



Central Coast Council
Business Paper
Ordinary Council Meeting
27 August 2024





COMMUNITY STRATEGIC PLAN 2018-2028

ONE – CENTRAL COAST IS THE COMMUNITY STRATEGIC PLAN (CSP) FOR THE CENTRAL COAST LOCAL GOVERNMENT AREA

ONE – CENTRAL COAST DEFINES THE COMMUNITY'S VISION AND IS OUR ROADMAP FOR THE FUTURE

ONE – CENTRAL COAST BRINGS TOGETHER EXTENSIVE COMMUNITY FEEDBACK TO SET KEY DIRECTIONS AND PRIORITIES

One - Central Coast will shape and inform Council's business activities, future plans, services and expenditure. Where actions are the responsibility of other organisations, sectors and groups to deliver, Council will work with key partners to advocate on behalf of our community.

Ultimately, every one of us who live on the Central Coast has an opportunity and responsibility to create a sustainable future from which we can all benefit. Working together we can make a difference.

RESPONSIBLE

WE'RE A RESPONSIBLE COUNCIL AND COMMUNITY, COMMITTED TO BUILDING STRONG RELATIONSHIPS AND DELIVERING A GREAT CUSTOMER EXPERIENCE IN ALL OUR INTERACTIONS.

We value transparent and meaningful communication and use community feedback to drive strategic decision making and expenditure, particularly around the delivery of essential infrastructure projects that increase the safety, liveability and sustainability of our region. We're taking a strategic approach to ensure our planning and development processes are sustainable and accessible and are designed to preserve the unique character of the coast.

 **Good governance and great partnerships**

G2 Engage and communicate openly and honestly with the community to build a relationship based on trust, transparency, respect and use community participation and feedback to inform decision making

There are 5 themes, 12 focus areas and 48 objectives

COMMUNITY STRATEGIC PLAN 2018-2028 FRAMEWORK

All council reports contained within the Business Paper are now aligned to the Community Strategic Plan. Each report will contain a cross reference to a Theme, Focus Area and Objective within the framework of the Plan.



Meeting Notice

**The Ordinary Council Meeting
of Central Coast Council
will be held in the Central Coast Council Chambers,
2 Hely Street, Wyong
on Tuesday 27 August 2024 at 6.30pm,
for the transaction of the business listed below:**

**The Public Forum will commence at 6.00pm, subject to any
registered speaker/s to items listed on this agenda.**

Further information and details on registration process:

www.centralcoast.nsw.gov.au/council/meetings-and-minutes/council-meetings

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3 REPORTS

3.1 Draft 2023-24 Financial Statements for Central Coast Council and Central Coast
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Marissa Racomelara
Acting Chief Executive Officer

Item No: 2.3
Title: Administrator Minute - CEO Performance Review
Department: Administrator



27 August 2024 Ordinary Council Meeting

Reference: F2020/00502 - D16369254

Author: Rik Hart, Administrator

Recommendation:

That Council:

- 1 Receives and notes the Performance Review report of the Chief Executive Officer (CEO) for the period 1 July 2023 to 30 June 2024 (Attachment 1) and notes the achievement overall rating of 4.05 out of possible 5.**
- 2 Adopts the proposed Performance Agreement for the next Performance Agreement period from 1 July 2024 to 30 June 2025 for the CEO (Attachment 2), subject to any minor amendments by the CEO upon his return.**
- 3 Resolves that the Total Remuneration Package (TRP) of the CEO remains the same.**
- 4 Resolves, pursuant to section 11(3) of the Local Government Act 1993, that (Attachment 1) and (Attachment 2) to this report remain confidential in accordance with section 10A(2)(a) of the Local Government Act as it contains information regarding personnel matters concerning a particular individual. It is also noted that this is in accordance with the OLG Guidelines for the Appointment and Oversight of General Managers (August 2022).**

Report purpose

To provide a report on the outcome of the Chief Executive Officer (CEO) Performance Review and seek adoption of the Performance Agreement for the 2024-25 period.

Executive Summary

A formal review of the CEO's performance was conducted on 5 August 2024 as required by the Office of Local Government standard contract for General Managers (the contract). In this review CEO, Mr David Farmer, received an overall rating and score of 4.05 out of a possible 5. Using the scale contained in the Performance Agreement this score falls into the 'Mostly Achieved' rating and is considered a 'better than satisfactory' rating as considered in the contract and the OLG Guidelines for the Appointment and oversight of General Managers 2022 (the guidelines).

The Performance Agreement for 2024-25 has also been developed and aligns to Council's strategic and operational plans.

Background

Mr Farmer was appointed to the role of CEO of Central Coast Council on 12 April 2021. Mr Farmer entered a new contract with Council pursuant to clause 5.1 of the Contract, following a Council resolution on 12 December 2023. The new contract term is for the period of 12 April 2024 - 11 April 2029.

The Office of Local Government has issued Guidelines under s23A of the *Local Government Act 1993*. The manner in which the CEO performance review is conducted is set out in the guidelines.

Report

Performance Review

In the lead up to the performance review meeting, the CEO completed a self-assessment outlining his actions and achievements against each of the key performance indicators contained in the Performance Agreement.

A Performance Review Panel (the Panel) was established comprising the Administrator and an independent member. The independent member was Ms Kath Roach, Managing Director of SINC Solutions Pty Ltd who has significant experience in the local government sector including in areas relating to governance, administration and working with Elected bodies. She assists a number of local councils with performance reviews of senior staff.

The CEO's self-assessment was distributed to the Panel prior to the review so that each element of the performance review could be independently rated by each member of the panel and relevant comments noted.

The CEO performance review was undertaken on 5 August 2024. The CEO was provided an opportunity to discuss and reflect on the past 12 months and summarised his achievements against the set targets.

The Panel members had an opportunity to comment on the CEO's self-assessment against the performance measures and provide relevant feedback to the CEO.

The Administrator and the CEO also discussed goals and objectives for the next review period and agreed a Performance Agreement for the 2024-25 period. It is noted that pursuant to clause 7.3 of the Contract, the performance agreement can be varied from time to time during the term of the contract. Should the newly elected governing body establish

2.3 Administrator Minute - CEO Performance Review (cont'd)

a performance review panel and that performance review panel wish to discuss variations to the agreement with the CEO, this is contemplated in the Contract.

The outcome of the review was an overall rating and score of 4.05 out of a possible 5, being a 'Mostly Achieved' under the scale used in the Performance Agreement. This equated to a 'better than satisfactory' rating as considered in the contract and the OLG Guidelines.

The panel noted that as the CEO had entered into new contractual arrangements in April 2024 and his TRP was reviewed and determined at that time, that no changes be made to this TRP as a result of this review process.

Contract

No changes were requested or required to be made to the CEO's contract.

Stakeholder Engagement

Given that the Council is in a period of Administration, there is no requirement to consult with any other party.

Financial Considerations

There is no proposed increase in the TRP and therefore are no additional unbudgeted financial impacts.

Link to Community Strategic Plan

Theme 4: Responsible

Goal G: Good governance and great partnerships

R-G2: Engage and communicate openly and honestly with the community to build a relationship based on trust, transparency, respect and use community participation and feedback to inform decision making.

Attachments

1. CONFIDENTIAL - CEO Performance Review 2023-24
2. CONFIDENTIAL - CEO Performance Agreement 2024-25

Item No: 3.1
Title: Draft 2023-24 Financial Statements for Central Coast Council and Central Coast Council Water Supply Authority
Department: Corporate Services



27 August 2024 Ordinary Council Meeting

Reference: F2022/01283 - D16316910
Author: Michelle Best, Section Manager Financial Accounting and Assets
Manager: Jason Peters, Acting Chief Financial Officer
Executive: Emma Galea, Acting Director Corporate Services

Recommendation

That Council:

- 1 Notes that the Draft Financial Statements for Central Coast Council for the year ended 30 June 2024 are presented to Council. The General Purpose Financial Statements, Special Purpose Financial Statements and Special Schedules, are included as Attachments 1, 2 and 3 to this report.***

- 2 Notes the following Statement in respect of Section 413(2)(c) of the Local Government Act 1993 (LG Act) as to the 2023-24 Draft Financial Statements for Central Coast Council:***
 - (a) Council's 2023-24 Draft Financial Statements have been prepared in accordance with:***
 - i. The Local Government Act 1993 and the regulations made thereunder;***
 - ii. the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board; and***
 - iii. the Local Government Code of Accounting Practice and Financial Reporting.***

 - (b) The 2023-24 Draft Financial Statements present fairly the council's financial position and operating result for the year.***

 - (c) The 2023-24 Draft Financial Statements are in accordance with the Council's accounting and other records.***

 - (d) The signatories do not know of anything that would make the 2023-24 Draft Financial Statements false or misleading in any way.***

- 3 ***Notes that the Draft Financial Statements for Central Coast Council Water Supply Authority for the year ended 30 June 2024 are presented to Council, as Attachment 4 to this report.***
- 4 ***Notes that the draft Financial Reports for Central Coast Council Water Supply Authority:***
- (a) ***have been prepared in accordance with the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board.***
 - (b) ***present fairly the Central Coast Council Water Supply Authority financial position and operating result for the year.***
 - (c) ***are in accordance with the Central Coast Council Water Supply Authority accounting and other records.***
 - (d) ***The signatories do not know of anything that would make the 2023-24 Draft Financial Statements false or misleading in any way.***
- 5 ***Signs the "Statement by Administrator and Management" for the General Purpose Financial Statements, Special Purpose Financial Statements, and for the Financial Statements for Central Coast Council Water Supply Authority, respectively. The Statements are to be signed by the Administrator, Chief Executive Officer, and the Responsible Accounting Officer.***
- 6 ***Resolves, for the purposes of s. 413(1) of the LG Act, to refer the 2023-24 Draft Financial Statements for Central Coast Council and the 2023-24 Draft Financial Statements for Central Coast Council Water Supply Authority for the year ended 30 June 2024 to the Audit Office of New South Wales, for external audit.***
- 7 ***Notes that the 2023-24 Draft Financial Statements were considered by the Audit, Risk and Improvement Committee at their meeting on 22 August 2024.***
- 8 ***Delegates to the Chief Executive Officer to set the date for the meeting to present the audited 2023-2024 financial reports, together with the auditor's reports, to the public in accordance with s418(1)(a), (b) of the LG Act.***

3.1 Draft 2023-24 Financial Statements for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)

Report purpose

To consider the draft 2023-24 unaudited Financial Statements for Central Coast Council and Central Coast Council Water Supply Authority and to refer them to audit.

Background

The Financial Statements for the 2023-24 reporting period are the formal record of the business performance of all Council activities and are prepared in accordance with accounting standards and legislative requirements for the period from 1 July 2023 to 30 June 2024.

In accordance with s. 413(1) of the LG Act, Council must prepare financial reports for each financial year, and must refer them for audit as soon as practicable after the end of that year. Council is required to formally resolve to refer the draft financial reports to audit, to submit audited Financial Statements to the Office of Local Government ("OLG") by 31 October 2024, and to formally present to the community the final reports complete with the auditor's reports no later than 5 December 2024 in accordance with s. 418(2) of the LG Act.

Council's external auditor, The Audit Office of New South Wales ("Audit Office") will provide the formal audit opinion to Council. This is the standard practice and in accordance with legislative requirements.

The 2023-24 Draft Financial Statements have been prepared and will be submitted to Council to refer to audit. The final audit of Council's 2023-24 Financial Statements will commence on 16 September 2024.

The 2023-24 Draft Financial Statements were considered by the Audit, Risk and Improvement Committee at their meeting on 22 August 2024. The outcome of the Committee's resolution will be tabled at the Council meeting on 27 August 2024.

Comparison of 2023-24 financial results to prior financial year

The comparison of the financial performance for Council in the 2023-24 Financial Statements (1 July 2023 to 30 June 2024) is to the 2022-23 financial year (1 July 2022 to 30 June 2023).

Consolidated Financial Statements

The analysis below relates to the General Purpose Financial Statements attached as (Attachment 1) to this report. The results of business activities identified in the Special Purpose Statements attached as (Attachment 2) are consolidated within the General Purpose Financial Statements. Special Schedules attached as (Attachment 3) provide further supporting details to the General Purpose Financial Statements.

3.1 Draft 2023-24 Financial Statements for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)

Operating Result

The operating surplus before capital grants and contributions for the 2023-24 financial year is \$38.6M. This result is an improvement on the prior year result which was a surplus of \$34.8M. The operating result including capital grants and contributions is a surplus of \$145.8M. This is \$16.8M less than the result in the prior year, however, still represents a good result. The below table compares the operating result for the 2023-24 financial to the 2022-2023 financial year.

	2023-24 Actual \$'000	2022-23 Actual \$'000
Income from operations	716,456	665,617
Expenditure from operations	677,856	630,816
Operating result for continuing operations (excluding capital grants and contributions)	38,600	34,801
Income from capital grants and contributions	107,166	127,726
Net operating result (including capital grants and contributions)	145,766	162,527

Statement of Financial Position

The Statement of Financial Position details the value of what Council owns ("assets") and what Council owes ("liabilities"). Within these headings, "Current" means an amount that is due to be realised within the next 12 months whilst "Non-current" indicates an asset or liability that is longer term in nature.

For the movement between financial years, a positive movement means that the values have increased from 30 June 2023 to 30 June 2024.

Statement of Financial Position	30 June 2024 \$'000	30 June 2023 \$'000	Movement \$'000
Assets			
Current Assets	496,370	446,102	50,268
Non-Current Assets	9,363,866	9,020,130	343,736
Total Assets	9,860,236	9,466,232	394,004
Liabilities			
Current Liabilities	224,874	290,669	(65,795)

3.1 Draft 2023-24 Financial Statements for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)

Non-Current Liabilities	268,589	279,758	(11,169)
Total Liabilities	493,463	570,427	(76,964)
Net Equity	9,366,773	8,895,805	470,968

Current assets

Current assets increased by \$50.3M mainly due to a \$8.4M increase in current investments, an increase of \$16.6M in cash and cash equivalents, and an increase of \$26.6M in receivables.

Non-current assets

Non-current assets increased by \$343.7M mainly attributable to an increase in Infrastructure, Plant, Property and Equipment of \$360.7M. This has been offset by a decrease of (\$12.6M) in non-current investments.

Current Liabilities

Current liabilities decreased by \$65.8M mainly attributable to a (\$84.0M) decrease in current borrowings (mostly attributable to the early repayment of a significant loan in December 2023, that was shown as a current liability in the prior financial year) offset by a \$9.5M increase in payables.

Non-Current Liabilities

Non-current liabilities decreased by (\$11.1M) mainly due to reduction in non-current borrowings of \$10.2M.

Financial Performance Benchmarks

Note G6 - Statement of Performance Measures, within the General Purpose Financial Statements includes various indicators mandated by the Office of Local Government (OLG) and the applicable benchmark for all councils to assess their performance against.

Local Government Industry Indicators	2024	2023	OLG	
			Benchmark	2024 Result
Operating Performance Ratio	6.04%	6.15%	> 0.00%	✓
Own Source Operating Revenue Ratio	80.44%	76.62%	> 60.00%	✓
Unrestricted Current Ratio	2.77x	2.63x	> 1.50	✓
Debt Service Cover Ratio	2.15x	5.64x	> 2.00x	✓
Rates, Annual Charges, Interest Outstanding Percentage	7.07%	6.6%	< 5.00%	✗
Cash Expense Cover Ratio	5.81 months	8.34 months	> 3 months	✓

3.1 **Draft 2023-24 Financial Statements for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)**

Operating Performance Ratio - measures how well Council contained operating expenditure within operating revenue. Council has achieved this benchmark in 2023-24, maintaining a small operating surplus as per the previous year.

Own Source Operating Revenue Ratio - measures Council's fiscal flexibility and the degree of reliance on external funding sources such as operating grants and contributions. Council's performance is significantly above the benchmark in 2023-24, due to the receipt of significant grant funding.

Unrestricted Current Ratio – measures the adequacy of working capital and Council's ability to satisfy obligations in the short term for the unrestricted activities of Council. Council has achieved this benchmark in 2023-24.

Debt Service Cover Ratio - measures the availability of operating cash to service debt including interest, principal, and lease payments. Council has achieved this ratio in 2023-24 on a consolidated basis, noting that for the General Fund the benchmark was not met due to the one-off payment of one of the emergency loans. Accordingly, this result does not represent Council's capacity to service debt on annual basis.

Rate and annual charges outstanding ratio - assesses the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of debt recovery efforts. Council has not achieved this ratio in 2023-24. Council actively monitors this ratio to ensure optimal management of cashflow. This ratio is impacted by the water billing cycle resulting in this ratio not being met for the Water and Sewer Funds. As at 30 June each year the amounts associated with the latest cycle are not due, therefore inflating the outstanding amounts. Council met this ratio for other outstanding rates and charges. It is noted that the approach to debt recovery includes consideration of ratepayers' ability to pay, which during 2023-24 has been impacted by economic conditions resulting in cost-of-living challenges for many in the Central Coast local government area. It is noted that the ratio for 2023-24 does not have a significant impact on Council's liquidity.

Cash Expense Cover Ratio - this liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow. Council's performance is above the benchmark in 2023-24.

Report on Infrastructure Assets

Council's Special Schedules included as Attachment 3 to this report include the various indicators mandated by the OLG and the applicable benchmark for all councils to assess their performance against, regarding infrastructure assets. Council's performance is summarised below:

3.1 Draft 2023-24 Financial Statements for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)

Local Government Industry Indicators	2024	2023	OLG	
			Benchmark	2024 Result
Buildings and Infrastructure Renewals Ratio	96.55%	99.25%	> 100.00%	X
Infrastructure Backlog Ratio	2.06%	2.28%	< 2.00%	X
Asset Maintenance Ratio	53.81%	64.91%	> 100%	X

For the 2023-24 financial year Council has not met the Infrastructure Assets benchmarks. Regarding asset renewal the performance is close to benchmark, noting that for the General Fund and the Sewer Fund Council achieved over 104% which is better than the benchmark. Renewal expenditure on water assets was at 67.22% being under the benchmark and impacting on the overall consolidated result ratio.

Regarding the backlog ratio, Council met the ratio for the General Fund but not for the Water and Sewer Funds. The positive result for the General Fund reflects a significant investment in asset renewal over recent years.

Council underperformed in the asset maintenance ratio for the General Fund and the Water Fund. For its General Fund assets Council achieved 45.15% against a benchmark of >100%, which indicates that Council needs to consider increased investment in asset maintenance. This increased investment will impact on Council's operating result going forward and will need to be considered as part of Council's annual update of its Long-Term Financial Plan.

Details regarding infrastructure assets ratios by Fund are included in Special Schedules attached as (Attachment 3) to this report.

Prior Year Adjustments

As part of preparing the 2023-24 Draft Financial Statements, it was identified that a prior period adjustment was required regarding some assets. During 2023-24 Council recognised roads, drainage, bulk earthworks, footpaths, water and sewer assets that had been constructed by others and handed over to Council prior to 2023-24. The Financial Statements have been adjusted to reflect that these assets relate to periods earlier than the reporting period. These errors have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2022) and taking the adjustments through to accumulated surplus at that date. Comparatives for 2022-23 have also been restated, where applicable to reflect the correction of errors. The total adjustment is \$15.8M and is reflected as an increase in equity.

Water Supply Authority (WSA) Financial Statements

The 2023-24 Water Supply Authority Financial Statements are attached as (Attachment 4) to this report.

3.1 Draft 2023-24 Financial Statements for Central Coast Council and Central Coast Council Water Supply Authority (cont'd)

Operating Result

	2023-24 Actual \$'000	2022-23 Actual \$'000
Income from operations	237,634	201,431
Expenditure from operations	236,345	202,632
Net operating result (excluding capital grants and contributions)	1,289	(1,201)
Income from capital grants and contributions*	26,833	49,981
Net operating result (including capital grants and contributions)	28,122	48,780

Statement of Financial Position

For the movement between financial years a positive movement means that the values have increased from 30 June 2023 to 30 June 2024.

Statement of Financial Position	30 June 2024 \$'000	30 June 2023 \$'000	Movement \$'000
Assets			
Current Assets	175,019	150,394	24,625
Non-Current Assets*	4,667,285	4,482,442	184,843
Total Assets	4,842,304	4,632,836	209,468
Liabilities			
Current Liabilities	86,431	83,790	2,641
Non-Current Liabilities	145,011	155,598	(10,587)
Total Liabilities	231,442	239,388	(7,946)
Net Equity	4,610,862	4,393,448	217,414

*2023 figures have been restated

Financial Considerations

The audit of Council's 2023-24 Financial Statements will be undertaken by the Audit Office at an agreed engagement fee which is included in Council's 2024-25 budget.

Link to Community Strategic Plan

Theme 4: Responsible

Goal G: Good governance and great partnerships

R-G3: Provide leadership that is transparent and accountable, makes decisions in the best interest of the community, ensures Council is financially sustainable and adheres to a strong audit process.

Risk Management

Council is working with the Audit Office of New South Wales to meet our legislative reporting requirements.

The Financial Statements are audited by the Audit Office of New South Wales who, amongst other things, form an opinion on the Financial Statements whether:

- 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; and

the Financial Statements:

- Have been prepared, in all material respects, in accordance with the requirements of this Division
- Are consistent with the Council's accounting records
- Present fairly, in all material respects, the financial position of the Council as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- All information relevant to the conduct of the audit has been obtained
- No material deficiencies in the accounting records or Financial Statements have come to light during the audit.

Options









The referral of the draft 2023-24 Financial Reports to audit is a legislative requirement.

Critical Dates or Timeframes

Council must refer the 2023-24 Financial Statements to audit to enable the NSW Audit Office to provide their formal opinion and for Council to lodge the Statements with the Office of Local Government by 31 October 2024.

**3.1 Draft 2023-24 Financial Statements for Central Coast Council and
Central Coast Council Water Supply Authority (cont'd)**

Attachments

- | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|-----------|
| 1   | Annual_Financial_Statements-GPFS-2024 - 20.08.24 | D16365432 |
| 2   | Annual_Financial_Statements-SPFS-2024 - 20.08.24 | D16365430 |
| 3   | Annual_Financial_Statements-SS-2024 | D16365428 |
| 4   | Annual_Financial_Statements-WSA-2024 - 20.08.24 | D16365425 |

Central Coast Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024

A vibrant and sustainable Central Coast



