrastructure & Strategic Planning Division
Swimming Pools - Structures	5 Years	Full valuation every 5 years or index applied annually if material	External / Internal	Infrastructure & Strategic Planning Division
Library Books	Annually	Assessment of remaining useful life undertaken with adjustments to consumption patterns that may impact fair value	Internal	Finance Division
Other Assets	5 years	Full valuation every 5 years or index applied annually if material	Internal	Various
Tip Remediation Asset	Annually	Reassessment of discount rate and application to discounted cash flows if material	Internal	Finance Division

*Internal Valuation refers to the utilisation of in-house expertise to value Council's assets.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

\$ '000	Financial assets		Investment property		IPP&E		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Opening balance	78,874	56,286	5,100	5,050	4,056,151	3,680,312	4,140,125	3,741,648
Total gains or losses for the period								
Recognised in profit or loss – realised ¹	953	1,414	550	50	–	(5,603)	1,503	(4,139)
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	98,777	320,912	98,777	320,912
Other movements								
Purchases (GBV)	6,500	29,600	–	–	101,760	156,507	108,260	186,107
Disposals (WDV)	(4,154)	(8,426)	–	–	(8,369)	(10,903)	(12,523)	(19,329)
Depreciation and impairment	–	–	–	–	(97,626)	(86,165)	(97,626)	(86,165)
Waste remediation reassessment	–	–	–	–	(56)	8,176	(56)	8,176
Transfer to expense	–	–	–	–	(16,646)	(7,085)	(16,646)	(7,085)
Closing balance	82,173	78,874	5,650	5,100	4,133,991	4,056,151	4,221,814	4,140,125

(1) Fair value gains recognised in the Income Statement relating to assets still on hand at year end total

E3-1 Contingencies

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

ASSETS NOT RECOGNISED

1. 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 June 2008.

LIABILITIES NOT RECOGNISED

1. Bank Guarantees

Council has provided Bank Guarantees totalling \$6,831,519 (2024: \$2,001,081) as security over damages for work that may impact a third party.

Council has provided security to Work Cover for outstanding workers compensation claims liability in the form of a bank guarantee to the sum of \$13,326,000 (2024: \$13,326,000).

2. Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme (Active Super), 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 future service employer contribution rates are:

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

* For 180 Point Members, Employers are required to contribute 9.0% of salaries for the year ending 30 June 2025 (increasing to 9.5% in line with the increase in the Superannuation Guarantee from 1 July 2025) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

Given the funding position of the Fund as at 30 June 2024, it was recommended to cease these past service contributions effective 1 January 2025.

The adequacy of contributions is assessed at each actuarial investigation which will be conducted annually, the next of which is due effective 30 June 2025.

E3-1 Contingencies (continued)

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$1,492,251.48. The last formal valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2024.

Council's expected contribution to the plan for the next annual reporting period is \$542,285.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2025 is:

Employer reserves only *	\$'000	Asset Coverage
Assets	2,197.6	
Past Service Liabilities	2,092.0	105.0%
Vested Benefits	2,130.4	103.2%

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

The share of any funding surplus or deficit that can be attributed to Council is 4.93%

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

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

Investment return	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI	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.

The estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Fund's Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2025.

3. Third party claims

The Council is involved from time to time in various third party claims incidental to the ordinary course of business including claims for damages relating to its functions and services. Council believes that it ordinarily holds adequate insurance coverage in relation to these third party claims and would not expect any material liabilities to eventuate.

E3-1 Contingencies (continued)

4. Development Contributions

Council levies Development Contributions upon various development across the Council area through the required Contributions Plans. As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

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

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

5. Greenhouse Park

Council owns and manages a former landfill site at Greenhouse Park. The landfill was constructed prior to contemporary environmental regulations and used as both a putrescible and builders waste landfill. Following the closure of the site as a landfill, remediation of the site has been progressively occurring to transform the site into a natural area.

Council is also working with the EPA and specialised consultants to manage the landfill waste which was placed on the site. Total remediation costs at this stage are unknown and will be dependent on the remediation strategies implemented. Council is currently working with the EPA and specialised consultants to determine the remediation actions required.

6. Native Title

In January 2018, the National Native Title Tribunal accepted registration of a native title claim that included the Wollongong LGA. The claim is now before the Federal Court, and Council is one of a number of defendants to those proceedings. Private freehold land, and certain other land owned by Council is not affected. The claim will take some time to determine before the Federal Court.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. During the financial year 27 (2024: 19) persons were identified as meeting the definition of a KMP. The number of KMP is higher than prior year as a result of October 2024 Councillor Elections.

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

\$ '000	2025	2024
Compensation:		
Short-term benefits	2,730	2,693
Total	2,730	2,693

Other transactions with KMP and their related parties

Council has assessed other transactions with KMP and their related parties as not material for recognition in these statements.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2025	2024
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	111	107
Councillors' fees	499	507
Other Councillors' expenses (including Mayor)	106	73
Total	716	687

F1-3 Other related parties

\$ '000	Transactions during the year	Terms and conditions
2025		
Associates		
Marketing, events, business and investment in LGA	1,701	Amounts provided under a funding agreement.
Event sponsorship & support	15	Based on specific events.
Advertisement	8	
Performing Arts Centre management	1,287	Amounts provided under a funding agreement.
Town Hall management	849	Amounts provided under a funding agreement.
Asset Maintenance	142	
Community Subsidy	20	Amounts provided under a funding agreement.
Venue Hire	16	

F1-3 Other related parties (continued)

\$ '000	Transactions during the year	Terms and conditions
2024		
Associates		
Marketing, events, business and investment in LGA	1,560	Amounts provided under a funding agreement.
Event sponsorship & support	18	Based on specific events.
Advertisement	6	
Performing Arts Centre management	826	Amounts provided under a funding agreement.
Town Hall management	544	Amounts provided under a funding agreement.
Asset Maintenance	115	
Community Subsidy	20	Amounts provided under a funding agreement.
Venue Hire	20	

F2 Other relationships

F2-1 Audit fees

\$ '000	2025	2024
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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

	257	261
Remuneration for audit and other assurance services	257	261

Total Auditor-General remuneration	257	261
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Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Other audit and assurance services

	52	25
Remuneration for audit and other assurance services	52	25

Total remuneration of non NSW Auditor-General audit firms	52	25
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Total audit fees	309	286
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G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

\$ '000	2025	2024
Net operating result from Income Statement	(10,238)	40,989
Add / (less) non-cash items:		
Depreciation and amortisation	98,096	86,023
(Gain) / loss on disposal of assets	6,276	10,120
Non-cash capital grants and contributions	(14,623)	(59,964)
Prior period WIP written off during year	16,701	7,085
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	(1,845)	(1,306)
– Investment property	(550)	(50)
– Fair value movement on CivicRisk Mutual	–	(255)
Unwinding of discount rates on reinstatement provisions	1,003	620
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	2,450	(103)
Increase / (decrease) in provision for impairment of receivables	(295)	831
(Increase) / decrease of inventories	12	(38)
(Increase) / decrease of other current assets	417	2,790
(Increase) / decrease of contract asset	5,405	(6,976)
Increase / (decrease) in payables	(1,207)	280
Increase / (decrease) in other accrued expenses payable	4,405	(397)
Increase / (decrease) in other liabilities	665	(201)
Increase / (decrease) in contract liabilities	10,631	2,228
Increase / (decrease) in employee benefit provision	(453)	(1,747)
Increase / (decrease) in other provisions	1,062	21,829
Net cash flows from operating activities	117,912	101,758

(b) Non-cash investing and financing activities

Other dedications	13,435	58,757
Contributed Art Works	515	535
Planning Agreement - Non-cash contribution	–	–
Total non-cash investing and financing activities	13,950	59,292

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2025	2024
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Infrastructure	41,740	30,019
Total commitments	41,740	30,019

Details of capital commitments

Infrastructure includes Beaton Park Tennis Court Upgrade, WWARRP Stage 2B, Bellambi Gully Flood Mitigation, Lindsay Maynes Park Amenities Building, Helensburgh Pool - Design, Shone Avenue Retaining Wall and Shared Pathway, Sportsground Drainage and Irrigation, West Dapto Road Upgrade, Channel & Verge Modifications - Kanahooka Road, Corrimal Steam Train Restoration, Stanwell Park Beach Reserve Playground Renewal, and Unanderra Park Playground Renewal.

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2024	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	15,958	1,338	–	–	892	–	–	18,188	–
Roads	(7,681)	9,105	–	–	(330)	(5,559)	–	(4,465)	–
Open space	6,138	866	–	–	349	(51)	–	7,302	–
Community facilities	1,502	20	–	–	82	–	–	1,604	–
Administration	(2,067)	140	–	–	(114)	(178)	–	(2,219)	–
Public transport	–	–	–	–	–	–	–	–	–
S7.11 contributions – under a plan	13,850	11,469	–	–	879	(5,788)	–	20,410	–
S7.12 levies – under a plan	37,458	7,498	–	–	2,213	(554)	–	46,615	–
Total S7.11 and S7.12 revenue under plans	51,308	18,967	–	–	3,092	(6,342)	–	67,025	–
S7.11 not under plans	381	–	–	–	20	–	–	401	–
S7.4 planning agreements	4,260	2,072	–	–	209	–	–	6,541	–
Total contributions	55,949	21,039	–	–	3,321	(6,342)	–	73,967	–

Under the *Environmental Planning and Assessment Act 1979*, local infrastructure contributions, also known as developer contributions, are charged by councils when new development occurs. They help fund infrastructure like parks, community facilities, local roads, footpaths, stormwater drainage and traffic management. 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.

G4-2 Developer contributions by plan ¹

\$ '000	Opening balance at 1 July 2024	Contributions received during the year		Non-cash Other	Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land						
S7.11 contributions – under a plan									
CONTRIBUTION PLAN – WEST DAPTO									
Drainage	15,958	1,338	–	–	892	–	–	18,188	–
Roads	(7,681)	9,105	–	–	(330)	(5,559)	–	(4,465)	–
Open space	6,138	866	–	–	349	(51)	–	7,302	–
Community facilities	1,502	20	–	–	82	–	–	1,604	–
Administration	(2,067)	140	–	–	(114)	(178)	–	(2,219)	–
Total	13,850	11,469	–	–	879	(5,788)	–	20,410	–

(1) The opening balances have been adjusted between categories to reflect the allocation of non-cash contributions

S7.12 Levies – under a plan

CONTRIBUTION PLAN – WOLLONGONG ^{A, B}									
City Wide	28,898	6,055	–	–	1,713	(521)	–	36,145	–
City Centre	8,560	1,443	–	–	500	(33)	–	10,470	–
Total	37,458	7,498	–	–	2,213	(554)	–	46,615	–

(A) The Wollongong City-Wide Development Contributions Plan is a levy based plan that reflects development activity in the Local Government Area excluding areas covered by the West Dapto Development Contributions Plan.

(B) Figures provided include amounts collected under the Wollongong City-Wide Development Plan as well as contributions received from relevant development consents approved prior to 2006 that contained conditions for contributions to be made under now repealed Development Contribution plans. These are transferred and applied towards items within the Section 7.12 Plan works schedule as the Section 7.12 Plan is the replacement for the plans repealed in June 2006.

G4-3 Contributions not under plans

	Opening balance at 1 July 2024	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
\$ '000		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN – CALDERWOOD ^{A, B, C}									
Roads	381	–	–	–	20	–	–	401	–
Total	381	–	–	–	20	–	–	401	–

(A) The Calderwood Urban Release Area was historically in the Shellharbour City Local Government Area. However, the Urban Release Area was later expanded during the State Government's major project approval process to include land that straddles the local government boundary, which comprises 107 hectares of land in the Wollongong Local Government Area at Marshall Mount.

(B) In 2013, the Land and Environment Court imposed a development contribution condition on Stage 1 of the Calderwood development within Shellharbour City Council Local Government Area, requiring the payment of a contribution of \$1,320 per lot to Wollongong City Council to be used towards upgrades of Marshall Mount Road and Yallah Road. The payments reflected in the above relate to these court proceedings.

(C) Wollongong City Council and Lendlease Communities (Australia) Limited have entered into a Planning Agreement for the remainder of the contributions relating to the Calderwood development.

G4-4 S7.4 planning agreements

S7.4 planning agreements

Roads	4,260	2,072	–	–	209	–	–	6,541	–
Total	4,260	2,072	–	–	209	–	–	6,541	–

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:

41 Burelli Street
Wollongong NSW 2500

Contact details

Mailing Address:

Locked Bag 8821
Wollongong NSW 2500

Telephone: (02) 4227 7111

Facsimile: (02) 4227 7277

Opening hours:

Administration Building: 8:30am - 5:00pm

Internet: www.wollongong.nsw.gov.au

Email: council@wollongong.nsw.gov.au

Officers

GENERAL MANAGER

Greg Doyle

RESPONSIBLE ACCOUNTING OFFICER

Brian Jenkins

PUBLIC OFFICER

Todd Hopwood

AUDITORS

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

Elected members

LORD MAYOR

Tania Brown

COUNCILLORS

Ward 1

Dan Hayes
Richard Martin
Ryan Morris
Jess Whittaker

Ward 2

Andrew Anthony
David Brown
Kit Docker
Thomas Quinn

Ward 3

Linda Campbell
Ann Martin
Tiana Myers
Deidre Stuart

Other information

ABN: 63 139 525 939



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Wollongong City Council

To the Councillors of Wollongong City Council

Opinion

I have audited the accompanying financial statements of Wollongong City Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of the Division
 - are, in all material respects, consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2025, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2025 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

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

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

A handwritten signature in dark ink, appearing to read 'D Daniels'.

David Daniels
Delegate of the Auditor-General for New South Wales

30 October 2025
SYDNEY



Cr Tania Brown
Lord Mayor
Wollongong City Council
Locked Bag 8821
WOLLONGONG DC NSW 2500

Contact: David Daniels
Phone no: 02 9275 7103
Our ref: R008-1981756498-6234

30 October 2025

Dear Lord Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2025
Wollongong City Council**

I have audited the general- purpose financial statements (GPFS) of the Wollongong City Council (the Council) for the year ended 30 June 2025 as required by section 415 of the *Local Government Act 1993* (the Act).

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

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

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2025 is issued in accordance with section 417 of the Act. The Report:

- must address the specific matters outlined in the Local Government Code of Accounting Practice and Financial Reporting 2024-25
- may include statements, comments and recommendations that I consider to be appropriate based on the conduct of the audit of the GPFS.

This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Financial performance

	2025	2024	Variance
	\$m	\$m	%
Rates and annual charges revenue	247.5	231.8	↑ 6.8
Grants and contributions provided for operating purposes revenue	31.6	32.8	↓ 3.6
Grants and contributions provided for capital purposes revenue	45.5	100.8	↓ 54.9
Operating result from continuing operations	(10.2)	41.0	↓ 125
Net Operating result for the year before grants and contributions provided for capital purposes	(55.7)	(59.8)	↑ 6.8

Operating result from continuing operations

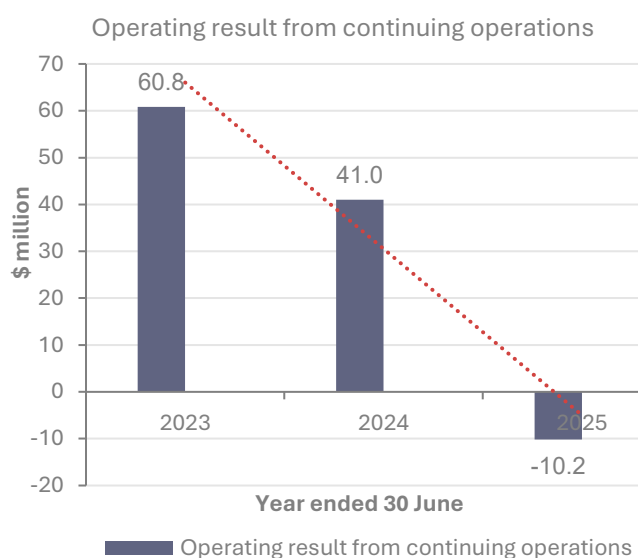
This graph shows the operating result from continuing operations for the current and prior two financial years.

The Council's operating result from continuing operations for the year of \$10.2 million (loss) was \$51.2 million lower than the 2023–24 result.

This was mainly due to:

- income decreased by \$39.7 million because of reduced grants and contributions provided for capital purposes of \$55.3 million, partially offset by increased rates and annual charges of \$15.7 million. Refer to 'Council revenue' below for details.
- expenses overall remained constant, with increases in employee benefits and on-costs of \$12.8 million (9.1%) offset by reduced materials and services of \$12 million (9.8%)
- depreciation, amortisation and impairment of non-financial assets expense increased by \$12.1 million (14%) due increases in infrastructure plant, property and equipment.

The net operating result for the year before grants and contributions provided for capital purposes (loss of \$55.7 million) was \$4.1 million higher than the 2023-24 result (which was a loss of \$59.8 million). Refer to 'Grants and contributions revenue' below for details.



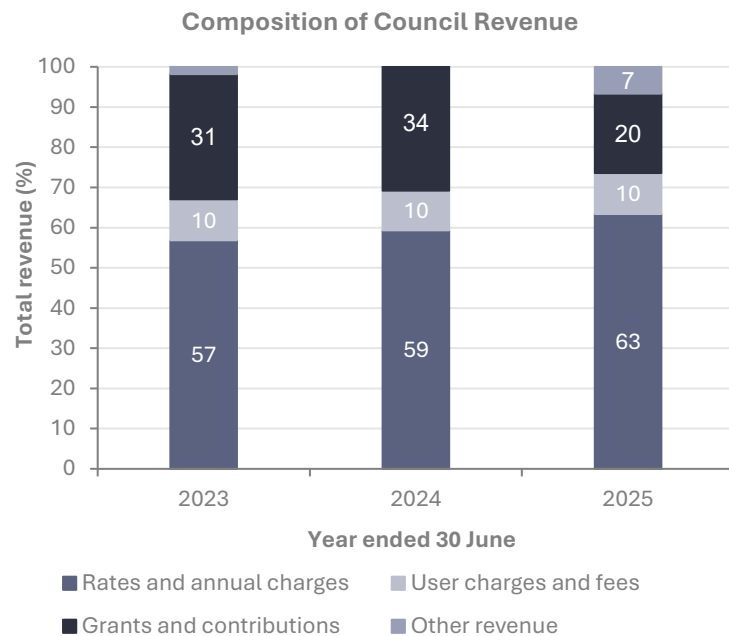
Income

Council revenue

This graph shows the composition of Council's revenue recognised for the current and prior two financial years.

The Council's revenue (\$390.6 million) decreased by \$39.7 million (9.2%) in 2024–25 primarily due to reduced grants and contributions provided for capital purposes (\$45.5 million) of \$55.3 million (54.9%). This is due to less contributed transport and other infrastructure assets from developers of subdivisions in the current year.

The decrease in grants and contributions provided for capital purposes is partially offset by increase in rates and annual charges (\$247.5 million in 2024-25) by \$15.7 (7%) primarily due to the rate peg increase of 5 percent and general increase in the number of rateable properties.

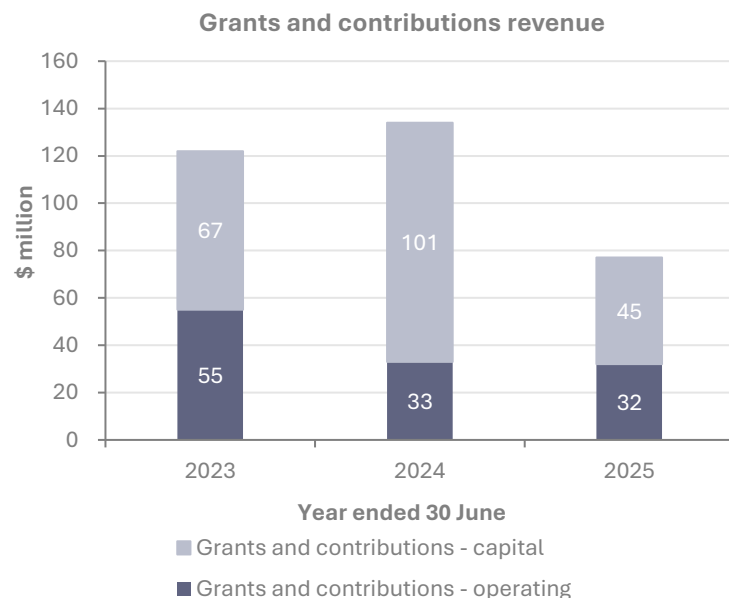


Grants and contributions revenue

This graph shows the amount of grants and contributions revenue recognised for the current and prior two financial years.

Grants and contributions revenue (\$77.1 million in 2024-25) decreased by \$56.5 million (42.3%) due to:

- decreased financial assistance grants (\$15.5 million) by \$4.8 million (23.8 per cent), primarily due to Council receiving 51 per cent for 2025-26 in advance (85 per cent was received in advance in 2023-24)
- decreased grants and contributions provided for capital purposes (\$45.5 million) by \$55.3 million (54.9%) as noted above.



CASH FLOWS

Statement of cash flows

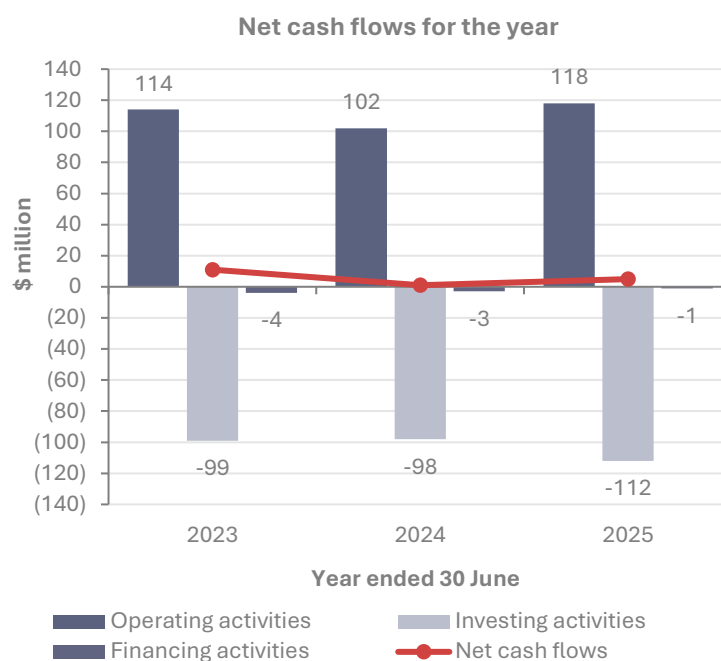
The Statement of Cash Flows details the Council's inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating in a financially sustainable manner.

This graph shows the net cash flows for the current and prior two financial years.

The net cash flows for the year were positive \$4.7 million (positive \$0.5 million in 2023-24).

In 2024-25, the net cashflows:

- from operating activities (\$117.9 million) increased by \$16.2 million mainly due to increased receipts from rates and annual charges by \$14.7 million and grants and contributions by \$8.2 million
- used in investing activities increased by \$14 million primarily due to increased acquisition of term deposits by \$27.1 million. This is partially offset by increased proceeds from the sale or maturity of investments by \$12.8 million.
- used in financing activities decreased by \$2 million due mainly to reduced payments of borrowings by \$1.9 million.



FINANCIAL POSITION

Cash, cash equivalents and investments

This section of the Report provides details of the amount of cash, cash equivalents and investments recorded by the Council at 30 June 2025.

Externally restricted funds are the cash, cash equivalents and investments that can only be used for specific purposes due to legal or contractual restrictions.

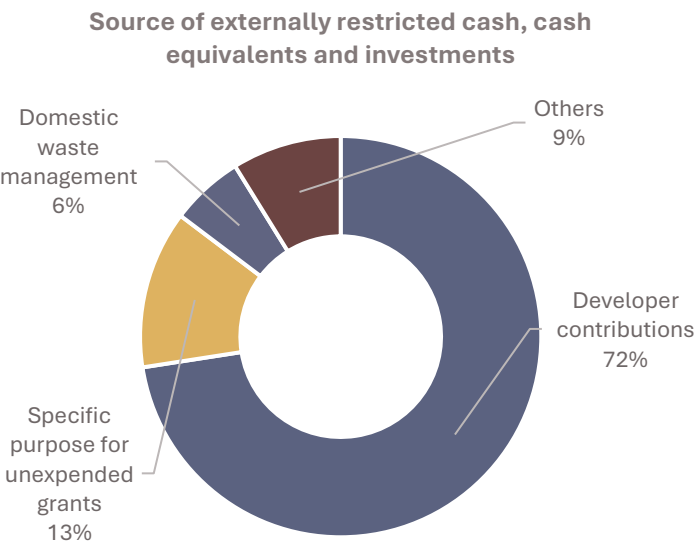
Cash, cash equivalents, and investments without external restrictions can be allocated internally by the elected Council's resolution or policy. These allocations are matters of Council policy and can be changed or removed by a Council resolution.

Cash, cash equivalents and investments	2025	2024	Percentage to cash and investments 2025	Commentary
	\$m	\$m	%	
Total cash, cash equivalents and investments	214.5	179.5		Externally restricted balances are those which are only available for specific use due to a restriction placed by legislation or third-party contract. A breakdown of the sources of externally restricted balances is included in the graph below.
Restricted and allocated cash, cash equivalents and investments:				Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	102.2	86.9	47.6	External restrictions increased mainly due to increased developer contributions of \$18 million (32%).
• Internal allocations	68.6	68.7	32.0	

This graph shows the sources of externally restricted cash, cash equivalents and investments.

In 2024-25, the Council’s main sources of externally restricted cash, cash equivalents and investments include:

- developer contributions of \$74 million which increased by \$18 million (32%)
- specific purpose unexpended grants of \$13.4 million which increased by \$1.7 million (14.1%).

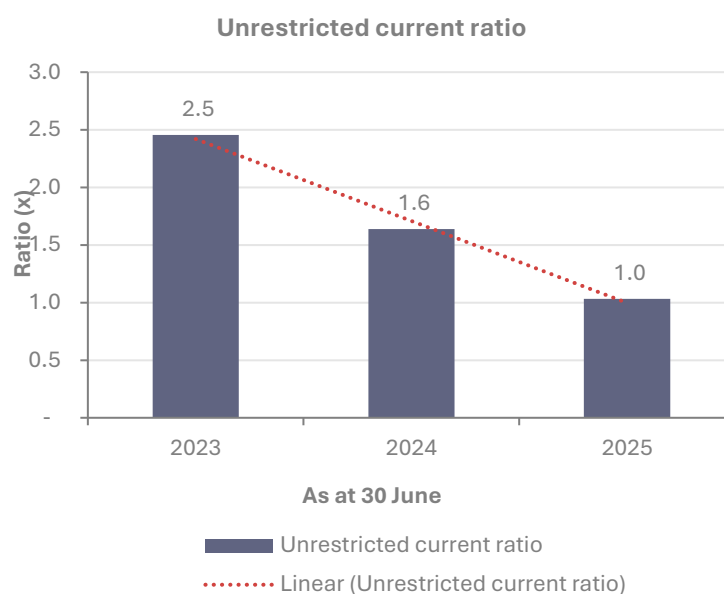


Council liquidity

This graph shows the Council's unrestricted current ratio for the current and prior two financial years.

The unrestricted current ratio is specific to local government and represents council's ability to meet its short-term obligations as they fall due. It measures the ratio of unrestricted current assets to current liabilities less specific purpose liabilities.

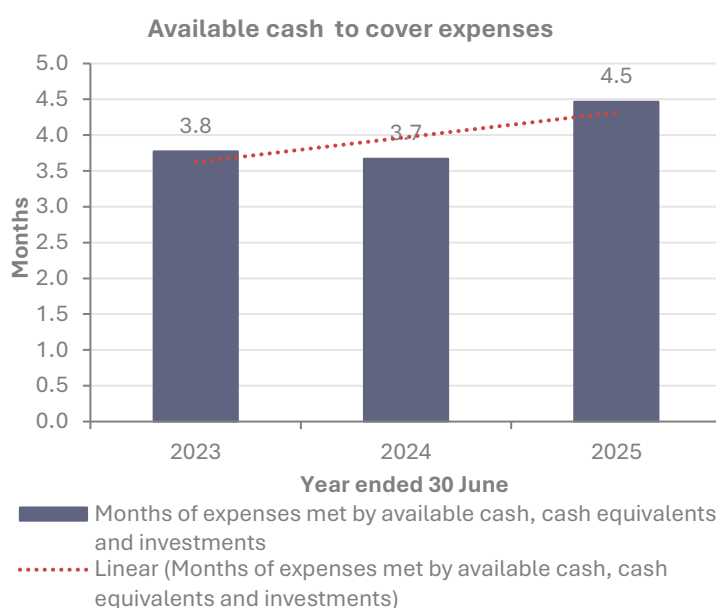
In 2023-24, the average unrestricted current ratio was an average of 3.1x for regional councils.



This graph shows the number of months of general fund expenses (excluding depreciation and borrowing costs), the Council can fund from its available cash, cash equivalents and investments (not subject to external restrictions).

Further details on cash, cash equivalents and investments including the sources of external restrictions are included in the section above.

In 2023-24, the available cash to cover expenses was an average of 7 months for regional councils.

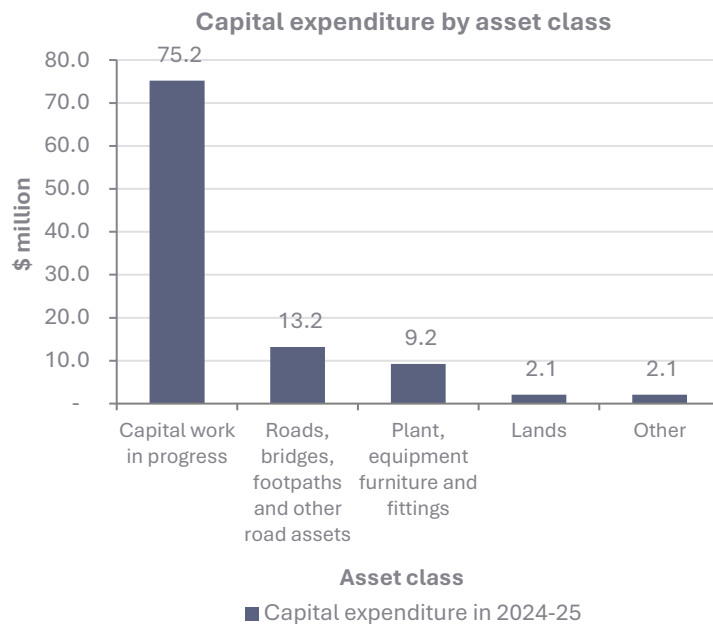


Infrastructure, property, plant and equipment

This graph shows how much the Council spent on renewing and purchasing assets in 2024-25.

The Council acquired \$101.8 million of new, replacement and contributed assets in 2024-25. At 30 June 2025, \$75.2 million of capital works was in progress and mainly related to Traffic Facility Improvements, West Dapto Infrastructure expansion, Bellambi Gully Flood Mitigation, and various design works for future projects. A further \$13.2 million was spent on roads, footpaths and stormwater drainage.

Renewals were materially in line with prior year. Additions of new assets decreased by \$55.7 million (60.5 %) in 2024-25 compared to last year, mainly relating to the decline in additions to operational land, land under roads, roads, footpaths and stormwater drainage.



OTHER MATTERS

Legislative compliance

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

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

David Daniels
Director, Financial Audit

Delegate of the Auditor-General

Wollongong City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2025



Special Purpose Financial Statements

for the year ended 30 June 2025

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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).

Wollongong City Council

Special Purpose Financial Statements for the year ended 30 June 2025

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:

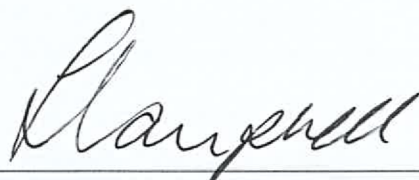
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

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

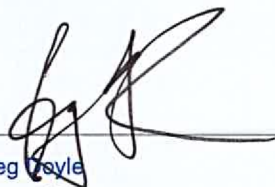
Signed in accordance with a resolution of Council made on 27 October 2025.



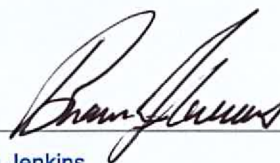
Tania Brown
Lord Mayor
27 October 2025



Linda Campbell
Deputy Lord Mayor
27 October 2025



Greg Doyle
General Manager
27 October 2025



Brian Jenkins
Responsible Accounting Officer
27 October 2025

Wollongong City Council

Income Statement of Waste Disposal

for the year ended 30 June 2025

\$ '000	2025 Category 1	2024 Category 1
Income from continuing operations		
User charges	30,140	29,903
Rental Income	241	253
Grants and contributions provided for operating purposes	694	16
Other income	486	643
Total income from continuing operations	31,561	30,815
Expenses from continuing operations		
Employee benefits and on-costs	2,772	2,555
Borrowing costs	1,003	620
Materials and services ¹	6,089	17,821
Depreciation, amortisation and impairment	1,528	1,338
Calculated taxation equivalents	612	539
Waste levy	13,634	12,252
Total expenses from continuing operations	25,638	35,125
Surplus (deficit) from continuing operations before capital amounts	5,923	(4,310)
Surplus (deficit) from continuing operations after capital amounts	5,923	(4,310)
Surplus (deficit) from all operations before tax	5,923	(4,310)
Less: corporate taxation equivalent (25%) [based on result before capital]	(1,481)	–
Surplus (deficit) after tax	4,442	(4,310)
Plus accumulated surplus	16,973	30,615
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	612	539
– Corporate taxation equivalent	1,481	–
– Dividend paid	(13,876)	(9,871)
Closing accumulated surplus	9,632	16,973
Return on capital %	22.4%	(5.9)%
Subsidy from Council	–	6,393
Calculation of dividend payable:		
Surplus (deficit) after tax	4,442	(4,310)
Surplus for dividend calculation purposes	4,442	–
Potential dividend calculated from surplus	2,221	–

(1) Each financial year the provision for the remediation of Council's waste facility is calculated based on the forecast costs to rehabilitate the site. The movements in the provision are generally recognised against the value of the corresponding asset.

Wollongong City Council

Income Statement of Tourist parks

for the year ended 30 June 2025

\$ '000	2025 Category 1	2024 Category 1
Income from continuing operations		
User charges	9,593	9,661
Rental Income	53	158
Other income	–	4
Total income from continuing operations	9,646	9,823
Expenses from continuing operations		
Employee benefits and on-costs	3,930	3,919
Materials and services	3,228	3,136
Depreciation, amortisation and impairment	1,451	1,294
Calculated taxation equivalents	664	494
Total expenses from continuing operations	9,273	8,843
Surplus (deficit) from continuing operations before capital amounts	373	980
Surplus (deficit) from continuing operations after capital amounts	373	980
Surplus (deficit) from all operations before tax	373	980
Less: corporate taxation equivalent (25%) [based on result before capital]	(93)	(245)
Surplus (deficit) after tax	280	735
Plus accumulated surplus	6,952	8,425
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	664	494
– Corporate taxation equivalent	93	245
– Dividend paid	(2,301)	(2,947)
Closing accumulated surplus	5,688	6,952
Return on capital %	2.0%	2.6%
Subsidy from Council	1,215	671
Calculation of dividend payable:		
Surplus (deficit) after tax	280	735
Surplus for dividend calculation purposes	280	735
Potential dividend calculated from surplus	140	368

Wollongong City Council

Income Statement of Health & Fitness

for the year ended 30 June 2025

\$ '000	2025 Category 1	2024 Category 1
Income from continuing operations		
User charges	3,327	3,001
Rental Income	29	1
Other income	81	16
Total income from continuing operations	3,437	3,018
Expenses from continuing operations		
Employee benefits and on-costs	3,039	2,905
Materials and services	1,642	1,266
Depreciation, amortisation and impairment	63	65
Calculated taxation equivalents	290	214
Total expenses from continuing operations	5,034	4,450
Surplus (deficit) from continuing operations before capital amounts	(1,597)	(1,432)
Surplus (deficit) from continuing operations after capital amounts	(1,597)	(1,432)
Surplus (deficit) from all operations before tax	(1,597)	(1,432)
Surplus (deficit) after tax	(1,597)	(1,432)
Plus accumulated surplus	892	1,255
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	290	214
– Subsidy paid/contribution to operations	1,556	855
Closing accumulated surplus	1,141	892
Return on capital %	(38.0)%	(17.9)%
Subsidy from Council	1,947	1,775
Calculation of dividend payable:		
Surplus (deficit) after tax	(1,597)	(1,432)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Wollongong City Council

Statement of Financial Position of Waste Disposal

as at 30 June 2025

\$ '000	2025 Category 1	2024 Category 1
ASSETS		
Current assets		
Investments	5,982	10,854
Total current assets	5,982	10,854
Non-current assets		
Infrastructure, property, plant and equipment	61,597	62,853
Total non-current assets	61,597	62,853
Total assets	67,579	73,707
LIABILITIES		
Non-current liabilities		
Provisions	40,546	39,333
Total non-current liabilities	40,546	39,333
Total liabilities	40,546	39,333
Net assets	27,033	34,374
EQUITY		
Accumulated surplus	9,632	16,973
Revaluation reserves	17,401	17,401
Total equity	27,033	34,374

Wollongong City Council

Statement of Financial Position of Tourist parks

as at 30 June 2025

\$ '000	2025 Category 1	2024 Category 1
ASSETS		
Non-current assets		
Infrastructure, property, plant and equipment	38,180	38,398
Total non-current assets	38,180	38,398
Total assets	38,180	38,398
Net assets	38,180	38,398
EQUITY		
Accumulated surplus	5,688	6,952
Revaluation reserves	32,492	31,446
Total equity	38,180	38,398

Wollongong City Council

Statement of Financial Position of Health & Fitness

as at 30 June 2025

\$ '000	2025 Category 1	2024 Category 1
ASSETS		
Non-current assets		
Infrastructure, property, plant and equipment	8,422	7,984
Total non-current assets	8,422	7,984
Total assets	8,422	7,984
Net assets	8,422	7,984
EQUITY		
Accumulated surplus	1,141	892
Revaluation reserves	7,281	7,092
Total equity	8,422	7,984

Note – Material accounting policy information

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

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

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

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

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

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

The Council's declared business activities do not operate separate stand-alone bank accounts. The declared business activities do not include any assets or liabilities that are collected/settled by the Council (primarily receivables, payables and employee benefits). The Council does not recharge the declared business for liabilities settled on their behalf nor does it pass on cash or other assets for income of the declared business it has collected. Any net asset/liability position at the end of the period is accounted for as a notional dividend declared/contribution to/from the Council through equity (accumulated surplus).

National Competition Policy

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

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

Declared business activities

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

Category 1

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

- a. Waste Disposal:** Manages the disposal of solid waste generated within the city.
- b. Tourist Parks:** Operation, management & development of tourist parks at Bulli, Corrimal & Windang.
- c. Health & Fitness:** Responsible for the management and upkeep of Council's Leisure Centres.

Category 2

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

Nil

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

Note – Material accounting policy information (continued)

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

Notional rate applied (%)

Corporate income tax rate – **25%** (23/24 25%)

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

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

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (2023/24 25%).

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(i) Subsidies

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

The activities reported in these financial statements are prepared notionally for external purposes only. Separate bank accounts are not held. The overall effect of subsidies received from Council is disclosed within individual income statements to reflect the net financial position of each business activity.

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

Note – Material accounting policy information (continued)

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.25% at 30/06/25.

(iii) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities. The activities reported in these financial statements are prepared notionally for external purposes only. Separate bank accounts are not held. The overall effect of dividends paid to Council is disclosed within individual income statements to reflect the net financial position of each business activity.

Infrastructure, Property, Plant & Equipment

Buildings and other assets used in the operation of these business activities are owned and controlled by Council. A charge for their utilisation is included in the Income Statement and these assets have been excluded from the Infrastructure, Property, Plant & Equipment in the Statement of Financial Position. The Infrastructure, Property, Plant & Equipment figure consists operational equipment and land as these have not been captured through the Income Statement



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Wollongong City Council

To the Councillors of Wollongong City Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Wollongong City Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2025, the Statement of Financial Position of each Declared Business Activity as at 30 June 2025 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- Waste disposal
- Tourist parks
- Health & fitness.

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 2025, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2024–25 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2025 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

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

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

A handwritten signature in dark ink, appearing to read 'D Daniels', with a stylized, cursive script.

David Daniels
Delegate of the Auditor-General for New South Wales

30 October 2025
SYDNEY

Wollongong City Council

SPECIAL SCHEDULES
for the year ended 30 June 2025



Wollongong City Council

Special Schedules

for the year ended 30 June 2025

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Wollongong City Council

Permissible income for general rates

\$ '000	Notes	Calculation 2024/25	Calculation 2025/26
Notional general income calculation ¹			
Last year notional general income yield	a	191,188	201,700
Plus or minus adjustments ²	b	820	723
Notional general income	c = a + b	192,008	202,423
Permissible income calculation			
Percentage increase	d	5.00%	4.70%
Plus percentage increase amount ³	f = d x (c + e)	9,600	9,514
Sub-total	g = (c + e + f)	201,608	211,937
Plus (or minus) last year's carry forward total	h	9	5
Less valuation objections claimed in the previous year	i	(2)	(89)
Sub-total	j = (h + i)	7	(84)
Total permissible income	k = g + j	201,615	211,853
Less notional general income yield	l	201,700	211,852
Catch-up or (excess) result	m = k - l	(84)	1
Plus income lost due to valuation objections claimed ⁴	n	89	6
Carry forward to next year ⁶	p = m + n + o	5	7

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Wollongong City Council

To the Councillors of Wollongong City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Wollongong City Council (the Council) for the year ending 30 June 2026.

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 2024–25 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2025 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 comprises the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2025.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

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

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

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

A handwritten signature in dark ink, appearing to read 'D Daniels'.

David Daniels
Delegate of the Auditor-General for New South Wales

30 October 2025
SYDNEY

Wollongong City Council

Report on infrastructure assets as at 30 June 2025

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2024/25 Required maintenance ^a	2024/25 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	10,230	14,599	14,013	13,636	526,865	1,017,063	8.7%	17.1%	65.3%	1.5%	7.4%
	Sub-total	10,230	14,599	14,013	13,636	526,865	1,017,063	8.7%	17.1%	65.3%	1.5%	7.4%
Other structures	Other structures	257	379	116	314	16,017	23,383	9.5%	50.4%	37.3%	2.6%	0.2%
	Sub-total	257	379	116	314	16,017	23,383	9.5%	50.4%	37.3%	2.6%	0.2%
Roads	Roads	164,907	241,598	8,712	15,459	995,261	2,260,272	25.6%	21.9%	42.0%	8.5%	2.0%
	Bridges	2,571	3,656	757	1,189	114,574	173,807	11.7%	38.7%	40.0%	2.7%	6.9%
	Footpaths	20,875	53,903	3,059	3,127	235,428	443,620	18.6%	14.3%	54.5%	10.9%	1.7%
	Sub-total	188,353	299,157	12,528	19,775	1,345,263	2,877,699	23.7%	21.7%	43.8%	8.5%	2.3%
Stormwater drainage	Stormwater drainage	21,854	31,506	7,100	4,917	1,011,145	1,897,839	11.1%	28.0%	59.8%	0.7%	0.4%
	Sub-total	21,854	31,506	7,100	4,917	1,011,145	1,897,839	11.1%	28.0%	59.8%	0.7%	0.4%
Open space / recreational assets	Swimming pools & Open Space/Recreation	44,614	61,446	13,584	23,987	196,623	353,670	44.1%	1.2%	15.4%	9.8%	29.5%
	Sub-total	44,614	61,446	13,584	23,987	196,623	353,670	44.1%	1.2%	15.4%	9.8%	29.5%
Total – all assets		265,308	407,087	47,341	62,629	3,095,913	6,169,654	18.5%	21.8%	50.6%	5.0%	4.1%

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

Infrastructure asset condition assessment 'key'

(1) Estimated Cost to Bring To Satisfactory Standard per Office of Local Government Requirements, reflects the estimated cost to restore all Council assets to condition '3'.

(2) Maintenance costs, per Office of Local Government Requirements, include both Maintenance and (appropriate) operational costs captured as Asset Operations in Council's financial system. Required maintenance reflects amounts calculated using benchmark data from other Group 5 Councils as % GRC.

(3) Cost to bring to agreed service level is defined as "The proportion of the GRC that have reached the intervention level based on condition." The outstanding renewal works compared to the total replacement cost of Councils assets. That is calculated as the cost of bringing condition 4 and 5 assets to condition 1.

Wollongong City Council

Report on infrastructure assets as at 30 June 2025 (continued)

Asset Condition Definitions #	
Rating	Status
1	Excellent
2	Very Good
3	Good (Satisfactory)
4	Average
5	Poor

Wollongong City Council

Report on infrastructure assets as at 30 June 2025

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2025	Indicator 2025	Indicators 2024 2023		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	65,321	73.30%	72.05%	86.43%	> 100.00%
Depreciation, amortisation and impairment	89,111				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	265,308	8.35%	7.61%	3.05%	< 2.00%
Net carrying amount of infrastructure assets	3,176,936				
Asset maintenance ratio					
Actual asset maintenance	62,629	132.29%	83.48%	82.06%	> 100.00%
Required asset maintenance	47,341				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	407,087	6.60%	6.19%	4.62%	
Gross replacement cost	6,169,654				

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

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