



Annual Financial Statements

For the year ended *30 June 2025*





General Purpose Financial Statements

For the year ended *30 June 2025*



Shoalhaven City Council

General Purpose Financial Statements

for the year ended 30 June 2025

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	82
On the Financial Statements (Sect 417 [3])	85

Overview

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

36 Bridge Road
Nowra NSW 2541

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.shoalhaven.nsw.gov.au.

Shoalhaven City Council

General Purpose Financial Statements

for the year ended 30 June 2025

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

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

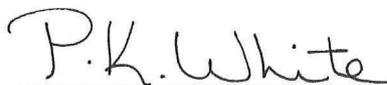
- the *Local Government Act 1993* and the regulations made thereunder
- the Australian Accounting Standards issued by the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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 09 September 2025.



Patricia White

Mayor

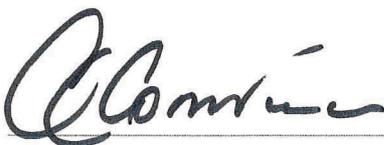
31 October 2025



Peter Wilkins

Deputy Mayor

31 October 2025



Andrew Constance

Chief Executive Officer

31 October 2025



Mathew Badcock

Responsible Accounting Officer

31 October 2025

Shoalhaven City Council

Income Statement

for the year ended 30 June 2025

Original unaudited budget 2025 \$ '000		Notes	Actual 2025 \$ '000	Restated Actual 2024 \$ '000
	Income from continuing operations			
193,478	Rates and annual charges	B2-1	193,447	178,178
107,117	User charges and fees	B2-2	110,605	97,976
5,231	Other revenues	B2-3	5,142	5,517
22,361	Grants and contributions provided for operating purposes	B2-4	21,125	21,946
31,823	Grants and contributions provided for capital purposes	B2-4	75,533	124,758
8,477	Interest and investment income	B2-5	11,022	7,571
–	Other income	B2-6	1,848	3,532
6,099	Net gain from the disposal of assets	B4-1	–	–
374,586	Total income from continuing operations		418,722	439,478
	Expenses from continuing operations			
127,716	Employee benefits and on-costs	B3-1	114,992	114,503
110,837	Materials and services	B3-2	104,173	106,828
7,674	Borrowing costs	B3-3	7,401	7,204
20,347	Other expenses	B3-5	13,627	21,681
–	Net loss from the disposal of assets	B4-1	6,923	12,396
266,574	Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		247,116	262,612
108,012	Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		171,606	176,866
97,220	Depreciation, amortisation and impairment of non-financial assets	B3-4	97,315	92,607
10,792	Operating result from continuing operations		74,291	84,259
10,792	Net operating result for the year attributable to Council		74,291	84,259
(21,301)	Net operating result for the year before grants and contributions provided for capital purposes		(1,242)	(40,499)

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

Shoalhaven City Council

Statement of Comprehensive Income

for the year ended 30 June 2025

	Notes	2025 \$ '000	Restated 2024 \$ '000
Net operating result for the year – from Income Statement		74,291	84,259
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	(124,983)	240,563
Amounts which will be reclassified subsequent to operating result when specific conditions are met			
Other movements		–	4,825
Amounts that will be reclassified subsequent to operating result when specific conditions are met		–	4,825
Total other comprehensive income for the year		(124,983)	245,388
Total comprehensive income for the year attributable to Council		(50,692)	329,647

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

Shoalhaven City Council

Statement of Financial Position

as at 30 June 2025

	Notes	2025 \$ '000	Restated 2024 \$ '000	Restated 1 July 2023 ¹ \$ '000
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	76,885	121,780	27,431
Investments	C1-2	161,091	83,854	136,927
Receivables	C1-4	42,095	29,828	56,190
Inventories	C1-5	3,216	4,737	2,284
Other	C1-10	2,027	1,061	1,017
Non-current assets classified as held for sale	C1-6	7,581	9,294	2,581
Total current assets		292,895	250,554	226,430
Non-current assets				
Investments	C1-2	3,000	12,000	2,000
Receivables	C1-4	15	7,169	5,737
Inventories	C1-5	3,582	2,226	5,503
Infrastructure, property, plant and equipment (IPPE)	C1-7	4,906,153	5,014,401	4,713,676
Investment property	C1-8	3,620	3,425	3,497
Intangible assets	C1-9	1,087	368	501
Right of use assets	C2-1	7	121	225
Other	C1-10	2,750	2,716	2,717
Total non-current assets		4,920,214	5,042,426	4,733,856
Total assets		5,213,109	5,292,980	4,960,286
LIABILITIES				
Current liabilities				
Payables	C3-1	33,083	37,598	43,657
Contract liabilities	C3-2	38,868	44,148	32,326
Lease liabilities	C2-1	8	118	186
Borrowings	C3-3	21,458	21,332	19,140
Employee benefit provisions	C3-4	33,065	34,560	34,929
Provisions	C3-5	1,737	1,723	974
Total current liabilities		128,219	139,479	131,212
Non-current liabilities				
Lease liabilities	C2-1	–	8	55
Borrowings	C3-3	154,493	172,551	177,999
Employee benefit provisions	C3-4	1,202	1,216	1,217
Provisions	C3-5	12,039	11,878	11,599
Total non-current liabilities		167,734	185,653	190,870
Total liabilities		295,953	325,132	322,082
Net assets		4,917,156	4,967,848	4,638,204
EQUITY				
Accumulated surplus	C4-1	1,907,077	1,824,873	1,737,497
IPPE revaluation surplus	C4-1	3,010,079	3,142,975	2,900,707
Total equity		4,917,156	4,967,848	4,638,204

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

Shoalhaven City Council

Statement of Changes in Equity

for the year ended 30 June 2025

	Notes	2025			2024		
		Accumulated surplus	IPPE revaluation surplus	Total equity	Accumulated surplus	IPPE revaluation surplus	Total equity
		\$ '000	\$ '000	\$ '000	Restated \$ '000	Restated \$ '000	Restated \$ '000
Opening balance at 1 July		1,824,873	3,142,975	4,967,848	1,786,879	2,882,900	4,669,779
Correction of prior period errors	G4-1	–	–	–	(49,382)	17,807	(31,575)
Restated opening balance		1,824,873	3,142,975	4,967,848	1,737,497	2,900,707	4,638,204
Net operating result for the year		74,291	–	74,291	87,136	–	87,136
Correction of prior period errors	G4-1	–	–	–	(2,880)	–	(2,880)
Restated net operating result for the period		74,291	–	74,291	84,256	–	84,256
Other comprehensive income							
Correction of prior period errors	G4-1	–	–	–	–	(1,103)	(1,103)
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	(124,983)	(124,983)	–	246,491	246,491
Realised Gain (loss) on infrastructure, property, plant and equipment		7,913	(7,913)	–	3,120	(3,120)	–
Other comprehensive income		7,913	(132,896)	(124,983)	3,120	242,268	245,388
Total comprehensive income		82,204	(132,896)	(50,692)	87,376	242,268	329,644
Closing balance at 30 June		1,907,077	3,010,079	4,917,156	1,824,873	3,142,975	4,967,848

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

Shoalhaven City Council

Statement of Cash Flows

for the year ended 30 June 2025

Original unaudited budget 2025 \$ '000		Notes	Actual 2025 \$ '000	Actual 2024 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
193,478	Rates and annual charges		191,852	176,559
107,117	User charges and fees		110,298	96,399
8,477	Interest received		9,199	7,182
54,184	Grants and contributions		68,187	175,433
8,642	Bonds, deposits and retentions received		2,639	1,630
5,231	Other		24,823	37,130
<i>Payments:</i>				
(127,716)	Payments to employees		(116,316)	(115,759)
(110,837)	Payments for materials and services		(117,105)	(92,733)
(7,674)	Borrowing costs		(7,538)	(7,248)
(8,580)	Bonds, deposits and retentions refunded		(2,471)	(1,892)
(15,000)	Waste Levy		(8,186)	(14,208)
(5,347)	Other		(17,620)	(52,228)
101,975	Net cash flows from operating activities	G1-1	137,762	210,265
Cash flows from investing activities				
<i>Receipts:</i>				
45,000	Sale of investments		131,850	154,901
17,000	Sale of real estate assets		4,680	8,381
2,185	Proceeds from sale of IPPE		12,793	5,222
–	Deferred debtors receipts		1	15
<i>Payments:</i>				
(5,000)	Purchase of investments		(14,979)	(9,750)
–	Acquisition of term deposits		(185,000)	(100,000)
(124,614)	Payments for IPPE		(111,639)	(171,633)
(2,285)	Purchase of real estate assets		(1,475)	451
–	Purchase of intangible assets		(832)	1
–	Deferred debtors and advances made		(3)	(20)
(67,714)	Net cash flows (used in) investing activities		(164,604)	(112,432)
Cash flows from financing activities				
<i>Receipts:</i>				
3,751	Proceeds from borrowings		9,244	15,856
<i>Payments:</i>				
(30,534)	Repayment of borrowings		(27,176)	(19,142)
–	Principal component of lease payments		(121)	(198)
(26,783)	Net cash flows provided from/(used in) financing activities		(18,053)	(3,484)
7,478	Net change in cash and cash equivalents		(44,895)	94,349
–	Cash and cash equivalents at beginning of year		121,780	27,431
7,478	Cash and cash equivalents at end of year	C1-1	76,885	121,780

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

Shoalhaven City Council

Contents for the notes to the Financial Statements for the year ended 30 June 2025

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	13
B1 Functions or activities	13
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
B2 Sources of income	15
B2-1 Rates and annual charges	15
B2-2 User charges and fees	16
B2-3 Other revenues	17
B2-4 Grants and contributions	18
B2-5 Interest and investment income	21
B2-6 Other income	21
B3 Costs of providing services	22
B3-1 Employee benefits and on-costs	22
B3-2 Materials and services	23
B3-3 Borrowing costs	23
B3-4 Depreciation, amortisation and impairment of non-financial assets	24
B3-5 Other expenses	24
B4 Gains or losses	25
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	25
B5 Performance against budget	26
B5-1 Material budget variations	26
C Financial position	28
C1 Assets we manage	28
C1-1 Cash and cash equivalents	28
C1-2 Financial investments	29
C1-3 Restricted and allocated cash, cash equivalents and investments	30
C1-4 Receivables	32
C1-5 Inventories	33
C1-6 Non-current assets classified as held for sale	33
C1-7 Infrastructure, property, plant and equipment	34
C1-8 Investment properties	37
C1-9 Intangible assets	38
C1-10 Other	39
C2 Leasing activities	40
C2-1 Council as a lessee	40
C2-2 Council as a lessor	42
C3 Liabilities of Council	43
C3-1 Payables	43
C3-2 Contract Liabilities	43
C3-3 Borrowings	45
C3-4 Employee benefit provisions	46

Shoalhaven City Council

Contents for the notes to the Financial Statements for the year ended 30 June 2025

C3-5 Provisions	47
C4 Reserves	48
C4-1 Nature and purpose of reserves	48
D Council structure	49
D1 Results by fund	49
D1-1 Income Statement by fund	49
D1-2 Statement of Financial Position by fund	50
D1-3 Details of internal loans	51
D2 Interests in other entities	52
D2-1 Subsidiaries	52
D2-2 Subsidiaries, joint arrangements and associates not recognised	53
E Risks and accounting uncertainties	54
E1-1 Risks relating to financial instruments held	54
E2-1 Fair value measurement	57
E3-1 Contingencies	67
F People and relationships	70
F1 Related party disclosures	70
F1-1 Key management personnel (KMP)	70
F1-2 Councillor and Mayoral fees and associated expenses	71
F1-3 Other related parties	72
F2 Other relationships	73
F2-1 Audit fees	73
G Other matters	74
G1-1 Statement of Cash Flows information	74
G2-1 Commitments	75
G3-1 Events occurring after the reporting date	75
G4 Changes from prior year statements	76
G4-1 Correction of errors	76
G5 Statement of developer contributions	79
G5-1 Summary of developer contributions	79
G5-2 Developer contributions by plan	80

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 31 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 directs Council to amend the financial statements.

The material accounting policy information related to these consolidated financial statements are set out below. Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (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.

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

- Income statement
- Statement of cash flows
- Note B5-1 – Material budget variations

and are clearly marked.

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 properties – refer Note C1-8
- (ii) fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (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 notes B2-2 to B2-4
- (iii) Assessment of asset impairment - refer note C1-7
- (iv) 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
- (v) Estimated tip remediation provisions - refer Note C3-5
- (vi) Employee benefit provisions - refer Note C3-4

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- general purpose operations
- water service
- sewer service
- domestic waste management
- southern water services
- mayor's relief fund

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 Council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

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

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

Volunteer services

Council is supported by a range of volunteers for services including bush care, community care, cultural heritage and tourism and library services. In most instances Council would not purchase the service if it was not provided by volunteers and the overall quantifiable amount of donation is not considered to be material and therefore the value has not been recognised in these financial statements.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2025 reporting period.

None of these standards had a significant impact on reported position or performance.

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 disclosure.

New accounting standards adopted during the year

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2025.

None of these standards had a significant impact on reported position or performance.

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	\$ '000	\$ '000	\$ '000	Restated \$ '000	\$ '000	Restated \$ '000	\$ '000	\$ '000	\$ '000	Restated \$ '000
Functions or activities										
Buildings and Property	2,252	1,974	11,879	13,187	(9,627)	(11,213)	165	308	625,971	608,700
Commercial Undertakings	46,280	41,239	45,971	46,272	309	(5,033)	158	282	307,719	303,222
Community and Culture	2,192	3,659	8,076	9,368	(5,884)	(5,709)	1,715	3,017	6,317	11,646
Economic Development	1,473	787	3,632	(7,262)	(2,159)	8,049	1,466	760	7,373	17,809
Environmental Management	8,354	4,872	3,818	3,999	4,536	873	8,352	4,867	3,648	6,802
Fire Protection and Emergency Services	6,576	59,528	5,993	2,982	583	56,546	6,617	59,515	23,867	91,224
Governance and Civic	58	50	8,874	8,429	(8,816)	(8,379)	–	–	–	–
Internal Corporate Services	130,718	132,626	19,965	30,369	110,753	102,257	26,423	32,735	405,322	394,980
Land Use Planning	875	849	4,070	3,461	(3,195)	(2,612)	178	186	421	645
Open Space, Sport and Recreation	2,411	4,671	21,866	26,260	(19,455)	(21,589)	1,739	4,206	149,174	145,770
Regulatory Services	8,720	7,709	19,366	19,010	(10,646)	(11,301)	115	184	764	722
Roads and Transport	40,658	26,760	60,011	62,658	(19,353)	(35,898)	42,694	26,530	1,890,111	2,056,502
Waste and Recycling Program	52,060	47,934	38,218	44,496	13,842	3,438	217	250	98,363	85,034
Water and Sewer Services	116,095	106,820	92,692	91,990	23,403	14,830	6,819	13,864	1,694,059	1,569,924
Total functions and activities	418,722	439,478	344,431	355,219	74,291	84,259	96,658	146,704	5,213,109	5,292,980

B1-2 Components of functions or activities

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

Buildings and Property

Management, operations, maintenance and construction of community, residential, commercial and corporate buildings and property.

Commercial Undertakings

Management, operations, maintenance and construction of the category 1 and category 2 business units: bereavement services, entertainment centre, mechanical services, aquatic recreation facilities, Holiday Haven tourist parks.

Community and Culture

Community services, arts centre operations and maintenance, family day care, library operations, maintenance and capital, tourism and events.

Economic Development

Promotion of economic development within the Shoalhaven and the construction and sale of industrial land.

Environmental Management

Maintenance and capital expenditure on coastal areas, estuaries, floodplains, natural areas and noxious weeds.

Fire Protection and Emergency Services

Emergency services levy payment, Rural Fire Service maintenance and station construction and emergency events, Red Fleet maintenance and depreciation.

Governance and Civic

Chief Executive Officer's duties, customer service, councillors, council meetings, elections, governance and council donations.

Internal Corporate Services

Asset planning and development management, financial planning and management, internal fleet management, human resources and organisation development, information technology, insurance and risk management and other management and support provided to the organisation.

Land Use Planning

Strategic planning for town planning and social and infrastructure planning.

Open Space, Sport and Recreation

Management, operations, maintenance and construction of recreation areas (active and passive), tree management and beach patrol.

Regulatory Services

Development, building, regulatory compliance (including rangers), companion animals, environmental and public health regulations.

Roads and Transport

Management, operations, maintenance and construction of roads, car parks, footpaths, stormwater, street lighting, streetscapes, traffic management and waterway infrastructure.

Waste and Recycling Program

Domestic waste management and land fill and transfer station operation.

Water and Sewer Services

Management, operations, maintenance and construction of water and sewer infrastructure.

B2 Sources of income

B2-1 Rates and annual charges

	2025 \$ '000	2024 \$ '000
Ordinary rates		
Residential	86,364	81,992
Farmland	2,228	2,187
Business	5,866	5,614
Less: pensioner rebates	(2,029)	(2,041)
Rates levied to ratepayers	92,429	87,752
Pensioner rate subsidies received	1,050	1,063
Total ordinary rates	93,479	88,815
Special rates		
Town improvement	19	18
Town planning	448	451
Total special rates	467	469
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	32,627	29,924
Stormwater management services	1,187	1,176
Water supply services	8,035	4,869
Sewerage services	57,206	52,573
Waste management services (non-domestic)	1,768	1,654
Less: pensioner rebates (mandatory)	(2,692)	(2,646)
Annual charges levied	98,131	87,550
Pensioner annual charges subsidies received:		
– Water	488	472
– Sewerage	465	464
– Domestic waste management	417	408
Total annual charges	99,501	88,894
Total rates and annual charges	193,447	178,178

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area.

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

B2-2 User charges and fees

	2025 \$ '000	2024 \$ '000
User charges		
Water supply services	29,184	21,469
Sewerage services	5,130	4,717
Waste management services (non-domestic)	16,609	15,086
Total user charges	50,923	41,272
Fees		
Cemeteries	1,889	2,079
Communication charges	579	3,015
Entertainment centre	2,171	2,168
Family day care	34	8
Health licence fees	60	99
Leaseback fees – Council vehicles	1,746	1,681
Library	202	192
Tourism	56	58
Animal charges	291	287
Swimming / leisure centres	6,736	6,256
Food inspection fees	313	276
Hire of council property	1,010	752
Tourist parks	33,730	31,308
Other	334	301
Planning and building regulation	5,911	5,101
Private works - s67	3,665	2,276
Section 10.7 certificates (EPA Act)	662	583
Section 603 certificates	293	264
Total fees	59,682	56,704
Total user charges and fees	110,605	97,976
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	6,736	6,256
User charges and fees recognised at a point in time	103,869	91,720
Total user charges and fees	110,605	97,976

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 such as caravan parks, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as membership fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership. 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 the term of the licence.

B2-3 Other revenues

	2025 \$ '000	2024 \$ '000
Commissions and agency fees	11	11
Credit card service fees	195	95
Discounts received	15	18
Energy Saving Certificates	218	–
Event & Film application fees	30	–
Fines – other	956	948
Fines – parking	990	1,030
Fuel tax credit	647	429
Insurance claims recoveries	429	55
Legal fees recovery	327	201
Miscellaneous sales	48	16
Library – other councils	15	16
Recovery of other costs	469	1,179
Regional Gallery public programs	38	–
Waste recycling - Container Deposit Scheme	323	–
Sponsorships	57	72
Other	374	1,447
Total other revenue	5,142	5,517
Timing of revenue recognition for other revenue		
Other revenue recognised over time	–	–
Other revenue recognised at a point in time	5,142	5,517
Total other revenue	5,142	5,517

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

	Operating 2025 \$ '000	Operating 2024 \$ '000	Capital 2025 \$ '000	Capital 2024 \$ '000
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Current year allocation				
Financial assistance	2,381	593	–	–
Payment in advance - future year allocation				
Financial assistance ¹	8,116	13,127	–	–
Amount recognised as income during current year	10,497	13,720	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Previously specific grants:				
Bushfire and emergency services	1,230	493	3,850	1,130
Community care	1,236	1,493	–	102
Economic development	545	61	968	4,066
Environmental programs	984	1,441	396	590
Heritage and cultural	21	–	–	–
Library	592	–	–	–
LIRS subsidy & Low Cost Loan Initiative	194	236	–	–
Noxious weeds	210	285	–	–
Recreation and culture	118	568	4,919	3,624
Sewerage services	–	–	965	3,275
Storm/flood damage	2,149	608	17,824	60,097
Street lighting	281	275	–	–
Transport (other roads and bridges funding)	227	458	7,473	18,573
Water supplies	–	–	348	554
Transport (roads to recovery)	–	–	–	3,362
Waste Management	–	–	411	–
Other specific grants	15	462	–	512
Previously contributions:				
Transport for NSW contributions (regional roads, block grant)	2,826	1,587	–	395
Other contributions	–	259	–	–
Total special purpose grants and non-developer contributions – cash	10,628	8,226	37,154	96,280
Non-cash contributions				
Sewerage (excl. section 64 contributions)	–	–	3,262	3,443
Other	–	–	18,143	2,253
Water supplies (excl. section 64 contributions)	–	–	1,951	2,740
Total other contributions – non-cash	–	–	23,356	8,436
Total special purpose grants and non-developer contributions (tied)	10,628	8,226	60,510	104,716
Total grants and non-developer contributions	21,125	21,946	60,510	104,716
Comprising:				
– Commonwealth funding	12,188	15,765	2,491	6,842
– State funding	8,816	6,118	34,549	89,227
– Other funding	121	63	23,470	8,647
	21,125	21,946	60,510	104,716

(1) \$8.116m of the 2025 - 2026 Financial Assistance Grant from the Commonwealth Government was received by Council in June 2025 and hence is reported as 2024 - 2025 income although it relates to 2025 - 2026 financial year.

B2-4 Grants and contributions (continued)

Developer contributions

	Notes	Operating 2025 \$ '000	Operating 2024 \$ '000	Capital 2025 \$ '000	Capital 2024 \$ '000
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services	G5	–	–	9,573	10,582
S 64 – water supply contributions		–	–	2,259	5,659
S 64 – sewerage service contributions		–	–	3,191	3,801
Total developer contributions – cash		–	–	15,023	20,042
Total developer contributions		–	–	15,023	20,042
Total grants and contributions		21,125	21,946	75,533	124,758
Timing of revenue recognition					
Grants and contributions recognised over time		10,548	13,439	37,154	94,251
Grants and contributions recognised at a point in time		10,577	8,507	38,379	30,507
Total grants and contributions		21,125	21,946	75,533	124,758

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:

	Operating 2025 \$ '000	Operating 2024 \$ '000	Capital 2025 \$ '000	Capital 2024 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	22,845	7,079	15,726	22,474
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	83	1,210	3	28
Add: Funds received and not recognised as revenue in the current year	1,177	20,568	10,815	6,799
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(1,793)	(5,272)	(7,712)	(11,047)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(4,937)	(740)	(6,429)	(2,528)
Unspent funds at 30 June	17,375	22,845	12,403	15,726
Contributions				
Unspent funds at 1 July	–	–	37,630	36,795
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	16,326	6,495
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(12,570)	(5,660)
Unspent contributions at 30 June	–	–	41,386	37,630

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.

B2-4 Grants and contributions (continued)

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

	2025 \$ '000	2024 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	1,275	970
– Cash and investments	9,746	6,599
Amortisation of premiums and discounts		
– Interest free (and interest reduced) loans provided	1	2
Total interest and investment income	11,022	7,571

B2-6 Other income

	2025 \$ '000	2024 \$ '000
	Notes	
Fair value increment on investments through profit and loss	95	2,068
Fair value increment on investment properties	195	–
Rental income - investment property	287	280
Rental income - other	1,271	1,184
Total other income	1,848	3,532

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2025 \$ '000	2024 \$ '000
Salaries and wages	90,524	90,734
Employee termination costs	1,251	–
Employee leave entitlements (ELE)	15,629	16,942
Superannuation	12,222	11,639
Workers' compensation insurance	1,866	1,324
Workers' compensation provision adjustment	48	807
Fringe benefit tax (FBT)	701	789
Payroll tax	1,361	1,125
Other	633	833
Total employee costs	124,235	124,193
Less: capitalised costs	(9,243)	(9,690)
Total employee costs expensed	114,992	114,503

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

	Notes	2025 \$ '000	2024 \$ '000
Raw materials and consumables		18,827	18,563
Contractor costs and consultancy costs		50,885	52,469
Audit Fees	F2-1	319	244
Councillor and Mayoral fees and associated expenses	F1-2	775	814
Advertising		1,001	1,453
Bank charges		890	847
Election expenses		895	–
Computer software, equipment and maintenance		5,005	5,417
Expenses from leases of low value assets		476	455
Fuel		3,332	3,434
Insurance		4,192	4,351
Legal expenses		1,966	2,346
Light, power and heating		8,179	7,992
Motor vehicle registrations		754	698
Postage		744	546
Printing and stationery		388	383
Street lighting		1,463	1,870
Subscriptions and publications		998	1,152
Telephone and communications		411	578
Training costs (other than salaries and wages)		732	908
Travel expenses		201	231
Valuation fees		587	635
Other expenses		1,153	1,442
Total materials and services		104,173	106,828

Material accounting policy information

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

Software-as-a-Service (SaaS) arrangement

A SaaS arrangement is a service contract that provides Council with access to TechnologyOne's application software for the life of the contract. Costs incurred to configure or customise, and the ongoing access fees, are recognised as operating expenses when the services are received.

B3-3 Borrowing costs

	2025 \$ '000	2024 \$ '000
Interest on loans	7,279	7,174
Interest on advances	6	8
Other	112	–
Fair value adjustments on recognition of advances and deferred debtors		
– Interest free (or favourable) loans and advances made by Council	4	22
Total borrowing costs expensed	7,401	7,204

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

	Notes	2025 \$ '000	2024 Restated \$ '000
Depreciation and amortisation			
Infrastructure, property, plant and equipment	C1-7	97,202	92,475
Intangible assets	C1-9	113	132
Total depreciation and amortisation costs		97,315	92,607
Total depreciation, amortisation and impairment of non-financial assets		97,315	92,607

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 C1-7 for IPPE assets and Note C1-9 for intangible 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

	Notes	2025 \$ '000	2024 \$ '000
Impairment of receivables			
Other		273	1,764
Total impairment of receivables	C1-4	273	1,764
Fair value decrement on investment properties			
Fair value decrement on investment properties		–	72
Total fair value decrement on investment properties	C1-8	–	72
Other			
Contributions/levies to other levels of government			
– NSW fire brigade levy		509	706
– NSW rural fire service levy		1,685	1,712
– State Emergency Services levy		561	505
– Waste levy		8,186	14,208
– Other contributions/levies		2,070	2,016
Donations, contributions and assistance to other organisations (Section 356)		343	698
Total other		13,354	19,845
Total other expenses		13,627	21,681

B3-5 Other expenses (continued)

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.

B4 Gains or losses

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

		2025	2024
	Notes	\$ '000	Restated \$ '000
Gain (or loss) on disposal of infrastructure, property, plant and equipment			
	C1-7		
Proceeds from disposal		7,292	5,219
Less: carrying amount of assets sold/written off		(18,010)	(25,541)
Gain (or loss) on disposal		(10,718)	(20,322)
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		4,680	8,381
Less: carrying amount of real estate assets sold/written off		(1,638)	(468)
Gain (or loss) on disposal		3,042	7,913
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		8,864	2,500
Less: carrying amount of investments sold/redeemed/matured		(8,851)	(2,490)
Gain (or loss) on disposal		13	10
Gain (or loss) on disposal of non-current assets classified as 'held for sale'			
	C1-6		
Proceeds from disposal – non-current assets 'held for sale'		5,501	3
Less: carrying amount of 'held for sale' assets sold/written off		(4,761)	–
Gain (or loss) on disposal		740	3
Net gain (or loss) from disposal of assets		(6,923)	(12,396)

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 -----	
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Revenues

Capital grants and contributions	31,823	75,533	43,710	137%	F
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The favourable variance is primarily due to contributed assets and Natural Disaster Recovery Funding which was not budgeted. The increase in funding in Natural Disasters is due to the significant costs incurred by Council to remediate the landslip damage caused by the March 2022 and June 2022 storm events.

Interest and investment income	8,477	11,022	2,545	30%	F
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The favourable variance is consistent with higher than anticipated rates of interest received on investments throughout the financial year. Average cash on hand balances were also higher than originally budgeted particularly in Water and Sewer Funds, and Council's externally restricted Developer Contributions.

Net gains from disposal of assets	6,099	–	(6,099)	(100)%	U
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Budgeted and anticipated gains on disposal of real estate assets were offset by losses on disposal of IPP&E - refer to B4-1 note.

Other income	–	1,848	1,848	∞	F
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Actual amount represents property rental income received throughout the financial year which was budgeted under Other revenues.

Expenses

Employee benefits and on-costs	127,716	114,992	12,724	10%	F
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The favourable variance is mainly due to vacancies. Essential budgeted positions were deliberately kept vacant during the financial year in order to generate savings and create space in the budget to ensure Council's commitment to cut \$7m in costs (with a large proportion of that amount relating to wages) during the 2025/26 year could be met.

Other expenses	20,347	13,627	6,720	33%	F
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The favourable variance in other expenses is mainly due to the reduced Waste Levy imposed throughout the 2025 financial year. Claims were made to the EPA during 2025 for overpayments charged in the 2023 and 2024 financial years, which were ultimately refunded, reducing the Waste Levy costs for 2025.

Net losses from disposal of assets	–	6,923	(6,923)	∞	U
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Budgeted and anticipated gains on disposal of real estate assets were offset by losses on disposal of IPP&E - refer to B4-1 note.

Statement of cash flows

Cash flows from operating activities	101,975	137,762	35,787	35%	F
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The favourable variance is mainly due to underspend in employee costs, materials and services, and one-off Waste Levy refunds.

B5-1 Material budget variations (continued)

\$ '000	2025 Budget	2025 Actual	2025 ----- Variance -----	
Cash flows from investing activities	(67,714)	(164,604)	(96,890)	143% U
The variance from investing activities is due to the volume of investments that were purchased and sold during the year with more cash available to be invested.				
Cash flows from financing activities	(26,783)	(18,053)	8,730	(33)% F
The favourable variance is due to Council's decision not to make additional voluntary repayments against existing borrowings as originally budgeted.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2025	2024
	\$ '000	\$ '000
Cash on hand and at bank	76,784	119,351
Deposits at call	101	2,429
Total cash and cash equivalents	76,885	121,780

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	76,885	121,780
Balance as per the Statement of Cash Flows	76,885	121,780

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

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Financial assets at fair value through the profit and loss				
Government and semi-government bonds	2,000	–	5,000	–
NCD's, FRN's (with maturities > 3 months)	37,691	–	31,454	–
Total	39,691	–	36,454	–
Debt securities at amortised cost				
Term deposits	121,400	3,000	47,400	12,000
Total	121,400	3,000	47,400	12,000
Total financial investments	161,091	3,000	83,854	12,000

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

Financial assets through profit or loss

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

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

	2025 \$ '000	2024 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	240,976	217,634
Less: Externally restricted cash, cash equivalents and investments	(191,645)	(183,459)
Cash, cash equivalents and investments not subject to external restrictions	49,331	34,175
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended loans – general	28,084	35,859
Specific purpose unexpended grants – general fund	16,301	22,215
Specific purpose unexpended grants – water fund	180	433
Specific purpose unexpended grants – sewer fund	13,094	14,059
Self insurance claims	6,679	6,675
Water fund	36,439	32,807
Sewer fund	31,077	21,434
Developer contributions – general	30,293	25,428
Developer contributions – water fund	11,095	12,202
Specific purpose unexpended grants (recognised as revenue) – general fund	203	1,864
Domestic waste management/Commercial waste management	16,759	9,205
Stormwater management	354	249
Other Special Levies	1,087	1,029
Total external restrictions	191,645	183,459

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.

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

	2025 \$ '000	2024 \$ '000
(b) Internal allocations		
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Arts Collection	45	45
Coastal Management	673	399
Committed Capital Works	3,684	1,416
Communication Towers	6,098	4,708
Critical Asset Compliance	268	268
Deposits, retentions and bonds	4,542	4,506
Dog off leash	114	48
Economic Development Projects	388	129
Employees leave entitlement	5,880	5,880
Financial Assistance Grant	8,116	3,027
Financial Sustainability Review	4,057	–
General Insurance	472	240
Jetty Licensing	19	19
Land Development Reserve	4,582	7,057
Plant and Vehicle Replacement	3,856	674
Plant Replacement - Cemeteries	100	79
Renewal Energy Reserve	422	235
S7.11 recoupment funds	2,399	2,318
Shoalhaven Foreshore Development	853	916
Southern water services	503	–
Sporting Facilities	305	268
Strategic Projects	116	30
Strategic Property Acquisition	1,839	1,913
Total internal allocations	49,331	34,175

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

At 30 June 2025, Council had spent \$8.1m (30 June 2024: \$10.1m) in grants spent in advance. This receivable is reflected in Note C1-4 Receivables (Government grants and subsidies). In accordance with Council's adopted Liquidity Contingency Plan, Council is able to utilise its internal restrictions to ensure that available funds will be sufficient to meet operational needs.

Council has utilised a portion of the Land Development and S7.11 recoupment internal restrictions to fund the grants spent in advance at 30 June 2025. The full value of the Land Development and S7.11 recoupment internal restrictions would have been \$8.8m and \$4.9m respectively had they not been used to fund grants spent in advance.

	2025 \$ '000	2024 \$ '000
(c) Unrestricted and unallocated		
Total unrestricted and unallocated cash, cash equivalents and investments	–	–

C1-4 Receivables

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Rates and annual charges	15,216	–	8,530	4,758
Interest and extra charges	2,513	–	464	1,733
User charges and fees	12,766	–	9,685	656
Accrued revenues				
– Interest on investments	2,922	–	1,416	–
– Other income accruals	891	–	–	–
Deferred debtors	8	15	2	22
Government grants and subsidies	8,094	–	10,109	–
Net GST receivable	939	–	–	–
Other debtors	56	–	684	–
Total	43,405	15	30,890	7,169
Less: provision for impairment				
Rates and annual charges	(62)	–	(82)	–
User charges and fees	(1,248)	–	(980)	–
Total provision for impairment – receivables	(1,310)	–	(1,062)	–
Total net receivables	42,095	15	29,828	7,169

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

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

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

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

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

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

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

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

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

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

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

C1-4 Receivables (continued)

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
(i) Inventories at cost				
Real estate for resale	1,067	3,582	2,586	2,226
Stores and materials	2,149	–	2,151	–
Total inventories at cost	3,216	3,582	4,737	2,226
Total inventories	3,216	3,582	4,737	2,226

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.

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

C1-6 Non-current assets classified as held for sale

	2025 Current \$ '000	2024 Current \$ '000
Non-current assets held for sale		
Land	7,166	7,938
Buildings	415	1,356
Total non-current assets classified as held for sale	7,581	9,294

Details of assets

Ten parcels of land (one of which contains a building) have been advertised for sale.

Material accounting policy information

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

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

C1-7 Infrastructure, property, plant and equipment

	At 1 July 2024			Asset movements during the reporting period								At 30 June 2025		
	Gross carrying amount Restated	Accumulated depreciation and impairment Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP Capitalised	Adjustments and transfers	Revaluation decrements/ impairment to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
By aggregated asset class	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	314,558	–	314,558	–	85,980	–	–	(96,631)	(52)	–	–	303,856	–	303,856
Plant and equipment	107,117	(46,209)	60,908	9,842	597	(4,509)	(10,839)	5,455	283	–	–	108,074	(46,337)	61,737
Rural Fire Service Red Fleet	26,722	(25,415)	1,307	–	604	–	(528)	–	–	–	–	27,264	(25,881)	1,383
Office equipment	14,360	(13,219)	1,141	–	6	–	(371)	619	–	–	–	14,968	(13,573)	1,395
Furniture and fittings	3,564	(2,112)	1,452	–	100	–	(229)	60	–	–	–	3,723	(2,340)	1,383
Land:														
– Crown land	221,887	–	221,887	–	–	–	–	–	–	–	503	222,390	–	222,390
– Operational land	247,852	–	247,852	–	10	(2,180)	–	845	(3,040)	–	4,427	247,914	–	247,914
– Community land	264,672	–	264,672	–	–	–	–	157	459	–	165	265,453	–	265,453
– Land under roads post 30/6/08	1,726	–	1,726	–	–	(1)	–	472	(7)	–	2,506	4,696	–	4,696
Land improvements – non-depreciable	51,616	(22)	51,594	–	–	(2,681)	–	4,087	(25)	–	1,410	54,407	(22)	54,385
Land improvements – depreciable	20,741	(5,955)	14,786	–	12	–	(597)	168	–	–	562	21,489	(6,558)	14,931
Infrastructure:														
– Buildings – non-specialised	1,500	(7)	1,493	–	–	(987)	(1)	1,312	(325)	–	22	1,521	(7)	1,514
– Buildings – specialised	578,914	(196,213)	382,701	–	548	(1,194)	(10,476)	2,591	(373)	–	30,533	610,158	(205,830)	404,328
– Other structures	145,106	(57,606)	87,500	79	74	(269)	(3,072)	1,172	(524)	–	7,707	153,041	(60,374)	92,667
– Roads	1,758,681	(554,795)	1,203,886	216	3,523	(1,940)	(27,220)	1,034	(2,511)	(391,563)	–	1,353,963	(568,538)	785,425
– Bridges	146,669	(58,808)	87,861	–	–	(257)	(2,176)	2,248	66	–	4,026	152,300	(60,532)	91,768
– Footpaths	125,836	(30,038)	95,798	154	943	(10)	(2,128)	3,614	(881)	(6,181)	–	120,835	(29,526)	91,309
– Bulk earthworks	348,619	(1,364)	347,255	37	1,036	(248)	–	459	1,988	–	151,258	501,785	–	501,785
– Stormwater drainage	327,912	(117,729)	210,183	98	13,663	(803)	(3,537)	5,162	335	–	9,019	355,249	(121,128)	234,121
– Water supply network	976,855	(451,702)	525,153	1,519	5,472	(1,391)	(13,709)	23,733	(14)	–	24,692	1,029,177	(463,722)	565,455
– Sewerage network	1,083,811	(316,435)	767,376	4,819	4,378	(944)	(16,696)	33,806	45	–	27,926	1,151,704	(330,994)	820,710
– Swimming pools	41,479	(19,142)	22,337	–	–	–	(735)	–	1,061	–	2,291	44,946	(19,992)	24,954
– Other open space/recreation	88,287	(28,721)	59,566	25	649	(535)	(3,201)	9,280	491	–	4,773	103,681	(32,633)	71,048
– Other infrastructure	65,122	(28,252)	36,870	–	90	(61)	(1,147)	–	(31)	–	941	66,216	(29,554)	36,662
Other assets:														
– Library books	2,414	(1,509)	905	–	401	–	(432)	357	–	–	–	3,173	(1,942)	1,231
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	5,731	(2,097)	3,634	127	–	–	(108)	–	–	–	–	5,858	(2,205)	3,653
Total infrastructure, property, plant and equipment	6,971,751	(1,957,350)	5,014,401	16,916	118,086	(18,010)	(97,202)	–	(3,055)	(397,744)	272,761	6,927,841	(2,021,688)	4,906,153

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

C1-7 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	Additions new assets	Carrying value of disposals	Depreciation expense	WIP Capitalised	Adjustments and transfers	Revaluation decrements/impairment to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	Restated	Restated	Restated	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	Restated	Restated	Restated
Capital work in progress	218,617	–	218,617	–	154,023	(423)	–	(57,657)	–	–	–	314,558	–	314,558
Plant and equipment	99,500	(42,909)	56,591	–	17,313	(2,477)	(10,280)	–	(239)	–	–	107,117	(46,209)	60,908
Rural Fire Services Red Fleet	27,484	(24,980)	2,504	–	–	(435)	(762)	–	–	–	–	26,722	(25,415)	1,307
Office equipment	14,352	(12,671)	1,681	–	–	–	(548)	8	–	–	–	14,360	(13,219)	1,141
Furniture and fittings	5,096	(2,995)	2,101	–	–	(5)	(250)	–	(393)	–	–	3,564	(2,112)	1,452
Land:														
– Crown land	193,745	–	193,745	–	–	(1,717)	–	–	–	–	29,859	221,887	–	221,887
– Operational land	277,488	–	277,488	–	–	(55)	–	–	(6,713)	(22,867)	–	247,852	–	247,852
– Community land	270,537	–	270,537	–	37	(14)	–	–	–	(5,888)	–	264,672	–	264,672
– Land under roads (post 30/6/08)	1,319	–	1,319	–	–	–	–	405	–	–	2	1,726	–	1,726
Land improvements – non-depreciable	50,320	(22)	50,298	–	–	(1,539)	–	382	32	–	2,422	51,616	(22)	51,594
Land improvements – depreciable	17,524	(5,558)	11,966	–	597	(552)	(544)	486	1,893	–	941	20,741	(5,955)	14,786
Infrastructure:														
– Buildings – non-specialised	1,878	(124)	1,754	–	–	–	(36)	12	(284)	–	49	1,500	(7)	1,493
– Buildings – specialised	514,991	(143,900)	371,091	–	170	–	(10,446)	15,907	2,072	–	3,907	578,914	(196,213)	382,701
– Other structures	140,159	(56,629)	83,530	–	436	(618)	(2,841)	3,935	(3,606)	–	6,665	145,106	(57,606)	87,500
– Roads	1,669,947	(529,178)	1,140,769	–	4,155	(2,440)	(25,618)	9,113	206	–	77,703	1,758,681	(554,795)	1,203,886
– Bridges	140,545	(57,866)	82,679	–	88	(478)	(2,049)	917	(76)	–	6,780	146,669	(58,808)	87,861
– Footpaths	120,530	(27,953)	92,577	–	963	(994)	(2,085)	399	(52)	–	4,990	125,836	(30,038)	95,798
– Bulk earthworks (non-depreciable)	335,898	(1,364)	334,534	–	–	(4,997)	–	1,357	–	–	16,360	348,619	(1,364)	347,255
– Stormwater drainage	311,812	(114,919)	196,893	–	202	(953)	(3,303)	1,949	18	–	15,376	327,912	(117,729)	210,183
– Water supply network	929,471	(446,977)	482,494	–	2,740	(1,849)	(12,669)	7,492	262	–	46,683	976,855	(451,702)	525,153
– Sewerage network	1,026,823	(307,025)	719,798	–	3,425	(884)	(15,610)	10,673	84	–	49,890	1,083,811	(316,435)	767,376
– Swimming pools	39,305	(18,469)	20,836	–	–	–	(673)	108	–	–	2,066	41,479	(19,142)	22,337
– Other open space/recreational assets	87,102	(28,566)	58,536	–	530	(4,948)	(3,074)	4,456	41	–	4,025	88,287	(28,721)	59,566
– Other infrastructure	63,863	(27,411)	36,452	–	–	(163)	(1,118)	58	42	–	1,599	65,122	(28,252)	36,870
Other assets:														
– Library books	2,783	(1,413)	1,370	–	–	–	(466)	–	–	–	–	2,414	(1,509)	905
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	5,510	(1,994)	3,516	221	–	–	(103)	–	–	–	–	5,731	(2,097)	3,634
Total infrastructure, property, plant and equipment	6,566,599	(1,852,923)	4,713,676	221	184,679	(25,541)	(92,475)	–	(6,713)	(28,755)	269,317	6,971,751	(1,957,350)	5,014,401

C1-7 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 is 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	5 to 10	Playground equipment	15 to 20
Office furniture	10 to 20	Benches, seats etc.	20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: Masonry	50 to 170
Other plant and equipment	5 to 15	Buildings: Other	20 to 40
		Stormwater assets	
Water and sewer assets		Drains	80 to 100
Dams and reservoirs	80 to 100	Culverts	50 to 80
Bores	20 to 40	Flood control structures	80 to 100
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	25 to 75	Library Books	5
Pumps and telemetry	15 to 20		
		Other infrastructure assets	
Transportation assets		Bulk earthworks	indefinite
Sealed roads: Wearing Surface	12 to 50	Swimming pools	60
Unsealed roads: Wearing Surface	20	Roadside furniture	15 to 80
Roads: Base	20 to 100	Other open space/recreational assets	5 to 100
Roads: Sub base	120 to 200	Other infrastructure: Fish tables	20 to 25
Bridge: concrete	100	Other infrastructure: Platforms / Jetties	45
Bridge: other	50	Other infrastructure: Coastal	50 to 80
Kerb and gutter	80	Depreciable Land Improvements	8 to 60
Footpaths	20 to 60		

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets not subject to comprehensive revaluation are indexed in accordance with published indices relevant to their asset class annually.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Climate Change, Energy, the Environment and Water.

Increases in the carrying amounts arising on revaluation are credited to the IPPE 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 IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

C1-7 Infrastructure, property, plant and equipment (continued)

Land under roads

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

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

Crown reserves

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

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

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".

The Framework for the Preparation and Presentation of Financial Statements defines an asset as '...a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow', while the Accounting Standards refer to control of an asset as being the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. There are various provisions in the Rural Fires Act 1997 that, in theory, can be read to see 'Red Fleet' assets meeting these definitions. On this basis, Council has recognised 'Red Fleet' assets in its financial statements.

C1-8 Investment properties

	2025 \$ '000	2024 \$ '000
Owned investment property		
At fair value		
Opening balance at 1 July	3,425	3,497
Net gain/(loss) from fair value adjustments	195	(72)
Closing balance at 30 June	3,620	3,425

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.

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

C1-9 Intangible assets

Intangible assets are as follows:

	2025 \$ '000	2024 \$ '000
Software		
Opening values at 1 July		
Gross book value	1,233	1,236
Accumulated amortisation	(865)	(735)
Net book value – opening balance	368	501
Movements for the year		
Other movements	1	–
Purchases	631	131
Development costs	49	–
Amortisation charges	(101)	(132)
Gross book value written off	(441)	–
Accumulated amortisation charges written off	441	–
Closing values at 30 June		
Gross book value	1,472	1,233
Accumulated amortisation	(524)	(865)
Total software – net book value	948	368
Other		
Other Intangibles		
Movements for the year		
Purchases	151	–
Amortisation charges	(12)	–
Closing values at 30 June		
Gross book value	151	–
Accumulated amortisation	(12)	–
Total Other Intangibles – net book value	139	–
Total intangible assets – net book value	1,087	368

Material accounting policy information

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.

C1-9 Intangible assets (continued)

Other Intangibles

Costs incurred in developing products or systems and costs incurred in acquiring Non-software intangible assets that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to Other Intangibles.

Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.

C1-10 Other

Other assets

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Prepayments	2,027	34	1,061	–
Work in progress - service concession asset - Waste Processing Facility ¹	–	2,716	–	2,716
Total other assets	2,027	2,750	1,061	2,716

- (1) Waste Processing Facility – Council entered into a contract for the construction and operation of a waste processing facility to be developed in West Nowra. The intention was to develop the facility with a partner from the private sector -BioelektraPty- to create a service concession asset to be recognised in accordance with AASB 1059 – Service Concession Arrangements: Grantors. In August 2023, Council resolved to terminate their contract with Bioelektra Pty Ltd. Whilst the contract has been terminated, an alternative waste processing solution will need to be developed and it is likely that the West Nowra site will provide the most suitable location for its construction. Therefore, the site improvements that have been carried out to date will remain assets and have been valued at \$2.7m in June 2025.

C2 Leasing activities

C2-1 Council as a lessee

Council has leased building assets. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Depot building: 2 McIntyre Way - 3 year lease - to 31 August 2025 - 2 year option available. Option to purchase not available.

Office building: 1/51 Graham Street - 1 year lease - to 3 June 2025 - 2 X 1 year options available. Option to purchase not available. The 3 year option on the previous lease was not exercised. The new lease creating an additional right of use asset.

Buildings

Council leases buildings during the year; the leases are generally between 2 - 3 years and some of them include renewal options to allow Council to renew for up to two years at their discretion.

The building leases contain an annual pricing mechanism based on either fixed or CPI movements at each anniversary of the lease inception.

Extension options

Council includes options in the building leases to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the 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 \$213,979 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

	Buildings \$ '000	Total \$ '000
2025		
Opening balance at 1 July	121	121
Depreciation charge	(114)	(114)
Balance at 30 June	7	7
2024		
Opening balance at 1 July	225	225
Additions to right-of-use assets	77	77
Depreciation charge	(181)	(181)
Balance at 30 June	121	121

C2-1 Council as a lessee (continued)

(b) Lease liabilities

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Lease liabilities	8	–	118	8
Total lease liabilities	8	–	118	8

(c) The maturity analysis

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

	< 1 year \$ '000	1 – 5 years \$ '000	> 5 years \$ '000	Total \$ '000	Total per Statement of Financial Position \$ '000
2025					
Cash flows	8	–	–	8	8
2024					
Cash flows	121	8	–	129	126

(d) Income Statement

	2025 \$ '000	2024 \$ '000
Expenses relating to leases of low-value assets	43	93
	43	93

(e) Statement of Cash Flows

	2025 \$ '000	2024 \$ '000
Total cash outflow for leases	121	198
	121	198

Material accounting policy information

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.

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.

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 and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-8).

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

	2025	2024
	\$ '000	\$ '000

(i) Assets held as investment property

Description	Lease term
Nowra - Shop 1, 3 Schofields Lane	04/11/2022 to 03/11/2025
Nowra - Shop 2, 3 Schofields Lane	19/10/2024 to 18/10/2025
Nowra - Shop 3, 3 Schofields Lane	01/02/2024 to 31/01/2027
Nowra - Shop 4, 3 Schofields Lane	01/09/2024 to 31/08/2027
Nowra - Shop 5, 3 Schofields Lane	01/09/2023 to 31/08/2026
Nowra Shop 6-7, 3 Schofields Lane	01/10/2024 to 30/09/2027
Nowra - 37/43 Kinghorne St	01/04/2025 to 31/03/2028
Nowra - 37A/43 Kinghorne St	18/12/2024 to 26/12/2026
Nowra - 39/43 Kinghorne St	15/09/2023 to 14/09/2026
Nowra - 39A/43 Kinghorne St	27/04/2023 to 26/04/2026
Nowra - 41/43 Kinghorne St	13/03/2024 to 12/03/2027
Nowra - 43/43 Kinghorne St	16/02/2025 to 15/02/2028

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)	287	280
Total income relating to operating leases for investment property assets	287	280
Direct operating expenses that generated rental income	66	92
Total expenses relating to operating leases	66	92

C3 Liabilities of Council

C3-1 Payables

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Goods and services	10,609	–	12,846	–
Accrued expenses:				
– Borrowings	1,239	–	1,380	–
– Salaries and wages	2,183	–	1,998	–
– Other expenditure accruals	9,390	–	11,546	–
Security bonds, deposits and retentions	4,684	–	4,516	–
ATO – net GST payable	–	–	687	–
Prepaid rates	4,978	–	4,625	–
Total payables	33,083	–	37,598	–

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

	2025 \$ '000	2024 \$ '000
Total payables	–	–

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.

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

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Grants and contributions received in advance:				
Unexpended capital grants (to construct Council controlled assets)	27,929	–	34,719	–
Unexpended operating grants (received prior to performance obligation being satisfied)	1,648	–	1,988	–
Total grants and contributions received in advance	29,577	–	36,707	–
User fees and charges received in advance:				
Deposits received in advance of services provided	9,291	–	7,441	–
Total user fees and charges received in advance	9,291	–	7,441	–
Total contract liabilities	38,868	–	44,148	–

Notes

C3-2 Contract Liabilities (continued)

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

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

(iii) Upfront membership fees for the leisure centre meets the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life.

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

	2025 \$ '000	2024 \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	13,213	13,184
Operating grants (received prior to performance obligation being satisfied)	1,268	1,178
Total revenue recognised that was included in the contract liability balance at the beginning of the period	14,481	14,362

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

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Loans – secured ¹	21,458	154,399	21,322	172,436
Ratepayers' advances	–	94	10	115
Total borrowings	21,458	154,493	21,332	172,551

(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 E1-1.

(a) Changes in liabilities arising from financing activities

	2024		Non-cash movements				2025
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	193,758	(17,924)	–	23	–	–	175,857
Ratepayers' advances	125	(31)	–	–	–	–	94
Lease liability (Note C2-1)	126	(118)	–	–	–	–	8
Total liabilities from financing activities	194,009	(18,073)	–	23	–	–	175,959

	2023		Non-cash movements				2024
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	196,929	(3,192)	–	21	–	–	193,758
Ratepayers' advances	210	(85)	–	–	–	–	125
Lease liability (Note C2-1)	241	(192)	77	–	–	–	126
Total liabilities from financing activities	197,380	(3,469)	77	21	–	–	194,009

(b) Financing arrangements

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

Total facilities

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

Credit cards/purchase cards	550	550
Total financing arrangements	550	550

Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards	77	71
Total drawn financing arrangements	77	71

Undrawn facilities

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

– Credit cards/purchase cards	473	479
Total undrawn financing arrangements	473	479

C3-3 Borrowings (continued)

Additional financing arrangements information

Breaches and defaults

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

Security over loans

Loans are secured by a charge in the income of Council pursuant to Section 623 of the Local Government Act and clause 229 of the Local Government (General) Regulations.

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

	2025 Current \$ '000	2025 Non-current \$ '000	2024 Current \$ '000	2024 Non-current \$ '000
Annual leave	9,270	–	9,769	–
Sick leave	6,869	–	7,531	–
Long service leave	16,195	1,202	16,377	1,216
Other	731	–	883	–
Total employee benefit provisions	33,065	1,202	34,560	1,216

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

	2025 \$ '000	2024 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	19,297	20,039
	19,297	20,039

Material accounting policy information

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.

C3-5 Provisions

	2025 Current \$ '000	2025 Non-Current \$ '000	2024 Current \$ '000	2024 Non-Current \$ '000
Self insurance – workers compensation	1,737	5,212	1,723	5,178
Asset remediation/restoration (future works)	–	6,827	–	6,700
Total provisions	1,737	12,039	1,723	11,878

Movements in provisions

	Self insurance \$ '000	Asset remediation \$ '000	Total \$ '000
2025			
At beginning of year	6,901	6,700	13,601
Changes to provision:			
– Revised costs	48	127	175
Total	6,949	6,827	13,776
2024			
At beginning of year	6,094	6,479	12,573
Changes to provision:			
– Revised costs	807	221	1,028
Total	6,901	6,700	13,601

Nature and purpose of provisions

Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip as a result of past operations.

Self-insurance

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

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.

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 – tips

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.

C3-5 Provisions (continued)

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, but 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. 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 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

Council has decided to self-insure for workers compensation.

A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note C1-3.

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

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

D1-1 Income Statement by fund

	General 2025 \$ '000	Water 2025 \$ '000	Sewer 2025 \$ '000
Income from continuing operations			
Rates and annual charges	127,589	8,630	57,228
User charges and fees	72,031	31,294	7,280
Other revenues	4,971	117	54
Grants and contributions provided for operating purposes	21,125	–	–
Grants and contributions provided for capital purposes	63,557	4,558	7,418
Interest and investment income	6,638	2,313	2,071
Other income	1,848	–	–
Total income from continuing operations	297,759	46,912	74,051
Expenses from continuing operations			
Employee benefits and on-costs	91,332	9,657	14,003
Materials and services	74,847	11,032	18,294
Borrowing costs	4,556	–	2,845
Other expenses	13,542	1	84
Net losses from the disposal of assets	4,398	1,934	591
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	188,675	22,624	35,817
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	109,084	24,288	38,234
Depreciation, amortisation and impairment of non-financial assets	62,968	16,372	17,975
Operating result from continuing operations	46,116	7,916	20,259
Net operating result for the year	46,116	7,916	20,259
Net operating result attributable to each council fund	46,116	7,916	20,259
Net operating result for the year before grants and contributions provided for capital purposes	(17,441)	3,358	12,841

D1-2 Statement of Financial Position by fund

	General 2025 \$ '000	Water 2025 \$ '000	Sewer 2025 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	45,599	17,182	14,104
Investments	95,616	35,959	29,516
Receivables ¹	28,612	5,664	8,138
Inventories	2,406	810	–
Other	1,951	67	9
Non-current assets classified as held for sale	7,581	–	–
Total current assets	181,765	59,682	51,767
Non-current assets			
Investments	1,778	671	551
Receivables ¹	15	1,255	–
Inventories	3,582	–	–
Infrastructure, property, plant and equipment	3,381,429	621,577	903,147
Investment property	3,620	–	–
Intangible assets	257	323	507
Right of use assets	7	–	–
Other	2,750	–	–
Total non-current assets	3,393,438	623,826	904,205
Total assets	3,575,203	683,508	955,972
LIABILITIES			
Current liabilities			
Payables	28,232	2,617	2,234
Contract liabilities	24,806	975	13,087
Lease liabilities	8	–	–
Borrowings ¹	16,509	–	5,268
Employee benefit provision	33,065	–	–
Provisions	1,737	–	–
Total current liabilities	104,357	3,592	20,589
Non-current liabilities			
Borrowings ¹	91,857	–	63,891
Employee benefit provision	1,202	–	–
Provisions	12,039	–	–
Total non-current liabilities	105,098	–	63,891
Total liabilities	209,455	3,592	84,480
Net assets	3,365,748	679,916	871,492
EQUITY			
Accumulated surplus	1,179,624	239,021	488,432
IPPE revaluation surplus	2,186,124	440,895	383,060
Council equity interest	3,365,748	679,916	871,492
Total equity	3,365,748	679,916	871,492

(1) The amounts in the Statement of Financial Position by Fund do not agree with the consolidated Statement of Financial Position due to the internal loan between General and Water Funds (refer to Note D1-3). The \$1.57M variance in receivables nets off with the \$1.57M variance in borrowings.

D1-3 Details of internal loans

(in accordance with s410(3) of the *Local Government Act 1993*)

	LED street lighting upgrade
Details of individual internal loans	
Borrower (by purpose)	General Fund
Lender (by purpose)	Water Fund
Date raised	1/12/2024
Term years	5
Date of maturity	1/12/2029
Rate of interest (%)	5.17
Amount originally raised (\$'000)	1,726

D2 Interests in other entities

D2-1 Subsidiaries

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described below.

Accounting policy for subsidiaries

Subsidiaries are all entities (including structured entities) over which Council has control. Control is established when Council is exposed to, or has rights to variable returns from, its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the Council. All controlled entities have a June financial year end.

Name of Operation/Entity	Principal activity
Southern Water Services Pty Ltd	Provision of water, sewerage and related services

Interests in Subsidiary	Ownership 2025	Ownership 2024	Principal place of business
Council's interest in Subsidiary	100%	100%	Nowra

The nature and extent of significant restrictions relating to the Subsidiary

Southern Water Services is limited by shares under the Corporations Act (2001)

As sole shareholder Council controls full voting rights over Southern Water Services.

Dividends paid by Southern Water Services to Council are restricted by S254T of Corporations Act (2001)

The nature of risks associated with Council's interests in the Subsidiary

Council's liability is limited to the value of of its fully paid shares

Summarised financial information for the Subsidiary

	2025 \$ '000	2024 \$ '000
Summarised statement of comprehensive income		
Revenue	20	15
Expenses	1	–
Profit for the period	21	15
Total comprehensive income	21	15
Summarised statement of financial position		
Current assets	506	487
Total assets	506	487
Net assets	506	487
Summarised statement of cash flows		
Cash flows from operating activities	18	13
Net increase (decrease) in cash and cash equivalents	18	13

D2-2 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
		(\$'000) Net profit	(\$'000) Net assets
Shoalhaven City Council Management Committees	Use and management of community land and assets	132	663

Reasons for non-recognition

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

From 30 June 2022 Council no longer discloses its s355 Management Committees in its financial statements in Note D2-1 Subsidiaries. Historically, Council has had an inconsistent response from Management Committees submitting their annual financial statements. This had resulted in the disclosure of not only a different number of Committees from one year to the next, but different Committees as well. This inconsistency affected the meaningfulness of the disclosures.

It is important to note in this regard that Council will continue to receive Committees' financial statements, monitor their financial wellbeing, and provide subsidies in order to maintain their operations. The values disclosed in D2-2 are Council's best estimate of the committees performance as at 30 June 2023.

Name of entity/operation	Principal activity/type of entity	2025	2025
		(\$'000) Net profit	(\$'000) Net assets
Illawarra Shoalhaven Joint Organisation	Inter-Governmental Collaboration Joint Venture	(307)	836

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

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

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

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio 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.

(a) Market risk – interest rate and price risk

	2025	2024
	\$ '000	\$ '000

The impact on the results for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Impact of a 1% movement in interest rates		
– Equity / Income Statement	2,757	2,447
Impact of a 10% movement in price of investments		
– Equity / Income Statement	3,969	3,645

(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.

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

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial terms (as detailed in the table) are considered to be of high credit quality.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

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

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

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

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.

	Not yet overdue rates and annual charges			Total \$ '000
	Not yet overdue \$ '000	< 5 years \$ '000	≥ 5 years \$ '000	
2025				
Gross carrying amount	3,087	10,744	1,385	15,216
2024				
Gross carrying amount	2,247	9,714	1,327	13,288

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.

	Not yet overdue \$ '000	Overdue debts				Total \$ '000
		0 - 30 days \$ '000	31 - 60 days \$ '000	61 - 90 days \$ '000	> 90 days \$ '000	
2025						
Gross carrying amount	17,285	2,615	1,459	850	5,995	28,204
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.09%	0.09%
ECL provision	–	–	–	–	34	34
2024						
Gross carrying amount	16,460	1,529	646	358	5,778	24,771
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.12%	0.10%
ECL provision	–	–	–	–	29	29

(c) Liquidity risk

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

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

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

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

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(c) 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.

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

	Weighted average interest rate %	Subject to no maturity \$ '000	≤ 1 Year \$ '000	payable in:		Total cash outflows \$ '000	Actual carrying values \$ '000
				1 - 5 Years \$ '000	> 5 Years \$ '000		
2025							
Payables	0.00%	4,684	28,109	–	–	32,793	33,083
Borrowings	3.92%	–	21,458	77,618	76,875	175,951	175,951
Lease liabilities	0.00%	–	8	–	–	8	–
Total financial liabilities		4,684	49,575	77,618	76,875	208,752	209,034
2024							
Payables	0.00%	4,516	33,081	–	–	37,597	37,598
Borrowings	4.01%	–	21,317	79,825	92,740	193,882	193,882
Lease liabilities	3.00%	–	121	8	–	129	129
Total financial liabilities		4,516	54,519	79,833	92,740	231,608	231,609

E2-1 Fair value measurement

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

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

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

- Non-current assets classified as ‘held for sale’

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

Fair value hierarchy

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).

The table below shows the assigned level for each asset and liability held at fair value by Council:

E2-1 Fair value measurement (continued)

		Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2025	2024	2025	2024	2025	2024
					Restated		
Notes		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Recurring fair value measurements							
Financial assets							
Financial investments							
	C1-2						
		39,691	36,454	–	–	39,691	36,454
		39,691	36,454	–	–	39,691	36,454
Total financial assets							
Investment property							
	C1-8						
		1,880	1,750	–	–	1,880	1,750
		1,740	1,675	–	–	1,740	1,675
		3,620	3,425	–	–	3,620	3,425
Total investment property							

E2-1 Fair value measurement (continued)

	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2025	2024	2025	2024	2025	2024
			Restated				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Infrastructure, property, plant and equipment	C1-7						
Plant and equipment		–	–	61,737	60,908	61,737	60,908
Rural Fire Service Red Fleet		–	–	1,383	1,307	1,383	1,307
Office equipment		–	–	1,395	1,141	1,395	1,141
Furniture and fittings		–	–	1,383	1,452	1,383	1,452
Crown land		–	–	222,390	221,887	222,390	221,887
Operational land		–	–	247,914	247,852	247,914	247,852
Community land		–	–	265,453	264,672	265,453	264,672
Land under roads (post 30/06/08)		–	–	4,696	1,726	4,696	1,726
Land improvements – non-depreciable		–	–	54,385	51,594	54,385	51,594
Land improvements – depreciable		–	–	14,931	14,786	14,931	14,786
Buildings – non-specialised		1,514	1,493	–	–	1,514	1,493
Buildings – specialised		–	–	404,328	382,701	404,328	382,701
Other structures		–	–	92,667	87,500	92,667	87,500
Roads		–	–	785,426	1,203,886	785,426	1,203,886
Bridges		–	–	91,768	87,861	91,768	87,861
Footpaths		–	–	91,309	95,798	91,309	95,798
Bulk earthworks (non-depreciable)		–	–	501,785	347,255	501,785	347,255
Stormwater drainage		–	–	234,121	210,183	234,121	210,183
Water supply network		–	–	565,455	525,153	565,455	525,153
Sewerage network		–	–	820,710	767,376	820,710	767,376
Swimming pools		–	–	24,954	22,337	24,954	22,337
Other open space / recreational assets		–	–	71,048	59,566	71,048	59,566
Other infrastructure		–	–	36,662	36,870	36,662	36,870
Library books		–	–	1,231	905	1,231	905
Tip asset		–	–	3,653	3,634	3,653	3,634
Total infrastructure, property, plant and equipment		1,514	1,493	4,600,784	4,698,350	4,602,298	4,699,843
Non-recurring fair value measurements							
Non-current assets classified as held for sale	C1-6						
Operational Land		–	–	7,166	7,938	7,166	7,938
Buildings		–	–	415	1,356	415	1,356
Total NCA's classified as held for sale		–	–	7,581	9,294	7,581	9,294

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Financial assets

Investments - "At fair value through profit or loss" is represented by Floating Rate Notes. Council obtains valuations from its Safe Custody Operations on a monthly basis and at the end of each reporting period to ensure that the financial statements reflect the most up-to-date valuation.

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

Investment property

Council obtains independent valuations every year for all investment properties. The valuation for this financial year was undertaken by Mr Nick Ridley, AAPI, of Walsh & Monaghan Pty Ltd as at 31 March 2025.

The valuation has been determined by the "capitalisation of net rental" approach where the net market rental of the property is capitalised at an appropriate market rate determined from the analysis of comparable sales.

This result was compared to the "rate per square metre of building area" method of similar building sales.

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

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Examples of assets within these classes are as follows:

- Plant and Equipment - Graders, trucks, rollers, tractors and motor vehicles.
- Office Equipment - Computers, photocopiers, calculators, etc.
- Furniture & Fittings - Chairs, desks and display boards.

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

Operational Land

This asset class comprises all of Council's land and Council managed land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre.

The last comprehensive valuation was undertaken by Mr Adam Hopcroft, AAPI, of Walsh & Monaghan effective 31 March 2025.

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

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

Community Land

Valuations of all Council's Community Land and Council managed land were based on either the land values provided by the Valuer-General or an average unit rate based on the land values for similar properties where the Valuer-General did not provide a land value having regard to the highest and best use for this land. As these rates were not considered to be observable market evidence they have been classified as level 3.

The last comprehensive valuation was undertaken effective 31 March 2024. Valuations were undertaken inhouse as at 31 March 2025 based on either the land values provided by the Valuer-General or an average unit rate based on the land values for similar properties where the Valuer-General did not provide a land value to calculate the movement in fair value since the last comprehensive valuation date.

E2-1 Fair value measurement (continued)

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

Land Under Roads

Council has elected to recognise Land Under Roads where the road was acquired on or after 1 July 2008. 'Land under Roads' have been valued using the square metres rates applicable for all the valued land within the Shoalhaven local government area and a discount for restricted use applied.

The last comprehensive valuation was undertaken inhouse effective 31 March 2025.

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

Land Improvements - depreciable and non-depreciable

This asset class comprises land improvements such as spectator mounds, swales, berms, gardens, mulched areas, streetscaping and landscaping. These assets may be located on parks, reserves and also within road reserves.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using level 3 valuation inputs.

The last comprehensive valuation was undertaken effective 30th June 2022. Valuations were undertaken inhouse effective 31 March 2025 using publicly available indices to calculate the movement in fair value since the last comprehensive valuation date.

Buildings – Non specialised and Specialised

The fair value of buildings were determined by independent valuer, APV Valuers and Asset Management effective 31 March 2024. Where there is a market for Council building assets, 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 were price per square metre.

Where Council buildings are of a specialist nature and there is no active market for the assets, fair value has been determined on the basis of replacement cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment. To assess the level of remaining service potential, the separate components of the building are assessed considering both holistic factors (functionality, capacity, utilisation, obsolescence) and component specific factors such as physical condition.

The gross current values have been derived from reference to market data for recent projects and costing guides issued by the Australian Institute of Quantity Surveyors, Rawlinson's (Australian Construction Handbook). Where a depth in market can be identified, the net current value of a building asset is the difference between the market value of the asset as a whole (including land) and the market value of the land component. Where there is no depth of market, the net current value of a building asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use and the condition of the asset. Condition was assessed taking into account both physical characteristics as well as holistic factors such as functionality, capability, utilisation and obsolescence.

Valuations were undertaken inhouse as at 31 March 2025 using publically available indicies to calculate the movement in fair value since the last comprehensive valuation date.

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

Other Structures

This asset class comprises Boardwalks, Viewing platforms, Floodlighting Systems, Pedestrian bridges and fencing.

The last valuation was undertaken as at 31 March 2023, and has been performed by Morrison Low Consultants P/L. Valuations were undertaken inhouse as at 31 March 2025 using publicly available indices to calculate the movement in fair value since the last comprehensive valuation date.

The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required

E2-1 Fair value measurement (continued)

extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using level 3 valuation inputs.

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

Roads

Road assets comprise road carriageway, roadside shoulders and kerb & gutter. The cost approach using level 3 inputs was used to value this asset class. No market based evidence (level 2) inputs are available therefore level 3 valuation inputs were used for this asset class.

Council Roads were comprehensively valued inhouse effective 31 March 2025. The gross current values have been derived based on a combination of historical costs, current active contracts with Council, and Rawlinson's Construction Guide 2025. Valuation methodology and unit rates were then peer reviewed by Stantec. The most significant input to this valuation was price per square meter.

In determining the level of accumulated depreciation the asset has been disaggregated into significant components which exhibit useful lives. Allowance has been made for the typical asset life cycle and renewal treatments of each component, residual value at the time the asset is considered to be no longer available for use, and the condition of the asset. Condition was assessed taking into account both physical characteristics and holistic factors such as functionality, capability, utilisation and obsolescence.

During the valuation it was discovered that the last comprehensive valuation applied the sub-arterial road standard to all pavement components in the road asset category. The current valuation used new and detailed information to determine each road segments proper road standard, applying an appropriate rate for each road standard from sub-arterial to rural. This has resulted in a significant decrement to the road asset category carrying value.

Bridges

The last comprehensive valuation of bridges was undertaken effective 30th June 2021.

Each bridge was assessed individually, with the valuation varying according to the material type used for construction, the deck area, condition and size. Construction estimates were determined on a similar basis to roads.

Valuations were undertaken inhouse as at 31 March 2025 using publically available indicies to calculate the movement in fair value since the last comprehensive valuation date.

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

Footpaths

Footpaths were comprehensively valued inhouse effective 31 March 2025. Valuation methodology and unit rates were reviewed by Stantec against a combination of Rawlinson's Construction Guide 2025 and benchmarks from other councils. The most significant input to this valuation was proice per square mete. Council's footpath register consists of all pedestrian walkways and cycleways within the council area.

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

Bulk earthworks

The 'Cost Approach' estimated the replacement cost for each asset. The last comprehensive valuation was completed inhouse effective 31 March 2025. Valuation methodology was reviewed by Stantec against benchmarks from other councils.

The current valuation considered the transverse cut and fill at regular intervals along the road to determine the required amount of bulk earthworks present. Previously the valuation of bulk earthworks considered the slope in any direction on a road to determine the amount of bulk earthworks present.

Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices.

The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted

E2-1 Fair value measurement (continued)

significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long lived assets, there is uncertainty regarding the actual design, specifications and dimensions of some assets.

The last comprehensive valuation as completed by Morrison Low Consultants P/L based on actual costs and assumptions effective 30th June 2021. Valuations were undertaken inhouse as at 31 March 2025 using publically available indicies to calculate the movement in fair value since the last comprehensive valuation date.

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

Water Supply Network

Assets within this class comprise dams, treatment works, pumping stations and water mains.

The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (level 2) other inputs (such as estimates of pattern of consumption and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long lived assets, there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water (Department of Primary Industries). According to this manual, the calculation of reference rates is based on "competitive contract prices obtained by NSW Public Works for water supply and sewerage projects within NSW, supplemented by published rates for water supply, sewerage and stormwater works and also rates obtained from a number of Local Water Utilities and other agencies".

The last full valuation of the water supply network was undertaken effective 30 June 2022. Valuations were undertaken inhouse as at 30 June 2025 using publically available indicies to calculate the movement in fair value since the last comprehensive valuation date.

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

Sewerage Network

Assets within this class comprise treatment works, pumping stations and, sewerage mains.

The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (level 2) other inputs (such as estimates of pattern of consumption and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long lived assets, there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as publish by the Office of Water (Department of Primary Industries). According to this manual, the calculation of reference rates is based on "competitive contract prices obtained by NSW Public Works for water supply and sewerage projects within NSW, supplemented by published rates for water supply, sewerage and stormwater works and also rates obtained from a number of Local Water Utilities and other agencies".

The last full valuation of the sewerage network was undertaken effective 30 June 2022. Valuations were undertaken inhouse as at 30 June 2025 using publically available indicies to calculate the movement in fair value since the last comprehensive valuation date.

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

Swimming Pools

Assets within this class comprise Council's sea pools, outdoor swimming pools and indoor swimming pools (component of Aquatic Centre). The swimming pools were valued in-house by experienced staff in Council's Engineering Department using the cost approach. The approach estimated the replacement cost for each pool by componentising its significant parts.

While some elements of gross replacement values may be supported from market evidence (level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

The last valuation was undertaken as at 31 March 2023 and was performed by Morrison Low Consultants P/L. Valuations were undertaken inhouse as at 31 March 2025 using publically available indicies to calculate the movement in fair value since the last comprehensive valuation date.

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

E2-1 Fair value measurement (continued)

Other Open Space / Recreation

Assets within this class include playground equipment, BBQs and outdoor fitness facilities.

The last valuation was undertaken as at 31 March 2023, and was performed by Morrison Low Consultants P/L. Valuations were undertaken inhouse as at 31 March 2025 using publically available indicies to calculate the movement in fair value since the last comprehensive valuation date.

While some elements of gross replacement values may be supported from market evidence (level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

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

Other Infrastructure

Assets within this class include jetties, boat ramps, sea/rock/retaining walls.

These were valued externally by Morrison Low Consultants P/L using the cost approach. The approach estimated the replacement cost for asset by componentising its significant parts.

While some elements of gross replacement values may be supported from market evidence (level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

The last revaluation was undertaken effective 30th June 2022. Valuations were undertaken inhouse as at 31 March 2025 using publically available indicies to calculate the movement in fair value since the last comprehensive valuation date.

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

Library Books

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

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value.

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

Non-current assets classified as held for sale

This comprises operational land and buildings.

Assets held for sale continue to be valued consistently with the underlying assets classes, i.e. operational land and buildings. The basis of valuations for these asset classes appear above.

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

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

At the end of each financial year Council assess changes in carrying value of each of the asset class and if the movement is considered to be material, a comprehensive revaluation is performed. In addition, five year assets revaluation cycle is used as a guidance.

The whole valuation process is undertaken with all the relevant staff consulted. This includes: Asset Management Units (Assets and Works and Shoalhaven Water), Finance and the Asset Custodians.

Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

	Valuation technique/s	Unobservable inputs
Financial assets		
Investments	Independent Investment Advisor Reports	• Unit price
Infrastructure, property, plant and equipment		
Plant and equipment	Cost used to approximate fair value	• Gross replacement cost • Remaining useful life • Residual value
Office equipment	Cost used to approximate fair value	• Gross replacement cost • Remaining useful life • Residual value
Furniture and fittings	Cost used to approximate fair value	• Gross replacement cost • Remaining useful life
Operational land	External Valuer	• Land value (price per square metre)
Community land	Land Values obtained from the NSW Valuer-General	• Land value (price per square metre)
Land under roads (post 30/06/08)	Valuation of road segments at the average unit value of valued land within the Shoalhaven local government area with a discount for restricted use	• Average value of valued land within the Shoalhaven local government area • discount rate for restricted use
Land improvements and other infrastructure	Replacement Cost used to approximate fair value	• Gross replacement cost • Remaining useful life • Asset condition
Buildings – specialised	External Valuer - Replacement Cost used to approximate fair value	• Gross replacement cost • Remaining useful life • Asset condition
Other structures	Replacement Cost used to approximate fair value	• Gross replacement cost • Remaining useful life • Asset condition
Roads	External Valuer - Replacement Cost used to approximate fair value	• Gross replacement cost • Remaining useful life • Asset condition
Bridges	External Valuer - Replacement Cost used to approximate fair value	• Gross replacement cost • Remaining useful life • Asset condition
Footpaths	External Valuer - Replacement Cost used to approximate fair value	• Gross replacement cost • Remaining useful life • Asset condition
Bulk earthworks (nondepreciable)	External Valuer - Replacement Cost used to approximate fair value	• Replacement cost
Stormwater drainage	External Valuer - Replacement Cost used to approximate fair value	• Gross replacement cost • Remaining useful life • Asset condition
Water supply network	Replacement Cost used to approximate fair value	• Gross replacement cost • Remaining useful life

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Sewerage network	Replacement Cost used to approximate fair value	<ul style="list-style-type: none"> Gross replacement cost Remaining useful life
Swimming pools – other open space / recreational assets	Replacement Cost used to approximate fair value	<ul style="list-style-type: none"> Gross replacement cost Remaining useful life Residual value Asset condition
Library books	Cost used to approximate fair value	<ul style="list-style-type: none"> Gross replacement cost Remaining useful life Residual value Asset condition
Tip asset	Present value of future expenditures expected to be incurred on waste depot sites restoration	<ul style="list-style-type: none"> Estimated restoration costs
Other open space / recreational assets	Replacement Cost used to approximate fair value	<ul style="list-style-type: none"> Gross replacement cost Remaining useful life
Other infrastructure	External Valuer - Replacement Cost used to approximate fair value	<ul style="list-style-type: none"> Gross replacement cost Remaining useful life

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

	IPP&E	
	2025	2024
	\$ '000	Restated \$ '000
Opening balance	4,709,303	4,495,714
Total gains or losses for the period		
Other movements		
Transfers from/(to) another asset class	–	2,112
Purchases (GBV)	143,053	88,944
Disposals (WDV)	(21,784)	(25,541)
Depreciation and impairment	(97,202)	(92,439)
Asset revaluation reserve	(125,005)	240,513
Closing balance	4,608,365	4,709,303

Highest and best use

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

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.

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

(a) a description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements

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

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

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

* For 180 Point Members, Employers are required to contribute 9.5% from 1 July 2025 from salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 July 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.

(b) a description of the extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan

As stated above, each sponsoring employer (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 Council.

(c) a description of any agreed allocation of a deficit or surplus on

(i) wind up of the plan

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

(ii) the entity's withdrawal from the plan

E3-1 Contingencies (continued)

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 contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2025 was \$813,295.11. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2024.

Council's expected contributions to the Fund for the next annual reporting period are \$414,965.34.

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

Defined Benefit reserves only*	\$millions	Asset Coverage
Assets	2,197.6	
Past Service Liabilities	2,092.0	105.05%
Vested Benefits	2,130.4	103.2%

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

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 Funds Actuary, the final end of year review will be completed by December 2025.

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30 June this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) Potential Insurance Losses

Council is a multi-purpose organisation providing a large range of buildings, parks, infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled. Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible insurance excess, the amount of which varies according to the class of insurance.

(iv) Other guarantees

Council has provided no other guarantees other than those listed above (no bank guarantees).

E3-1 Contingencies (continued)

2. Other liabilities

(i) Legal Expenses

Council is the planning consent authority for its area under the Environmental Planning and Assessment Act 1997 (the Act). Pursuant to the Act, appeals rights are vested in interested parties to environmental and planning matters. The expenses generally incurred in these proceedings are legal expenses, including solicitors' costs and disbursements. It's the Court's normal practice that parties bear their own legal costs. These matters do not attract awards of compensation damages. Since 30 June 2025, Council has been served with three further appeals - the costs of which will not be known until completion.

(ii) Third party claims

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

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

(iii) S7.11 and S64 Developer Contributions Plans

Council levies Section 7.11 and Section 64 Contributions upon various developments across the Council area through the required Contributions Plans. As part of these Plans, Council has received funds which it will be required to expend in accordance with those Plans. As well, these Plans indicate propose 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, Water or Sewer Funds. These future exposures do not qualify as liabilities as at the Reporting Date, but represent Council's intention to spend funds in the manner and timing set out in those Plans.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau. Council's revenue recognition policy for such income is to account for it as revenue on receipt. Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices. Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

(iii) S7.11 and S64 Developer Contributions

Council calculates the amount of the Developer Contributions applicable for each Development Application at the time of application and Council recognises this revenue over a period of time.

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. Specifically, KMP of Council are the:

(a) Mayor, (b) Councillors, (c) CEO (d) Directors and (e) any person who fills an above role in an 'acting' capacity for greater than 3 months.

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

	2025	2024
	\$ '000	\$ '000
Compensation:		
Short-term benefits	2,564	2,163
Post-employment benefits	333	272
Other long-term benefits	30	61
Termination benefits	999	443
Total	3,926	2,939

F1-2 Councillor and Mayoral fees and associated expenses

	2025	2024
	\$ '000	\$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	94	95
Councillors' fees	381	424
Other Councillors' expenses (including Mayor)	300	295
Total	775	814

F1-3 Other related parties

	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2025						
Illawarra Shoalhaven Joint Organisation (ISJO) - income	D2-2	126	–	Council provide accounting services to ISJO with payments made at arm's length	–	–
Illawarra Shoalhaven Joint Organisation (ISJO) - expenses	D2-2	96	–	ISJO provides goods and services to Council with payments made at arm's length	–	–
2024						
Illawarra Shoalhaven Joint Organisation (ISJO) - income	D2-2	256	–	Council provide accounting services to ISJO with payments made at arm's length	–	–
Illawarra Shoalhaven Joint Organisation (ISJO) - expenses	D2-2	96	–	ISJO provides goods and services to Council with payments made at arm's length	–	–

F2 Other relationships

F2-1 Audit fees

	2025 \$ '000	2024 \$ '000
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
Audit of financial statements	269	244
Total fees paid or payable to the Auditor-General	269	244
Non NSW Auditor-General audit firms		
Other services	50	-
Total remuneration of non NSW Auditor-General audit firms	50	-
Total audit fees	319	244

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

	2025 \$ '000	2024 \$ '000
Net operating result from Income Statement	74,291	84,259
Add / (less) non-cash items:		
Depreciation and amortisation	97,315	92,607
(Gain) / loss on disposal of assets	6,923	12,396
Non-cash capital grants and contributions	(23,356)	(8,436)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as ‘at fair value’ or ‘held for trading’	(95)	(2,068)
– Investment property	(195)	72
– Interest-free advances made by Council (deferred debtors)	4	22
Amortisation of premiums, discounts and prior period fair valuations		
– Interest on all fair value adjusted interest free advances made by Council	(1)	(2)
– Financial asset at fair value through other comprehensive income / available for sale (2018)	–	–
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(5,362)	24,927
Increase / (decrease) in provision for impairment of receivables	248	(12)
(Increase) / decrease of inventories	2	(95)
(Increase) / decrease of other current assets	(1,000)	(43)
Increase / (decrease) in payables	(2,120)	(1,344)
Increase / (decrease) in accrued interest payable	(141)	(96)
Increase / (decrease) in other accrued expenses payable	(1,971)	(5,198)
Increase / (decrease) in other liabilities	(166)	766
Increase / (decrease) in contract liabilities	(5,280)	11,822
Increase / (decrease) in employee benefit provision	(1,509)	(370)
Increase / (decrease) in other provisions	175	1,058
Net cash flows from operating activities	137,762	210,265

(b) Non-cash investing and financing activities

Dedications	20,168	8,434
Total non-cash investing and financing activities	20,168	8,434

G2-1 Commitments

Capital commitments (exclusive of GST)

	2025 \$ '000	2024 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Natural Disaster Recovery	6,960	12,496
Buildings	1,393	1,922
Industrial Land Development	234	1,230
Parks and Reserves	467	557
Roads	7,307	2,139
Sewer assets	3,261	–
Tourist Parks	337	104
Waste Management	6,197	976
Water assets	1,935	–
Drainage	92	259
Other	1,931	708
Total commitments	30,114	20,391

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Correction of errors

Nature of prior period error

During the 2024/25 financial year, Council undertook a comprehensive revaluation of the transport, footpath and bulk earthworks asset classes. This process included a detailed review of Council's asset register, which was significantly informed by the findings of the road condition inspection.

Assets not under Council Control and Ownership

As part of the data validation process, assets were identified as incorrectly recorded in Council's asset register. Council does not have care and control or ownership of these assets and they have been removed from the asset register. The carrying value of these assets on derecognition was:

- (-) \$86,444k (Road assets)
- (-) \$9,610k (Footpath assets)
- (-) \$1,516k (Bulk Earthworks assets)

Total - (-) \$97,570k

Depreciation and asset cost adjustments for assets incorrectly recognised in the register was reversed in 2025 as below:

- (-) \$986k (Road assets)
- (-) \$213k (Footpath assets)
- (-) \$144k (Bulk Earthwork assets, asset cost adjustments)

Total - (-) \$1,343k

Found Assets

During the data validation process, assets were identified that should be recognised in Council's asset register that were not. These assets were added to the asset register with the following carrying values:

- \$46,684k (Road assets)
- \$15,140k (Footpath assets)

Total - \$61,824k

Depreciation for assets that should have been included in council's asset register was added to expenses for 2025:

- \$1,317k (Road assets)
- \$211k (Footpath assets)

Total - \$1,528k

Total Adjustment to IPPE

The overall adjustment to IPPE in 2025 was therefore (-) \$35,561k as the sum of the above figures

The error identified has been corrected by restating infrastructure, property, plant and equipment balance at the beginning of the earliest period presented (1 July 2023) as prior period errors may affect accumulated surplus, revaluation reserves or both.

G4-1 Correction of errors (continued)

Changes to the opening Statement of Financial Position at 1 July 2023

Statement of Financial Position

	Original Balance 1 July 2023 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July 2023 \$ '000
Total current assets	226,430	–	226,430
Infrastructure, property, plant and equipment	4,745,251	(31,575)	4,713,676
Total other non-current assets	20,180	–	20,180
Total non-current assets	4,765,431	(31,575)	4,733,856
Total assets	4,991,861	(31,575)	4,960,286
Total current liabilities	131,212	–	131,212
Total non-current liabilities	190,870	–	190,870
Total liabilities	322,082	–	322,082
Net assets	4,669,779	(31,575)	4,638,204
Accumulated surplus	1,786,879	(49,382)	1,737,497
Revaluation reserve	2,882,900	17,807	2,900,707
Total equity	4,669,779	(31,575)	4,638,204

G4-1 Correction of errors (continued)

Adjustments to the comparative figures for the year ended 30 June 2024

Statement of Financial Position

	Original Balance 30 June 2024 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June 2024 \$ '000
Total current assets	250,554	–	250,554
Infrastructure, property, plant and equipment	5,049,962	(35,561)	5,014,401
Total other non-current assets	28,025	–	28,025
Total non-current assets	5,077,987	(35,561)	5,042,426
Total assets	5,328,541	(35,561)	5,292,980
Total current liabilities	139,479	–	139,479
Total non-current liabilities	185,653	–	185,653
Total liabilities	325,132	–	325,132
Net assets	5,003,409	(35,561)	4,967,848
Accumulated surplus	1,874,019	(49,146)	1,824,873
Revaluation reserve	3,129,390	13,585	3,142,975
Total equity	5,003,409	(35,561)	4,967,848

Income Statement

	Original Balance 30 June 2024 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June 2024 \$ '000
Total income from continuing operations	439,478	–	439,478
Depreciation, amortisation and impairment of non-financial assets	92,758	(152)	92,606
Net loss from disposal of assets	9,364	3,032	12,396
Total expenses from continuing operations	352,338	2,880	355,218
Net operating result for the year	87,140	(2,880)	84,260

Statement of Comprehensive Income

	Original Balance 30 June 2024 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June 2024 \$ '000
Net operating result for the year	87,140	(2,880)	84,260
Net operating result for the year	87,140	(2,880)	84,260
Realised gain (loss) on revaluation infrastructure, property, plant and equipment	246,490	(1,103)	245,387
Other comprehensive income	246,490	(1,103)	245,387
Total comprehensive income for the year	333,630	(3,983)	329,647

G5 Statement of developer contributions

G5-1 Summary of developer contributions

	Opening balance at 1 July 2024 \$ '000	Contributions received during the year				Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2025 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000						
Drainage	253	881	–	–	12	(613)	–	533	–	
Roads	7,868	2,758	–	–	333	(1,936)	–	9,023	–	
Parking	1,871	92	–	–	89	–	–	2,052	–	
Open space	3,772	1,097	–	–	182	(1,041)	–	4,010	–	
Community facilities	6,562	1,921	–	–	343	(336)	–	8,490	–	
Other	925	623	–	–	46	(455)	–	1,139	–	
Active recreation	4,177	2,201	–	–	212	(1,544)	–	5,046	–	
S7.11 contributions – under a plan	25,428	9,573	–	–	1,217	(5,925)	–	30,293	–	
Total S7.11 and S7.12 revenue under plans	25,428	9,573	–	–	1,217	(5,925)	–	30,293	–	
S64 contributions	12,202	5,450	–	–	446	(7,003)	–	11,095	–	
Total contributions	37,630	15,023	–	–	1,663	(12,928)	–	41,388	–	

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.

G5-2 Developer contributions by plan

	Opening balance at 1 July 2024 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2025 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Shoalhaven Contributions Plan									
Drainage	253	881	–	–	12	(613)	–	533	–
Roads	7,868	2,758	–	–	333	(1,936)	–	9,023	–
Parking	1,871	92	–	–	89	–	–	2,052	–
Open space	3,772	1,097	–	–	182	(1,041)	–	4,010	–
Community facilities	6,562	1,921	–	–	343	(336)	–	8,490	–
Active recreation	4,177	2,201	–	–	212	(1,544)	–	5,046	–
Other	925	623	–	–	46	(455)	–	1,139	–
Total	25,428	9,573	–	–	1,217	(5,925)	–	30,293	–

End of the audited financial statements



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Shoalhaven City Council

To the Councillors of Shoalhaven City Council

Opinion

I have audited the accompanying financial statements of Shoalhaven 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 black ink, appearing to read 'Min Lee', with a stylized, cursive script.

Min Lee
Delegate of the Auditor-General for New South Wales

31 October 2025
SYDNEY



Cr Patricia White
Mayor
Shoalhaven City Council
PO BOX 42
NOWRA NSW 2541

Contact: Min Lee
Phone no: 02 9275 7151
Our ref: [R008-1981756498-7294](#)

31 October 2025

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Shoalhaven 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	193.4	178.2	↑ 8.5
Grants and contributions provided for operating purposes revenue	21.1	21.9	↓ 3.7
Grants and contributions provided for capital purposes revenue	75.5	124.8	↓ 39.5
Operating result from continuing operations	74.3	84.3	↓ 11.9
Net Operating result for the year before grants and contributions provided for capital purposes	(1.2)	(40.5)	↑ 97.0

* The 2024 comparatives have been restated to correct a prior period error. Note G4-1 of the financial statements provides details of the prior period error.

Operating result from continuing operations

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

Council's operating result from continuing operations for the year was \$10.0 million lower than the 2023–24 result.

In 2024-25:

- Council revenue (\$418.7 million) decreased by \$20.8 million (4.7 per cent)
- Depreciation, amortisation and impairment of non-financial assets expense (\$97.3 million) increased by \$4.7 million (5.1 per cent) due to increased depreciable amounts of infrastructure assets and plant and equipment.

The net operating result for the year before grants and contributions provided for capital purposes was (\$1.2 million). Refer to 'Grants and contributions revenue' below for details.



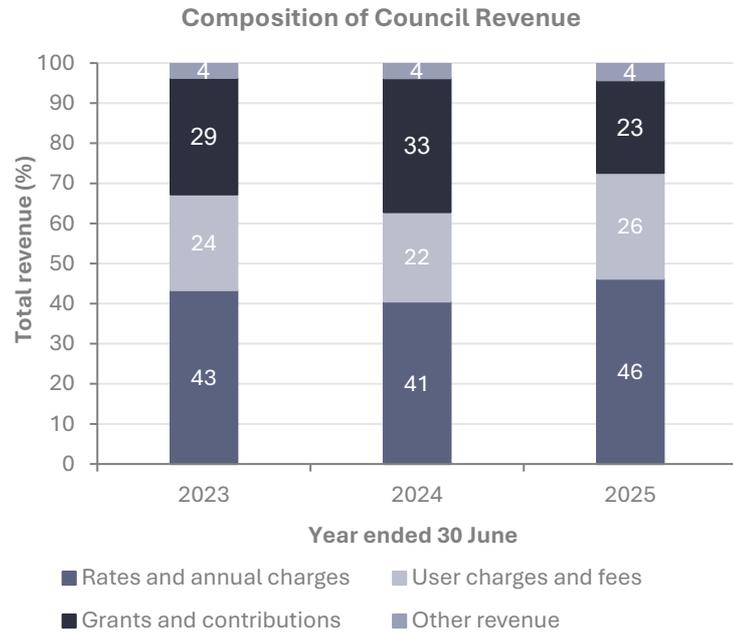
Income

Council revenue

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

Council revenue (\$418.7 million) decreased by \$20.8 million (4.7 per cent) in 2024–25 due to:

- rates and annual charges revenue (\$193.4 million) which increased by \$15.2 million (8.6 per cent) due to the rate peg increase of 4.5 per cent and an increase in the number of rate assessments
- grants and contributions revenue decreased by \$50.0 million - see 'Grants and contributions revenue' below for details.

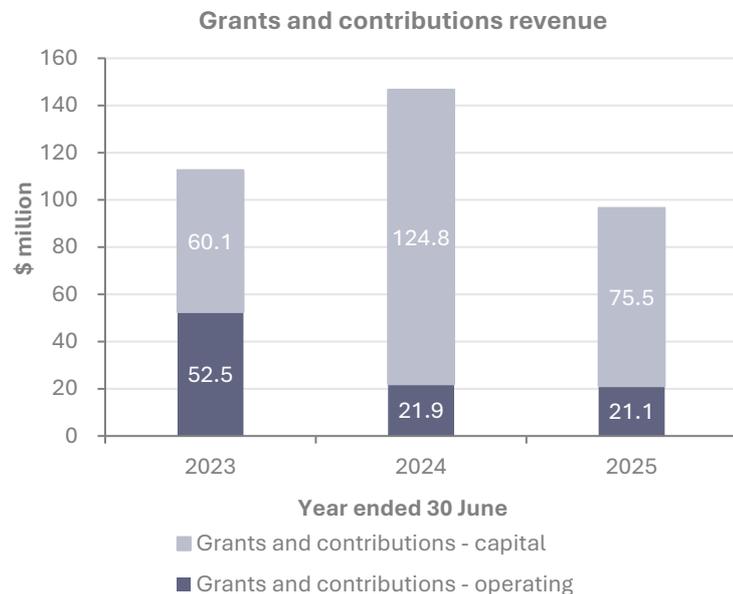


Grants and contributions revenue

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

Grants and contributions revenue (\$96.7 million) decreased by \$50.0 million (34.1 per cent) in 2024–25 due to:

- decrease of \$11.3 million specific purpose grants recognised for other roads and bridges funding
- decrease of \$56.8 million specific purpose grants recognised for natural disasters damage and recovery
- increase of \$15.9 million other non-cash contributions relating to found assets.



CASH FLOWS

Statement of cash flows

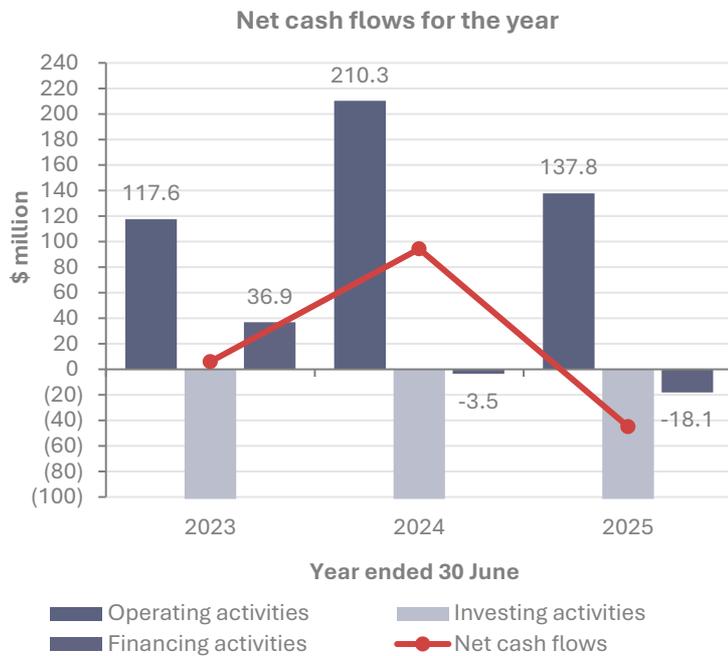
The Statement of Cash Flows details the Council's inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating 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 negative \$44.9 million (positive \$94.3 million in 2023-24).

In 2024-25 the net cashflows:

- from operating activities decreased by \$72.5 million, mainly due to less grants and contributions receipts compared to 2023-24
- cash used in investing activities increased by \$52.2 million, mainly due to acquisition of term deposits
- cash used in financing activities decreased by \$14.6 million, mainly due to increased borrowing repayments.



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.

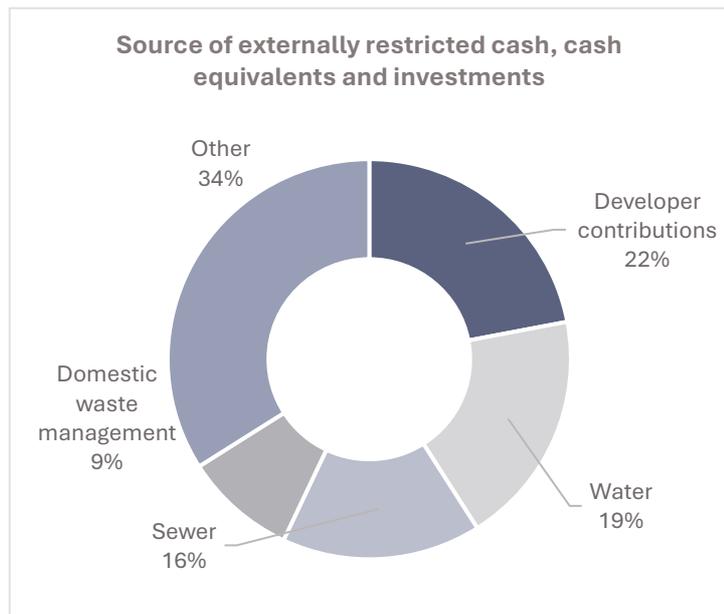
Cash, cash equivalents, and investments without external restrictions can be allocated internally by the elected Council's resolution or policy. These allocations are matters of Council policy and can be changed or removed by a Council resolution.

Cash, cash equivalents and investments	2025	2024	Percentage of total cash and investments 2025	Commentary
	\$m	\$m		
Total cash, cash equivalents and investments	241.0	217.6		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	191.6	183.5	79.5	The \$8.1 million increase in the external restrictions mainly due to increased rates and annual charges on waste management services and user charges on water supply services.
• Internal allocations	49.3	34.2	20.5	

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 \$41.4 million which increased by \$4.5 million, mainly due to increase in unspent developer contributions
- water fund of \$36.4 million which increased by \$3.6 million, mainly due to increased charges for the supply of water services to residential and business consumers
- sewer fund of \$31.0 million which increased by \$9.6 million, mainly due to increased charges for the supply of sewer services to residential and business customers



- domestic/commercial waste management of \$16.8 million which increased by \$7.6 million, mainly due to increased charges for the supply of waste management services to residential and business customers.

Other externally restricted cash, cash equivalents comprise mainly of specific purpose unexpended loans and grants aggregating \$57.9 million. The balance has decreased mainly due to less grant receipts compared to 2023-24.

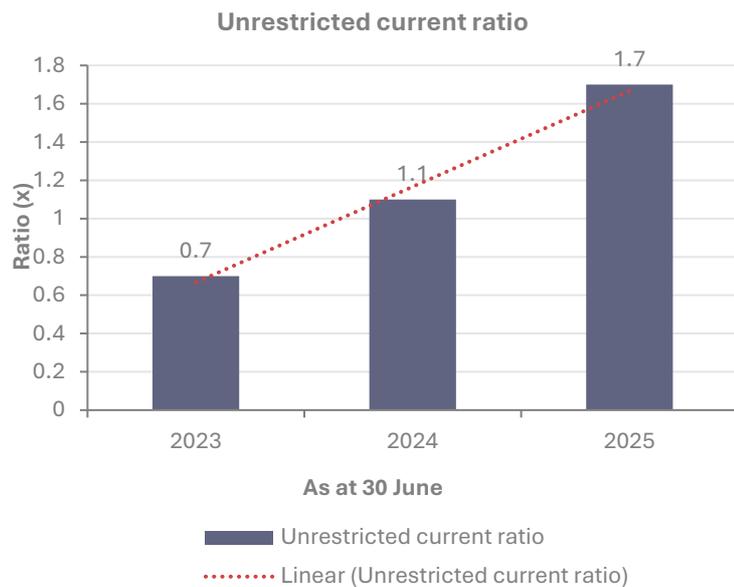
Council liquidity

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.

The ratio increased from 1.1x to 1.7x from 2023-24 to 2024-25 as Council's current assets increased by \$42.3 million largely due to savings across Council's operations during 2024-25.

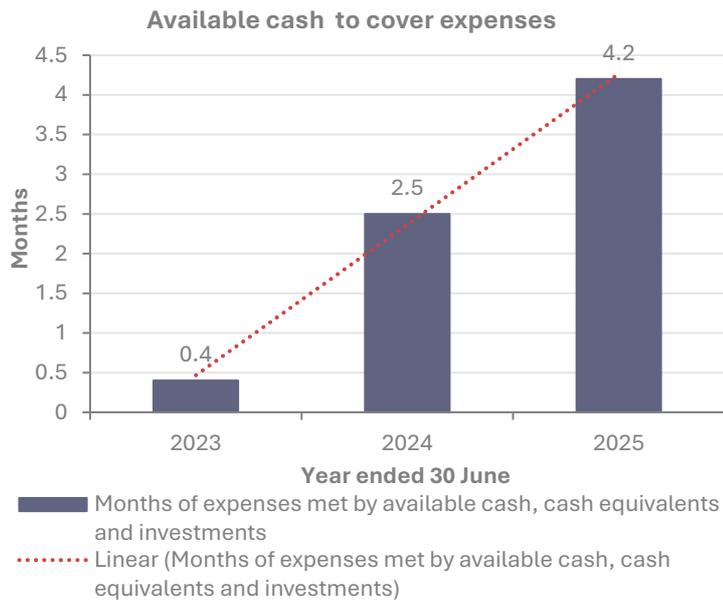


This graph shows the number of months of general fund expenses (excluding depreciation and borrowing costs), Council can fund from its available cash, cash equivalents and investments (not subject to external restrictions).

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.

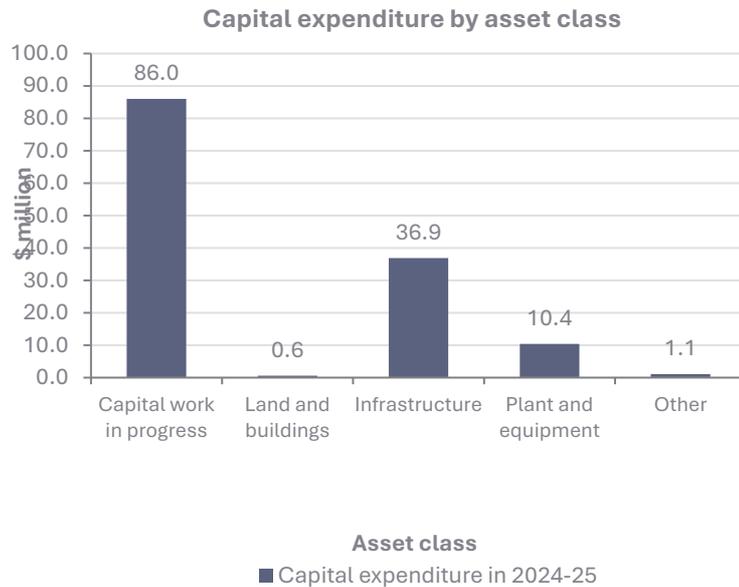
In 2024-25, the Council has available cash to cover 4.2 months of expenses, an increase from 2.5 months in 2023-24. Available cash to cover expenses has increased steadily, largely due to Council’s cash, cash equivalents and investments increasing by \$23.3 million.



Infrastructure, property, plant and equipment

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

Council renewed \$16.9 million of infrastructure, property, plant and equipment during the 2024-25 financial year. This was mainly spent on plant and equipment, and water supply and sewerage networks damaged by natural disasters. A further \$118.1 million was spent mainly on capital work in progress (\$86.0 million), stormwater drainage (\$13.7 million), water supply and sewerage networks (\$9.9 million) and roads (\$3.5 million).



Debt

The table below provides an overview of the Council’s loans and committed borrowing facilities. Committed borrowing facilities are an element of liquidity management and include bank overdrafts, and credit cards.

Debt	2025	2024	Commentary
	\$m	\$m	
Loans	175.9	193.8	Borrowed mainly for the Council's infrastructure projects renewals and additions. The decrease largely due to principal payments in 2024-25.
Credit card facility	0.6	0.6	Council's credit card facility usage remained relatively steady in 2024-25.
Amount used	0.1	0.1	

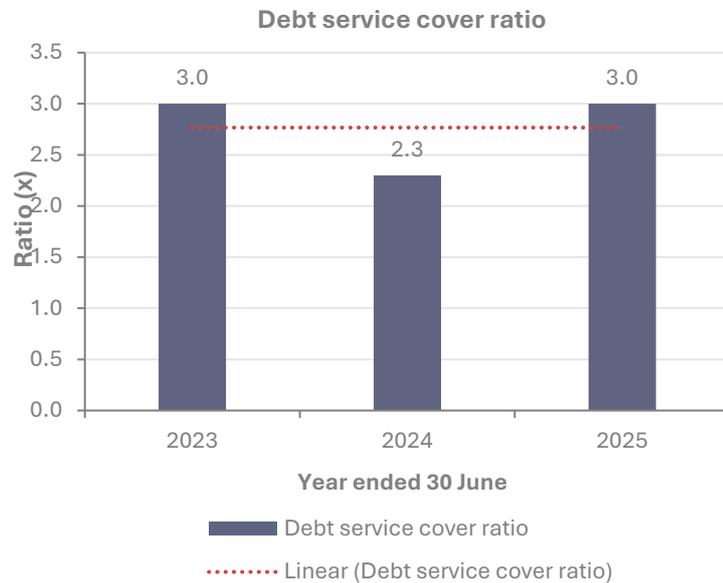
Debt service cover

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

The debt service cover ratio measures the operating cash to service debt including interest, principal and lease payments.

In 2024-25, the Council reported a debt service coverage ratio of 3.0x to cover its service debt including interest, principal and lease payments. This was an increase from 2.3x in 2023-24.

The increase reflects the Council's cash, cash equivalents and investments increasing by \$23.3 million largely due to savings across the Council's operations during 2024-25.



Min Lee
 Director, Financial Audit

Delegate of the Auditor-General



Special Purpose Financial Statements

For the year ended *30 June 2025*



Shoalhaven City Council

Special Purpose Financial Statements

for the year ended 30 June 2025

Contents	Page
Statement by Councillors and Management	95
Special Purpose Financial Statements:	
Income Statement of water supply business activity	96
Income Statement of sewerage business activity	97
Income Statement of Holiday Haven Tourist Parks	98
Income Statement of Bereavement Services	99
Income Statement of Shoalhaven Entertainment Centre	100
Income Statement of Aquatic Recreation Facilities	101
Statement of Financial Position of water supply business activity	102
Statement of Financial Position of sewerage business activity	103
Statement of Financial Position of Holiday Haven Tourist Parks	104
Statement of Financial Position of Bereavement Services	105
Statement of Financial Position of Shoalhaven Entertainment Centre	106
Statement of Financial Position of Aquatic Recreation Facilities	107
Note – Material accounting policy information	108
Auditor's Report on Special Purpose Financial Statements	111

Shoalhaven 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:

- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Climate Change, Energy, the Environment and Water's (DCCEEW) *Regulatory and assurance framework for local water utilities, July 2022.*

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

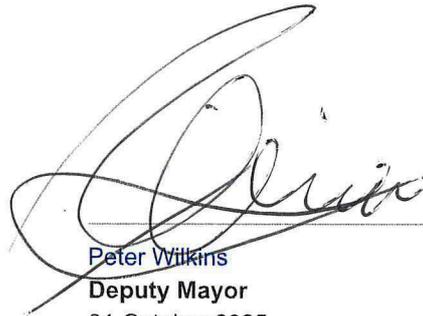
- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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 09 September 2025.



Patricia White
Mayor
31 October 2025



Peter Wilkins
Deputy Mayor
31 October 2025



Andrew Constance
Chief Executive Officer
31 October 2025



Mathew Badcock
Responsible Accounting Officer
31 October 2025

Shoalhaven City Council

Income Statement of water supply business activity

for the year ended 30 June 2025

	2025 \$ '000	2024 \$ '000
Income from continuing operations		
Access charges	8,630	4,965
User charges	29,154	21,442
Fees	2,140	3,272
Interest and investment income	2,313	2,158
Grants and contributions provided for operating purposes	–	–
Other income	117	99
Total income from continuing operations	42,354	31,936
Expenses from continuing operations		
Employee benefits and on-costs	9,657	9,215
Materials and services	11,032	11,540
Depreciation, amortisation and impairment	16,372	14,854
Net loss from the disposal of assets	1,934	1,493
Calculated taxation equivalents	218	222
Other expenses	1	1,790
Total expenses from continuing operations	39,214	39,114
Surplus (deficit) from continuing operations before capital amounts	3,140	(7,178)
Grants and contributions provided for capital purposes	4,558	9,503
Surplus (deficit) from continuing operations after capital amounts	7,698	2,325
Surplus (deficit) from all operations before tax	7,698	2,325
Less: corporate taxation equivalent (25%) [based on result before capital]	(785)	–
Surplus (deficit) after tax	6,913	2,325
Opening accumulated surplus	231,269	228,998
Prior period adjustments	–	(109)
Adjustments for amounts unpaid:		
– Taxation equivalent payments	218	222
– Corporate taxation equivalent	785	–
Less:		
– Tax equivalent dividend paid	(164)	(167)
Closing accumulated surplus	239,021	231,269
Return on capital %	0.5%	(1.2)%
Subsidy from Council	22,718	32,721
Calculation of dividend payable:		
Surplus (deficit) after tax	6,913	2,325
Less: capital grants and contributions (excluding developer contributions)	(4,558)	(9,503)
Surplus for dividend calculation purposes	2,355	–
Dividend calculated from surplus	1,178	–

Shoalhaven City Council

Income Statement of sewerage business activity

for the year ended 30 June 2025

	2025 \$ '000	2024 \$ '000
Income from continuing operations		
Access charges	57,228	52,878
User charges	4,439	4,069
Liquid trade waste charges	674	633
Fees	2,167	896
Interest and investment income	2,071	1,041
Other income	54	30
Total income from continuing operations	66,633	59,547
Expenses from continuing operations		
Employee benefits and on-costs	14,003	13,244
Borrowing costs	2,845	3,058
Materials and services	18,294	19,179
Depreciation, amortisation and impairment	17,975	16,769
Net loss from the disposal of assets	591	776
Calculated taxation equivalents	569	573
Other expenses	84	77
Total expenses from continuing operations	54,361	53,676
Surplus (deficit) from continuing operations before capital amounts	12,272	5,871
Grants and contributions provided for capital purposes	7,418	10,517
Surplus (deficit) from continuing operations after capital amounts	19,690	16,388
Surplus (deficit) from all operations before tax	19,690	16,388
Less: corporate taxation equivalent (25%) [based on result before capital]	(3,068)	(1,468)
Surplus (deficit) after tax	16,622	14,920
Opening accumulated surplus	469,729	454,517
Adjustments for amounts unpaid:		
– Taxation equivalent payments	569	573
– Corporate taxation equivalent	3,068	1,468
Less:		
– Tax equivalent dividend paid	(156)	(159)
– Surplus dividend paid	(1,400)	(1,590)
Closing accumulated surplus	488,432	469,729
Return on capital %	1.7%	1.0%
Subsidy from Council	22,454	28,512
Calculation of dividend payable:		
Surplus (deficit) after tax	16,622	14,920
Less: capital grants and contributions (excluding developer contributions)	(7,418)	(10,517)
Surplus for dividend calculation purposes	9,204	4,403
Dividend calculated from surplus	4,602	2,202

Shoalhaven City Council

Income Statement of Holiday Haven Tourist Parks

for the year ended 30 June 2025

	2025 Category 1 \$ '000	2024 Category 1 \$ '000
Income from continuing operations		
User charges	33,041	31,315
Net gain from the disposal of assets	–	2,043
Other income	706	25
Total income from continuing operations	33,747	33,383
Expenses from continuing operations		
Employee benefits and on-costs	1,696	1,895
Borrowing costs	591	680
Materials and services	17,233	15,250
Depreciation, amortisation and impairment	2,795	3,915
Net loss from the disposal of assets	1,656	–
Calculated taxation equivalents	975	990
Other expenses	1,810	1,662
Total expenses from continuing operations	26,756	24,392
Surplus (deficit) from continuing operations before capital amounts	6,991	8,991
Surplus (deficit) from continuing operations after capital amounts	6,991	8,991
Surplus (deficit) from all operations before tax	6,991	8,991
Less: corporate taxation equivalent (25%) [based on result before capital]	(1,748)	(2,248)
Surplus (deficit) after tax	5,243	6,743
Opening accumulated surplus	41,903	41,903
Adjustments for amounts unpaid:		
– Taxation equivalent payments	975	990
– Corporate taxation equivalent	1,748	2,248
Less:		
– Dividend paid	(974)	(9,981)
Closing accumulated surplus	48,895	41,903
Return on capital %	7.4%	8.9%
Calculation of dividend payable:		
Surplus (deficit) after tax	5,243	6,743
Surplus for dividend calculation purposes	5,243	6,743
Dividend calculated from surplus	2,622	3,372

Shoalhaven City Council

Income Statement of Bereavement Services

for the year ended 30 June 2025

	2025 ¹ Category 2 \$ '000	2024 Category 1 \$ '000
Income from continuing operations		
User charges	608	2,085
Net gain from the disposal of assets	–	146
Total income from continuing operations	608	2,231
Expenses from continuing operations		
Employee benefits and on-costs	39	1,278
Borrowing costs	–	20
Materials and services	273	1,000
Depreciation, amortisation and impairment	–	425
Calculated taxation equivalents	55	59
Total expenses from continuing operations	367	2,782
Surplus (deficit) from continuing operations before capital amounts	241	(551)
Surplus (deficit) from continuing operations after capital amounts	241	(551)
Surplus (deficit) from all operations before tax	241	(551)
Less: corporate taxation equivalent (25%) [based on result before capital]	(60)	–
Surplus (deficit) after tax	181	(551)
Opening accumulated surplus	61	–
Prior period adjustments	(61)	–
Adjustments for amounts unpaid:		
– Taxation equivalent payments	55	59
– Corporate taxation equivalent	60	–
– Subsidy paid/contribution to operations	–	553
– Dividend paid	–	–
Closing accumulated surplus	296	61
Return on capital %	13.7%	(2.3)%
Subsidy from Council	–	1,514
Calculation of dividend payable:		
Surplus (deficit) after tax	181	(551)
Surplus for dividend calculation purposes	181	–
Dividend calculated from surplus	90	–

(1) A service review of Bereavement Services was performed during the year and the outcome was that Council should only include the services that are in direct competition with the market (i.e., cremation and chapel hire) and exclude burial and memorialisation services. This reporting change has been applied from 1 July 2024 and the 2023/24 actuals have not been adjusted.

Shoalhaven City Council

Income Statement of Shoalhaven Entertainment Centre

for the year ended 30 June 2025

	2025 Category 2 \$ '000	2024 Category 1 \$ '000
Income from continuing operations		
User charges	1,889	2,173
Other income	61	–
Total income from continuing operations	1,950	2,173
Expenses from continuing operations		
Employee benefits and on-costs	2,052	2,050
Materials and services	2,041	1,824
Depreciation, amortisation and impairment	775	768
Calculated taxation equivalents	150	185
Total expenses from continuing operations	5,018	4,827
Surplus (deficit) from continuing operations before capital amounts	(3,068)	(2,654)
Surplus (deficit) from continuing operations after capital amounts	(3,068)	(2,654)
Surplus (deficit) from all operations before tax	(3,068)	(2,654)
Surplus (deficit) after tax	(3,068)	(2,654)
Opening accumulated surplus	(1)	–
Adjustments for amounts unpaid:		
– Taxation equivalent payments	150	185
Add:		
– Subsidy paid/contribution to operations	2,919	2,468
Closing accumulated surplus	–	(1)
Return on capital %	(8.4)%	(7.5)%
Subsidy from Council	4,592	4,167
Calculation of dividend payable:		
Surplus (deficit) after tax	(3,068)	(2,654)
Surplus for dividend calculation purposes	–	–
Dividend calculated from surplus	–	–

Shoalhaven City Council

Income Statement of Aquatic Recreation Facilities

for the year ended 30 June 2025

	2025 Category 1 \$ '000	2024 Category 1 \$ '000
Income from continuing operations		
User charges	6,226	6,038
Net gain from the disposal of assets	–	1,045
Total income from continuing operations	6,226	7,083
Expenses from continuing operations		
Employee benefits and on-costs	5,780	5,726
Borrowing costs	18	37
Materials and services	4,603	3,510
Depreciation, amortisation and impairment	3,391	3,200
Net loss from the disposal of assets	1,358	–
Calculated taxation equivalents	391	393
Other expenses	20	20
Total expenses from continuing operations	15,561	12,886
Surplus (deficit) from continuing operations before capital amounts	(9,335)	(5,803)
Surplus (deficit) from continuing operations after capital amounts	(9,335)	(5,803)
Surplus (deficit) from all operations before tax	(9,335)	(5,803)
Surplus (deficit) after tax	(9,335)	(5,803)
Opening accumulated surplus	–	1
Adjustments for amounts unpaid:		
– Taxation equivalent payments	391	393
Add:		
– Subsidy paid/contribution to operations	8,944	5,409
Closing accumulated surplus	–	–
Return on capital %	(6.5)%	(4.3)%
Subsidy from Council	15,294	11,555
Calculation of dividend payable:		
Surplus (deficit) after tax	(9,335)	(5,803)
Surplus for dividend calculation purposes	–	–
Dividend calculated from surplus	–	–

Shoalhaven City Council

Statement of Financial Position of water supply business activity

as at 30 June 2025

	2025 \$ '000	2024 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	17,182	10,790
Investments	35,959	34,913
Receivables	5,664	2,836
Inventories	810	1,081
Other	67	–
Total current assets	59,682	49,620
Non-current assets		
Investments	671	4,447
Receivables	1,255	1,130
Infrastructure, property, plant and equipment	621,577	594,032
Intangible assets	323	60
Total non-current assets	623,826	599,669
Total assets	683,508	649,289
LIABILITIES		
Current liabilities		
Payables	2,617	2,603
Contract liabilities	975	495
Total current liabilities	3,592	3,098
Total liabilities	3,592	3,098
Net assets	679,916	646,191
EQUITY		
Accumulated surplus	239,021	231,269
IPPE revaluation surplus	440,895	414,922
Total equity	679,916	646,191

Shoalhaven City Council

Statement of Financial Position of sewerage business activity

as at 30 June 2025

	2025 \$ '000	2024 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	14,104	7,601
Investments	29,516	24,615
Receivables	8,138	5,382
Other	9	–
Total current assets	51,767	37,598
Non-current assets		
Investments	551	3,277
Receivables	–	1,402
Infrastructure, property, plant and equipment	903,147	870,716
Intangible assets	507	2
Total non-current assets	904,205	875,397
Total assets	955,972	912,995
LIABILITIES		
Current liabilities		
Payables	2,234	1,625
Borrowings	5,268	5,045
Contract liabilities	13,087	14,052
Employee benefit provisions	–	–
Total current liabilities	20,589	20,722
Non-current liabilities		
Borrowings	63,891	69,161
Total non-current liabilities	63,891	69,161
Total liabilities	84,480	89,883
Net assets	871,492	823,112
EQUITY		
Accumulated surplus	488,432	469,729
IPPE revaluation surplus	383,060	353,383
Total equity	871,492	823,112

Shoalhaven City Council

Statement of Financial Position of Holiday Haven Tourist Parks

as at 30 June 2025

	2025 Category 1 \$ '000	2024 Category 1 \$ '000
ASSETS		
Current assets		
Receivables	–	647
Total current assets	–	647
Non-current assets		
Infrastructure, property, plant and equipment	102,545	108,796
Other	13,580	7,600
Total non-current assets	116,125	116,396
Total assets	116,125	117,043
LIABILITIES		
Current liabilities		
Payables	154	1,277
Borrowings	2,221	2,460
Total current liabilities	2,375	3,737
Non-current liabilities		
Borrowings	10,257	13,415
Total non-current liabilities	10,257	13,415
Total liabilities	12,632	17,152
Net assets	103,493	99,891
EQUITY		
Accumulated surplus	48,895	41,903
Revaluation reserves	54,598	57,988
Total equity	103,493	99,891

Shoalhaven City Council

Statement of Financial Position of Bereavement Services

as at 30 June 2025

	2025 ¹ Category 2 \$ '000	2024 Category 1 \$ '000
ASSETS		
Current assets		
Receivables	226	495
Total current assets	226	495
Non-current assets		
Infrastructure, property, plant and equipment	1,756	22,872
Total non-current assets	1,756	22,872
Total assets	1,982	23,367
LIABILITIES		
Current liabilities		
Payables	19	21
Borrowings	33	78
Total current liabilities	52	99
Non-current liabilities		
Borrowings	11	215
Other Liabilities	906	9,557
Total non-current liabilities	917	9,772
Total liabilities	969	9,871
Net assets	1,013	13,496
EQUITY		
Accumulated surplus	296	–
Revaluation reserves	717	13,496
Total equity	1,013	13,496

(1) A service review of Bereavement Services was performed during the year and the outcome was that Council should only include the services that are in direct competition with the market (i.e., cremation and chapel hire) and exclude burial and memorialisation services. This reporting change has been applied from 1 July 2024 and the 2023/24 actuals have not been adjusted.

Shoalhaven City Council

Statement of Financial Position of Shoalhaven Entertainment Centre

as at 30 June 2025

	2025 Category 2 \$ '000	2024 Category 1 \$ '000
ASSETS		
Current assets		
Receivables	12	31
Total current assets	12	31
Non-current assets		
Infrastructure, property, plant and equipment	36,635	35,183
Total non-current assets	36,635	35,183
Total assets	36,647	35,214
LIABILITIES		
Current liabilities		
Payables	141	79
Borrowings	1,227	1,113
Total current liabilities	1,368	1,192
Non-current liabilities		
Borrowings	5,032	5,695
Other Liabilities	13,326	13,563
Total non-current liabilities	18,358	19,258
Total liabilities	19,726	20,450
Net assets	16,921	14,764
EQUITY		
Revaluation reserves	16,921	14,764
Total equity	16,921	14,764

Shoalhaven City Council

Statement of Financial Position of Aquatic Recreation Facilities

as at 30 June 2025

	2025 Category 1 \$ '000	2024 Category 1 \$ '000
ASSETS		
Current assets		
Receivables	225	237
Total current assets	225	237
Non-current assets		
Infrastructure, property, plant and equipment	143,687	134,629
Total non-current assets	143,687	134,629
Total assets	143,912	134,866
LIABILITIES		
Current liabilities		
Payables	368	89
Borrowings	69	1,033
Total current liabilities	437	1,122
Non-current liabilities		
Borrowings	11	1,622
Other Liabilities	48,544	40,322
Total non-current liabilities	48,555	41,944
Total liabilities	48,992	43,066
Net assets	94,920	91,800
EQUITY		
Revaluation reserves	94,920	91,800
Total equity	94,920	91,800

Note – Material accounting policy information

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

- a. Shoalhaven Water**
Water Supply
- b. Shoalhaven Water**
Sewer Services
- c. Holiday Haven Tourist Parks**
Caravan Park Operations
- d. Aquatic Recreation Facilities**
Swimming Pools and Aquatic Centres

Category 2

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

- a. Bereavement Services (Category 1 in 2023/24)**
Chapel Hire and Crematorium Services
- b. Shoalhaven Entertainment Centre (Category 1 in 2023/24)**
Venue for entertainment, hire and community activities

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Note – Material accounting policy information (continued)

Notional rate applied (%)

Corporate income tax rate – 25%

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,925,000 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.

In accordance with the DCCEEW's guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to the DPIE – Water guidelines is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

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 from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

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 overall effect of subsidies is contained within the Income Statements of business activities.

(ii) Return on investments (rate of return)

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

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

Note – Material accounting policy information (continued)

(iii) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the DCCEEW's regulatory and assurance framework and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2025 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the DCCEEW's regulatory and assurance framework, Statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DCCEEW.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Shoalhaven City Council

To the Councillors of Shoalhaven City Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Shoalhaven 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:

- Water supply
- Sewage
- Holiday haven tourist parks
- Bereavement services
- Shoalhaven entertainment centre
- Aquatic recreation facilities

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 black ink, appearing to be 'Min Lee', with a large, stylized 'M' and 'L'.

Min Lee
Delegate of the Auditor-General for New South Wales

31 October 2025
SYDNEY

Shoalhaven
City Council

Special Schedules

For the year ended *30 June 2025*



Shoalhaven City Council

Special Schedules

for the year ended 30 June 2025

Contents

Page

Special Schedules:

Permissible income for general rates

116

Report on Infrastructure Assets

120

Shoalhaven City Council

Permissible income for general rates

	Notes	Calculation 2024/25 \$ '000	Calculation 2025/26 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	90,511	95,100
Plus or minus adjustments ²	b	521	598
Notional general income	c = a + b	91,032	95,698
Permissible income calculation			
Percentage increase	d	4.50%	12.00%
Less expiring special variation amount	e	–	(1,424)
Plus percentage increase amount ³	f = d x (c + e)	4,096	11,313
Sub-total	g = (c + e + f)	95,128	105,587
Plus (or minus) last year's carry forward total	h	6	3
Less valuation objections claimed in the previous year	i	(31)	–
Sub-total	j = (h + i)	(25)	3
Total permissible income	k = g + j	95,103	105,590
Less notional general income yield	l	95,100	105,582
Catch-up or (excess) result	m = k – l	3	8
Carry forward to next year ⁶	p = m + n + o	3	8

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).
- (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

Shoalhaven City Council

To the Councillors of Shoalhaven City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Shoalhaven 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 comprise 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 black ink, appearing to read 'Min Lee', with a stylized, cursive script.

Min Lee
Delegate of the Auditor-General for New South Wales

31 October 2025
SYDNEY

Shoalhaven City Council

Report on Infrastructure Assets

as at 30 June 2025

Asset Class	Asset Category	Estimated cost		2024/25 Required maintenance ^c	2024/25 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost						
		Estimated cost to bring assets to satisfactory standard ^a	to bring to the agreed level of service set by Council ^{b,bi}					1 ¹	2 ²	3 ³	4 ⁴	5 ⁵		
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000							
Buildings	Buildings	11,115	9,128	12,234	10,374	405,842	611,679	23.0%	35.0%	36.0%	4.0%	2.0%		
	Sub-total	11,115	9,128	12,234	10,374	405,842	611,679	23.0%	35.0%	36.0%	4.0%	2.0%		
Other structures	Other structures	11,663	6,369	3,061	2,880	92,667	153,041	21.0%	27.0%	30.0%	20.0%	2.0%		
	Sub-total	11,663	6,369	3,061	2,880	92,667	153,041	21.0%	27.0%	30.0%	20.0%	2.0%		
Roads	Sealed roads	57,227	20,390	11,030	10,629	539,921	959,133	4.0%	24.0%	56.0%	13.0%	3.0%		
	Unsealed roads	473	185	1,751	1,929	23,586	35,746	3.0%	59.0%	35.0%	2.0%	1.0%		
	Bridges	3,929	3,539	762	243	91,768	152,300	49.0%	25.0%	20.0%	4.0%	2.0%		
	Footpaths	700	163	725	307	91,309	120,835	47.0%	37.0%	15.0%	1.0%	0.0%		
	Other road assets	3,592	1,417	1,580	767	221,918	359,084	11.0%	23.0%	64.0%	2.0%	0.0%		
	Bulk earthworks	–	–	–	–	501,785	501,785	100.0%	0.0%	0.0%	0.0%	0.0%		
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%		
	Sub-total	65,921	25,694	15,848	13,875	1,470,287	2,128,883	33.5%	19.6%	38.9%	6.6%	1.4%		
Water supply network	Water supply network	39,662	19,171	10,000	9,904	565,455	1,029,177	7.0%	25.0%	57.0%	10.0%	1.0%		
	Sub-total	39,662	19,171	10,000	9,904	565,455	1,029,177	7.0%	25.0%	57.0%	10.0%	1.0%		
Sewerage network	Sewerage network	15,110	6,170	17,000	16,530	820,710	1,151,704	23.0%	35.0%	39.0%	2.0%	1.0%		
	Sub-total	15,110	6,170	17,000	16,530	820,710	1,151,704	23.0%	35.0%	39.0%	2.0%	1.0%		
Stormwater drainage	Stormwater drainage	5,490	2,786	1,492	1,018	234,121	355,249	51.0%	24.0%	21.0%	3.0%	1.0%		
	Sub-total	5,490	2,786	1,492	1,018	234,121	355,249	51.0%	24.0%	21.0%	3.0%	1.0%		
Open space / recreational assets	Swimming pools	2,618	1,164	1,618	1,458	24,954	44,946	12.0%	9.0%	62.0%	17.0%	0.0%		
	Other open space / Recreational Assets	2,759	2,019	3,733	3,249	71,048	103,681	30.0%	17.0%	46.0%	5.0%	2.0%		
	Sub-total	5,377	3,183	5,351	4,707	96,002	148,627	24.6%	14.6%	50.8%	8.6%	1.4%		
Other infrastructure assets	Other infrastructure assets	3,439	2,496	490	62	36,662	66,216	17.0%	21.0%	48.0%	8.0%	6.0%		
	Sub-total	3,439	2,496	490	62	36,662	66,216	17.0%	21.0%	48.0%	8.0%	6.0%		
Total – all assets		157,777	74,997	65,476	59,350	3,721,746	5,644,576	25.7%	25.7%	41.0%	6.2%	1.4%		

continued on next page ...

Shoalhaven City Council

Report on Infrastructure Assets (continued)

as at 30 June 2025

- (1) Excellent (normal maintenance)
- (2) Good (Only minor maintenance work required)
- (3) Satisfactory (Maintenance work required)
- (4) Poor (renewal required)
- (5) Very poor (urgent renewal/upgrading required)
- (a) Satisfactory standard - Estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset that is currently not at the condition determined to be satisfactory by the council and community.
- (b) Agreed level of service - Estimated cost to renew or rehabilitate existing assets that have reached the condition-based intervention level adopted by council.
- (bi.) In making decisions regarding intervention levels, councils gave consideration to matters including, but not limited to:
 - i. the impacts on the whole-of-life costs of sustaining the asset, or asset component.
 - ii. the risk to the community, safety, the environment, financial sustainability, and council's reputation
 - iii. the affordability of managing the overall suite of assets under council's control.
- (c) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

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

Shoalhaven City Council

Report on Infrastructure Assets

as at 30 June 2025

Infrastructure asset performance indicators (consolidated) *

	Amounts 2025 \$ '000	Indicator 2025	Indicators 2024 2023		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	<u>54,996</u>	65.40%	71.43%	96.49%	> 100.00%
Depreciation, amortisation and impairment	<u>84,098</u>				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	<u>157,777</u>	3.92%	4.58%	4.87%	< 2.00%
Net carrying amount of infrastructure assets	<u>4,025,602</u>				
Asset maintenance ratio					
Actual asset maintenance	<u>59,350</u>	90.64%	104.69%	107.47%	> 100.00%
Required asset maintenance	<u>65,476</u>				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	<u>74,997</u>	1.33%	2.04%	1.62%	
Gross replacement cost	<u>5,644,576</u>				

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

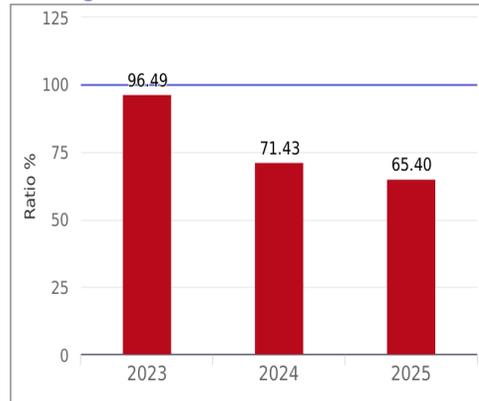
(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Shoalhaven City Council

Report on Infrastructure Assets

as at 30 June 2025

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

24/25 ratio 65.40%

Due to funding constraints, expenditures Council wide were reduced during the 25FY, as is reflected in the ratio.

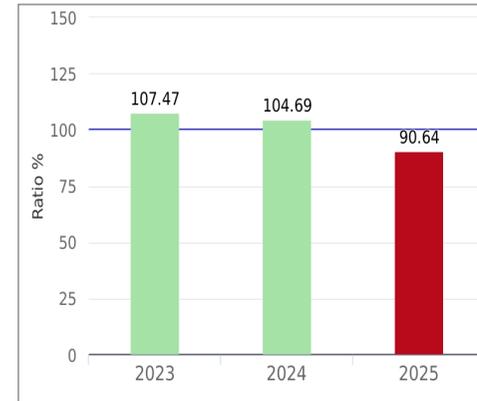
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

24/25 ratio 90.64%

Due to funding constraints, expenditures Council wide were reduced during the 25FY, as is reflected in the ratio.

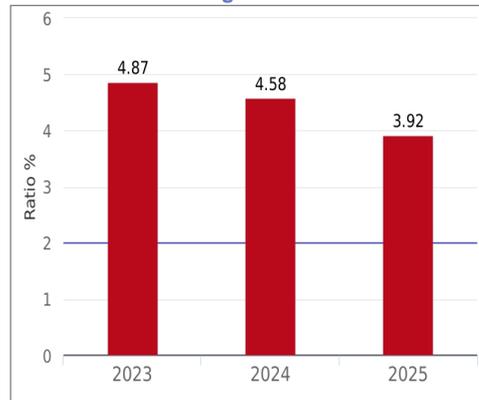
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

24/25 ratio 3.92%

The improvement in this ratio is influenced by the bulk earthworks and transportation revaluation. Better condition data is available for our roads network as we continue to make improvements into asset capturing.

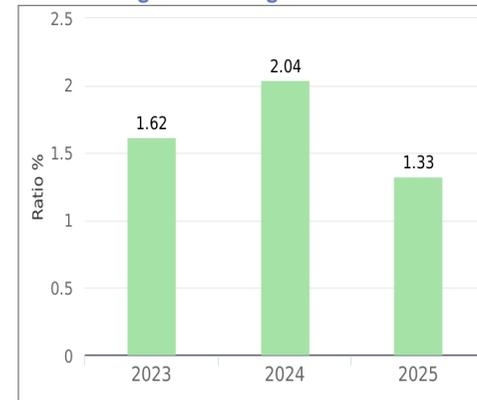
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on result

24/25 ratio 1.33%

Ongoing reviews of Council assets, asset sales and improved asset capture have all contributed to this ratio reducing.

Shoalhaven City Council

Report on Infrastructure Assets

as at 30 June 2025

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2025	2024	2025	2024	2025	2024	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	66.20%	101.52%	52.52%	36.62%	73.77%	4.83%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	4.03%	5.37%	6.55%	5.12%	1.75%	1.62%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	85.55%	83.92%	99.04%	92.83%	97.24%	965.89%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	1.46%	2.69%	1.79%	1.38%	0.52%	0.44%	

(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.